

**AN ENQUIRY INTO THE ISSUES OF SUCCESSION IN ENTREPRENEURIAL  
BUSINESSES IN NIGERIA (A CASE STUDY OF LAGOS STATE)**

**BY**

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**BEING A PROJECT SUBMITTED TO THE SCHOOL OF POST GRADUATE  
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POSTGRADUATE DIPLOMA IN MANAGEMENT**

**FEBRUARY, 2019**

## **DECLARATION**

I hereby declare that this project has been written by me and it is a report of my research work. It has not been presented in any institution for award of Postgraduate Diploma in Management. All quotations are indicated and sources of information specially acknowledged by means of references.

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## **CERTIFICATION**

This project titled “An Enquiry into the Issues of Succession in Entrepreneurial Businesses in Nigeria (A Case Study of Lagos State)”, Meets The Regulations Governing The Award of Postgraduate Diploma in Management, of the School of Postgraduate Studies of Nasarawa State University, Keffi for its contribution to knowledge and literary presentation.

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## **DEDICATION**

This project work is dedicated to the Almighty God.

## **ACKNOWLEDGMENTS**

My profound gratitude to God almighty who has continuously demonstrated his loving kindness in my life.

Also to my project supervisor, Dr. R.A. Andah a reservoir of knowledge, I appreciate your tireless effort in ensuring the project work is flawless in all areas. May the good Lord continue to increase your knowledge ma.

Special appreciation to my family, friends, and well-wishers

Finally, I acknowledge the various authors, whose intellectual properties were consulted and referenced during the course of carrying out this project, thanks you.

## **ABSTRACT**

*It has been observed that every year a number of small and medium enterprises spring up in Nigeria like many other countries, this involved mobilization of resources which include life savings of owners and family members, credits from friends and financial institutions as well as aid from Governments and development institution to among others. However, many of this business die with the dead or retirement of the original founder(s) without any visible successor. The question now is, how does the owner of these dead or dying business make a conscious, honest, realistic and succession planning that this study to focuses on. Data are collected using questionnaire and such data also analyzed to find out issues involved in succession and conclusion drawn. Based on the findings and conclusion, I recommend that Entrepreneurial activities should be seen as a continuous exercise which must be frequently updated by business leader to suit the ever changing business environments.*

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## **CHAPTER ONE**

### **INTRODUCTION**

#### **1.1 BACKGROUND OF THE STUDY**

Medium and small scale enterprise owned by indigenous Nigeria entrepreneurs have continued to spring up and some of these firms have production facilities and organizational structures comparable to their multinational or state-owned counterparts. But little is known about their organization and management and their potential to endure is difficult to predict, especially after the demise of their founders.

The problem receives only occasional attention from the indigene business community, scant attention from academics observers, and almost no attention from policy makers. It may therefore not be an over emphasis to state that most medium and large scale enterprise owned by indigenous Nigeria entrepreneurs face closure, bankruptcy, and survival problem at the demise of the founder-owner.

The succession issue for small and family owned business has grown due to the large number of small owner nearing retirement. Succession issue emphasizes on succession planning, successor training and inter-generational relationship. For instance, it is estimated that in Europe, only 30% of family business survive to the second generation, and 15% make it to the third generation (Leach 1994; Poutziories and Chittenden, 1996). Studies in places as delivers as Australia and Quebee, have demonstrated that well over 50% of small and medium size business will face this challenge in the next ten to fifteen years. At the same time the overall percentage of employees working for small and medium sizes businesses has gown. The companies and other small business constitute the largest employers of labour/workforce.

Successful succession is important not only to those immediately involved but to the economy at large. They are also important not only to the owners and their families, but also to many key stakeholders whose economic well-being is linked with these businesses. These stakeholders include; employees, managers, costumers, local union, suppliers, lenders and local communities that need the goods, services and the employment generated well as the government.

Only two broad categories of succession option are available. The first is some from family succession, where a member of the owner/entrepreneur's family (nuclear or extended) is assigned or chosen as the heir-apparent to take over the management and control of the business when the business founder retires willing or is put aside by health issues.

To conceive and plan for one's succession is mostly the recognition that certain period of one's life is coming to an end and indeed in most cases that a new situation and no longer controlling and directing the business one has labored and given all he's got to attain its present size, growth and profitability can leave for many a daunting gap, both emotionally and practically.

## **1.2 STATEMENT OF THE PROBLEM**

Most studies of enterprises in Africa have concentrated on medium and small scale enterprises, firm employing fewer than 100 workers. These studies have focused on variety of subjects including the contribution of SMEs to employment generation, their role in economic development, and problems and challenges of funding and obtaining financial assistance, their profitability, corporate strategy, policies and organizational performance amongst others with little or no emphases on post-founder succession performance and durability.

Entrepreneur can innovate, develop new products and services, open new market and bear risks. They find new combination of materials, processes and products. They create employment, commercialize new inventions and invest in new opportunities.

However, it is one thing to commit entrepreneurial will, energy to establishing a large commercial enterprise but it is quite another to create an organizational structures that can enable the enterprise to survive and endure. Investment may grow and flourish with the committed leadership or excellent business acumen of the founder, but may not survive his exit. Thus, although many indigenously-owned businesses in Lagos usually blossom under the leadership of the founder-owner, their prospect for survival and growth after the founder's exit are very doubtful and is the question that this research sets out to answer.

### **1.3 RESEARCH OBJECTIVE**

The objective of this academic work is to carry out an in depth study of the entrepreneurial succession planning in indigenous small and medium enterprises in Nigeria using Lagos as a case. Thus, the study will among other things seek to:

- i. Study the existing frameworks and strategies for entrepreneurial succession and exit strategies.
- ii. Evaluation what effective and efficient succession planning looks like.
- iii. Explain the steps involved in a dynamic and practical succession planning process.
- iv. identify a robust framework within which to build succession plan, and
- v. Suggest methodologies to attract and retain talented management personnel for business.

#### **1.4 RESEARCH QUESTION**

1. Do indigenous entrepreneurs/enterprises have laid down succession plan?
2. How effective have these entrepreneurial business being able to implement their succession plan?
3. What importance is succession plan to entrepreneurial business?
4. Do indigenous businesses survive the exit or death to the founder-entrepreneur?
5. Have indigenous business being able to endure and sustain after the demise of the owner-founder?
6. Does management succession have any effect on the activities of indigenous business in Lagos?

#### **1.5 RESEARCH HYPOTHESIS**

##### **Hypothesis One**

Ho: There is no relationship between entrepreneurial survival and founder death.

##### **Hypothesis Two**

Hi: There is no relationship between entrepreneurial business and succession plan.

#### **1.6 SIGNIFICANCE OF STUDY**

More than 80 percent of entrepreneurial businesses fail at the demise of the owner-founder and partnership businesses are not left out. This can be traced to the problem of failing to accept the fact that there is a need to prepare and implemented within the enterprise's organization structure, strategy and policy a succession plan and not having laid down and specific succession strategy for the firm as it grows.

This problem is particularly rampant in underdeveloped and developing nation, Nigeria being part of the latter. However, recent times these entrepreneurs have learnt from public liability companies why they must have a strategy/plan for unforeseen cases. They have drawn policies that will guide their business after their demise, such that the business will continue as a going concern. Thus, the importance of the study is to help identify the problem and prospect of succession planning in entrepreneurial business in Nigeria, using Lagos as a case study.

The study will also evaluate present succession plan and strategy to know how effective plans are and make recommendation on how to improve them. Also it will add to existing scholarly works/literature in this development area of study.

### **1.7 SCOPE AND LIMITATION OF STUDY**

The survey design plan is adopted for the design, collection, analysis, interpretation and reporting of the study. Thus, all limitations peculiar to the survey research are possible limitations to this work. This includes limited number of respondents, sampling and sample error, non-responses etc.

The term indigenous business is limited to business owned and managed by their founders and family business that are owned and managed by Nigeria. The term is also limited in Lagos and its environs as a case study for entrepreneurial practices in Nigeria businesses.

### **1.8 DEFINITION OF OPERATIONAL TERMS**

**Resources Planning:** A basic management function involving formulation of one or more detailed plan to achieve optimum balance of needs or demand with the available resources.

**Succession:** Is the act of appointing and installing someone to take over the organization after another leader

**Innovation:** Innovation involves deliberate application of information, imagination and initiative in deriving greater or different values from resources, and includes all process by which new ideas are generated and converted into useful products.

**Resources:** Are materials, energy, services, staff, knowledge, or other asset that are transformed to produce benefit and in the process may be consumed or made unavailable.

**Business:** Is an organization involved in the trade of goods and services or an economic system where goods and services are exchanged for money.

**Survey:** To examine with reference to condition, situation, value etc; in other to determine the actual result.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 DEFINITION OF ENTREPRENEURSHIP AND ENTREPRENEUR**

The definition of entrepreneurship has been debated among scholars, educators, researchers, and policy makers, since the concept was first established in the early 1700s. the term ‘‘entrepreneurship’’ comes from the French verb ‘‘entreprendre’’ and the German word ‘‘Unternehmen’’ both means to ‘‘ undertake’’.

Grave and Hofer (1891), defined the entrepreneurship process as involving all the functions. And actions associated with perceiving of opportunities and creation of organizations to pursue them.

Joseph Schumpeter introduced the modern definition of entrepreneurship in 1934. According to Schumpeter ‘‘the carrying out of new combination we call ‘‘enterprise’’ and the individual whose function it is to carry them out we call ‘‘entrepreneurs’’ Schumpeter tied entrepreneurship to the creation of five basic new combinations namely:

- i. Introduction of new product
- ii. Introduction of a new method of production
- iii. Opening of a new source of a new market
- iv. The conquest of a new sources of supply and
- v. Carrying out of a new organism of industry. Satish (2007)

Osuaqwu (2006) also defined, entrepreneurship as an organize study of sensitivity to business opportunity (beneficially, ethnically and legally).



## **Entrepreneur**

The word entrepreneur originates from the French word ‘entreprendre’ which means ‘to undertake’.

In a business context, it means to start a business. The Marriam-webster dictionary presents the definition of an entrepreneur as one who organizes, manages, and assumes the risk of a business or enterprise.

Osuaqwu (2006), defined entrepreneur as a person who creates a business enterprise, establishes it, and nurtures it to survival and success.

### **2.2 THE ROLE OF THE ENTREPRENEUR**

According to Brian Tracy in his article tools (June 20, 2005), he said that entrepreneurs' roles occupy a central position in a market economy. He further explained that the entrepreneurs who serve as the spark plug in the economy's engine, activating and stimulating all economy activity. The result of encouraging and rewarding the entrepreneurial instinct, the nations worldwide want the economic success.

The roles of entrepreneurs are unique because they are capable of bringing together the money, raw material, manufacturing facilities, skilled labour and land or buildings required to produce a product or service.

The entrepreneur believes that success is possible and they are people who risk resources in the pursuit of profit.

### **2.3 FUNCTION OF ENTREPRENEUR**

Many writers on entrepreneurs have used the functions performed by the entrepreneur, to explain who the entrepreneur is? Jhingan (2003) notes that the functions of an entrepreneur have undergone many changes at the hands of economists. Some economists

contend that the function of the entrepreneur is to undertake risk and uncertainty, to other the coordination f productive resources.

Kilby (1971) listed 13 functions that were performed by Nigerian entrepreneurs. They are contained in the segment on most theory of Entrepreneur.

Fadahunsi (1992) summarized them into 10 functions. There are:

1. Searching for and discovering new information
2. Translation of new information into new information
3. Seeking and discovering economic opportunities
4. Evaluating economic opportunities
5. Marshalling financial resources necessary to the enterprise
6. Make time-binding arrangement, time management
7. Taking ultimate responsibility for management
8. Providing for being responsible for motivation system within the firm.
9. Providing leadership for the work group
10. Taking the ultimate risk of uncertainty

According to Owualah (1999) and Ogundele (2004), classified the function of entrepreneur into the followings.

- i. Social function
- ii. Economic function
- iii. Technologies function

### **2.3.1 Social Function of Entrepreneur**

1. Transforming traditional indigenous industry into a modern enterprise.

2. Stimulating indigenous entrepreneurship, the entrepreneur has in his employment potential rivals.
3. Jobs or employment creation in the community
4. Provision of social welfare services of redistributing wealth and income
5. providing for and responsible for the motivational system within the firm.
6. Providing leadership for the work group

### **2.3.2 ECONOMIC FUNCTION OF ENTREPRENEUR**

1. Marshalling the financial resource s necessary for the enterprise or mobilizing servings
2. Bearing the ultimate risk of uncertainty
3. Providing avenue for the dispersal and diversification of economic activities
4. Utilization of local raw material and human resources

### **2.3.3 Technological Function of Entrepreneur**

1. Stimulating of indigenous technology in the production process
2. Adapting traditional technology to modern system
3. Adapting imported technology to local environment
4. Developing technologic al competence itself and work group

## **2.4 FAMILY BUSINESS**

Family business what does the term means? Demik, et al (1985) state, a family as any business in which majority ownership or control lies within a single family and in which two or more family member are or at sometime were directly involved in the business.

However, the business owners should prepare for retirement, their enterprise face extinction unless a smooth transition can be made from first generation to second. A typical transition involves a parent who has turnover the business to a child, but wishes to remain involved in the daily operation. This can create a tension between the parent and child over the leadership position and the child may leave the business in frustration.

## **2.5 FACTORS AND PROCESS OF FAMILY BUSINESS SUCCESSION**

Understanding what factors influence the outcome of any succession process is important. There are some factors that affect the success of family business succession and equally there are some processes of family business success. Below are some of these factors and processes:

- i. Communication
- ii. Psychology
- iii. Life stage (of business and or individual)
- iv. Preparedness
- v. Values
- vi. Culture (of business and or family)
- vii. Management system
- viii. Financial issues
- ix. Business environment and business history

### **i. Communication**

Good communication between all the individuals involved in the succession process emerge as a prime concern during succession planning. While, poor communication can empower negative emotions that may be unleashed during the succession process.

Hamilton (2003) and Thomas (2002) both stress the need for communication to be of a high quality if participants are to adequately explore and deal with the issues that arise during succession planning. In particular creating a genuine cross-generational dialogue is crucial as it provides the basis for negotiation the succession planning processes.

Encouraging a healthy practice of communication and dialogue within the family business should be the prime task of anyone involved with succession planning, and alongside this, an environment conducive to the equitable participation of all the individuals concerned (Marshall 1999).

## **ii. Psychology**

Psychology factors are an important consideration in planning for succession in family business. The relationship between the perceptions of principal family stakeholders, particularly those of incumbent and successor, regarding the role, intentions and attitude of others within the process, has a crucial influence over any family business succession.

Kirschner and Kirschner (2000) emphasize the emotional and family relationship obstacles to family business succession, noting how these factors and an organization's culture, are deeply embedded in the psyche of those concerned.

Grote (2003) discusses the possibility that fundamental psychological processes are at the heart of the conflict between individuals, especially the incumbent and successor, during the succession process. Without an understanding of human nature compelling individuals to behave in certain ways an advisor may experience difficulty discerning how to resolve matters.

He further explained that human psychology can create a contradiction at the heart of succession for successor: successions desire to be like the incumbent yet also to supersede them therefore they must imitate the incumbent while seeking independence.

Considering the psychology of incumbents is also crucial in determining how best to manage family business succession. A typology of incumbent attitudes toward their position has been identified and can prove useful in assessing each particular situation. Poza, (2004) identified six different incumbent leadership characteristics, which are accompanied by six different preferred departure styles.

**Monarch:** Monarch is the leader who assume their role for life and who considers themselves indispensable. Monarchs generally fail to plan for their succession and often still turn for work after retirement.

**Generals:** These are those leaders who partly retire out of self-discipline, yet they plot their return to the business and patiently wait for a chance to come to the rescue in a crisis.

**Ambassadors:** Are leaders who delegate most of their responsibilities but retain their high profile connections and representational duties, performing diplomatic function for the firm.

**Governors:** Are leaders who set a departure date and openly work towards the transfer of power within this designated time frame.

**Inventor:** The inventor readily prepares to transfer power and exits the leadership role in order to satisfy their creative impulses

**Transition Czar:** The transition czar is a leader who acknowledges the risk inherent in having a leadership vacuum and so they actively manage and shepherd the transition of power and responsibility involved in the succession process.

### **Life State (Or Business and Individual)**

The life stage of the business is considered. There may be times when a business is at a crucial stage of development or experiencing market changes that different leadership approaches or new skills in order to succeed. ‘’in this case, meeting the needs of the business when choosing a successor and determining how to conduct the succession process will be critical to family business survival’’ (Miller et al., 2003).

For instance, a conservative successor may be best where a business needs to consolidate recent expansion, whereas someone with great marketing skills may be appropriate if the business is about to launch into a new market.

However, an awareness of where each individual is in terms of their stage of life and how this affects the process is important in planning for succession.

### **Preparedness**

According to Sharma, Chua and Chrisman, (2000) state that the willingness and preparedness of a successor to assume control are major influence on succession planning.

They are stressed further that. It is important to realize that incumbents are in a powerful position to resist an orderly succession due to personal consideration or choices.

The preparation of successor in another matter and to some extent relies on the actions of the incumbent. Successor needs time and the opportunity to gain the credibility to be considered an effective successor. And some criteria to assess potential successor

against can facilitate this process as this enable an assessment of each potential successor's fitness for the leadership role. (Roger Fritz 1997).

Roger and Rusell (1997), describe several ways that successors can gain appropriate skills and experience needed to assume the leadership role. The first is for them to work in the business from an early age and gain direct experience of the business from the bottom up. Another way is for the successor gaining an education that is useful to the business and the successor may undertake an MBA or some suitable technical training course. Successor can also acquire experience through working in another business.

Incumbent can influence a successor's preparedness through the types of tasks they delegate to them and the kind of example (transmitting their values) they set for successors to follow.

### **Values**

Family values and other social considerations have a demonstrable influence over the conduct of family business. Examining all of these factors should form an integral part of the succession planning process. Any non-economic goals and values need to be articulated along with purely economic objectives, so that their influence and role in the succession planning process can be understood. The crucial role played by value system cannot be overestimated. Garcia-Alvarez and Sintas, (2003) argue that even where formal succession procedures are poor non-existent, the Alignment and consistency of value system between incumbent and successors is often enough to facilitate a viable succession. Those involved in the family business succession planning need to focus on identifying individual. Family and business value systems so that succession options and solutions which best accommodate the various and goals, can be discussed and enacted.



Family business owners are constantly of transmitting values, both personal and business, to the next generation as a part of both their business and personal conduct. Interacting with these are the values and aspirations of the successors and other family member, insight into, and management of the politics of value determination is a crucial component of good successions planning.

### **Culture (of Business Family)**

Socialization processes are .an important dynamic within family businesses and are integral to any succession planning process. Families are the environment within which individuals begins to make sense of and learn their world. Value systems, personal habits, virtues and vices are all learned or made sense of, in a family environment. From the earliest basic childhood experiences to those that follow with more specific connection to the family business, successors, for good or ill, are shaped by the culture and formative influences surrounding them. Values and attitudes directly related to a family business are often embedded early on and make planning for succession a long term task.

Gatrell (2003), states that family business owners need to consider what business values owners need to consider what business values and type of culture they themselves posses, and what kinds they wish to instill in any successor. While an incumbent may objectively determine how their successors should ideally differ from them, if they are to succeed in the family business them the family culture as it is enacted in the business then the family culture as it is enacted in the business may also need to change. However, an incumbent desires to draw their successors into the culture and values that they and the family firm already embody.

Lansberg (1999), emphasizes the need to inculcate a sense of stewardship and reasonability, toward the business is to prosper across generations. This requires

adequate time and preparation as well as the capacity to foster and promote a family business culture which accommodate these concerns. A culture that foster appropriate successors values but is also open and sensitive to future needs of successors and business is desirable.

Culture is also indicated by way status is determined, through the systems and procedures employed in the business and the overall organizational structure. It should be noted that family firms tend to value and foster learning experiences and environments that are more hands on and less focused on formal educational setting. Understanding how any of these matters are managed in the firms is indicative of the broader business culture.

### **Management systems**

Having appropriate management systems is important in achieving the transition to the chosen successor. Leadership criteria and development programs are required to prepare potential successors for their new role.

Lansberg (1999), suggests that both generation in dialogue creating a combined vision for the business is an important part of the process of creating future business structures and management processes.

Taylor (1998), highlighted the importance of understanding the similarities and differences in approach to management between the successors and incumbent. Analyzing and smoothly facilitating this dimension of the succession process should be a high priority for those involved in family business succession processes.

According to Paisner (1999), suggest that emphasis should be placed on the overall management style. For example, he argues that a 'participative' style of management and culture is preferred over 'paternalistic' or 'laissez faire' styles as they do not allow

the next generation to actively contribute to the firm's management style or planning. A participate management style can provide successors with the opportunity to gain experience. The type of control and planning methods used in business will have a determining effect on succession outcomes, and without a conscious effort to align the management styles of the successors and incumbent there is a risk that succession will fail.

In family business there is the tendency for management systems and processes to be highly idiosyncratic. This is not necessarily a negative factor, but it is one which needs to be understood. To the extent that successor is extensively schooled in all facets of the business, this can promote succession as there is a tendency for both business and successor to 'need each other'. That is both the business and the successor will benefit from the successor keeping those highly idiosyncratic skills in the firm.

Hamilton (2003) proposes that establishing clear guidelines for duties and experience require of family members entering the firms is an important first step.

Identifying what the firm requires means appropriate training programs must be developed and family members placed in positions that will give them the required skills and experience to assume future roles in the firm. External advisors and family council mechanisms many assists the process of ensuring that the next generation is capable of fulfilling the family business management needs. Family business, where the requirements are identified and all means available are used to groom the next generation, tend to experience better succession outcomes.

## **Financial Issues**

There are however, some important considerations that are mentioned in the material surveyed. One issue is to ensure that all family member's remunerations is based on ability and contribution to the business. Basing individual reward fairly, on role and performance, helps to maintain morale and prevent conflict between family and non-family organization members.

Another issues is to make arrangement for the financial survival of the business in the event of a major upheaval such as divorce or sudden death. An obvious step here is to make appropriate arrangements for the orderly transition of financial control and ownership to the next generation in a manner suitable to all concerned. Where external shareholders are involved there is a range of other necessary considerations. Maintaining adequate dividends regular share value determinations and good financial reporting are crucial components in ensuring a business runs well and is ready for succession.

## **Business Environment**

The business environment also influences the succession process. Specific legislative or institutional structures can favour, limit, enforces or prohibit certain business options. For inheritance tax laws or capital gain tax regimes can affects the prospects for succession in various ways.

Burkart *et al* (2003), discuss how the type and quality of the regulatory framework and corporate governance structures can influence succession. In countries where there are weak governance structures and poor systems to protect investors then, the separations of ownership and management is generally seen to be too risky. As a result successors will normally be family members. Alternatively, in countries where governance measures are strong, family businesses may anoint a professional manager as successors

without placing the family business interest at the mercy of vested interests outside the family. Evidence show that this is common unless overwhelming personal amenity is derived from keeping tight control of the business. What emerges is a correlation between an increase in cooperate governance and the possibility of anointing a professional manager as successor.

Certain business types are also more conducive to certain forms of succession than others. Firms involved in stable industries or stagnant markets may have a need for more conservative succession processes and successors to maintain an appropriate business course. In contrast, businesses that operate in dynamic business areas or very competitive market may require dynamic or even rebellious succession processes and successors to ensure that the business makes necessary changes to proper.

## **2.6 SUCCESSION ISSUES**

These issues will be used to evaluate the context in which a family, co-opt succession or outright sell to third parties may be considered to meet the needs of the retiring owner and other key stakeholders. Which are:

- Succession planning
- Successor training
- Inter-generational relationship
- Business owner
- Business issues
- Succession process

### **2.6.1 Succession Planning**

Succession refers to the transfer of the management and or the control of a business. Ownership succession focuses on WHO will own the business, WHEN and HOW will that happen. Management succession focuses on WHO will run the business, WHAT change will occur, WHEN will they be accountable for result and HOW will result be realized. Succession planning can be unsuccessful if these two processes are not coordinated or at least both are addressed together (Ivan, 1999).

Succession planning may be defined as the identification and development of potential successors for key positions in an organization, through a systematic evaluation process and training. Unlike replacement planning, which grades an individual solely on the basis of his or her past performance succession planning is largely predictive in judging an individual for a position or function he or she might never have been in.

Also succession planning refers to the process of developing a business generation strategy providing prescription about how business generational transition can be implemented effectively and designed to create insight into the company and environment in which the company operates.

Succession planning address five issues which are as follows:-

1. Why is the family committed to perpetuate the business?
2. Who should participate in the business transition preparation, when should they prepare and what are the contingency issue in planning?
3. How will the family resolve various conflicts, both in the family and on the business side?
4. How about the structuring of will, the use constitution of boards of directors and the potential roles of family business consultants?

5. How the families see itself and the company in the future?

#### ***What a formal approach to succession planning***

1. To identify individuals potential for assuming increased degrees of responsibility.
2. To encourage the growth and development of employees.
3. To determine the promo ability classification of employees
4. To identify the demographic characteristic and the quality of key position talent existing in the organization
5. To asst in the identification of employees with assignment more consistent with their own abilities and desires.
6. To provide the business with 'organization surplus' a condition of having more qualification in the people you have them are responsibilities for them to exercise.

#### ***Component of succession program***

1. A set specific objectives
2. A definition of who is covered
3. A procedures for nominating/identifying candidate
4. Policies regarding the development of candidates
5. Understanding and acceptance by executive and managers implements the programs.

#### ***Consideration for carrying out succession planning***

1. Provision must be made for an orderly interdepartmental and interdivisional movement of key personnel, as well as movement within each manager's own area of jurisdiction.

2. Unnecessary duplication should be avoided. All areas in the company should utilize the same approach to succession planning.
3. Result-oriented managers must be sold on the advantage and cost-effectiveness of succession planning.
4. The numbers of forms used as documentation should be kept at a minimum, and those required must be designed in such a way that busy people can cope with them, simplicity is paramount
5. Care must be continually taken distinguish between someone who is a 'candidate' for a position and 'one who will get the position' and the 'promoted' or 'selected'.
6. Education or oriented about the succession planning system developed by the company is an absolute necessity.
7. The interdivisional use of a process as explained here has to be mandate from the corporate level.
8. To ensure compliance with a company-wide program such as this, the usual questions about follow-up or sanctions must be addressed.
9. Special attention must be placed on providing a priority for internal people in being considered for openings when they occur. A policy of promoting from within supports company loyalty.
10. Prudence must be exercised in making decisions about how far down in the organization to go and how fast to do so. (Peggy Steele, 2006).

### ***Strategies for succession planning***

One of the problems of succession and replacement, even as it affects existing strategies is the loss of knowledge, experience and expertise vested in experienced staff and managers, how does the new generation benefit from the experience of the existing



generation, how can organizations, in the case of this study owners-founder/entrepreneurs transfer the lesson learnt from their experience before they retire.

William (2004) represented three strategies for retaining organizational experience and operational knowledge and prevention of loss of knowledge and expertise to the ageing generation. These strategies are:

1. **Job shadowing:** pairing less experienced performed staff/successor with a veteran performer. The veteran is asked to share knowledge and hands on practice with his attached.
2. **Communities of practice:** A community of practice is a group that comes together to share information about a common problem, issue or topic.
3. **Process documentation:** this practice is made popular by the various standards movement.

### **2.6.2 Successors Training**

According to Lansberg and Astrach (1994), successor training mediated by the family's commitment to the business and the quality of the relationship between the owner-manager and the successor. Successor training is an important viable in business transitions, and the business owner's priority should be developing a strategic training system for the next generation systematic training for the successor represents a strategic dimension with business, and a potential source of competitive advantage.

One possible approach is to develop a training character and these can include:

1. Identification of strengths and weakness of the potential successor
2. Identification of opportunities and threats in family business
3. Development of programme fostering and improving the successor's managerial ability.

4. Periodic and regular measurement training performance
5. Acceptance and recognition mechanism

### **2.6.3 Inter-Generational Relationship**

No business can escape family influence. Sharma, *et al* (1996) states that, the relationship between the owner-manager and member of the next generation is vital because successor in family firm are exceptionally trained using a personal and direct approach.

Sharma, *et al* (1996) further explained that, even the decisions of the CEO of a publicly held and professionally managed business are sometimes influenced by their spouse and children.

Fox (1996) argued that, with respect understanding and complementary behavior between the next generation family member and the organizational leader being critical to an effective succession.

According to Lansberg and Astrachan (1994) inter-generational is the quality of the relationship between the owner-manager and the successor would affect the degree to which the successor would be trained to take over the owner-managers' responsibilities. However, if there is a troubled relationship, it is unlikely that these managers would want to be involved with training.

### **2.6.4 The Business Owner**

From the business owner's perspective, there are many personal issues that need to be addressed if succession planning is to be implemented successfully. Many business owners find it difficult to begin the succession planning process because of the emotional weight and perceived difficulty of dealing with these issues.

Carney (1997), succession planning brings with it the explicit recognition that a certain period of one's life coming to an end indeed in most cases that one's life itself is entering its final period. This can lead to a sense of denial and uncertainty about the future. What one do when no longer involved in the business? Many people's sense of themselves, their self-worth, their place in the in the family and the community are intimately tied up with the business they have created. The idea of moving forward into a new situation, no longer controlling and directing the business, can leave for many a daunting gap, both emotionally and practically.

Succession planning in the family also means, for the business owner, dealing with family issues and feelings among the owner, spouse and children. Old conflicts, misunderstanding and judgments and various members of the family will have to be faced when developing succession plan. Some family members may actively discourage thinking about these the family will be directly related to the quality of the relationship built over the years and the openness with which financial and personal issues have been discussed among family members.

He went further that, the business owner may also have developed some long-term personal relationship with managers and employees which he/she will wants to consider in a succession plan. The relationships may lead to a personal commitment to the manager/employees ensuring that whatever the succession strategy is put in place, it will not negatively affect these manager or employees future with the company. Even without such a commitment, the business owner must recognize that these key employees and their commitment to the future of the business will also affect the value of the business to any prospective buyers. He/ She should proceed with this in mind.

Another factor the business owner may take into consideration is the role and value of the business to the local community. This factor may be particularly important to

consider when the business owner directly and through the business, is very active in contributing to community activities.

## **2.7 OPPORTUNITIES AND CHALLENGES**

The succession issue for small and family owned businesses has grown due to the large number of small business owners nearing retirement. Successful successions are important not only to those immediately involved but to the economy at large. They are also important, not only to the owner and their families, but also to the many key stakeholders whose economic well-being is linked with these businesses. These stakeholders include: employees, managers, customers, local union suppliers, lenders and local communities that need the goods, services and the employment generated.

A critical look at the number of study materials and scholarly works available on the topic of succession establishes that only a few of all small businesses make a successful transition to the second generation in the family. Although there are no definitive reasons for this, there is no doubt that the complexity of developing and carrying out a successful succession is a major factor “For retiring family owner-managers, the transition to retirement is even more complicated as personal issues are generally intertwined with issues of leadership succession and development, business continuity and viability, ownership and wealth transfer, organizational governance and family harmony” (Journal of financial planning). Besides the complexity, another key factor is that a great number of business owners avoid succession planning until the last possible moment. This leads to a limited and inadequate approach for implementing an effective succession plan.

To gain better insight into the topic of interest and the evaluation of the options available to indigenous owner-founder businesses a review of the key issues that must

be faced in all succession initiative must be considered. Below are some challenges in developing an effective succession plan:

- i. Time constraints
- ii. Development a well-thought out plan
- iii. Selecting/findings a successor
- iv. Determine the value of the assists
- v. Disappointing/disputes among family members
- vi. Cost of developing a plan
- vii. Having sufficient insurance to cover taxes.

## **CHAPTER THREE**

### **RESEARCH METHODS**

#### **3.1 DESIGN OR RESEARCH**

According to Fagbounbe (2002), research design is an action plan that allow a research to provide solution to the problem, where to study, how to generate data or collect information in that research situation.

Similarly, Osuagwu (2006) classified research design into exploratory, descriptive and causal. The study adopted the exploratory techniques in findings out critical factors present and affecting succession planning and exist strategies of indigenous business in Lagos.

Generally, trend and patterns of succession planning around the world will be reviewed in relevant literatures and research work, this is to give a detailed understanding of what succession planning entails and how it is been practiced in developed economies of the world.

Questionnaire will adopted as the data collection instrument and responses gotten from the simple shall be analyzed for descriptive statistics, factor analysis test of reliability and validity and for commonalities in responses gotten

A sample of the population-indigenous enterprises with Lagos shall be used to show how much is put into succession planning by Lagos SMEs owner-founder.

#### **3.2 POPULATION AND SAMPLING DESIGN**

A population is defined as an aggregate of element from which sample is actually selected (Asika, 2002). Population is all these elements that posses the required/relevant information the researcher intended to seek out.

The study population for this study includes all indigenous business within the Lagos metropolis and family businesses, precisely, the indigenous businesses, Alimoso Local Government and Ikeja Local Government Area. From the description of the population, it becomes rather impossible for a universal study due to the size and number of the organization of interest, thus the need for a sample that will represent the interest/show characteristics of the universe.

A sample of 100 owner-managers/entrepreneurs will be studied. The sample shall be selected with the aid of the National Association of Small and Medium Enterprises (NASME), which is the umbrella body for SMEs in Nigeria. These 100 respondents will be used as representative of the population. For the purpose of this study, stratified random sampling technique was adopted.

### **3.3 PROCEDURE FOR ADMINISTERING QUESTIONNAIRE**

As stated above that the sampling method is stratified, the sample was divided into groups. This means that the local government was divided into wards and the questionnaires were administered to respondents living I odd number houses. This was possible with the help of enumerators in each ward.

### **3.4 DATA COLLECTION INSTRUMENT**

The study adopted the survey research design. Therefore the personal questionnaire is adopted as the sole instrument for data collection. The choice of the questionnaire is because of its flexibility, ease of use and ability to reduce bias and interviewer interference with responses as against other data collection technique that are rigid, difficult to use and interpret and large amount of time required to administer them, e.g personal interview.

The questionnaire is divided into two sections, A and B. is based on the biological/business data of respondents while section B highlights business/succession planning practices of their business and their exit strategies/options. For section B a five point like scale is adopted.

### **3.5 MEASUREMENT METHOD**

The questionnaire is divided into two sections; responses to A will be measured using the simple percentage and frequency distribution and chi-square to know how the respondents are distributed.

Responses to section B will be measured using a 4 point Likert scale. These points shall be.

- a. Agree
- b. Undecided
- c. Disagree
- d. Strongly disagree

This measurement/scaling technique is easier to use and interpret because of its limited number of options available to respondents and the opportunity to qualify their degree of acceptance/disagreement for any proposition/question made in the research instrument.

### **3.6 DATA ANALYSIS TECHNIQUE**

Data analysis may be defined as the breaking down and ordering of quantitative and qualitative data gathered through research (Osuagwu, 2006).

Data analysis techniques differ widely in the skills which they require, in the time which they require in the time which permits and most importantly in the nature of



generalization which can be made from them. This research study was analyzed by simple percentage and SPSS analysis.

### **3.7 VALIDITY AND RELIABILITY**

Validity is the degree to which a business research measuring instrument measure what it is suppose to measure. Reliability refers to trust, accuracy and correctness of the data is gathered. It is also the consistency between independent measurements of the same research phenomenon. It is the stability dependability of measuring instrument. For the purpose of this study, Cronbach Alpha reliability co-efficient was adopted.

## CHAPTER FOUR

### DATA PRESENTATION AND ANALYSIS

#### 4.1 ANALYSIS OF PERSONA DATA

The data analyzed is based on the questionnaire returned. Below is the analysis of the respondent's bio-data.

**Table 4.1 Sex of Respondents**

Sex	Frequency	Percentage
Male	63	63.0
Female	37	37.0
Total	100	100

*Source: field survey, 2018*

From the table above it is observed that 63.0% of the respondents are male, while 37.0% of the respondents are female.

**Table 4.2 Distribution of Respondents by Age Group**

Age Group	Frequency	Percentage
20-30 yrs	54	54.0
31-40 yrs	31	31.0
41-50 yrs	13	13.0
51-60	2	2.0
Total	100	100

*Source: field survey, 2018*

From the table 4.2, shows that many 54.0% of the respondents were between the age of 20-30 years, and 31.0% of respondents were found between 31-40 years of age, also 41-50 years are 13.0% while the least 2.0% of respondents were found to be within the age bracket 51-60 years

**Table 4.3: Marital Status of Respondents**

Marital status	Frequency	Percentage
Single	46	46.5
Married	51	51.5
Divorced	2	2.0
Total	99	
Missing	1	
Total	100	100

*Source: field survey, 2018*

From the table 4.3, are shows that majority of the respondents 51.5% are married, some 46.5% of the respondents are still single, and few 2.0% of the respondents were divorced.

**Table 4.4: Current Educational Qualification**

Current Educational Qualification	Frequency	Percentage
SSCE/GCE	5	5.0
NCE/OND	19	19.0
HND/B.SC	62	62.0
M.SC/MBA	13	13.0
Others	1	1.0
Total	100	100

*Source: field survey, 2018*

Form table 4.4, the majority of respondents 62.0% had a HND/B.SC Certificate, 19.0% had NCE/OND, 13.0% were M.SC/MBA holder, and 5.0% of the respondents had SSCE/GCE education while those who had other educational qualification are 1.0%

**Table 4.5: Working Experience (Years)**

Working Experience (Years )	Frequency	Percentage
Under 3 years	40	40.0%
4-7 years	46	46.0%
8-11 years	9	9.0%
Above 12 years	3	3.0%
Missing	2	2.0%
Total	100	100

*Source: field survey, 2018*

From table 4.5, it was revealed that majority of respondents between 4-7 had 46.0% of working experience, 40.0% of the respondents were found under 3years working experience, 9.0% were within 8-11 years, while 3.0% of the respondents had between above 12 years. However 2.0% of the respondents did not provide any answer for the question.

**Table 4.6: You should have written, documented and updated succession plan for your business**

Option	Frequency	Percentage
Strongly disagree	52	52.0%
Disagree	43	43.0%
Undecided	1	1.0%
Agree	3	3.0%
Strongly agree	1	1.0%
Total	100	100

*Source: field survey, 2018*

From table 4.6, it was discovered that 52.0% of the respondents ‘‘strongly disagree’’ with above statement, 43.0% Disagreed’’, and 1.0% of the respondents ‘‘undecided’’, while 3.0% Agreed and those who strongly agreed with the statement are less than 2.0%

**Table 4.7: You should discuss strategies for both your business transition and your estate with a legal adviser**

Option	Frequency	Percentage
Strongly disagree	1	1.0%
Disagree	4	4.0%
Undecided	17	17.0%
Agree	53	53.0%
Strongly agree	25	25.0%
Total	100	100

*Source: field survey, 2018*

From Table 4.7, it shows clearly that the majority of the respondents ‘‘which constitute 53.0% and 25.0% ‘‘strongly Agreed’’, 17.0% are ‘‘ Undecided’’ and also 4.0% of the respondents ‘‘Disagreed ‘‘while 1.0% are strongly Disagreed’’.

**Table 4.8: You prepare for an unforeseen event such as death.**

Option	Frequency	Percentage
Strongly Disagree	6	6.0
Disagree	9	9.0
Undecided	22	22.0
Agree	42	42.0
Strongly Agree	21	21.0
Total	100	100

*Source: field survey, 2018*

From Table 4.8: in the above table, 42.0% of the respondents ‘‘Agreed’’ while the statement, 22.0% ‘‘undecided’’, 21.0% ‘‘strongly Agreed’’, 9.0% ‘‘Disagreed’’ and only 6.0% ‘‘Strongly Disagreed’’.

**Table 4.9: You have identified whether or not you will need to provide purchase financing to the purchasers of your company.**

Option	Frequency	Percentage
Strongly Disagree	3	3.0
Disagree	18	18.0
Undecided	44	44.0
Agree	20	20.0
Strongly Agree	12	12.0
Missing	3	3.0
Total	100	100

*Source: field survey, 2018*

From table, 44.0% of the respondents were Undecided about the question, 20.0% Agreed, 18.0% Disagreed, 12.0% strongly Agreed and 3.0% Strongly Disagreed. However, 3.0% of the respondents did not provide any answer for the question.

**Table 4.10: You plan to retain ownership of your business but transfer the management.**

Option	Frequency	Percentage
Strongly Disagree	6	6.0
Disagree	21	21.0
Undecided	27	27.0
Agree	30	30.0
Strongly Agree	13	13.0
Missing	1	1.0
Total	100	100

*Source: Field Survey, 2018*

From the above Table 4.10, 30.0% of the respondents ‘‘Agreed’’ to the above statement and 27.0% of them were ‘‘Undecided’’, while 21.0% Disagreed, 13.0% Strongly Agreed, 6.0% Strongly Disagreed, while 1.0% of the respondents refuse to tick any option.

**Table 4.11: You intend to make your business a family business or.**

Option	Frequency	Percentage
Strongly Disagree	7	7.0
Disagree	15	15.0
Undecided	25	25.0
Agree	23	23.0
Strongly Agree	29	29.0
Missing	1	1.0
Total	100	100

*Source: Field Survey, 2018*

From the above table, shows that 29.0% of the respondents Strongly Agree with the statement above and 25.0% were Undecided, 23.0% Agreed, 15.0% Disagreed, 7.0% strongly Disagreed and 1.0% of the respondents refuse to tick any option.

**Table 4.12: You intend to sell your business upon your retirement**

Option	Frequency	Percentage
Strongly Disagree	35	35.0
Disagree	20	20.0
Undecided	24	24.0
Agree	11	11.0
Strongly Agree	9	9.0
Missing	1	1.0
Total	100	100

**Source: Field Survey, 2018**

From Table 4.12, it shows that the majority of the respondents are strongly disagreed'' to the statement which constitute 35.0% and 24.0% Undecided, 20.0% Disagreed, 11.0% Agreed, while 9.0% Strongly Agreed, also 1.0% of the respondents miss the question.

**Table 4.13: You develop your staff internally to get ready for their next higher responsibility.**

Option	Frequency	Percentage
Strongly Disagree	—	—
Disagree	6	6.0
Undecided	15	15.0
Agree	59	59.0
Strongly Agree	18	18.0
Missing	2	2.0
Total	100	100

**Source: Field Survey, 2018**

From table 4.13, it shows clearly that 59.0% of the majority respondents ''Agreed'' to the statement, 18.0% strongly Agreed, 15.0% Undecided, 6.0% Disagreed and 2.0% of the respondents miss the question, while none of the respondents also strongly Disagreed.

**Table 4.14: There is a family member who has been identified as the next business leader.**

Option	Frequency	Percentage
Strongly Disagree	4	4.0
Disagree	12	12.0
Undecided	31	31.0
Agree	34	34.0
Strongly Agree	18	18.0
Missing	1	1.0
Total	100	100

*Source: Field Survey, 2018*

From table above 34.0% of the respondents ‘‘Agreed, 31.0% of the respondents ‘‘Undecided’’, 18.0% Strongly Agreed, 12.0% Disagreed, 4.0% strongly Disagreed, meanwhile 1.0% of the respondents miss the question.

**Table 4.15: Your business has a written strategic plan**

Option	Frequency	Percentage
Strongly Disagree	–	–
Disagree	8	8.0
Undecided	18	18.0
Agree	48	48.0
Strongly Agree	25	25.0
Missing	1	1.0
Total	100	100

*Source: Field Survey, 2018*

From table 4.15, it was discovered that most 48.0% of the respondents ‘‘Agreed’’, 25.0% f the respondents ‘‘Strongly Agreed’’, 18.0% of the respondents Undecided, while the remaining 8.0% of the respondents ‘‘Disagreed’’, missing were 1.0% while none of them strongly Disagreed.



**Table 4.16: The strategic succession plan has been communicated to family members, staff and adviser.**

Option	Frequency	Percentage
Strongly Disagree	2	2
Disagree	10	10.0
Undecided	35	35.0
Agree	36	36.0
Strongly Agree	16	16.0
Missing	1	1.0
Total	100	100

*Source: Field Survey, 2018*

In the above table, 36.0% of the respondents Agreed, 35.0% were Undecided, about the question, 16.0% Strongly Agreed, 10.0% Disagreed, 2.0% Strongly Disagreed, 1.0% of the respondents miss the question.

**Table 4.17: It has been agreed that your business will continue in family ownership**

Option	Frequency	Percentage
Strongly Disagree	2	2.0
Disagree	13	13.0
Undecided	29	29.0
Agree	28	28.0
Strongly Agree	27	27.0
Missing	1	1.0
Total	100	100

*Source: Field Survey, 2018*

In the above table, 29.0% of the respondents were “Undecided” about the question, 28.0% Agreed, 27.0% Strongly Agreed, 13.0% Disagreed, 2.0% Strongly Disagreed. However, 1.0% of the respondents did not provide any answer for the question.

**Table 4.18: You have any written plan regarding the transfer ownership to the next generation.**

Option	Frequency	Percentage
Strongly Disagree	—	—
Disagree	5	5.0
Undecided	24	24.0
Agree	40	40.0
Strongly Agree	30	30.0
Missing	1	1.0
Total	100	100

*Source: Field Survey, 2018*

In the table above, the majority of the respondents 40.0% ‘‘Agreed’’ and 30.0% Strongly Agreed, while 5.0 of the respondents Disagreed, 1.0% of the respondents miss the question and none of them strongly disagree.

**Table 4.19: You believe that the business has a good future**

Option	Frequency	Percentage
Strongly Disagree	2	2.0
Disagree	2	2.0
Undecided	10	10.0
Agree	35	35.0
Strongly Agree	50	50.0
Missing	1	1.0
Total	100	100

*Source: field survey, 2018*

From the table, 50.0% of all the respondents were ‘‘Strongly Agreed’’ to the above statement and 35.0% Agreed, 10.0% were Undecided, while Disagreed and Strongly Disagreed both are 2.0% each. Also 1.0% of the respondents miss the question.

**Table 4.20: There are family member capable and interested in succeeding you as the business owner.**

Option	Frequency	Percentage
Strongly Disagree	1	1.0
Disagree	6	6.0
Undecided	24	24.0
Agree	27	27.0
Strongly Agree	21	21.0
Missing	1	1.0
Total	100	100

**Source: Field Survey, 2018**

From table 4.20 it was observed that 1.0% of the respondents ‘strongly Disagreed’, 6.0% of the respondents ‘Disagreed’ with the statement, 24.0% were Undecided, 21.0% strongly Agreed, 27.0Agreed. However, 1.0% of the respondents did not provide any answer for the question.

#### **List of variable for table ‘A’**

**Table ‘A’**

Variable	Mean	Median	Mode	Standard deviation
A1	1.37	1.00	1	.49
A2	1.63	1.00	1	.79
A3	1.56	1.00	2	.54
A4	2.86	3.00	3	.74
A5	1.74	2.00	2	.75

It can be observed from the table above (personal data table) that majority of the respondents are Male (1), between the ages of 31-40 years, Married while the current educational qualification held is B.Sc/HND and mostly have 4-7 years work experience.

#### **List of Variable for Table ‘B’**

B1 – Written succession document

B2 - Discussion with legal adviser

B3 - Preparation for unforeseen circumstances

B4 – provision of purchase financial

- B5 – Retainment of ownership
- B6 – Family Business
- B7 – Selling of business
- B8 – Development of staff
- B9 – Next business leader identification
- B10 – Written strategic plan
- B11 – Communication of plan t stakeholders
- B12 – Family Ownership
- B13 – Written plan
- B14 – Good future belief
- B15 – Capable business leader
- B16 – Independent entity
- B17 – Confidence in management
- B18 – Confidence in succession plan

**Table ‘B’**

Variable	Mean	Median	Mode	Standard deviation
B1	1.58	4.00	1	.75
B2	3.97	4.00	4	.85
B3	3.63	4.00	4	1.10
B4	3.21	3.00	4	.99
B5	3.19	3.00	5	1.16
B6	3.53	4.00	1	1.26
B7	2.38	2.00	4	1.31
B8	3.91	4.00	4	.76
B9	3.51	4.00	4	1.05
B10	3.91	4.00	4	.87
B11	3.55	4.00	3	.95
B12	3.66	4.00	4	1.08
B13	3.96	4.00	5	.87
B14	4.30	4.00	4	.89
B15	3.82	5.00	4	.87
B16	3.74	4.00	4	.98
B17	4.05	4.00	4	.63
B18	1.68	1.00	2	.73

From the above table, it can be seen that majority of the respondents strongly disagree, they have succession plan document contrary to their belief in the succession exercise.

The table also shows the strongest mean at (B14) which indicate the respondents agreement that they believe their business has a good future ahead it. In contradiction to above findings as indicated by the above table, the respondents also show disagreement to the intention of selling their business at (B7), mean 2.38.

This table intends to show variables that are correlated i.e which can be substituted for one another. Two variables are said to be correlated if there is a high and positive relationship between them-one can act on behalf other.

Therefore, from the correlation matrix table above, the correlation matrix between (B4) provision of purchase financing and (B7) selling of business can be substituted i.e both are moderately correlated and either can be used in place of the other. Equally, the correlation matrix between (B6) family business and (B12) family ownership can also be submitted. More so, the correlations matrix between (B9). Next leader identification and (B15) capable Business leader can also be substitute.

Number of case 96.0

Reliability coefficient 18 items

Alpha = 5871 standard item alpha = 6278

This result shows that the questionnaire is reliable and if the same research study is conducted, it will yield similar result as this.

## **4.2 RESEARCH FINDINGS**

Sequel to the data analysis it was discovered that majority of the respondents, precisely 50.0% strongly believe their business has a good future while only 4% think otherwise. It can therefore be concluded that family business owners believe in success.

Family business owners does not have a written succession plan but are rather guided by their instinct and discretions. However, on the contrary to the above, family business owner are not willing/intending to sell off their business but rather continue in a family way of doing business.

## **CHAPTER FIVE**

### **SUMMARY, CONCLUSION, RECOMMENDATIONS AND SUGGESTIONS**

#### **5.1 SUMMARY**

This research project studied entrepreneurial succession in indigenous business in Lagos state with emphasis on Alimoso and Ikeja Local Government Area. Efforts were made to review major issues on the subject matter which made ranges from the definition of entrepreneurial succession to succession planning. Descriptive research design stratified sampling, and statistical package for social sciences (SPSS) techniques and data analysis method respectively. However, the bulk of the findings revealed that entrepreneurs have not interest of selling off their business and have confidence in the management and succession of the business.

#### **5.2 CONCLUSION**

Considering the findings and relevant literature this research study hereby concludes that; entrepreneurs do not have any documented succession plan in spite of the fact that they are guided by their discretion as changes takes place in the business environment. The succession planning are mostly discussed with a legal adviser who gave professional advice on the matter

Entrepreneurs usually in their peak identify capable individual(s) who show reasonable ability of leading the business in the next generation. Similarly, they have confidence in the current business management and consequently believe their business have good future. Little wonder, most entrepreneurs prefer to keep the business in family way rather than selling them. Many of them see it as a way of immortalizing themselves.

### **5.3 RECOMMENDATIONS**

Given these findings and various write ups, the followings are recommended so as to contribute positively in issues related to the subject of succession issues in entrepreneurial bossiness in Nigeria.

1. Before embarking on entrepreneurial succession exercise, one must determine early enough whether their business is a life style venture or high growth venture, this is necessary as life style venture does with the demise of the innovator.
2. Entrepreneurs should have several choices in matter relating to the next business leader and provide them with equal opportunities of being capable.
3. Entrepreneurs should endeavor to do away with sentiments in their succession process as this will affect their judgment in making a right decision(s).
4. New ideas and innovations keep the business going and when there is a lack of it entrepreneurs must either give chance to the next business leader or sell the business instead of wasting resources
5. Family business owners should not only base their succession exercise on their instinct alone, there should be a documented succession plan based on merit and professionalism in the practice of the business.

### **5.4 SUGGESTIONS**

This last section suggests areas in which other research can be conducted. Several areas and topics exist which other potential researcher can study, however, this project suggests the following:-

1. An enquiry into the development of entrepreneurial skills in Nigerian undergraduate students in Nigerian tertiary institutions.



2. An empirical study into the failure of entrepreneurial succession in SMEs in Nigeria.
3. The role/impact of government policies on the activities of small scales in Nigeria
4. Current issues in financing small and medium enterprise; a study of indigenous company in Lagos State (Lagos state because this happens to be the commercial never of Nigeria).
5. An academic approach to short term survival of SMEs in Nigeria

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