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Succession Planning and Continuity of Family-Owned Business: Perception of Owners in the WA Municipality, Ghana.

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Abstract: *The focus of this paper was to examine perceptions of succession planning by owners/founders of family businesses and its importance in ensuring the continuity and prosperity of businesses in the WaMunicipality,Ghana. An interview schedule was used to collect data from arandomsample of 205 enterprisesout of 440 family businesses, and these data were analysed by using descriptive and inferential statistics. The findings indicate that majority (94.1%) of owners/founders perceive business planning as an important skill, while the ability to develop a business strategy has a positive impact on succession and leads to continuity.Owners/founders with high level of formal education tend to have positive perception of the importance of succession planning and business continuity as compared with those with lower levels of formal education. Majority of owners/founders perceive that business continuity benefits the founder, the successor, the family and other stakeholders. It is therefore recommended that founders or owners of FOBs should make provision for the education and training of potential successors to facilitate succession for continuity.*
Key Words: *Business, continuity, family-owned, perception, planning,succession.*

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I. Introduction

Succession is an event that confronts virtually all viable organisations[1] (Gephart, 1978), but in situations where the incumbent dies, retires or resigns, succession is forced upon the organisation, while in instances like firing or internal relocation of the incumbent, such as transfer, promotion or demotion, succession is a decision over which an organisation's decision-makers do have some control. Gephart[1] argues that succession is inevitable and for this reason, it should be anticipated, planned and managed for the continuity of business organisations. In this respect, Sambrook[2] (2005) explains that succession planning is a process where firms plan for the future transfer of ownership. Sambrook continues that it occurs when the firm owner wishes to exit the firm but nevertheless wants the business to continue, with the motive of transferring ownership of the firm to any of the family members rather than shutting down the business altogether. However, Sambrook cautions that succession planning should be generally considered as a unique, case-by-case process, where a one-size-fits-all mentality is simply not appropriate.

Researchers and consultants have long stressed the importance of succession planning in ensuring the continuity and prosperity of a business[3,4] (Christensen, 1953; Ward, 1987). Some have even gone to the extent of stating that dealing effectively with the issue of succession planning is the single most lasting gift that one generation can bestow upon the next[5] (Ayres, 1990). Like a well-run relay race, in order for it to be successful, the handing over of a company should be graceful, carefully strategized and well executed. Vancil[6] (1987) explains that a well-thought out succession plan is essential for the continuation of a business, regardless of its size and structure. Vancil uses the analogy of the relay race theory to provide a justification for executive succession. Considering the analogy, the theory often uses the metaphor "passing the baton" in a 4×100 relay race[6] (Vancil, 1987). The practical importance of baton passing is so obvious that even casual observers of business firms and of relay races understand how difficult it can be to pass the baton successfully. Great caution should be exercised because dropping the baton leads to performance decrements or to complete performance failure and spells doom for the family and business stakeholders.

Succession can represent a strategic opportunity for an organisation, particularly for those firms in growing and dynamic markets, not to mention rapidly growing firms whose managerial needs are

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changing[7](Churchill & Lewis, 1983). The neglect of both the processual and the strategic aspects of succession are informed by intentions, attitudes and behaviour as theory of planned behaviour suggests. This challenges the firm's future when delays assume a prolonged pattern to hand over or assume responsibility, a challenge that presents dire consequences for family businesses and the role that they play. Scholars of family business argue that succession can lead to an important infusion of entrepreneurial energy based on the potential of new owners and managers to rejuvenate their firms[8,9] (Habbershon&Pistrui, 2002; Nordqvist&Melin, 2009). DeTienne[10] (2010) and other entrepreneurship researchers argue that the entrepreneurial process does not end with the creation of a new venture but that firm succession is a vital part of the process.

According to Rue and Ibrahim[11] (1996), succession planning appears to be left to chance by many firms. For most family-owned businesses, predecessors do not wish to contemplate succession because they fear the loss of power and status[12] (Fox, Nilakant& Hamilton, 1996). These views highlight those expressed by earlier researchers that neglect of succession planning and the emotions generated by the process makes owners ill-prepared for succession, forces incumbents to face their mortality and makes other family members confront the need for change with difficulty[13,14,15.](Beckhard& Dyer, 1983; Dyer, 1986; Lansberg, 1988).Family owned businesses (FOBs) have been grappling with many challenges, including their ability to survive for a long period of time and achieve their set objectives[16] (Hamilton, 2003). In Hamilton's opinion, the survival challenges are traceableto internal issues such as inability or desirability of founders to determine succession, fewer available resources to devote to succession planning, less in-house staff with the expertise to develop and manage an integrated succession planning initiative, and resistance of family owners to open succession lines to non-family members.

Consequently, prevailing state of business operations can result in diminished growth arising from hindrances in incorporating new thinking processes, innovativeness, decision-making, and total commitment from interested members, which ultimately could thwart success. Conceptually, Lansberg[15](1988), as cited in Leach and Bogod[17] (1999), identified a whole range of obstacles to succession planning, categorising them into those connected with the founder, the family, the employees and the general environment in which the firm operates. Notwithstanding its importance, succession planning is a major problem within small, micro and medium enterprises. Mutunga and Gachunga[18] (2013) cited Berryman's (1983) usage of The Wiltshire Committee's definition of small business that it is a business in which one or two persons are required to make all the critical management decisions such as finance, accounting, personnel, purchasing, processing or servicing, marketing, selling, without the aid of internal specialists and with specific knowledge in only one or two functional areas. They explained that in Kenya, these small scale businesses include survivalist enterprises which are activities by people unable to find a paid job or get into an economic sector of their choice, while micro enterprises are very small businesses, often involving only the owner, some family member(s) and at the most one or two paid employees.

Similarly, Garg and Van Weele[19] (2012) concluded that most micro, small and medium entities are run by their founders or by a small management team and very few such operators have in place proper succession planning. Their views, echo those of Rue and Ibrahim[11] (1996) that the absence of proper succession planning can have the direct effect of causing the collapse of these businesses especially when key players leave the business upon retirement or in pursuit of other options. The exit or exodus of key stakeholders can make a business vulnerable and diminish its worth as investors will not invest in a business that is not sustainable. This can be particularly troublesome in countries, including Ghana where micro and small enterprises, mostly family-owned, dominate the economy.

According to Basu, Blavy and Yulek[20] (2004), Ghana's economy is largely characterised by micro and small scale enterprises (MSEs) who fulfil important roles through job creation, especially female employment, contribution to tax revenues, export and import revenues, facilitate the distribution of goods, contribute to poverty reduction, and human resource development and serve as the cradle of innovations and entrepreneurship[21] (Agyapong, 2010). Such characterizations apply to many businesses in the Wa Municipality of the Upper West Region, which, like many micro and small enterprises, are family-owned, and survivalists, similar to those in Kenya[18] (Mutunga&Gachunga, 2013). They are susceptible to experiencing the challenges of succession that others face elsewhere, a challenge that has implications for business continuity, job creation for a large number of unemployed youth, tax contribution to the economy, and a source of living for families of owners in both short and long terms as suggested by Agyapong[21] (2010).

Ramona, Hoy, Poutziouris and Steier[22] (2008) suggested that researches on family business are limited or neglected by researchers in the field of entrepreneurship and business, and called for more studies to increase and advance understanding of family business. We therefore argue that the neglect of succession planning and the emotions generated by the process make owners ill-prepared for succession. Consequently, the challenge of succession planning by family-owned businesses in the Wa municipality, raises several issues and as a contribution, this paper sought to determine owners perceptions of succession planning in family-owned businesses and their importance in ensuring the continuity and prosperity of businesses in the Wa

Municipality.The rest of the paper discusses the theoretical and conceptual issues, followed by the methodology. The latter parts of the paper contain the results and discussion, conclusions and policy implications.

II. Theoretical and conceptual discussions on succession planning

Succession planning is built on a number of theories and concepts in the literature. The theories discussed include relay race, planned behaviour and stakeholder, followed by concepts such as succession planning practices and family-owned business and economic development.

Dyck, Mauws, Starke and Mischke[23] (2002) emphasised that the concept of succession could better be understood if the analogy of relay racing is considered, with attention on success factors such as sequence, timing, baton-passing technique and communication[24](Steben& Bell, 1978). In the view ofDyck et al.[23] and Steben and Bell[24], caution is the hallmark of successful baton-passing otherwise the move can plunge the firm into reduced performance or complete failure.Cautionin succession planning is reflected in intentions, as stipulated in the theory of planned behaviour. The theory of planned behaviour[25,26,27.] (Ajzen&Fishbein, 1980; Ajzen, 1987, 1991) was adopted by Stavrou[28] (1999) to explain successors' intentions to take over a business. The theory postulates that the chance that behaviour will occur is dependent on the intention of an individual to engage in that behaviour. Intention in turn, is shaped by the individual's attitudes. The attitudes include the perceived desirability of the outcomes to the initiator, the acceptability of the outcomes according to the social norms of a reference group, and the perception that the behaviour will feasibly lead to the desired outcomes.

Generally, research[27,29,30,31.] (Ajzen, 1991[28]; Chrisman, 1999[29]; Krueger, 1993[30]; Sheppard, Hartwick, &Warshaw, 1988[31]) supports the theoretical relationships proposed between attitudes, intentions and behaviour. There is always a motivation for the behaviour of an individual. According to Arnold, Robertson and Cooper[33] (1991) as cited in Armstrong[34] (2003), motivation is influenced by three factors – the direction, effort, and persistence. The actions of the founder, family and successor are all attributable to their motivation, since people are motivated when they anticipate that a course of action could lead to the achievement of a goal or a valued reward which satisfies their needs. Therefore, succession that arises from planned behaviour must have an initiator who possesses these three attitudes about succession, and for family owned enterprises, this is largely influenced by the incumbent leader[15,35,36] (Lansberg, 1988; Malone, 1989; Rubenson& Gupta, 1996).

Findings of various researchers[27,29,30,31] (Ajzen, 1991; Chrisman, 1999; Krueger, 1993; Sheppard, Hartwick&Warshaw 1988) back the theoretical ties of attitudes, intentions and behaviour. Other literature[26,32] (Ajzen, 1987; Krueger &Carsrud, 1993) highlight the value of feasibilityand self-efficacy in planned behaviour. It is argued that only few individuals deliberately indulge in actions believed not to lead to a desired conclusion. According to Sharma, Chrisman and Chua[37] (2003), since the feasibility of the succession dilemma depends on the availability of a suitable successor to take over the business, the incumbent's desire to pursue succession depends on the willingness of a trusted family member to be the new manager. Sharma et al. argue that succession cannot be realised when no one suitable is willing to become the new leader of the firm through training, in addition to the development of a post-succession business strategy, defining the post-succession role for the outgoing incumbent, and communicating the succession decision to key stakeholders.

Mahoney[38] (2005) broadly defines stakeholders as individuals and groups who contribute to the wealth-creating potential of the firm and are its potential beneficiaries and/or those who voluntarily or involuntarily become exposed to risk from the activities of a firm[39] (Post, Preston & Sachs, 2002). In this view, stakeholders comprise shareholders, holders of options issued by the firm and debt holders, employees, local communities as well as the environment[40] (Branco& Rodrigues, 2007), and regulatory authorities, the government, inter-organisational alliance partners, customers and suppliers[39](Post, Preston & Sachs, 2002). The impacts of the various stakeholders are not equal as they do not carry the same weight and stakes,since their risks may vary in significant proportions[40] (Branco& Rodrigues, 2007). Regarding succession matters in family firms therefore, the various stakeholders might exert differential levels of thrust in the decision process according to their relative interest, stake and contribution to the firm[40]1(Phillips, 2003), but irrespective of their levels of contribution or stake in the firm, each must be given attention as the succession route is charted.

According to Handler[42] (1994), succession is the transfer of leadership and ownership to the next family generation. This definition suggest that transfer is to family members, as practiced in the USA where over 90 percent of family firm leaders wish to have their businesses controlled by their family members in the future[42,43.] (O'Connell, Raymond &Raymond Jr., 1997, 1993), and is seen as a way of avoiding agency problems[44] (Fama& Jensen, 1983). Hitherto, Christensen[46] (1953) suggested that succession planning as a process should include identifying the pool of potential successors, designating the successor, and notifying the successor designate and other management leaders of the decision made. Ward[4] (1987) and Lansberg[15] (1988) added the need to train the successors and to formulate a vision of the company after succession, whereas Sharma, Chua, and Chrisman[37] (2003) added defining a role for the retiring CEO. The authors suggest that succession planning process consists of discrete components which include selecting and training a successor, developing a vision or strategic plan for the company after succession, defining the role of the departing incumbent, and communicating the decision to key stakeholders.

Motwaniand Schwarz[47] (2002) explain thatwhensuccession is pre-planned and carefully implemented, taking into account, the dynamics of both family and business, there is the likelihood that the succession process will be successful and effective. According to Litz[48] (1997), a family firm is a business in which ownership and management are concentrated in a family unit and in which individuals within the firm seek to perpetuate or increase the degree of family involvement. Abouzaid[49] (2008) defined family business as “a company where the voting majority is in the hands of the controlling family, including the founder(s) who intend to pass the business on to their descendants” (p. 12). It can be deduced from the foregoing definitions that family businesses therefore are businesses that are owned and run by a family. The manager may be the founder, a family member, or a hired individual. It is asserted for instance, that about 92 percent of the businesses in the United States are all in the control of one family or the other[50,51.](Kuratko&Hodgetts, 2004; Lam, 2009).

The advantage of succession planning can be derived from the fact that a family-owned enterprise is a ‘total system’ that is derived from a number of sub-systems, including the founding entrepreneur as an entity, the family member as an entity and the enterprise as an entity[52] (Dyer & Handler, 1994). Hence, successful succession can provide a family-owned business with a competitive edge over a non-family-owned business by enabling the continued use of accumulated idiosyncratic knowledge of family members[53] (Bjuggren&Sund, 2001). The inside knowledge possessed by family members, coupled with their loyalty and trust, endows them with specific competencies and know-how required to run the business effectively and helps them to create the resources and capabilities required to generate a competitive advantage[54] (Ram & Jones, 2002).Conversely, an unplanned succession could lead to dissatisfaction with the succession process and could occasion prolonged conflicts and make the succession ineffective.

Scholars and consultants alike stress theimportance of succession planning to ensure continuityand prosperity of family businesses but remark that it is often left to chance by many family firms[55] (e.g., Sharma, Chua & Chrisman, 2000). A report by Families Business Magazine[56] **(**2002) reveals that less than one in three family businesses live into the second generation, and about one in 10 make it to the third generation, with an average firm age of 24 years. Lam[51] (2009) cautioned about the dangerous and devastating effect of family business discontinuation which results in the loss of jobs, family assets and family relationships.

The European Commission estimates that there are around 1.5 million small businesses in Europe that have a high risk of failure as a result of succession problems[57] (Esuh, Mohd&Adebayo, 2011). A review and tracking the failure rate of firms shows that a high number of first generation firms and a large number of third generation firms file for bankruptcy. While reasons for their collapse vary, those for unfulfilled succession attracted many studies and yet firms like Pritzker (U.S.) and Bacardi (Puerto Rico) encountered protracted succession problems[57] (Esuh, Mohd& Adebayo, 2011), and the suggested explanation is that succession decisions are often influenced by the needs of the family rather than on business requirements and these are a recipe for serious problems when the two are incompatible[58](Goldberg & Woodridge, 1993).

The importance of succession planning for family businesses stems from the fact that many are MSMEs or SMEs and are indispensable sources of employment for both family and non-family members, economic growth and development in the locality of the business, and increased gross domestic product (GDP) through business taxes. In the United States for instance, family businesses contribute about 59 percent of jobs and 78 percent of all new employment[50] (Kuratko&Hodgetts, 2004). Kuratko and Hodgetts[50] (2004) further reported that family businesses produce about 50 percent of gross domestic product in the United States. Thus, the economic potential of FOBs calls for efforts to ensure their survival and continuity. The support may vary from policy to support family businesses to develop and implement succession plans for business survival and continuity, provision of micro-finance for business expansion and growth, and provision of other business development services.

Winter, Fitzgerald, Heck, Haynes and Danes[59] (1998) claimed that family business existence can be traced to pre-historic era and has been known to water economies, most especially during the dry days, and they have become very essential in the economy, and as social unit building in the modern era. Klein[60] (2000) reported that family businesses are very much relevant to the German economy and contribute to the economic growth of any nation. According to Beck, Demirguc-Kunt and Levine[61] (2003), the World Bank supports MSMEs development programmes, and that MSMEs make special contributions to developing economies by generating the needed income for alleviating poverty.

III. Methodology

The Wa Municipality is predominantly populated by micro, small and medium-sized enterprises, which are mostly owned and or managed by family members. Using an exploratory design, based upon the assumption that not much has been done in the municipality with respect to studies on business succession planning, we set out to explore owners’ perception of succession planning.Usingthe conventional confidence level of 95 percent, with a margin of error of five percent[62,63] (Babbie, 2007; Saunders, Lewis &Thornhill, 2009) and a targeted population of 440 (N=440) supplied by the National Board for Small Scale Industries, the sample size was computed as two hundred and five (S=205). The owner-managers or managers of these family-owned businesses were selected using the systematic random sampling technique. The sample fraction was determined by N/S = 440/205 = 2.15 which was rounded down to 2. The first sample unit was then randomly selected between 1 and 2 and from there, every 2ndunit in the frame was selected to obtain the desired sample of 205. A structured interview schedule, withitems measuring the perceptions of owners and/or managers on the importance of succession planning was used to collect primary data from therespondents.Items were of both open- and close-ended forms.

The close-ended items were dichotomous response, ranking and multiple choice types. Ranking items were of a 5-point Likert scale to deal with items that have ordered responses. The responses were numbered 1 to 5, where 1 showed weak agreement and 5 showed strong agreement. The subjective/open-ended types were used for amassing divergent views on the topic.In order to ensure the statistical validity and reliability of the constructs, 25 interview schedules were pre-tested and analysed using Cronbach's alpha reliability test which yielded a consistency co-efficient of 0.846. Data were coded and a data file created in the Statistical Product and Service Solutions (SPSS, version. 17.0) for data entry, editing, cleaning, analyses and presentation. The data were analysed using descriptive and inferential statistics including frequencies, percentages, chi-square and correlation analysis.

IV. Results and discussion

The results are presented by first focusing on the characteristics of the respondents and their enterprises, before addressing the substantive issue of perception with respect to succession planning. The various characteristics included gender, age, level of education, type of business and number of employees. In all, 67.8 percentof the respondents were males, while the rest were females. Almost all (99%) of the current owners of FOBs in the study area have had some level of formal education, with 28 percent of them attaining college level education, and 27.7 percent having senior high school (SHS) or technical school education.With respect to the type of businesses, 57 percent of the respondents were artisans, 42 percent were engaged in trade, and only one percent owned private schools. The type of businesses was further examined with regard to sex of the respondents. The results revealed that the type of business activity engaged in by the respondent is significantly associated with the gender of the founder or owner (N = 205, χ^2=52.800, df = 8, p = 0.000). For businesses such as building and construction, education and mechanic shops, the results revealed a 100 percent male dominance, while 85.7 percent of the female respondents were tailors and seamstresses.Majority of the FOBs (74.6%) in the municipality were established and managed by their current owners and therefore have not had any succession experience.

Table 1 depicts the relationship that managers of FOBs have with the business. About 76 percent of the respondents said that they were owners/founders of their businesses, while about six percent of the respondents were hired managers. Thus, majority of the businesses were owned and managed by the founders. This is consistent with Fama and Jensen's[45] (1983)position on the importance of family ownership and successions in order to minimise agency problems. In such situations, shares are in the hands of agents whose special relations with other decision agents allow agency problems to be controlled without separation of the management and control decisions[66] (Fama& Jensen, 1983)[45].

Table 1: Relationship with the business

	Relationship	Frequency	Percent
	Owner or founder	155	75.6
	Hired manager	13	6.3
	Spouse of founder/owner	13	6.3
	Son/daughter of owner/founder	11	5.5
	Other family relation	13	6.3
	Total	205	100.0

The substantive issues examined with respect to owners' perception of the importance of succession planningincludedtheavailability of succession plans, reasons for planning or not planning, skills of the founder regarding business planning, and the benefits thereof. The issues were captured in the form of statements with "yes" or "no" and ranking responses. The items were then analysed using cross tabulations and correlation analysis in SPSS.

The first issue examined was the existence of succession plans, and it was observed as shown in Figure 1 that 43 percent of the owners/managers have written succession plans; 33 percent have unwritten succession plans for their businesses; while 24 percent of owners/managers have neither a written nor unwritten succession plan for their businesses.From the figure it is observed that 117 respondents out of the 205 had not made plans for the transfer of their businesses, comprising the 33 percent who indicated that they had unwritten succession plans and only gave it a thought but had not actually planned for succession. The result is similar to the Government of Alberta's[64] (2007) report that majority of business owners were not sufficiently prepared for the future of their businesses, with only 10 percent having a written plan, 38 percent an unwritten plan, while 52 percent had no plan at all.

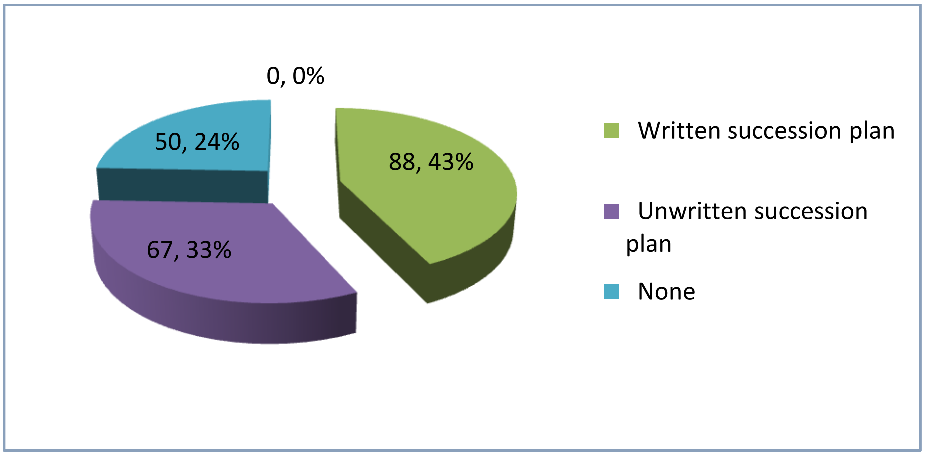

Figure 1: Succession planning in FOBs

With respect to the development of the succession plans, 77.3 percent of the 88 respondents with written succession plans, developed the plans themselves. Another 10.2 percent also indicated that their succession plans were developed by a family member and another 10.2 percent indicated that the plans were developed by consultants. This implies that majority of the succession plans among FOBs in the study area were not developed by professionals in the field, contrary to the suggestion by Dyck, Mauws, Starke and Mischke[23] (2002).For those who did not have written succession plans for their businesses, several reasons were provided. Theresults showed that 32.5 percent of respondents, out of 117 did not see the need for any formal planning as far as succession is concerned;and31.6 percent had not yet given it a thought, thus confirming the comment by some scholars[55](e.g., Sharma et al., 2000) that succession planning in some FOBs is left to chance. On the other hand, 15.4 lackedthe necessary skills for the development of a succession plan;while 2.3 percent indicated that the fear of losing control was the reason why they did not have succession plans in their businesses (Table 2).All the cited reasons affirm Rue and Ibrahim's[11] (1996) views that succession planning appears to be left to chance, and those of Fox, Nilakant and Hamilton[12](1996) that most family-owned businesses' predecessors do not wish to contemplate succession because they fear the loss of power and status.

Table 2: Reasons for the lack of succession planning in FOBs

Reasons	Frequency	Percent
Lack of skill	18	15.4
Lack of time	17	14.5
No need for succession plan	38	32.5
No potential family successor	4	3.4
Fear of losing power	3	2.6
Not yet given a thought	37	31.4
Total	117	100.0

The results of the perception that succession planning is tedious suggest a very strong agreement (88.8%) that planning for succession is a tedious work among FOBs within the sampled population.In order to verify if this perception is relative to gender of FOB owners or founders, a cross tabulation was carried out and the results indicated that there is no significant relationship between gender and the perception that planning for succession is a tedious work for FOBs (χ^2=0.539, df=1, p = 0.467).From Table 3, it can be observed that the level of agreement with this perception is independent of gender as females and males indicated a strong agreement with the claim.The results show similarities between the percentages within gender (92.8% and 95.5%) for the male and female respectively regarding the tediousness of planning for succession.

However, there was a significant association between the level of education and the perception that planning for succession is a tedious work for FOBs (χ^2=42.076, df =20 and p = 0.003). The results revealed that there were differences in opinion with regard to level of education and whether planning for succession is tedious or not, with higher educated respondents agreeing that planning is not tedious as compared to their lowly educated counterparts. As to whether succession planning is a gift to future generations or not, the analysis reveals that many of the respondents (96.1%) agreed that dealing effectively with succession planning is a lasting gift that one generation can bestow upon another in business, while a few (3.9%) respondents disagreed.

Table 3: Gender and planning for succession

			Planning for succession is a tedious work for FOBs.		
			Yes	No	Total
Gender	Male	Count	129	10	139
		% within Gender	92.8%	7.2%	100.0%
		% within Planning for succession is a tedious work for FOBs.	67.2%	76.9%	67.8%
		% of Total	62.9%	4.9%	67.8%
	Female	Count	63	3	66
		% within Gender	95.5%	4.5%	100.0%
		% within Planning for succession is a tedious work for FOBs.	32.8%	23.1%	32.2%
		% of Total	30.7%	1.5%	32.2%
Total		Count	192	13	205
		% within Gender	93.7%	6.3%	100.0%
		% within Planning for succession is a tedious work for FOBs.	100.0%	100.0%	100.0%
		% of Total	93.7%	6.3%	100.0%

χ^2=0.539, df =1 and p = 0.467

Similarly, the respondents generally agreed that skills are important for business planning by founders or owners of family businesses, with 94.1 percent perceiving that business planning is an important skill for owners or founders, while 5.9 percent of the respondents said there was no need for business planning skills for founder or owners of family businesses. Withregard to the ability to develop a business strategy and its impact on succession, 98.5 percent agreed that the ability to develop a business strategy has a positive impact on succession whereas 1.5 percent disagreed. Furthermore, 98.5 percent of the respondents believed that human resource development is key to performance after succession. The preponderance of the above findings corroborate the criteria or conditions advanced by Sharma, Chrisman and Chua[37] (2003) in respect of the development of succession plans by family owned businesses.

The relationship among these four variables was explored using Spearman's rank order bivariate correlation. The results show that correlation is significant at 0.01 and 0.05 alpha levels respectively among all four variables (Table 4).Thus, there is a positively significant relationship among the variables. This implies that, for succession planning to be successful and serve as a lasting gift from one generation to another, there must be an effective planning process leading to a plan, and the development of human resource and a business strategy. This finding is consistent with the opinions of Christensen[3] (1953), Ward[4] (1987), Lansberg[15] (1988) and Sharma, Chua, and Chrisman[37] (2003) who suggested that succession planning as a process should include identifying the pool of potential successors, designating the successor, and notifying the successor designate and other management leaders of the decision made. Their views also included the need to train the successors and to formulate a vision of the company after succession, as well as defining a role for the retiring CEO. The cited authors suggest that the succession planning process consists of discrete components which include selecting and training a successor, developing a vision or strategic plan for the company after succession, defining the role of the departing incumbent, and communicating the decision to key stakeholders.

Table 4: Correlation coefficients of explanatory variables

		Succession planning	Business Planning	Business strategy	Human Resource
succession planning	Correlation Coefficient	1.000	0.540^{**}	0.546*	0.469^{**}
	Sig. (2-tailed)		0.000	0.042	0.000
Business planning	Correlation Coefficient	0.540^{**}	1.000	0.667*	0.607^{**}
	Sig. (2-tailed)	0.000		0.030	0.000
business strategy	Correlation Coefficient	0.546*	0.667*	1.000	0.533*
	Sig. (2-tailed)	0.042	0.030		0.044
Human resource	Correlation Coefficient	0.469^{**}	0.607^{**}	0.533*	1.000
	Sig.(2tailed)	0.000	0.000	0.044	.

**and *: Correlation is significant at the 0.01 and 0.05 levelsrespectively

The issues were further examined to determine whether these perceptions were influenced by the educational background of owners or founders. The chi square test showed that there is a positively significant relationship between the level of education and perceptions of owners or founders on the proposition that dealing effectively with succession planning is a lasting gift that one generation can bestow upon another (χ^2=36.209,df = 20 and p = 0.028). Many of the respondents who agreed with the statement were those with at least Senior High orTechnical School Education. On the other hand, those who disagreed were those that had no education or schooled only up to the junior high school level. This implies that the respondents with high level of formal education tended to have positive perception on the importance of succession planning as compared with those with lower levels of formal education. The other three issues: business planning is an important skill for founders and successors; the ability to develop a business strategy had a positive impact on succession; and human resource development is a key to performance after succession were cross-tabulated with level of education. There was also evidence that perceptions on the importance of succession planning and business continuity are significantly related to the level of education;and the higher the educational achievement among founders, the more positive perceptions they have about succession and the need to plan for it.

As to how respondents perceive the benefits of succession planning and business continuity to the founder, the successor, the family and other stakeholders, the results revealed that 92.7 percent of the respondents agreed that business continuity benefits the founder while 7.3 percent of the respondents disagreed. Similarly, 90.7 percent noted that it benefits the successor, but 9.3 percent of the respondents thought otherwise. In reference to benefits of succession planning to the family, 95.4 percent of the respondents indicated their agreement. Also, 59.5 percent thought that succession planning benefits other stakeholders.

Using cross tabulation, the relationship between gender and the benefits of FOBs continuity was further explored. The finding showed no significantassociations (χ^2=0.3329, df = 1, p = 0.565) between gender and benefits to the founder. The percentages(89.9% for male and 92.4% for females) further suggest that there were no significant differences. There was also no significant association between gender and the opinions on the perception that business continuity benefits the successor (χ^2=0.443, df = 1, p = 0.668). The cross tabulation for business continuity and benefits to the family and other stakeholders indicated no significant relationships (χ2=0.3329, df = 1, p = 0.565) and (χ^2=1.850, df = 1, p = 0.177), respectively (Table 5).

Table 5: Gender and benefits of business continuity to the founder

			Business continuity benefits the founder.		
			Yes	No	Total
Gender	Male	Count	125	14	139
		Expected Count	126.1	12.9	139.0
		% within Gender	89.9%	10.1%	100.0%

		% within benefits to founder.	67.2%	73.7%	67.8%
		% of Total	61.0%	6.8%	67.8%
	Female	Count	61	5	66
		Expected Count	59.9	6.1	66.0
		% within Gender	92.4%	7.6%	100.0%
		% within benefits to founder.	32.8%	26.3%	32.2%
		% of Total	29.8%	2.4%	32.2%
Total		Count	186	19	205
		Expected Count	186.0	19.0	205.0
		% within Gender	90.7%	9.3%	100.0%
		% within benefits to founder.	100.0%	100.0%	100.0%
		% of Total	90.7%	9.3%	100.0%

χ^2=0.3329,df = 1 and p = .565

The above findings imply that both male and female owners and founders strongly agreed that continuity of FOBs benefits the founder, successor, family and other stakeholders. The evidence is consistent with that of Mahoney (2005), who broadly defines stakeholders as individuals and groups who contribute to the wealth-creating potential of the firm and are its potential beneficiaries and or those who voluntarily or involuntarily become exposed to risk from the activities of a firm.

V. Conclusion and policy implications

Generally, it can be concluded that owners or founders of family owned businesses perceive that succession planning is important for business continuity but do not seem to demonstrate that in the form of written succession plans. The perception of many founders or owners on the importance of succession planning in relation to business continuity is nuanced, in that, those with high level of formal education tend to have positive perception on the importance and need for succession planning and business continuity as compared with those with lower levels of formal education. The highly educated tend to believe that though business planning is tedious, possessing that skill is important since it enables succession planning.

It is therefore deemed important that owners or founders should aspire to obtain education, even if through the adult education system, non-formal education system, workshops, seminars, or distance learning systems. This will equip them with the skills and knowledge that will lead to the appreciation and development of succession plans, which will subsequently enable business continuity and prevent dislocations in family life. The whole process can also be enabled by the National Board for Small Scale Industries as part of its business advisory services. The process of education and skill development of owners and founders should also be accompanied by human resource development of stakeholders, including potential successors, in order to ensure that there will be continued performance or even improvement in performance post-succession.

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