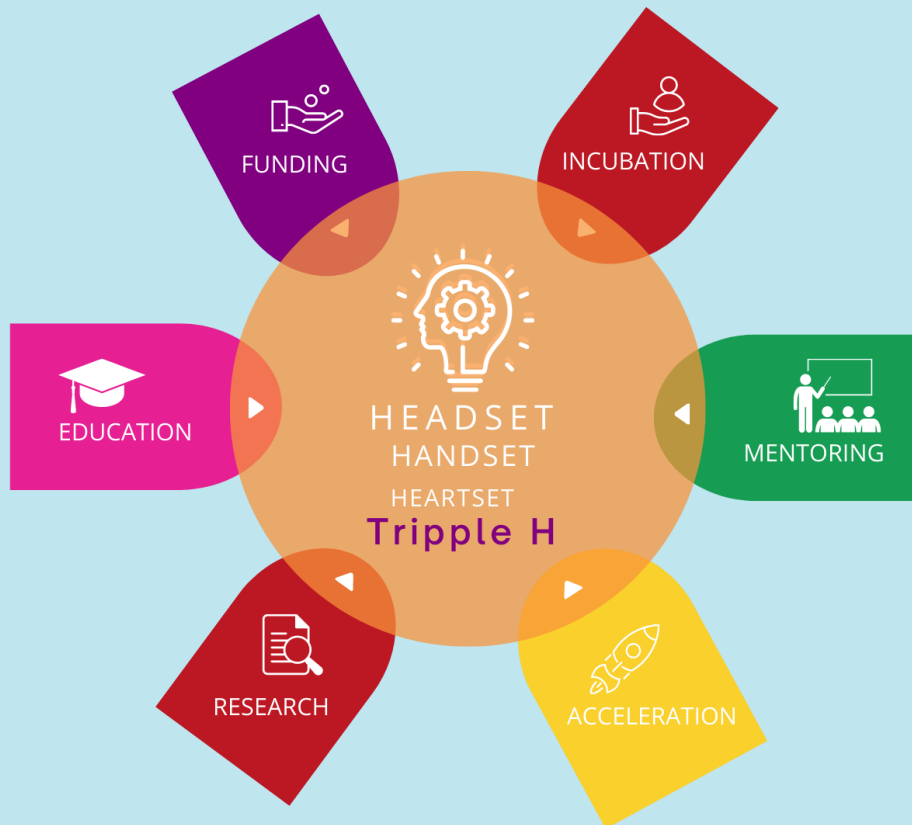




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Succession Planning and Gender Conflicting Issues in Nigerian Family Business Setting

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Abstract

This research examined how succession and gender issues in the family business could hinder the prosperity of such venture. Given the sociocultural phenomenon of hierarchy whilst considering the roles and aspirations of female based genders in family owned businesses in Nigeria, this research empirically examines the succession planning as well as the social acceptance of career minded female entrepreneurs in assuming leadership positions and management of their family owned businesses. The sample for this research consisted of fifty-six (56) female family members of business owners who had taken over the management of their families businesses. The respondents were contacted through various women's business associations. Women in these organizations were randomly selected and provide with information on the research objective and asked to participate in an in-depth interview session. Structured questionnaires were developed by examining the literature on the succession process and gender bias. The questionnaires were adapted from Perret (2016), Gberembie et al., (2014) as well as Spillan and Parnell (2006). Qualitative survey research method was employed in this research and the collected data were analyzed using structural equation modelling. The findings revealed that gender discrimination has no significant effect on performance of family business. On the contrary, Succession Planning (SP) has positive and significant effect on the performance of family business. The study therefore suggested that family business owners should have a mapped strategy of succession planning to guarantee sustainability and attainment of strategic goals that may help boost performance. Hence, this research provides practical solutions on sustainable family business model through effective succession plan whilst examining gender based impact on family business performance.

Key Words: *Family owned business, succession, gender discrimination, culture limitations, female entrepreneurs, national development*

Introduction

Small and medium scaled enterprises as well as family businesses occupy an important place in any National economy. Family business is one of the oldest form of business and it represents a dominant form of business structure that contributes substantially to economic development worldwide. In the western world, family businesses have seen transitioning from generations to generations and continued to serve the consumers till date, in fact such family-owned firms continue to dominate most of the world's economies and remain as a major source of entrepreneurship. In the Nigerian context, the rate of failure of small business enterprises in the Nigerian economy has been of great concern to all and sundry. Series of businesses ranging from airline, telecommunication, media, and other numerous business activities owned by the late popular business mogul, M.K.O Abiola are not

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anymore in existence. One of the reasons for the failure of small business enterprises in Nigeria is the lack of succession planning (Obadan & Ohiorenoya, 2013). Despite this fact, family business has not been widely studied relative to other types of businesses in Nigeria. Equally of pertinent attention, the role of women, specifically daughters, inside the family business has received little consideration (Vera & Dean, n.d). Most family businesses, though relatively small in scale, involve highly complex interrelationships between two analytically separate but inextricably linked social systems: the family and the business (Glover, 2014).

Succession is one of the inevitable events in the life of an owner of a family business. Many times, the owner's retirement and succession issues involve passing on the ownership to the next generation and keeping the ownership within the family or the extended family. Other times, it may include selling or closing the business. Many factors regarding succession decisions present challenges for family business owners. Family businesses are more than just a job for most family business owners; therefore, decisions about the future of the business often have emotional content for the business owner. In addition, since other family members are often involved with these decisions, succession can cause problems or tensions within the family (Lee et al., 2003). As the founders of small family businesses begin to reach retirement age, they typically begin the transfer of the business to family or non-family members hence family business succession is a process that takes place over a number of years (Henry et al., 2013), as it may be one of the key determinant of business continuity and generational success.

A complicated set of issues face the daughters of family enterprise as they consider the development of their business careers. Traditionally, there are particular and extraordinary challenges for daughters aspiring to the top leadership position in their own family's enterprise (Constantinidis & Nelson, 2016). In Nigeria and most other African countries, there is a special preference for the male gender- this generational socio-cultural belief automatically impedes the assignment of responsibilities relating to management and control of family business and finances to the female gender.

To address this gap, the objectives of the paper are to explore how succession and gender discrimination impacts on the performance of family businesses, how daughters became a business owner through succession as opposed to the more common route of marriage. By doing so, the paper investigates how contemporary women are able to enter family business ownership in the 21st century.

The present research aims to add to the extant literature by examining the difficulties daughters face when taking over the family business and to generate social awareness of some of the prejudices surrounding the process. Furthermore, this study can aid management practice by highlighting issues to consider during the succession process and also by encouraging further areas of research on this topic.

Literature Review and Hypotheses

The Concept of Family-Owned Enterprises

The vast majority of businesses in the world are owned or controlled by families (Alderson 2018). Family-owned businesses are often managed by members of a family related by blood, marriage or adoption. The idea of family business is to retain controlling shares of the business and sustain the family name. Family business succession is a process that takes place over a number of years. Researching the family firm from a resource and knowledge basis leads to viewing the succession process as a longer-term process, not as one event, and as a series of stages or phases (Fiegener, Brown, Prince & File, 1994). The role of gender and specifically daughters in generational family business transfer has received little or moderate research attention even though women are increasingly considered as potential successors of family firms (Dyer & Sanchez, 1998; Habberman & Danes, 2007).

Family-owned businesses have existed for a very long time hence they are regarded as the oldest form of business. Ogundele (2012) opined further that despite the importance of FOB's to the national economy, their survival rate beyond the founder's generation is extremely low especially in Nigeria, and it has been observed that most family-owned businesses never make it past the third generation. In fact, from the family business survey of 2018 by Price Water House Coopers, 77 percent of family business owners in Nigeria expressed their intent to pass their organisations to the next generation but are however plagued with issues of that threaten succession and continuity. Wheelen and Hunger (2012) categorized family-owned businesses as entrepreneurial outlets based on family business acumen and the desire to build fortunes through the provision of goods and services. In other words, family-owned business is any business in which two or more family members are involved and the majority of ownership or control lies within family (Ghadoliya, 2020).

Nnabuike and Okoli (2017) defined family-owned businesses as small and medium scale enterprises that carry out management and operations through key family members and relatives. A family-owned business is a commercial organization in which decision-making is influenced by multiple generations of a family, related by blood or marriage or adoption, who has both the ability to influence the vision of the business and the willingness to use this ability to pursue distinctive goals. They are closely identified with the firm through leadership or ownership. Owner-manager entrepreneurial firms are not considered to be family businesses because they lack the multi-generational dimension and family influence that create the unique dynamics and relationships of family businesses.

Theoretical Framework

The underpinning theory used in this research study is Survival Based Theory with respect to family-owned businesses and their level of succession and continuity.

Survival Based Theory

The survival based theory is based on the fact that organizations like family businesses need to always adapt to its competitive environment for it to survive (Omaro, Wesonga and Otieno, 2011). The theory was postulated by Herbert Spencer (1985). Researchers and scholars most common application of the survival based theory is based on survival of the fittest theory found in biology and economics, mainly being used to analyse how firms thrive and compete in industries, and also to explain changes in economy. The concept of survival-based theory was synthesized from Darwin's theory of evolution and natural selection with Adam Smith's invisible hands to come up with the idea of Social Darwinism. Hence organizations are assumed to survive the external environment by adapting strategically to the changes in the environment and managing the uncertainties effectively.

Planning for Successor

The need to improve our understanding of succession planning and its determinants is suggested by statistics showing that only 30% of family businesses survive past the first generation (Beckhard and Dyer, 1983; Dyer, 1986), and only 10% to 15% survive to a third generation (Applegate, 1994). The family that strategies a succession relates to a complex terrain, not just a process. This terrain consists of the different family members involved, the family unit and its needs. Sharma (2004) identified gender and women taking leadership roles in family firms as variables in family business succession needing more study. Handler (1994) identified four major areas where succession research is scarce:

succession among different ethnic groups, the impact of family dynamics, the effectiveness of succession, and the role of gender.

Gender Discrimination

One of the main points of feminist theory is that men are implicitly accepted as the norm and that women are the exception (Hearn and Parkin, 1983; Wahl, 1996). There are some obstacles to their involvement, such as inconspicuousness, stereotyped roles, and certain aspects of succession and primogeniture (Jimenez, 2009). According to Jimenez (2009), few researches have been done on the role of the woman in family businesses, as the woman in family is an important role. Studies of gender in the family business are beginning to appear, but those focused on the role and involvement of women in family businesses are still fragmentary, and few empirical studies have been conducted. A dimension of growing importance is the emergence of a highly competent new generation of qualified daughters and sisters. Swan (2006) argues that instead of understanding the unique experiences of women and their so-called natural, socialised, feminine styles, it would be better to adopt a more discursive and post-structural approach.

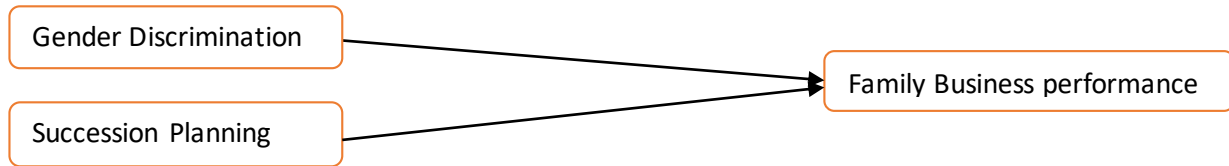
Empirical Review

Obadan and Ohiorenaya (2013) studied the process of succession planning in small business enterprises in the hotel industry in Benin City, Edo State. Two hotels were sampled. Questionnaires were used to elicit information from the chief executives and employees. The findings showed that the two small business enterprises (Hotels) have no succession plan in place and the ability and competence of successors are not considered in succession planning. The study recommended that small business enterprises should develop a formal plan for succession, communicate the identity of successor, provide basic business management education, provide training/monitoring to the incumbent Chief Executive Officer (CEO) and all stakeholders should help him in planning for succession ensuring that owners are comfortable after disengagement.

A critical perspective of succession and continuity was pointed out by Ghadoliya (2020) who studied family business success and failure factors in Asian countries. The author focused on how to enhance family businesses potential and performance. The study adopted a descriptive research design with a sample size of 203 small businesses. The study found that family businesses require effectiveness in

leadership, sustainable management practices and managing behaviour and relationships among family members.

Research Model



Source: Authors (2023)

H_{01} : Gender discrimination has no significant effect on family business performance in Nigeria

H_{02} : Succession planning has no significant effect on family business performance in Nigeria

Methodology

The study is cross sectional in nature and a survey research design was used, the cross sectional research design is considered more appropriate for this study than longitudinal design because the period of the proposed study under consideration might not be enough for the longitudinal study. The sample for this research consisted of fifty-six (56) daughters who had taken over their families business from a parent which was chosen conveniently as no data exist that distinguish small and medium scaled enterprises as either family owned or not. Because of the difficulty to identify a family owned enterprise, the researcher resulted to verbally asking the respondents before administering the questionnaires to the female successors of the few identified family owned businesses in Ikorodu, Lagos state.

The participants were contacted through various women's business associations. Women in these organizations were randomly called and given information on the nature of the research and then asked to participate in an in-depth interview. Structured questions were developed by examining the literature on the succession process and gender bias. The researcher utilized a structured questionnaire, the questionnaires were adapted from the studies of Perret (2016), Gberevbic et al., (2014) as well as Spillan and Parnell (2006). The use of questionnaires is helpful because questionnaires are economical, speedy, there is no bias (as in interviews), and the possibility of anonymity and privacy encourages candidates to be willing to respond on sensitive issues, and do so honestly.

Data Presentation and Analysis**Table 1: Construct Reliability and Validity**

Construct	Items	Loadings	AVE	CR
Family Business Performance	FBP1	0.83	0.76	0.96
	FBP2	0.82		
	FBP3	0.86		
	FBP4	0.90		
	FBP5	0.94		
	FBP6	0.88		
Gender Discrimination	GD1	0.69	0.68	0.92
	GD2	0.87		
	GD3	0.90		
	GD4	0.86		
	GD5	0.81		
Succession Planning	SP1	0.90	0.85	0.94
	SP2	0.95		
	SP3	0.91		

Note: AVE stands for Average Variance Extracted while CR represents Composite Reliability

According to Hair et al., (2014), loadings should not be below 0.5. On Table 1, it can be seen that all items measuring different latent variable loaded above 0.5. This means all the items on Table 4.2 were retained, however, FBP7-8 were deleted due to measurement issue. Similarly, On Table 1, all construct have a composite reliability coefficient greater than 0.7 and all construct met the minimum benchmark for AVE which is 0.5 (Tabachnick & Fidell, 2013). This means the data collected are valid and reliable. The data were next tested for discriminant validity. The result is presented in Table 2.

Table 2: Discriminant Validity using Fornell-larcker criterion

		1	2	3
1	Family Business Performance	0.87		
2	Gender Discrimination	0.67	0.83	
3	Succession Planning	0.79	0.74	0.92

Note: The bolded diagonal numbers represents the square root of the AVE of each latent construct.

Table 2 presents the result of discriminant validity. The number that are bolded represent the square root of AVE of each latent variable. The square root of the AVE for business performance is 0.80. All other correlations with business performance are below 0.80. The square root of the AVE of organizational reliability is 0.72, all other correlations with organizational reliability are below 0.82. Finally, the square root of the AVE of employee engagement is 0.81, all other correlations with

employee engagement are below 0.81. Hence, it can be concluded that the data show discriminant validity using the Fornell-larcker discriminant validity criterion.

Table 3: Direct Path Coefficient

Hypotheses	Relationship	Beta Value	Standard Deviation	T Stat	P Value	Decision
H ₀₁	GD->FBP	0.19	0.13	1.50	0.14	Not Rejected
H ₀₂	SP->FBP	0.65	0.11	5.97	0.00	Rejected
R Square	0.64					

*** p < 0.01; **p < 0.05; *p < 0.1

Gender discrimination (GD) has positive and insignificant relationship with the performance of family business, not significant at 5 percent ($\beta=0.19$, $p>0.05$). Thus, H₀₁ that states that gender discrimination has no significant effect on the performance of family business is not empirically rejected. On the contrary, Succession Planning (SP) has positive and significant effect on the performance of family business, significant at less than 1 percent ($\beta=0.65$, $p<0.01$). Hence, H₀₂ that states that succession planning has no significant effect on the performance of family business is empirically rejected. R square 64 percent. This means 64 percent variance in the performance of family business in Nigeria is accounted for by gender discrimination and succession planning.

Discussions, Conclusions and Recommendations

This research empirically assessed the relationships amongst succession and gender conflicting on family business performance in Nigeria, in order to contribute empirical evidence of such relationships in the small and medium enterprise sector particularly in Nigeria. Therefore, this investigation has addressed this knowledge gap by establishing the relationships between gender discrimination, succession planning using a sample of registered SMEs Lagos, Nigeria. The study concludes that gender discrimination has no significant effect on the performance of family business and is therefore not empirically rejected. On the contrary, Succession Planning (SP) has positive and significant effect on the performance of family business, significant at less than 1 percent ($\beta=0.65$, $p<0.01$). Hence, H₀₂ that states that succession planning has no significant effect on the performance of family business is empirically rejected. R square 64 percent. This means 64 percent variance in the performance of family business in Nigeria is accounted for by gender discrimination and succession planning.

The study therefore suggested that family business owners should have a mapped strategy of succession planning to guarantee sustainability of their business. Succession planning could be in form pre-succession, managing succession, and post succession. In addition, family business managers should always come up with strategic goals that would address succession planning of their organization as it may help boost performance. However, gender discrimination do not exhibits a significant role on the performance of family business, business owners should not ignore it as a component of managerial competencies giving that it doesn't exert a negative influence on the performance.

Research Constraints and Direction for Further Studies

A restraint on this investigation is that it is concerned with small number of Family businesses in Lagos, as such future effort may be required to so as to replicate the model on a larger sample in a different context to re-generalize the findings. Finally, as the current research has been conducted as cross-sectional study, future effort may be required to examine the relationship based on longitudinal method in order to ascertain the effects over different periods of time.

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