Journal of Economics, Business, and Commerce (JEBC)
ISSN: 3007-9705 (Online)
Volume 1 Issue 2, (2024)
https://doi.org/10.69739/jebc.v1i2.145
https://journals.stecab.com/index.php/jebc

Published by
Stecab Publishing

Research Article

Effect of Succession Planning on the Sustainability of Family Owned Businesses Evidence From Plateau State, Nigeria

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About Article

Article History
Submission: September 02, 2024
Acceptance : October 12, 2024
Publication : October 22, 2024

Keywords
Family-Owned Businesses, Generational Theory, Socio-Emotional Wealth Theory, Succession Planning, Sustainability

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ABSTRACT

The study examines the impact of succession planning (SP) on the sustainability of family-owned businesses (FOBs) within Plateau State, Nigeria. A quantitative research methodology was employed utilizing a survey design. Data were gathered from 293 FOBs in Plateau State through structured questionnaires. Multiple regression analysis was used to examine the variables and validate the hypotheses. The findings indicated that the engagement of successors in business management (β = .378, t = 2.081, p = 0.038), the training of successors (β = .378, t = 3.520, p = 0.001), and organizational culture (β = .367, t = 3.813, p = 0.000) exhibit a positive association with the sustainability of FOBs. Conversely, internal recruitment (β = .024, t = .213, p = .813) and the successor's work fit (β = - .089, t = - 801, p = .424) do not show a significant positive relationship with the sustainability of FOBs. This research contributes to the existing body of literature by providing empirical evidence regarding the efficacy of succession planning in promoting the sustainability of FOBs in Nigeria through the frameworks of generational theory and socio-emotional wealth theories. The results substantiate the generational theory's assertion that family enterprises prioritize legacy and continuity across generations. Additionally, the socio-emotional wealth theory is supported, as FOBs value non-economic aims, encompassing family harmony and the integrity of their business reputation.

Citation Style:

Dekom, H. B., Jingak, D. E., & Gontur, S. (2024). Effect of Succession Planning on the Sustainability of Family Owned Businesses Evidence From Plateau State, Nigeria. *Journal of Economics, Business, and Commerce, 1*(2), 23-36. https://doi.org/10.69739/jebc.v1i2.145

1. INTRODUCTION

Family businesses have emerged as a compelling form of enterprise, originating from sole proprietorship; typically, these family enterprises evolve from a singular owned business into substantial organizational entities, with over 50% of their assets held by two or more family members (Ayobami, *et al.,* 2018; Okoh, *et al.,* 2021). Family-owned businesses (FOBs) represent the most ancient and pivotal type of business organization globally (Mokhber, *et al.,* 2017). They are increasingly establishing themselves as the predominant form of enterprise in both developing and developed nations, with family firms comprising 80% of all businesses in the United States of America (USA), 85% of all enterprises within the European Union (EU), and 90% of businesses in Japan (Ali & Mehreen, 2018). In a similar context, PricewaterhouseCoopers (PWC, 2018) asserts that FOBs constitute two-thirds of all businesses worldwide and are responsible for generating between 70% and 90% of global GDP, in addition to creating 50% to 80% of job opportunities on a global scale.

According to Ernst-Young and the University of St. Gallen's Family Index (2023), family businesses around the world bring in 38.02 trillion dollars annually, a 10% rise from the 2021 index. World Economic Outlook (2022) projects that after growing by 6% in 2021, the world economy would expand by 3.2% in 2022 and 2.27% in 2023. Accordingly, FOBs have been expanding at a rate that is approximately 1.5 times faster than that of emerging market and developing economies and nearly double that of advanced economies (Ernst - Young and University of St Gallen, Family Index, 2023). According to the World Economic Outlook (2022), the top 500 family-owned enterprises worldwide employed 24.5 million people and generated 8.02 trillion US dollars in revenue. The majority of these FOBs were based in Europe, the Middle East, India and Africa (EMEIA)

The representation of family businesses in Nigeria parallels that of other global regions, being acknowledged as a vital component for the nation's economic advancement, poverty alleviation, and job creation. Within Nigeria, a considerable fraction of family businesses is classified as small and medium-sized enterprises, actively engaging in manufacturing, retail, and service industries. A survey executed by the National Bureau of Statistics (NBS) across all 36 states in Nigeria and the Federal Capital Territory (FCT) Abuja, disclosed the presence of 17.28 million FOBs, with 17.26 million identified by (Ayobami, *et al.,* 2018). Consequently, the emergence of family businesses in Nigeria is noteworthy, establishing itself as one of the most rapidly evolving segments within the nation's economy. These family enterprises are omnipresent across various sectors in Nigeria, making substantial contributions to economic advancement and employment generation.

In Nigeria, the majority of enterprises originated as family-run businesses and continues to thrive under the stewardship of their founding members, with approximately 80% of these businesses classified as small to medium, or medium to large enterprises (SMEDAN/NBS, 2019). In Nigeria, FOBs contribute approximately 40% to the national GDP (NBS, 2022) and play a significant role in providing employment opportunities, generating wealth, and fostering social stability (Gontur *et al.,* 2023).

Numerous studies have been conducted comparing family business succession to corporate succession (Yadav & Shankar, 2017; Ali & Mehreen, 2018; Akani, 2015; Smith, 2022). Theoretically, little research has delved into the impact of succession planning on various business outcome variables. For instance, Marega *et al.* (2020) conceptualized succession planning as a strategic business approach that enhances economic, social, and environmental performance. Similarly, Ijaz *et al.* (2020) emphasized the significance of succession planning as an instrumental mechanism that can assist organizations in achieving their desired objectives. The investigation by Gabriel and Bitsch (2018) empirically explored the correlation between succession planning and the performance of family businesses, revealing that strategic planning, productivity, and dynamic capabilities are particularly responsive to alterations during the succession planning process.

Prior research into succession management indicates that succession planning represents an advanced stage necessitating further inquiry to ascertain its potential in influencing the survival and sustainability of family-owned enterprises. The sustainability of family businesses in Nigeria poses a complex challenge encompassing social, economic, and environmental aspects (Nnabuife *et al.,* 2019). Family-owned businesses are grappling with the challenge of preserving their enterprises for subsequent generations. Research indicates that 70% of global family businesses are prone to failure after the first generation, approximately 86% succumb after the second generation, and around 97% fail following the third generation (Magasi, 2020). In Nigeria, FOBs exhibit similar trends, as many are experiencing a declining survival rate; for instance, the survival rate of these enterprises is among the lowest globally, with only 20% managing to sustain their operations (PwC, 2018). Scholars such as Nnabuife *et al.* (2019), Bozer *et al.* (2017), and Mokhber *et al.* (2017) have documented that a considerable number of family-owned businesses (FOBs) in Nigeria have either ceased operations or failed to function effectively following the demise of their proprietors, a phenomenon attributed to the apparent absence of succession planning among family members, which culminates in power struggles that impede the viability and longevity of these enterprises. Magasi (2020) elucidated additional factors impacting FOBs, including the inability to sustain continuity within the family business lineage, a lack of initiative, inadequate training for successors, limited involvement of successors in management, and the overall fitness of successors for the business role, all of which represent critical challenges affecting operational success. Furthermore, Jideofor *et al.,* (2023) identified several impediments to the growth and survival of FOBs in Nigeria, which encompass undercapitalization, insufficient processing facilities, outdated technology, a deficiency in business acumen, an anti-entrepreneurial culture, and inadequate leadership practices. Notwithstanding the significant contribution of FOBs to the Nigerian economy, research indicates a pronounced deficiency in the practices of succession planning. Current literature predominantly emphasizes Western contexts, with limited attention directed towards the distinctive challenges encountered by Nigerian FOBs, particularly the paucity of research concerning internal recruitment, the suitability of successors, and the prevailing organizational culture within these enterprises. The objective of this study is to bridge the identified research gap by examining the influence of succession planning on the sustainability of FOBs in Plateau State, Nigeria. This inquiry is motivated by the pivotal role that FOBs occupy in the economic advancement of Nigeria.

1.1. Theoretical Basis

Numerous theories have been posited to enhance the understanding of the correlation between family businesses and sustainability. Socio-Emotional Wealth Theory (SEW) was introduced by Luis Gomez-Mejia, Marianna Markri, and Martin-Larreza-Kintana in their study on executive compensation in publicly traded family-controlled companies, this theory was subsequently expanded by Pedro Berrone and Christina Cruz to encompass a broader range of dimensions and applications within family firms (Berrone *et al.,* 2010). According to the theory, family-owned businesses are not solely motivated by financial goals but also by a desire to uphold family-specific non-economic values and emotional ties to the business. The theory posits that (a) family businesses prioritize socio-emotional well-being over purely financial gains, (b) family members are driven to maintain family control and participation in the business to safeguard the family's identity and reputation, and (c) non-family stakeholders may be less concerned with SEW considerations, potentially impacting financial performance. This theory elucidates how a family business' commitment to long-term sustainability is influenced by the preservation of socio-emotional wealth. Additionally, it is supported by the generational theory developed by Strauss and Howe (1991), which underscores that distinct cohorts of individuals, based on their birth years, share unique values, experiences, and perspectives shaped by historical events and societal influences during their formative years (Strauss & Howe, 1991). This theory suggests that generational cohorts form distinct identities and respond differently to challenges and opportunities based on their shared experiences. It aids family-owned businesses in planning for generational transitions and tailoring succession plans to align with the preferences and strengths of incoming leaders. Effective communication and conflict resolution strategies play a pivotal role in facilitating a smoother transition and ensuring sustained business success (Somboonvechakarn *et al.,* 2022; Gersick, *et al.,* 1997), addressing the challenges encountered during succession planning and ultimately contributing to the business's longevity and smooth succession (Lecounte, 2020: Dyer & Handler, 1994). Another theory that supports this research is the Stewardship Theory (STT). According to Davis *et al.* (1997), this theory suggests that managers in family-owned enterprises serve as stewards, giving precedence to the interests of the business and its proprietors over personal benefits. Eisenhardt (1989) posits that STT hinges on the belief that individuals harbor innate drive and a sense of duty towards the enduring prosperity of the organization. The significance of STT for Family-Owned Businesses (FOBs) lies in cultivating a milieu of dedication and harmony between managers and proprietors (Sudaman &Yaya, 2021; Davis *et al.,* 1997), culminating in enhanced decision-making, heightened accountability, and superior performance (Zellweigher, *et al.,* 2012).

2. LITERATURE REVIEW

2.1. Concept of Succession Planning

The prevailing business paradigm has evolved from a reliance on independent thought to one that emphasizes autonomy. Within this framework, business operations are not merely present but also perpetually foster competitive dynamics. Succession planning is instrumental in facilitating the career advancement of individual employees and teams within organizations, thereby ensuring a sustainable reservoir of proficient human capital that meets both current and future organizational requirements. This strategic undertaking integrates developmental initiatives and functions as a pivotal mechanism for attaining organizational success and sustainability. Succession planning includes the projection of potential job vacancies resulting from retirements or attrition, and the strategic assessment of how internal candidates may fulfill these positions. It necessitates an appraisal of the competencies of existing employees in relation to job specifications and the remediation of any deficiencies through specialized training and development programs. Rothwell (2002) characterizes succession planning as a systematic approach to acknowledging the importance of management roles, commencing from project manager and supervisor levels and extending to the senior-most positions within the organization. It articulates management responsibilities to provide optimal adaptability in lateral management transitions and to ensure that individuals, as they ascend in rank, augment and generalize their managerial competencies in alignment with overarching organizational objectives rather than merely departmental aims. Bocatto *et al.* (2012) clarify that succession represents a fundamental component in any strategy designed to ensure the sustainability of family-owned enterprises, with scholars evaluating the survival potential of such entities based on their succession capacity.

The succession planning process involves a strategic formulation regarding the transfer of ownership within businesses. Charles (2016) describes succession planning as the recognition of the critical demand for intellectual acumen and leadership throughout the organization over time, thereby equipping individuals for present and prospective job obligations vital for the enterprise. Succession planning encompasses a broad spectrum of activities aimed at preparing for significant leadership transitions within organizations. The preparedness for succession amplifies the pool of seasoned and skilled employees who are poised to assume these roles as vacancies emerge. Consequently, this process guarantees that organizations effectively recruit and cultivate employees to occupy key positions within the enterprise.

2.2. Concept of Family Business

Jideofor *et al.,* (2023) underscore a significant challenge confronted by scholars engaged in the investigation of family enterprises, specifically the complexity inherent in accurately delineating the notion of a family business. Notwithstanding the lack of a universally endorsed definition, numerous endeavors have been undertaken to formulate a functional definition, culminating in a plethora of definitions articulated by various authors. Prior to engaging with the definition of a family business, it is crucial to comprehend the underlying concept of family. Gabriel, *et al.,* (2016) characterize family as a multigenerational community characterized by solidarity, whether through biological ties or marital connections, sharing fundamental aims such as reproduction, security, and the maintenance of quality of life, wherein each individual assumes distinct roles. According to Arora (2019), these include an organizational plan, handling talent, improvement of leadership that is accountable, development of critical skills, and informal succession.

Among the various interpretations is Hauser's (2005) perspective, which regards family-run enterprises as business entities, positing that family businesses are both ancient and persistently significant within the commercial sphere? Family businesses manifest in a variety of forms, including sole proprietorships, partnerships, limited liability companies, standard corporations, holding companies, and even publicly traded entities under family control. However, diverse scholars present differing definitions; the principal variance resides in the extent of ownership and management exercised by the family. Family enterprises exert a considerable influence on the overall economic progression of numerous nations, facilitating the generation of employment opportunities and the involvement of employees. The continuum of family firms spans from small-scale enterprises serving local communities to expansive multinational corporations functioning across various sectors both domestically and internationally.

2.3. Concept of Sustainability

Sustainability necessitates an examination of how an enterprise functions within social, economic, and environmental spheres to cultivate enduring value (Haaneas, 2016). It can be analogous to continuity or the capacity to endure across temporal spans (Liu, 2017). In the corporate context, sustainability pertains to an organization's ability to persist without jeopardizing the prospects of subsequent generations (Osita *et al.,* 2020). Furthermore, it can be delineated as the organization's competence to flourish within an ever-evolving, competitive, and arduous business milieu (Jayasundara, *et al.,* 2019).

2.4. Hypotheses Development

The hypothesis development was conducted based on each outlined objective of the study.

2.5. Successors involvement in business management and Sustainability

The interrelationship between successor participation in business management and sustainability has been the subject of extensive scholarly inquiry, with findings suggesting that the active and strategic involvement of family members in management significantly enhances the long-term sustainability of such enterprises. For instance, Magasi (2020) noted that the level of family member engagement in business decision-making processes can substantially affect the prospective performance of the business. Likewise, Hiebi (2015) emphasized the importance of family member participation in decision-making and leadership roles, asserting that such involvement promotes enhanced performance, better communication, and a collective understanding of business objectives—crucial factors for ensuring the longevity of family-owned businesses (FOBs). Additionally, academic literature posits that the duration of engagement in business management is instrumental in shaping the successor's capacity to make informed decisions and occupy pivotal leadership roles (Woodman, 2017). Meraga *et al.* (2020) investigated the ramifications of succession planning on business performance within private universities in Ogun State, Nigeria, revealing a significant correlation between succession planning and the performance of family businesses. Their research further indicated a notable impact of the execution of executive succession on the economic, social, and environmental sustainability of small and medium-sized enterprises (SMEs). Moreover, Ola and Chima (2020) conducted an analysis of succession planning and the sustainability of family-owned private educational institutions in River State, Nigeria, uncovering that successor participation and preparedness are fundamental factors influencing the survival of family enterprises. Ejideofor *et al.* (2023) explored the nexus between succession planning and the sustainability of family businesses in medium and large-scale ventures in Anambra State, elucidating the advantageous effect of a proactive successor on the operational efficacy of family-owned businesses. They concluded that founders ought to grant successors the autonomy to operate independently, make decisions, and engage in calculated risks. Zellweiger *et al.* (2010) and Chun *et al.* (1999) underscore that the active involvement of family members in business management cultivates a sense of commitment and stewardship, thereby promoting the perpetuation of familial values and legacies. This involvement aids in aligning business strategies with the family's long-term objectives, thereby fortifying sustainability and the preservation of familial values and traditions. In a study by Olubiyi *et al.,* (2022) on succession planning and business continuity perspectives from Lagos State, Nigeria, it was noted that succession planning plays a pivotal role in ensuring leadership continuity, thereby fostering success and sustainability for the enterprise. Based on a comprehensive examination of theoretical frameworks and empirical evidence, this research posits that

H1: Involvement of successors in the management of business operations has a positive correlation with the sustainability of family-owned businesses (FOBs).

2.6. Training of successor and Sustainability of Family owned businesses.

The training of successors plays a crucial role in the sustainability of Family-Owned Businesses (FOBs). Wang and Zhou (2023) emphasize the critical necessity of a rigorously designed and comprehensive training framework that facilitates a fluid leadership transition while contributing to the sustained prosperity of these enterprises. Rothwell (2010) posits that effective succession planning enhances the retention and augmentation of intellectual capital and the transmission of knowledge within FOBs, employing training strategies that include mentoring, coaching, on-the-job training, off-the-job training, and the deployment of individual competencies within the organizational framework. Saan *et al.* (2018) investigated the ramifications of succession planning on the continuity of FOBs within the Wa Municipality of Ghana, uncovering that the educational qualifications of business founders, decision-making methodologies pertaining to business succession, and the characteristics of family-owned enterprises are pivotal factors that shape the succession process. Akpan and Ukpai (2017) accentuate the substantial impact of training on the longevity of small-scale enterprises, observing that there exists no significant variance in the perceptions of male and female entrepreneurs regarding the effect of workforce training on the viability of Small and Medium Enterprises (SMEs). In a similar vein, Onyeukwu and Jekelle (2019) examined the interrelationship between leadership succession and the sustainability of small, family-owned businesses in Anambra, southeastern Nigeria, revealing that mentoring and the cultivation of human capital exert a considerable influence on the survival prospects of such enterprises. Correspondingly, Iyke-Ofeedu *et al.* (2024) asserted that the mentoring and coaching of successors significantly affect the continuity of FOBs. Furthermore, Aremu and Lawal (2023) conducted an inquiry into the effects of succession planning on the longevity of family businesses (FBs) through the framework of leadership model succession theory. This investigation aimed to provide vital insights for business owners, policymakers, stakeholders, regulators, and other entities involved in succession planning. The resultant path analysis yielded significant findings, indicating that various components of succession planning—such as education/training, mentoring, and entrepreneurial orientation—demonstrate a strong correlation with the endurance of family enterprises. In consideration of the confluence of empirical evidence and theoretical frameworks, it is posited that;

H2: The training of successors is intricately linked to the sustainability of FOBs in Plateau State.

2.7. Internal Successor Recruitment and Sustainability of FOBs

The recruitment of a successor emerges as a pivotal determinant affecting the sustainability of FOBs, underscoring the criticality of a meticulously planned and strategic recruitment process in securing the enduring success of these enterprises. Davis and Stern (2016) stress the importance of selecting a successor possessing the requisite skills, competencies, and visionary outlook essential for driving the sustained growth and resilience of family businesses. A judiciously chosen successor has the potential to infuse fresh perspectives, foster innovation, and adapt the business model to the evolving market dynamics, thereby bolstering its sustainability. Magasi (2020) highlights internal recruitment as a methodology employed by successors to address the imperative of business continuity, fostering the creation of highly efficient and well-organized family-owned enterprises. Internal succession planning involves relying on family members to fill key leadership roles within the organization.

Furthermore, Paco (2021); and Handler (1992) emphasized the importance of ensuring that the successor's qualifications align with the specific needs and challenges of the family business, particularly when the successor shares the business's goals and values. This alignment facilitates a seamless transition, reduces disruptions, and enhances long-term sustainability. According to Yates *et al.,* (2023), the structure of networks, social capital, and the unique content of family business networks play crucial roles in connecting these networks to performance outcomes. Monyei *et al.,* (2021) concluded that strategic succession planning helps attract and retain a highly skilled workforce, ultimately reducing orientation costs. This, in turn, facilitates smooth leadership transitions and ensures the continuity of family-owned businesses for future generations. Drawing from empirical evidence and theoretical insights, we hypothesize that:

H3: Internal succession planning is significantly associated with the sustainability of family-owned businesses in Plateau State.

2.8. Successor Work fit and Sustainability

Successor fit work is generally conceptualized as a match between employees values and organizational values (Gal, 2023). Individual work fit can enhance the formation of strong relationship and facilitate the exchange resources between employees and the organization; individuals with high fit will appear more passionate about work, so they get greater career opportunities and high work achievement (Astakhova& Porter, 2015). Similarly, Zhou (2020) and Kristof- Brown and Guay (2011) pointed out that successors who have higher value fit with incumbents and the organization are more likely to succeed in FOBs and get greater level of compensation. This is because they have higher level of commitment, perform better and even more effective individual than others who do not have a level of compatibility with the firm. In addition, Risman, *et al.,* (2016) asserts that workers who have a high level of compatibility with the organization positively contribute to work that exceeds the expected work activities. Magasi (2020) and Istipliler *et al* (2024) in their various studies that successor work fit factors such as having higher intellectual capital helps successors to identify and amend misfits, allowing them to re chart family business course to enhanced performance and survival, especially when the misfits are is marked by a turnaround situation. Similarly, Fernandez and Habash and Baidoun (2023) pointed out that successor's qualification, next generations capabilities, financial and operational performance of FOBs as well as age and education, have positive impact on the incumbents willingness enhance the chances of maintaining operational continuity and effective leadership succession. In addition, Fauzan (2023) study the influence of person job fit toward job satisfaction, and organizational commitment. The result of the research showed that person job fit has significant impact on job satisfaction and commitment of successors. Based on empirical and theoretical review, we hypothesize that

H4: Successor work fit is significantly related to sustainability of FOBs in Plateau State.

2.9. Organizational Culture and Sustainability of FOBs

The emergence of the concept of organizational culture (OC) in the 1970s attracted the interest of researchers in the United States and Europe, especially concerning the factors that contribute to the exceptional performance of Japanese firms. A fundamental question centered on whether the organizational culture prevalent in these entities provided a unique competitive advantage (Muriithi, 2021). It is conceptualized as a phenomenon comprising individual components such as core values, beliefs, and openness that are inherent within the organization, the behavioral patterns exhibited, and the symbols that articulate the interrelation among the beliefs, values, and behaviors of the organization's members (Denison, 1999; & Schein, 1992). Nnabuife, Okoli, and Arachie (2018) assert that culture is instrumental in distinguishing one community or society from another, functioning as a collective cognitive framework that differentiates members of a specific group from others. Srisathan *et al.* (2020) investigated the correlation between OC and open innovation performance (OIP) of small and medium-sized enterprises (SMEs) in Indonesia, as well as the mediating influence of organizational sustainability (OS). The findings indicated a significant correlation between OC and OS, suggesting that cultural characteristics sustain business competencies across various domains such as marketing, operations, customer orientation, capital management, and the monitoring and evaluation processes necessary for sustainability. This investigation also contributes valuable insights pertinent to emerging economies, such as Indonesia.

Isensee *et al.* (2020) posited that OC, environmental sustainability, and digitalization exert a considerable influence on the business progression of SMEs; dimensions linked with OC, such as norms, assumptions, and attitudes, furnish a sense of identity and dictate behavioral tendencies.

Assoratagoon *et al.* (2023) highlighted that a family-oriented culture characterized by shared values is pivotal in fostering advanced knowledge that aids family-owned businesses (FOBs) in their decision-making processes. Such cultures facilitate the effective management of the complexities inherent in family dynamics while maintaining operational integrity and achieving strategic objectives. Spicka and Berg (2022) concurred that descendants exhibiting human values akin to scouts and traditionalists possess a greater likelihood of succeeding in agricultural endeavors compared to other descendants. Conversely, descendants characterized by a persistence-oriented mindset, which prioritize adherence to directives and the observance of traditions, customs, and beliefs, tend to cultivate a robust socio-emotional wealth. Mukusova *et al.* (2024) contend that familial values are integral in shaping the organizational culture of clans. In a similar vein, Miranda-Wolff (2022) emphasized that OC constitutes a vital framework for the survival of organizations and significantly influences the quality of work life experienced by family members.Therefore, this study hypothesis that:

H5: Organizational culture has a significant relationship with sustainability of FOBs.

3. METHODOLOGY

3.1. Sample Selection

Within the parameters of this study, a quantitative approach was adopted. 815,430 individuals make up the demographic of MSMEs family-owned businesses in Plateau State (SMEDAN, 2019). Based on the Krejcie and Morgan (1970) table, 382 respondents were selected as the research sample size. Questionnaires were sent in order to gather data for the survey. The managers and owners of family-run enterprises in Plateau State were chosen to take part in the study. The scope of this research extended to family owned firms classed as small scale and medium scale, each with a minimum operational history of three years.

The principal justification for this selection criterion is the persistent failure rate of family-owned businesses in Nigeria during the first three years of their existence (Ishola, Zekera & Ibrahim, 2020). Taking into account the need for flexibility in family-owned enterprises, this study only took into account SMEs that had been in operation for a minimum of three years. Moreover, this research recognizes the important function that succession planning fulfills in a company.

Thus, the following are the inclusion criteria for this study: (1) designated successors; (2) a minimum of three years of operation for family-owned firms; and (3) the active application of the study's variables. The study's questionnaire items were modified from other studies and chosen for their applicability.

3.2. Research Design

The study adopted a stratified random. A quantitative research design was employed to examine the relationship between succession planning and sustainability of FOBs. This study is utilized a cross sectional approach, allowing for collection of data at a single point in time (Creswell, 2012). The research focused on identifying key variables, including the existence and effectiveness of succession planning (successor's involvement in business management, training of successor's, recruitment of successor's, successor's work fit, and organizational culture) and indicators of sustainability such as social, economic and environmental sustainability were used.

3.3. Ethical consideration

Ethical considerations were paramount throughout the study. Prior to data collection, the research protocol was reviewed and approved by an ethical review board to ensure compliance with ethical standards (Streefkerk, 2024). Consent was obtained from all participants who were provided with clear information about the purpose of the study, the voluntary nature of the participants and their right to withdraw at any time without repercussions. Confidentiality was maintained by anonymity responses and securing storing data product. Furthermore, participants were assured that their responses would be used solely for research purposes and would not be shared with third parties.

3.4. Method of data collection and instrumentation

Data were collected utilizing a structured questionnaire carefully designed to elicit information regarding succession planning and the sustainability of Family-Owned Businesses (FOBs) through a five-point Likert scale, thereby facilitating a robust interpretation of the quantitative data. Moreover, this investigation adopted the drop-offs and pick-ups (DOPU) methodology, as described by Alfred and Ross-Davis (2011). This data collection approach permits the researcher to personally deliver survey instruments to participants. As posited by Junod and Jacquet (2022), the DOPU method has the potential to enhance response rates while simultaneously mitigating non-response bias. The accompanying cover letter elucidated the study's nature and objectives while emphasizing the stringent confidentiality of participant information. The questionnaire underwent pretesting to ascertain its content validity and clarity. The instrument was formulated based on previously validated scales in existing literature, with the constructs of successor involvement in business management, training, recruitment, and successor work fit being adapted from Magasi (2020), organizational culture drawn from Van *et al.* (1997), and sustainability derived from Jideofor (2023), all measured using a five-point Likert scale, and the Cronbach's Alpha reliability coefficients exceeded the established threshold of 0.70. All the items were measured on five point likert scale.

3.5. Method of data analysis

The collected were analyzed using mean, correlations and multiple regressions analysis to determine the impact of succession planning on sustainability of FOBs. The analysis followed these steps, data preparation, assumptions, testing and model specification, analysis, execution and interpretation. The multiple linear regression model for the hypotheses is stated below

Model specification

Succession planning

= F(INVOB, TRAIN, RECRU, SUCCF, ORGAC) --------- (1)

F= $\beta 0$ + $\beta 1$ INVOB + $\beta 2$ TRAIN + $\beta 3$ RECRU + $\beta 4$ SUCCF + $\beta 5$ ORGAC + μ --------- (2)

Where, INVOB = Involvement in business management

TRAIN = Training of successor's

RECRU = Recruitment

SUCCF = Successor work fit

ORGAC= Organizational culture

$\beta 0$ = Intercept variable

B1- $\beta 5$ = Are the coefficients of the various variables

μ= Error term

4. RESULTS AND DISCUSSION

Table 1. Descriptive Statistics and correlations

Variables	Mean	Standard deviation	1	2	3	4	5	6
Sustainability	3.8126	1.42791	1.000		.			
Involvement	3.3547	0.7990	.457	1.000				
Training	3.2205	.78345	.481	.832	1.000			
Internal recruitment	3.3265	.86633	.-233	-.132	--.167	1.000		.
Successor work fit	3.6364	.63863	-.010	-.041	.095	,011	1.000	.
Organizational culture	3.6497	.98668	.276	.048	.069	.671	.033	1.00

Table 1 indicates that the factors influencing the sustainability of FOBs have both positive and negative relationships. The link between two or more variables was examined using correlation. According to Landau and Everit (2004), the correlation coefficient represents complete negative and positive correlation and runs from -1 to 1. Generally speaking, the correlation coefficient should not be greater than 0.75, and correlations of 0.80 or greater are considered a problem (Ringim *et al.,* 2013). With a Pearson correlation coefficient ranging from − 010 to 0.83, the results showed that several succession planning characteristics are positively and negatively associated to the sustainability of FOBs, as shown by the figures in Table 2. The standard deviation and mean values, respectively, vary from 1.42791 to 3.8126 and 0.63863 to 3.2205. It is evaluated on a five-point Likert scale.

Table 2. Model Summary

Model	R	R Square	Adjusted R square	Standard Error Estimate	R square change	F change	df1	dfi2	Sig f change	Durbin Watson
1	.551	.304	.292	1.20177	.304	25.129	5	288	.000	2.549

The multiple coefficients between the combined impact of succession planning efforts and the sustainability of FOBs are shown by R (.551) in Table 2. A moderate level of association between the variables is shown by R= 0.551. The coefficient of determination is (.304), represented by the R square value. This shows that all of the independent variables—successor involvement in business management, training, internal recruitment, successor work fit, and organizational culture—account for 30.4% of the variation in sustainability. Additionally, a diagnostic check of the model's results using Durbin Watson (DW) statistics revealed that the residual from the fitted regression model shows no correlation. The result 2.549, which is in the 2.5 to 3 range, clearly shows this. Accordingly, policy analysis and future forecasts can be based on the fitted model, which does not exhibit autocorrelation.

Table 3. Anova[a]

Model	Sum of squares	Df	Mean square	F	sig
Regression	181.462	5	36.292	25.129	.000
Residual	415.946	288	1.444		
Total	**597.409**	**293**			

In table 3 the f test is used to test joint significant effect of the independent variables on the dependent variable as stated. The F statistics calculated value of 25.129 and p value of .000 which is less than 0.005 (5%) level of significant means that a significant joint effect of all the independent variables (successor involvement in business management, training of successor, internal recruitment of successor, successor work fit and organizational culture) exist on the dependent variable of sustainability with f statistics of 25.129 greater than f critical of (2.01). We conclude that the regression model as whole model is statistically significant. Therefore, we conclude that three of the constructs used in this study have effect on sustainability of FOBs, while two do not have effect on the sustainability of FOBs in Nigeria.

Table 4. Multiple Regression Analysis

	Coefficients					**Level of confidence**		**Collinearity Statistic**	
	Unstandardized Coefficient Beta	**Standard error**	**Standard coefficient Beta**	**T**	**Sig**	**Lower bound**	**Upper bound**	**Tolereanc**	**VIF**
Constant	2.432	.588		4.138	.000	1.275	3.589		
Involvement	.331	.159	.185	2.081	.038	.018	.643	.306	3.271
Training	.576	.167	.316	3.520	.001	.254	.899	..300	3.333
Internal Recruitment	.024	.111	.014	.213	.813	-.194	.242	.535	1.869
Successor work fit	-.089	-.111	-.040	-.801	.424	-.307	.129	.985	1.016
Organizational culture	.367	.096	.254	3.815	.000	.556	.178	.547	1.828

Only three succession planning activities—participating in business management (β =.331, t = 2.081, p = 0.038), training successors (β =.576, t = 3.520, p =.001), and organizational culture (β =.367, t = 3.815, p =.000)—have been found to positively influence the sustainability of family businesses, according to Table 5 results. It has been observed that there is no link between the sustainability of family firms and two succession planning activities: successor work fit (β = -.089, t = -.801, p =.424) and internal recruiting (β =.024, t = -.801, p =.424). As indicated by Table 4 The model underwent a multilinearity test; multicollinearity is troublesome because it might raise the variance of the coefficients, shifting the relationship's direction and making it more challenging to evaluate. Table 4 shows that all of the variables (successor involvement in business management, training, internal recruitment, successor work fit, and organizational culture) have centered VIF coefficients that fall between 1.016 and 3.333, indicating that they are all greater than one.

4.1. Discussion of findings

The study's findings indicate a strong correlation between the viability of FOBs and successor participation in business management. This suggests by encouraging resource allocation through strategic planning and flexible methods. Robust management strategies guarantee that FOBs are more capable of adapting to shifts in the market, streamlining their operations, and introducing sustainable practices—all of which contribute to their long-term sustainability. FOBs can enhance their operational effectiveness, save expenses, and cultivate stronger relationships with stakeholders by incorporating sustainability into their business models and decision-making procedures. This will ultimately contribute to their resilience and long-term success.This result is consistent with research by Magasi (2020), which found that family engagement in business management played a major role in the survival and success of the company. The results of Chun *et al.* (1999), Marega *et al.* (2020), Olu and Chima (2020), and other studies also support this; they show that emphasizing family members' active participation in business management fosters a sense of dedication and continuation of values and FOB legacies.

As predicted, successor training has a good impact on FOB sustainability. The result is consistent with those of previous researchers who have examined the role that training plays in determining an enterprise's lifetime, facilitating a smooth leadership transition, and guaranteeing its success (Rothwell, 2010; Wang *et al.*, 2023; Akpan *et al.*, 2017). The finding aligns with the research conducted by Aremu and Lawal (2023). It suggests that there is a strong association between the continued success of family businesses and succession planning components including education and training and mentorship.

The findings pertaining to hypothesis three indicated that internal recruitment exerts no substantial influence on the sustainability of Family-Owned Businesses (FOBs). This suggests that internal recruitment practices within FOBs frequently prove inadequate in their impact on sustainability, as they confine the talent pool to current employees or relatives. Such a limited talent pool may impede the integration of novel perspectives and specialized competencies essential for tackling contemporary challenges. Consequently, businesses may forfeit opportunities for innovative methodologies or technological advancements vital for enduring growth and adaptability. This observation aligns with the assertions made by Magasi (2021), who contended that the internal recruitment of successors does not significantly contribute to the survival of FOBs.

Conversely, the investigations conducted by Ahmed *et al.,* (2022) revealed that successors chosen from within the family, possessing elevated personality traits, are motivated to exert substantial effort during the transition process and safeguard traditional business practices, thereby maintaining the status quo to uphold familial unity.

The fit of successors' work demonstrates a negative correlation with the sustainability of FOBs. The results indicate that even in scenarios where there exists a perceived alignment between the successor's skills, values, and the business's requirements, certain conditions may generate challenges that jeopardize the long-term sustainability of FOBs. The current findings corroborate previous research, which posited that FOBs often prioritize familial ties over professional competencies when selecting successors, potentially resulting in suboptimal decision-making and ineffective leadership if the successor lacks the requisite abilities and knowledge (Baltazar, 2023; Awosanya, 2019; Ali & Mohammed, 2018; Nnabuife *et al.,* 2018). These findings contradict the conclusions reached by Risman *et al.* (2016), Magasi (2020), and Fernandez *et al.* (2023), who argued that successors exhibiting high levels of compatibility, generational capabilities, and successor factor fit can positively influence operational performance and the continuity of FOBs.

The analysis of the collected data revealed that organizational culture exerts a positive impact on the sustainability of FOBs. These findings are congruent with the research conducted by Miranda-Wolff (2022), which demonstrated that a robust cultural foundation fosters a proactive approach to change, thereby enabling businesses to adapt to new opportunities and challenges, thus ensuring their long-term sustainability. Mikusova and Friedrich (2024) also identified that family values significantly affect the continuity of family businesses. Similarly, Assoratagoon *et al.* (2023) highlighted that a family-oriented culture characterized by shared values plays a pivotal role in generating cutting-edge knowledge that aids FOBs in making strategic decisions, thereby enabling them to differentiate themselves in the marketplace, attract loyal clients, and forge strong connections with stakeholders who contribute to business resilience and sustainability.

5. CONCLUSIONS

This research elucidated a noteworthy correlation between succession planning and sustainability in family-owned businesses (FOBs). The results underscore the necessity of engaging successors in the domains of business management, training, and organizational culture. These outcomes augment the current body of literature pertaining to succession planning and furnish significant insights for practitioners in the field. Subsequent inquiries should investigate the external variables that impact the sustainability of FOBs. By implementing effective succession planning methodologies, FOBs can secure their long-term viability and prosperity.

From a managerial perspective, the affirmative correlation between engagement in business management, successor training, and organizational culture with the sustainability of FOBs underscores the imperative for business entities to foster a participative ethos whereby family members and employees are actively involved in decision-making processes. Managers ought to prioritize training and development initiatives that align with the core values and strategic objectives of the business, thereby cultivating the competencies essential for enduring success. Moreover, cultivating an inclusive organizational culture that emphasizes innovation and transparent communication can facilitate a harmonious balance between the preservation of familial traditions and the necessity for strategic renewal, which is pivotal for sustaining competitive advantage (Muriithi, 2021).

In practical terms, these findings advocate for family businesses to reassess their reliance on internal recruitment while placing greater emphasis on the fit of successors within the work environment, as supported by societal considerations rather than familial status. FOBs should adopt a more equitable strategy that synthesizes both internal and external recruitment approaches. The incorporation of external talent possessing requisite expertise and novel perspectives can address the limitations inherent in internal recruitment, such as resistance to change and strategic inertia (Vecchi *et al.,* 2021).

From a theoretical standpoint, these implications reaffirm the significance of socio-emotional wealth theory and generational theory within FOBs, wherein the amalgamation of organizational culture, strategic training, and inclusive management practices contribute to business sustainability. The findings necessitate further exploration into how FOBs can effectively balance internal and external recruitment while preserving their distinctive cultural identities. Additionally, examining how targeted training programs and active involvement in business management can alleviate the adverse effects of internal recruitment and inadequate work fit may yield valuable insights for enhancing succession planning and the long-term performance of FOBs (Damer, 2020; Wajidi *et al.,* 2023).

FUTURE RESEARCH

Future research should investigate the impact of cultural, economic, and regulatory context on the relationship between organizational practices and the sustainability of FOBs. Comparative studies across different countries, regions and industries can provide deeper insights into how various external factors, such as market dynamics, legal framework and cultural norms can influence the effectiveness of the variables under investigation. To better understand the topic future research should employ longitudinal design. Longitudinal data can renew how the link between these factors evolve over time, particularly, during critical periods such as generational handover or economic downturns can help to identify key drivers of long- term business success. The findings of the study are predominantly derived from particular samples of Family-Owned Businesses (FOBs) situated within distinct industries, geographical regions, or cultural frameworks.

LIMITATIONS

This concentrated emphasis constrains the applicability of the results to FOBs operating in alternative contexts, where divergent economic conditions, regulatory frameworks, or cultural values may significantly affect the interplay among business management practices, training, organizational culture, and sustainability. Consequently, prudence must be observed when generalizing these findings universally across all FOBs, as discrepancies in external variables may produce varying outcomes. A substantial number of the studies examined depend on self-reported data solicited from FOB owners, managers, or successors. This approach may introduce bias, as respondents might provide socially favorable responses or minimize challenges such as internal disputes or the disadvantages associated with internal recruitment practices. Such bias could compromise the precision and impartiality of the data, potentially distorting the findings concerning the relationship between internal recruitment, successor work fit, and business sustainability.

An additional limitation of the study lies in its confinement due to the absence of longitudinal data, which restricts its capacity to capture the prolonged effects of the variables under scrutiny. The majority of the extant research is predicated on cross-sectional data that merely offer a snapshot of the relationship at a singular moment in time.Subsequent research endeavors should explore the influence of cultural, economic, and regulatory contexts on the relationship between organizational practices and the sustainability of FOBs.

Comparative investigations across diverse countries, regions, and industries could yield profound insights into how various external factors, including market dynamics, legal frameworks, and cultural norms, can affect the efficacy of the variables under examination. To attain a more comprehensive understanding of the subject matter, future research should adopt a longitudinal design. Longitudinal data can elucidate how the connections between these factors evolve over time, particularly during pivotal moments such as generational transitions or economic recessions, thereby facilitating the identification of critical drivers of long-term business success.

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