SUCCESSION STRATEGY AND PERFORMANCE OF SELECTED MICRO FAMILY FIRMS IN LAGOS STATE NIGERIA

[1]Abdul-Hameed Adeola SULAIMON, [2]Taofeek Olalekan GBADAMOSI, [3]Christopher Idemudia EBEGBETALE, [4]Oladimeji Charles FAJIMOLU and [5]Chinenye Anthonia ONYEMAOBI

Department of Business Administration, University of Lagos, Lagos, Nigeria

[1]asulaimon@unilag.edu.ng , [2]togbadamosi@gmail.com , [3]cebegbetale@live.unilag.edu.ng , [4]oladimeji.charles2@gmail.com , [5]chinenyeonyemaobi@gmail.com

Abstract

Micro family businesses are very important to the Nigerian economy, as they foster innovation, employment, and economic expansion. Ensuring the long-term viability and continuity of family-owned businesses is still a difficult task, though. With a focus on management training and mentorship for successors, this study examined how succession planning impacts the performance of selected micro family businesses in Lagos State, Nigeria. Data were gathered from 384 owner-managers of family-owned businesses in Lagos State through the use of a cross-sectional survey research design. A multistage sampling strategy was used in the study to guarantee a representative sample. To determine how the independent variables impacted the dependent variables, the gathered data were subjected to descriptive and inferential statistical analysis using SPSS version 25 software. The findings showed that management training and mentoring have independent and joint effects on the performance of selected micro family enterprises in Lagos State. Accordingly, the study concluded that the performance of micro family businesses in Lagos State is significantly shaped by succession planning. It was suggested that in order to improve their performance, micro family businesses should implement a successful mentoring program and train their successors to assume leadership roles in the future.

Keywords: Family-owned Businesses, Management Training, Mentorship, Performance, Succession Strategy.

1. INTRODUCTION

Family-owned businesses are considered to play a vital role in the global economy, providing jobs and stimulating growth in many different parts of the world (Basco, 2015). In Nigeria, as in many other countries, family enterprises are usually small in size, constitute a significant portion (about 70%) of the business environment, are integral to the country's economic landscape (Nwuke, Nwoye, & Onoyima, 2020), and make up about 85% of start-up companies (Kumar & Prameswari, 2018). Start-ups usually begin as micro enterprises which are businesses that have less than 10 employees (NBS/SMEDAN, 2021). The distinctive qualities of micro family enterprises and their capacity to influence regional and national economies make them a particularly intriguing subset of family businesses (Nnabuife & Okoli, 2017). However, despite their economic importance, the survival rate of family businesses is very low compared to non-family firms (Kumar & Prameswari, 2018). Micro family businesses are faced with a number of difficulties, especially in the area of strategy and succession planning (Olalekan & Bienose, 2021). Statistics showed that only about 3% of family-business owners developed strategies for transferring wealth while only about 20% put a succession plan in place (Okoh, Worlu, Oyewunmi, Ufua & Olokundun, 2022). Aside founders' unwillingness to groom successors, successors' unpreparedness for the job and internal strife are among the variety of reasons (Collins, Worthington, & Schoen, 2016) accounting for the inability of about 85% of family businesses to live beyond the first generation (Poza & Daugherty, 2014), suggesting that succession planning is critical to the performance of micro family enterprises.

Leadership succession is a logical effort geared towards mentoring family members or employees for leadership positions, retention of knowledge and development of both practical and intellectual capital for the survival of the business or exploitation of potential market opportunities (Onyeukwu & Jekelle, 2019). Focusing on family members is considered strategic for business continuity because their high stake in the business will drive their commitment, hard work and sacrifice for the business wellbeing (Olubiyi, Lawal, & Adeoye, 2022). However, in situations where family members of the founder showed no interest in the business, grooming employees with leadership potentials and giving them opportunities to become part owners through shares imply that they have interest to protect which can ensure business survival and continuity (Arinze, 2022).

Extant literature posits that just about 30% of family businesses survive in the first-generation, about 13% in the second-generation and between 3%-5% in the third generation (Bokhari, Muhammad, & Zakaria, 2020). A family business that wants to improve its performance and maintain its operations across several generations must have a succession plan in place. The performance and long-term viability of these businesses depend on having effective succession plans (Kumar & Prameswari, 2018). Hence, succession planning is a part of business process that should be made a top priority in family-owned businesses (Nnabuife & Okoli, 2017). Numerous research works have been carried out regarding the influence of succession planning on the viability of Nigerian family businesses (Arinze, 2022; Nnabuife & Okoli, 2017; Nwuke, Nwoye, & Onoyima, 2020; Okoh et al., 2022; Olalekan & Bienose, 2021; Olubiyi, Lawal, & Adeoye, 2022; Onyeukwu & Jekelle, 2019). The effect of succession planning on the performance of micro family businesses in Nigeria has not, however, been thoroughly studied (Okoh et al., 2022). This gap in the literature provides an opportunity to investigate the impact of entrepreneurial succession planning on the performance of family businesses in great detail.

This research intends to contribute to the literature by empirically investigating specific components of leadership succession plan that support Nigerian micro family business performance and have implications on their survival, growth and continuity. To bridge the identified gap, this study looks into the impact of succession sub-dimensions (management training and mentoring), individually and jointly, on the performance of micro family businesses in Lagos State, Nigeria. Lagos State is Nigeria's commercial center and one of African continent's fastest-growing cities. Lagos State also has the highest number of micro-firms (NBS/SMEDAN, 2021), the fifth largest economy in Africa, and tacitly the first choice of investment destination in Nigeria (Ebegbetale & Okon, 2022). Base on argument, the study posits that there is a link between succession planning and performance of micro family businesses in Nigeria.

2. LITERATURE REVIEW

2.1 Theoretical Review

Two theories serve as the foundation for this research: Resource-Based View (RBV) and Agency Theory. The influence of Mentoring and management training on the performance of micro family businesses is better understood with the aid of these theories.

Agency Theory

Agency theory was developed by Jensen and Meckling (1976) and focused on the relationship between the principal (owners or shareholders) and the agent (managers or decision-makers). It is a relationship where one or more persons called the principal(s) engages another person (s) called the agent(s) to carry out some tasks on their behalf and this responsibility is accompanied with some decision making authority (Hill & Jones, 1992). However, the principal-agent dilemma occurs in family businesses when family members hold both managerial and ownership roles (Jensen & Meckling, 2019). Having a dual role may result in conflicts of interest that influence performance and decision-making (Siebels & zu Knyphausen-Aufseß, 2012). Effective mentoring programs can reduce agency conflicts between current and future managers, as elucidated by Corten, Steijvers, and Lybaert (2017). Clear expectations, a goal-aligned approach, and proactive problem-solving are all guarantees of quality mentoring. Agency theory can be used in this context to investigate how mentorship affects family firm performance.

H_{A1}: Mentoring will significantly impact the performance of selected micro family firm in Lagos State, Nigeria.

Resource-Based View (RBV)

Barney (1991) developed the Resource-Based View theory, which highlights that valuable, rare, unique, and non-substitutable resources are the source of sustained competitive advantage. RBV argues that there are internal reasons to explain the superior performance of a firm (Clulow, Gerstman, & Barry, 2003). Hence, how an organization deploys and uses their resources and competencies is important for sustaining their competitive advantage (Ebegbetale & Okon, 2022). Resources in the context of family businesses can include the reputation of the company, the reputation of the family, social capital, and human capital, including the extent of training extended to the successors. The competitive advantage and overall performance of a family business can be sustained if the successors are adequately trained and well equipped to take over the future management of the family firm (Lonial & Carter, 2015). RBV appears relevant to this study because how management training affects Nigerian micro family firm's performance is worth investigating.

H_{A2}: Management training will significantly influence the performance of selected micro family firm in Lagos State, Nigeria.

Business Succession Strategy and Family Business Performance

The performance of a family business refers to its capacity to meet its targets and fulfill its ambitions. Many metrics can be used to assess performance, including non-financial metrics like customer satisfaction, staff morale, and innovation, and sustainability metrics like environmental impact and social responsibility. Financial metrics include profitability, growth, and market share. All businesses need to be concerned about performance, but family businesses need to be particularly concerned about it. Family companies may be less inclined to pursue high-growth strategies and are generally more risk averse than non-family companies (LeCounte, 2022). As a result, family businesses may find it challenging to compete in the market and meet their long-term objectives. According to Gbadamosi (2023), Family business performance is defined as the combined result of the company's non-financial and financial performance, as well as the family owners' level of satisfaction.

Furthermore, succession planning entails transferring ownership and managing leadership from one generation to the next with meticulous planning and execution (Chrisman, Chua, & Steier, 2020). It includes finding and preparing capable heirs, setting up systems of governance, and making sure that the transition between generations is orderly and successful. Many things contribute to a family business's long-term stability, but succession planning is one of the most important ones. A vital first step toward achieving business survival, growth, and long-term sustainability is succession planning, as stated by Bokhari, Muhammad, and Zakaria (2020). The significance of succession planning in ensuring a company's long-term survival and expansion has been underlined by numerous scholars. Hence, based on argument, the study proposes the third hypotheses.

H_{A3} The joint effects of succession strategy (Mentoring and Management Training) may significantly influence the performance of selected micro family firm in Lagos State, Nigeria.

Performance of Micro Family Firms

The performance of micro family firms is influenced by various internal and external factors, including financial, operational, market, and social dimensions. Addressing the unique challenges faced by these enterprises and leveraging their inherent strengths can contribute to their long-term success and sustainability

Financial Performance

Micro family businesses' economic health and viability can be determined in large part by financial performance criteria like sales growth, profitability, and liquidity. The financial performance of these businesses is heavily influenced by variables like cost management techniques, financial planning skills, and financial availability (Uno et al., 2021). The need of financial literacy and support systems designed with microfamily companies in mind is highlighted by issues with restricted credit availability, high operational costs, and cash flow management.

Operational Performance

Efficiency, productivity, and efficacy in the use of resources and procedures are all components of operational performance in microfamily businesses. Operational performance is influenced by supply chain management techniques, technological adoption, managerial competence, and operational flexibility (Lušňáková, Dicsérová, & Šajbidorová, 2021). It appears that micro family enterprises may benefit from enhanced operational skills through investments in technology, process optimization, and training initiatives, which could result in better performance outcomes and a competitive edge.

Market Performance

The ability of microfamily businesses to meet client needs, enter target markets, and set themselves apart from rivals is measured by their market performance.Morah (2023) contends that the critical factors influencing market performance include product innovation, market orientation, branding initiatives, and customer relationship management. To improve their market performance, micro family businesses must adjust their strategies based on a thorough understanding of the local market dynamics, consumer preferences, and competition factors.

2.2 Empirical Review

The current body of empirical research on family business succession strategy and performance provides important new understandings into how these variables relate to one another.

The effects of mentorship on employees' performance in specific family businesses in Abuja, Nigeria, were investigated by Ofobruku and Nwakoby (2015) using a survey study methodology with a sample size of 367 respondents. Although mentorship still has a significant positive impact, the study indicates that career assistance has a greater positive impact on employees' performance than psychosocial support. According to the report, family businesses in Nigeria could increase worker productivity by implementing mentorship programs.

Then, Ogbechie and Anetor (2015) investigated the application of succession planning in family-owned businesses in Lagos State, Nigeria. Purposive sampling was used to select 80 family business founders and owners from the general population for the study. The data obtained from surveys was analyzed using factor analysis and descriptive statistics. The majority of family-owned businesses in Lagos State do not have a formal succession plan, according to the survey. In addition, the survey found that lack of a strategy is not the only factor influencing family business succession issues. Conflicts over family succession, cultural differences, and a lack of accountability and transparency within the organization are other factors. The study concluded that succession planning plays a critical role in ensuring the long-term sustainability of family businesses in Lagos State. Family businesses should develop formal succession plans that are based on merit and competency in addition to putting in place sound corporate governance practices, according to the study.

Also, mentoring's effect on family businesses' sustainability was investigated by Adedayo and Osazuwa's (2017). The study was carried out in Lagos and Ogun States, Nigeria. The research used Pearson's Product Moment Correlation and Multiple Regression for data analysis, utilizing a survey design with a sample of 327 family business owners from the National Association of Small and Medium Scale Enterprises (NASME). According to the study, there was a significant positive relationship between family business sustainability and mentoring, with companies that involve successors at an early stage exhibiting higher sustainability. In addition, companies that define successor responsibilities and give preference to family members over non-family members report lower conflict after founders pass away. The study comes to the conclusion that mentorship is a critical component of family business sustainability and suggests that formal mentorship programs be established for successors, that they become involved in the business early on, and that all stakeholders be made aware of their responsibilities.

In addition, Onyeukwu and Jekelle's (2019) studied the problem of leadership succession and business sustainability in the context of small family-owned businesses in Anambra, South East Nigeria. 298 registered small business owners make up the sample for the survey research, which is being carried out in the commercial and industrial hubs of Onitsha and Nnewi, Anambra State. In order to analyze the relationships between the variables, statistical techniques such as the Paired Sample t-test and Pearson Product Moment Correlation are used in conjunction with a Likert questionnaire for data collection. According to the research, human capital development and mentoring have a major impact on small, family-owned businesses' ability to survive. The study suggests that in order to provide the next generation of leaders with the skills they need to succeed in the business and continue it for generations to come, early succession planning, mentorship, and genuine interest from the leaders are all recommended. In another instance, Okeke (2021) used a quantitative research approach with a sample size of 140 respondents to investigate the relationship between sustainability and succession planning in particular family firms in South-East, Nigeria. According to the study, succession planning significantly improves the sustainability of family businesses. Specifically, the research found significant relationship between mentorship, communication, management training and sustainability of family business. The research suggests that in order to guarantee their long-term sustainability, Nigerian family firms should create and execute formal succession plans.

Furthermore, Olubiyi, Lawal, and Adeoye (2022) explored the significance of succession planning for the survival of family businesses, which are common in Nigeria, especially in Lagos State. The study targets 503 SMEs in Lagos State using a survey research design. A 93.20% response rate was obtained through structured questionnaire-based data collection. Succession planning has a major impact on family business continuity, according to the analysis, which also includes descriptive and inferential statistics (Pearson product moment correlation and regression analysis).

In order to promote continued performance and continuity, the paper emphasizes that succession planning is critical to the survival of family businesses in Lagos State and should be integrated into the organization's strategic plan. Also, Research by Arinze (2022) examined the effect of succession planning on the sustainability of family businesses in the Southern Nigerian states of Anambra and Lagos. Descriptive and inferential statistics are used in the study's data analysis, which makes use of a quantitative methodology and 390 family business owners surveyed by the National Association of Small and Medium Dimension firms (NASME). Based on the results, family businesses that have formal succession plans are more likely to be sustainable. Businesses that have formal succession plans in place also have higher sustainability rates. Additionally, some succession planning techniques that have been found to be especially helpful include job rotation, training, and mentoring. The study concluded that formal succession plans should be developed and implemented in order to ensure the sustainability of family businesses. It also suggests focusing on strategies that improve the knowledge and skills of potential successors. This was followed by a study conducted by Ugwu and Enudu (2022) in Enugu State, Nigeria, to examine the correlation between the performance of family-owned businesses and succession planning elements, such as innovation investment, mentoring, and leadership succession planning. The research adopted a descriptive survey design with Pearson correlation analysis, and a sample of 268 respondents from a population of 1,432 respondents. Positive and statistically significant relationships were found between these factors and business outcomes: investing in innovation increases profitability; mentoring enhances service quality; and leadership succession planning increases the likelihood that a business will survive. In order to draw in more clients and maintain long-term viability, the study concluded that these factors are essential for family-owned businesses to succeed. It also suggested promoting innovation in this regard.

Finally, Gbadamosi (2023) examined the impact of succession planning on the long-term viability of several family-owned businesses, with a particular emphasis on apparent readiness and communication among the heirs. Using a cross-sectional survey design, information from 382 owner-managers and executives of family-owned businesses in Lagos State was acquired for the study. Two factors communication and the heir's apparent readiness were found to have an impact on the sustainability of specific family businesses in Lagos State. This suggests that the succession plan has a major influence on how long family businesses can remain viable. Family businesses in Nigeria should closely examine their succession plan, the study advised, in addition to ensuring that they have effective channels of communication and heir apparent preparedness in place. It was proposed that doing this would increase the likelihood that the family business would continue to operate for many generations. The review of empirical literature revealed that research on succession planning and family business performance has not received much attention in the area of micro firms which is a dominant category in terms of firms' classification. This gap provide opportunity for further study on succession and family business research.

2.3 Conceptual Framework

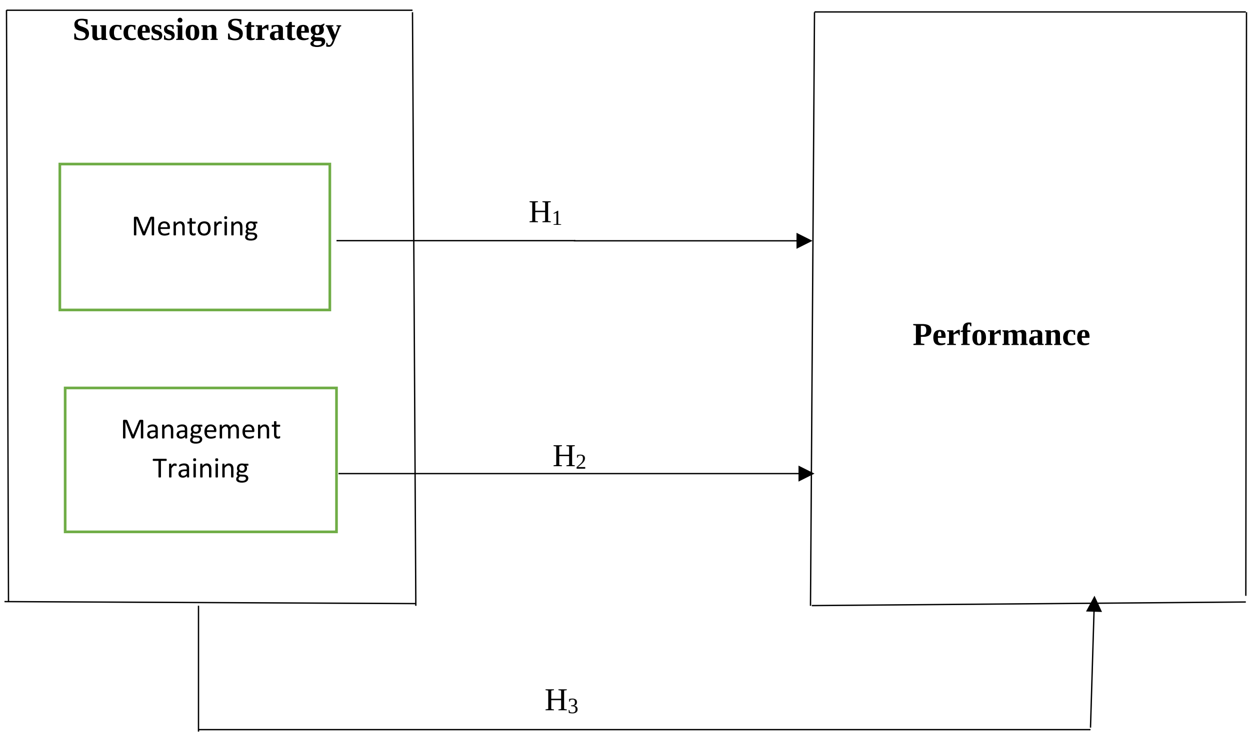

Figure 2.3: Succession Strategy and Micro family Firm Performance

The conceptual framework for succession strategy and micro family firm performance in Lagos State, Nigeria is explained in Figure 2.3 above. Mentoring and Management Training are shown as independent variables in the figure, while the performance of micro firm is shown as a dependent variable. A multidimensional perspective was taken on the independent variable, while the dependent variable was perceived as a unidimensional variable. The study presented three hypotheses that examined the relationship succession strategy and micro family firms' performance.

3. METHODOLOGY

The research used a deductive methodology since quantitative data were required for analysis. Descriptive and cross-sectional survey was used to collect data since there were multiple variables being observed at once. The study's population consists of 6,347 micro family-owned businesses that are active in the state, as reported by SMEDAN (2021). Lagos State was chosen to be the exclusive focus of the study due to its distinctive status as the commercial hub of Nigeria (Owolabi & Adeosun, 2021). 377 micro family firms were found to be the minimal response required using the computations from Yamane (1967). To account for a low response rate, we grossed this number up to 443 using Saunders Lewis, & Thornhill (2012). A multistage non-probability sampling strategy was used in this study. The first stage of the sampling process involved using judgmental sampling to select the study economic sectors within Lagos State. Secondly, quota sampling was adopted to allocate number of administered questionnaires to each sector selected as shown in table 3.1 below. Thirdly, the use of purposive sampling was adopted to identify microfamily business and the owner-managers of the chosen family business.

Table 3.1 – Allocation of Questionnaires by Sector

S/N	Sector	Questionnaires Administered
1	Manufacturing	139
2	Accommodation and Food Services	45
3	Wholesale and Retail Trade	142
4	Transport and Storage	7
5	Information and Communication	12
6	Education	67
7	Administrative and Support Services	22
8	Arts, Entertainment and Recreational	8
	Total	**443**

Source: Researchers (2023)

Data for the study was gathered through the use of a standardized questionnaire. The questionnaire was structured using a five-point Likert type rating scale. Scales from previous research were modified to measure the study variables. Management training and mentoring were assessed by adapting the five-point Likert scale used in Okeke (2021). Management training was assessed using 5-items and mentoring was assessed using 5-items. The dependent variable, Performance on the other hand, was assessed using the four-item scale from Ofobruku and Nwakoby (2015).

The validity of the questionnaire was ascertained through face and content validity. Then the reliability of the instrument was confirmed as the Cronbach Alpha values for the study's constructs, Mentoring (0.71), management training (0.76), and Performance (0.71) were all above the threshold of 0.70 (Nunnally & Bernstein, 1994). Out of the 443 copies of the distributed questionnaires, 384 were returned and found useful. The data collected were analyzed using SPSS version 25 software. In analyzing the data, descriptive techniques (percentages) was used for the socio-demographic data and inferential technique (correlation and regression analysis) was used for the data relating to the variables of study.

4. RESULTS

4.1 Presentation of Descriptive Statistics

Table 4.1.1: Demographic Characteristics of Respondents

Category	Frequency	Percent
Gender		
Male	222	57.8%
Female	162	42.2%
Total	384	100.0%
Age Group		
Below 30 Years	92	24.0%
30 - 39 Years	107	27.9%
40 - 49 Years	97	25.3%
50 - 59 Years	59	15.4%
60 Years and above	29	7.6%
Total	384	100.0%
Marital Status		
Single	122	31.8%
Married	210	54.7%
Divorced	33	8.6%
Widow(er)	19	4.9%
Total	384	100.0%
Highest Educational Qualification		
Less than Degree	74	19.3%
HND/B.Sc./BA or equivalent	143	37.2%
Master's degree and above	167	43.5%
Total	384	100.0%
Years in Business		
Less than 1 year	5	1.3%
1-5 years	158	41.1%
6-10 years	92	24.0%
Above 10 years	129	33.6%
Total	384	100.0%

Source: Field Survey (2023)

A summary of the 384 study participants is shown in Table 4.1. Males made up 57.8% of the sample, while females made up 42.2%. The respondents' ages ranged widely, with the largest group (27.9%) belonging to the 30- to 39-year-old age range, suggesting a balanced age distribution. There was variation in the marital status of the population, with 54.7% being married, 31.8% single, and lower percentages of divorced (8.6%) and widowed (4.9%). Master's degrees and above (43.5%), HND/B.Sc./B.A. or equivalent (37.2%), and less than a degree (19.3%) were the range of educational levels. The majority of those with 1–5 years of experience (41.1%) and over 10 years of experience (33.6%) represented a diverse range of perspectives in terms of business experience.

4.2 Presentation of Inferential Statistics

Table 4.2.1: Correlation Coefficient

Variables	Mentoring	Management Training	Performance
Mentoring	1		
Management Training	.663**	1	
Performance	.555**	.547**	1

**Correlation is significant at the 0.05 level (2-tailed)

Source: Field Survey (2023)

Table 4.2.1 displays the correlation coefficients among the three key variables: Mentoring, Management Training, and Performance. The correlation coefficients indicate the strength and direction of the relationships between these variables. The correlation coefficient between Mentoring and Management Training is 0.663, which is a strong positive correlation. This suggests that there is a significant positive relationship between mentoring and management training. Mentoring and Performance has a coefficient of 0.555, indicating a strong positive correlation. It suggests that as mentoring increases, the performance of these firms tends to improve. The correlation coefficient between Management Training and Performance is 0.547, also indicating a strong positive correlation. This means there is a significant positive relationship between management training and the performance of micro family firms.

4.3 Test of Hypotheses

4.3.1 Hypothesis One: Mentoring significantly impact the performance of selected micro family firm in Lagos State, Nigeria.

Table 4.3.1: Results of Regression Analysis for Hypothesis One

Model	R	R^2	Adj.R^2	ANOVA		Unstandardized Coefficient		Standard Coefficient	T	Sig
				F	Sig	B	Std.error	Beta		
						1.926	.209		9.205	.000
1	.555[a]	.308	.307	170.3	0.000[b]	.586	.045	.555	13.051	.000

a. Predictors: (Constant), Mentoring
b. Dependent Variable: Performance
Source: Field Survey (2023)

The regression analysis findings for hypothesis one, which evaluates the effect of mentoring on the performance of selected micro family businesses in Lagos State, Nigeria, are shown in Table 3.3.1. The regression model is statistically significant ($F = 170.3$, $p < 0.05$), indicating that mentorship significantly predicts the performance of the selected family businesses. With a value of 0.308, the coefficient of determination R^2 indicates that mentorship can account for about 30.8% of the variance in micro family firm performance.

The coefficient for mentorship ($\beta = 0.555$, $t = 9.205$, $p < 0.05$) indicates a positive and significant relationship between mentorship and the performance of these micro family businesses. This implies that a unit increase in mentorship is associated with a 0.555 increase in the performance of the selected micro family firms. This results thereby led us to accept hypothesis one that mentorship significantly affect the performance of selected micro family businesses in Lagos State, Nigeria.

4.3.2 Hypothesis Two: Management training significantly influence the performance of selected micro family firm in Lagos State, Nigeria.

Table 4.3.2: Results of Regression Analysis for Hypothesis Two

Model	R	R^2	Adj.R^2	ANOVA		Unstandardized Coefficient		Standard Coefficient	T	Sig
				F	Sig	B	Std.error	Beta		
						2.132	.198		10.78	.000
1	.547[a]	.299	.297	163.0	0.000[b]	.538	.042	.547	12.77	.000

a. Predictors: (Constant), Management Training
b. Dependent Variable: Performance
Source: Field Survey (2023)

Table 4.3.2 shows the results of the regression analysis for Hypothesis Two, which looks at how management training affects the performance of particular micro family businesses in Lagos State, Nigeria. The performance of the selected family businesses is significantly predicted by management training, as demonstrated by the regression model's statistical significance (F = 163.0, $p < 0.05$). The coefficient of determination R2, which has a value of 0.299, indicates that management training can account for about 29.9% of the performance variability. A significant and positive correlation has been observed between management training and the performance of micro family firms, as indicated by the management training coefficient ($\beta = 0.547$, t = 10.78, $p < 0.05$). The foregoing implies that a one-unit increase in management training is associated with a 0.547 increase in the performance of the selected micro family firms.

Consequently, hypothesis two which state that Management training will significantly influence the performance of selected micro family firm in Lagos State, Nigeria is hereby accepted.

4.3.3 Hypothesis Three: The joint effects of succession strategy (Mentoring and Management Training) significantly influence the performance of selected micro family firm in Lagos State, Nigeria

Table 4.3.3: Results of Regression Analysis for Hypothesis Three

Model	R	R^2	Adj.R^2	ANOVA		Unstandardized Coefficient		Standard Coefficient	T	Sig
				F	Sig	B	Std.error	Beta		
1	.604[a]	.365	.362	109.69	0.000[b]					
Constant						1.496	.214		6.995	.000
Mentoring						.363	.057	.344	6.310	.000
Management Training						.314	.054	.314	5.851	.000

a. Predictors: (Constant), Mentoring, Management Training
b. Dependent Variable: Performance

Source: Field Survey (2023)

The multiple regression result of succession strategy's combined effects (mentoring and management training) on the performance of the selected micro family businesses in Lagos State, Nigeria, is displayed in Table 4.3.3. The model shows statistical significance ($F = 109.69$, $p < 0.05$), meaning that the performance of the selected micro family firms is significantly predicted by the combined succession strategy. This succession plan that includes management training as well as mentoring can explain about 36.5% of the variance in performance, according to the coefficient of determination R^2, which has a value of 0.365.

The performance of micro family firms is significantly predicted by both management training ($\beta = 0.314$, $t = 5.851$, $p < 0.05$) and mentoring ($\beta = 0.344$, $t = 6.310$, $p < 0.05$) as indicated by their individual coefficients. This suggests that a 0.344 and 0.314 increase in the performance of the chosen micro family businesses is associated with every unit increase in mentoring and management training, respectively. This led us to accept hypothesis three, which states that the performance of the chosen micro family businesses in Lagos State, Nigeria, will be significantly impacted by the succession plan that combines management training and mentoring.

Discussion of Findings

Finding of hypothesis one reveal that mentoring has a positive and significant influence on the performance of selected micro family firms in Lagos State, Nigeria. This finding supports the assertion that mentorship plays a crucial role in enhancing the performance and sustainability of family businesses (Ofobruku & Nwakoby, 2015). The positive relationship between mentoring and performance is consistent with the study of Adedayo and Osazuwa (2017), which suggests that mentorship positively impacts family business sustainability and decreases conflicts in the post-founder period. These findings collectively emphasize the importance of mentorship programs in ensuring the long-term viability of micro family firms (Olubiyi, Lawal, & Adeoye, 2022). The results of hypothesis two indicate that management training significantly influences the performance of selected micro family firms in Lagos State, Nigeria. This finding aligns with the study of Onyeukwu and Jekelle (2019), which emphasizes the importance of management training in preparing successors to manage family businesses effectively. The significance of management training is further supported by Arinze (2022), who emphasized that formal succession plans, including training, contribute to the sustainability of family businesses. This finding underscores the critical role of management training in enhancing the performance and long-term viability of micro family businesses.

The findings of hypothesis three reveal that the joint effects of succession strategies, involving both mentoring and management training, significantly influence the performance of selected micro family firms in Lagos State, Nigeria. This finding underscores the holistic nature of succession planning, emphasizing the importance of combining both mentorship and management training in achieving optimal performance. The results are consistent with the theoretical framework that draws from Resource-Based View (RBV) and Agency Theory, suggesting that effective succession strategies contribute to family firm sustainability and performance. These findings highlight the necessity of considering a comprehensive succession strategy to ensure the long-term success of micro family businesses (Ogbechie & Anetor 2015; Ugwu & Enudu, 2022).

5. CONCLUSION

This study highlights the importance of management training and mentoring in improving the performance of microfamily businesses in Lagos State, Nigeria. The study emphasizes the importance of a thorough succession plan that incorporates these components of succession strategy. The results underscore the significance of endowing heirs with the competencies and expertise required to guarantee the performance and sustainability of family-owned enterprises through multiple generations. In order to support the performance of micro family businesses, which are essential to the nation’s economy, family business owners, legislators, and industry stakeholders should take these findings into account.

To enhance micro family firm performance, the study suggested that family businesses in Lagos State should prioritize the establishment of formal mentorship programs. Furthermore, structured management training should be emphasized to enhance the performance of micro family firms in the region. In addition, succession planning needs to be integrated into the long-term strategic planning of family businesses. Also, early involvement of potential successors in business operations can enhance performance. Finally, family firms should adopt a long-term perspective when developing succession plans to ensure continued success.

References

Adedayo, O., & Osazuwa, P. (2017). Sustainability of family business in Lagos and Ogun States: Influence of mentoring on successor entrepreneur. *Theme: "Entrepreneurship and the Knowledge Economy"*, 77.

Arinze, E. S. (2022). Effect of succession planning on sustainability of family businesses in Anambra and Lagos States of Southern Nigeria. *International Journal of Business Systems and Economics*, *13*(5), 51-63.

Barney, J. (1991). Firm resources and sustained competitive advantage. *Journal of Management*, *17*(1), 99-120.

Basco, R. (2015). Family business and regional development—A theoretical model of regional familiness. *Journal of Family Business Strategy*, *6*(4), 259-271.

Bokhari, I. H., Muhammad, A. B., & Zakaria, N. (2020). Succession planning, strategic flexibility as predictors of business sustainability in family-owned SMEs: Moderating role of organization improvisation. *Pakistan Journal of Commerce and Social Sciences (PJCSS)*, *14*(1), 368-387.

Clulow, V., Gerstman, J., & Barry, C. (2003). The resource-based view and sustainable competitive advantage: the case of a financial services firm. *Journal of European Industrial Training*, *27*(5), 220-232.

Collins, J. D., Worthington, W. J., & Schoen, J. E. (2016). Family business CEO succession: Examining personal retirement expectations. Journal of Small Business Strategy, *26*, 51–70. Retrieved from http://www.jsbs.org/

Corten, M., Steijvers, T., & Lybaert, N. (2017). The effect of intrafamily agency conflicts on audit demand in private family firms: The moderating role of the board of directors. *Journal of Family Business Strategy*, *8*(1), 13-28.

Ebegbetale, C. I., & Okon, S. E. (2022). Relationship between industry-level dynamic capabilities and competitive advantage of Nigerian SMEs. *Business and Entrepreneurial Review*, *22*(2), 189-202.

Gbadamosi T.O. (2023). Succession strategy and sustainability of selected family businesses in Lagos State Nigeria. *Akungba Journal of Management*, 5(2), 30–41. https://ajm.org.ng/ajm-journal-archives/volume-5-issue-2/succession-strategy-and-sustainability-of-selected-family-businesses-in-lagos-state-nigeria/

Hill, C. W., & Jones, T. M. (1992). Stakeholder-agency theory. *Journal of management studies*, *29*(2), 131-154.

Jensen, M. C., & Meckling, W. H. (2019). Theory of the firm: Managerial behavior, agency costs and ownership structure. In *Corporate governance* 77-132. https://doi.org/10.4324/9781315191157

Kumar, S., & Prameswari, Q. (2018). The determinants of a successful family business succession in Indonesia: A multiple case study. *International Journal of Family Business Practices*, *1*(2), 87-103.

LeCounte, J. F. (2022). Founder-CEOs: Succession planning for the success, growth, and legacy of family firms. *Journal of Small Business Management*, *60*(3), 616-633.

Lonial, S. C., & Carter, R. E. (2015). The impact of organizational orientations on medium and small firm performance: A resource-based perspective. *Journal of Small Business Management*, *53*(1), 94-113.

Lušňáková, Z., Dicsérová, S., & Šajbidorová, M. (2021). Efficiency of managerial work and performance of managers: time management point of view. *Behavioral Sciences*, *11*(12), 166.

Morah, E. I. (2023). *Market orientation and organizational performance in Nigeria* (Doctoral dissertation, Anglia Ruskin Research Online (ARRO)).

NBS/SMEDAN (2021). Report on national survey of micro, small and medium enterprises (MSMEs). *National Bureau of Statistics (NBS)/Small & Medium Enterprises Agency of Nigeria (SMEDAN), Abuja*, 1-186.

Nnabuife, E. K., & Okoli, I. E. (2017). Succession planning and sustainability of selected family owned businesses in Anambra State, Nigeria. *European journal of Business and management*, *9*(34), 155-167.

Nunnally, J. C. & Bernstein, I. H. (1994) *Psychometric Theory* (3rd ed.). New York: McGraw-Hill.

Nwuke, O., Nwoye, C., & Onoyima, N. (2020). Family businesses, succession, and survival strategies. In Indigenous African Enterprise. *Emerald Publishing Limited, 26*(2) 59 -71.

Ofobruku, S. A., & Nwakoby, N. P. (2015). Effects of mentoring on employees' performance in selected family business in Abuja, Nigeria. *Singaporean journal of business, economics and management studies*, *51*(2681), 1-22.

Ogbechie, R., & Anetor, F. (2015). An appraisal of succession planning in family-owned businesses in Lagos State, Nigeria. *European Journal of Business and Management*, *7*(12). 1-6

Okeke, N. G. (2021). Sustainability and succession planning of selected family businesses in south-East, Nigeria. *International Journal of Management and Entrepreneurship*, *3*(1), 146-171.

Okoh, E. E., Worlu, R. E., Oyewunmi, O. A., Ufua, D. E., & Olokundun, M. A. (2022). SMEs succession education and family business succession: a conceptual review. *Covenant Journal of Business and Social Sciences*, *13*(1), 76 – 100.

Olalekan, A., & Bienose, V. C. (2021). Management succession planning and family business continuity in Lagos State, Nigeria. *International Organization of Scientific Research, 23*(3), 1 – 15.

Olubiyi, O., Lawal, A. T., & Adeoye, O. O. (2022). Succession planning and family business continuity: Perspectives from Lagos State, Nigeria. *Organization and Human Capital Development*, *1*(1), 40-52.

Onyeukwu, P., & Jekelle, H. E. (2019). Leadership succession and sustainability of small family owned businesses in South East Nigeria. *Open Journal of Business and Management*, *7*(03), 1207.

Owolabi, T., & Adeosun, O. (2021). Succession planning and talent retention: evidence from the manufacturing sector in Nigeria. *British Journal of Management and Marketing Studies*, *4*(1), 17-32.

Poza, E. J., & Daugherty, M. S. (2014). Family business (4th ed.). Mason, OH: South-Western Cengage Learning

Saunders, M., Lewis, P., & Thornhill A. (2012). *Research methods for business students.* (6th ed.) Pearson Education.

Siebels, J. F., & zu Knyphausen-Aufseß, D. (2012). A review of theory in family business research: The implications for corporate governance. *International Journal of Management Reviews*, *14*(3), 280-304.

Ugwu, F. I., & Enudu, T. O. (2022). Succession planning and the performance of family owned business in Enugu State. *Advance Journal of Management and Social Sciences*, *6*(4).

Uno, S., Supratikno, H., Ugut, G., Bernarto, I., Antonio, F., & Hasbullah, Y. (2021). The effects of entrepreneurial values and entrepreneurial orientation, with environmental dynamism and resource availability as moderating variables, on the financial performance and its impacts on firms' future intention. *Management Science Letters*, *11*(5), 1537-1548.

Yamane, T. (1967). *Statistics: An Introductory Analysis*, (2nd Ed.). New York: Harper and Row.