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## Thematic analysis of the experiences and perceptions of family business successors prior to their mantle of leadership in Nigeria

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### Abstract

The experiences and perceptions of family business successors prior to their choice as the successors of their family business were explored to determine the qualities that attracted their choice as family business successors and how these qualities impacted their success since they assumed the mantle of leadership. Fifteen successful family businesses with successors controlling the businesses were purposively selected to suit the research goals. The selection was done through snowball sampling, while convenience sampling was used to select participants for face-to-face interviews. Each interview averaged 15 minutes. Thematic interpretive text analysis was performed on the data, and interviews were transcribed verbatim. Data were coded into categories, namely prior experience, training of the successor, education of the successor, passion, and commitment of the successor. Findings revealed that commitment without passion for the business might not be sustainable due to potential business challenges that could undermine commitment and focus. However, strong passion for the business could foster determination to succeed despite challenges. The family believed that education would guide the successor, providing exposure, confidence, and opportunities to bolster the family business image globally. Prior experience gave family business successors the confidence to settle down easily and meet family and community expectations, addressing challenges faster while maintaining business culture and capabilities. Community and family norms perceived education as essential in choosing a successor. Passion was a key success factor in choosing successors, and successors' passion grew upon realizing their formidable role in the family business.

**Keywords:** Succession; Family Business; Passion; Education; Qualitative Text Analysis; Prior Experience

### 1. Introduction

The discourse around family businesses (FBs) and their economic contributions continues to generate significant interest among the academic community. While the contributions of FBs cannot be overemphasized, challenges that threaten their generational continuation have been well-studied and documented. One of the major challenges facing FBs is finding a capable successor. Most FBs have a short lifespan beyond their founder's stage, with 95% not surviving the third generation of ownership (Beckhard and Dyer, 1983; Lansberg, 1988). This is often due to the lack of preparation of subsequent generations to handle the demands of managing and growing the FB.

Extant studies have established the lack of proper education (formal and informal) as a major setback to the outcome of the succession process (De Massis, Chua, and Chrisman, 2008; Griffeth, Allen, and Barrett, 2006). An uneducated successor is an invitation for the death of the FB upon arrival. Education, exposure, and experience, both within and outside the FB, are vital to preparing the successor to handle the rigors of management and leadership responsibilities. Additionally, FBs continually face the challenge of mentoring their successors with the requisite skills required to be

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successful in the business. Mentorship forms the bedrock of tacit knowledge that the potential successor will be predisposed to by the incumbent, well-experienced employee, or family member. The lack of proper education, apparent inexperience, and ill-mentoring makes the potential successor underqualified to take over the management of the business, thus limiting its choice as the successor.

This study attempts to evaluate how prior experience, training, and educational background of the successor impacted the choice of a successor in family businesses. Furthermore, the passion and commitment of the potential successor to the growth and sustainability of the family business are essential, serving as a motivation that encourages the successor to drive the business. These views were affirmed by Chrisman, Chua, and Sharma (1998) and Sharma and Rao (2000). A passionate and committed successor is critical to the success of any succession process. The success of a succession process hinges on the potential successor being willing, passionate, and committed about the business, with a keen natural interest in the business (Devany, 2006; Cabrera-Suarez and Martin-Santana, 2012; Venter et al., 2005; Sharma and Irving, 2005). This attitude, when displayed by a potential successor, indicates the depth of their understanding of the task at hand (Cespedes and Galford, 2004). This study examined how the passion and commitment of potential successors influence their choice as successors of their family business.

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## 2. Literature Review

Stakeholders in family businesses are perceived to include family members, the current incumbent, employees, or any other person who could potentially oppose the succession based on professional or personal reasons (Brun de Pontet et al., 2007). Therefore, stakeholders and successor-related factors influencing the choice of family business succession must be understood for effective management. Chrisman et al. (1998) suggested that the incumbent's ability to identify and develop potential successors would assist in ensuring a successful succession plan.

Much research on family business has suggested several desirable attributes for successors that are considered important for effective succession planning. Studies by Chrisman et al. (1998) reported 30 desirable successor attributes grouped into six main categories: relationship to the incumbent, relationships with other family members, family standing, competence, personality traits, and current involvement in the family business. The incumbent's eagerness to hand over the business to their preferred choice, having realized their readiness and interest to assume control over the business, was also noted (Sharma, 2004). Successors' inspiration and capacities were further cited as central to successful succession in family businesses (Le Breton-Miller et al., 2004). Goldberg and Woolridge (1993) cited in Chrisman et al. (1998) contended that the incumbent's trust in the successor's eagerness to assume control over the family business has a positive relationship with the straightforwardness with which power and authority are transferred.

### 2.1. Successor Capability in Terms of Competence and Experience

The wisdom to succeed as a potential successor comes from the integration of experience (Renko, Kroeck, and Bullough, 2012). From knowledge, one gains experiences, and from experiences, one gains enlarged vision in the form of creativity. This implies that knowledge is the information at one's disposal, while experience is how one connects that information appropriately to achieve creativity (Murphy and Lambrechts, 2015). Business owners as role models provide opportunities for their heirs to learn from their experiences (Bandura, 1977; Altinay et al., 2012). Successors with early exposure to role models and experience generally develop self-confidence and reduce the traditional fear of failure (Bosma et al., 2012). They are predominantly more successful than others without similar experience. The study speculates that the experience of potential successors influences their choice as successors, having earned the trust and confidence of some decision-makers over time.

These views affirmed that both formal and informal education are vital towards becoming a family business successor. Acquiring and displaying skills outside the family business help build strong character and self-assurance (Griffeth et al., 2006). However, openness to the family business should not be foreclosed by potential successors because it will help build associations with key partners and understand the business culture. Associating with key partners will lead to family acknowledgment and authenticity (De Massis et al., 2008; Tatoglu, Kula, and Glaister, 2008) of the potential successors. The result is usually a positive generic recognition and certification of the potential successor (De Massis et al., 2008).

### 2.2. Passion of the Potential Successor

The passion of an individual serves as a motivational force towards achieving a determined goal, which is essential for the successful attainment of such goals. People who are passionate about what they do, rather than just "in it for the money," tend to have more positive outlooks and are able to overcome difficulties through problem-solving (Ozaralli

and Rivenburgh, 2016). The presence of enthusiasm and passion makes people more resilient when they encounter obstacles (Bower, 2007). Despite individuals possessing strong values such as talent, ambition, intellect, discipline, and persistence, the absence of passion could lead to significant failure. Passion is an asset (Chlosta et al., 2012) that leads to the achievement of success. While one may achieve short-term results without passion, in the long run, passion makes the difference between success and failure. Therefore, the passion of the potential successor becomes an inevitable asset that influences the success of succession in family business.

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### **3. Research Methods**

#### **3.1. Participant and Settings**

The study was conducted in Ogbomosho, Oyo State, Nigeria. Fifteen participants from family-owned businesses that have survived beyond their first or second generation were purposively selected. Part of the selected participants was assessed through snowball sampling. Participants who met the inclusion criteria were provided with information about the research and encouraged to participate in the study. The inclusion criteria were: family-owned businesses managed by a minimum of first or second-generation executives, the presence of at least one family member in the business, and ease of access to the participant.

#### **3.2. Data Collection**

The main technique for data collection was interviews conducted by the researcher. Data was gathered from 12 semi-structured, in-depth, face-to-face interviews with fifteen participants. Five participants had follow-up interviews for more clarifications on emerging information. Sampling continued until data saturation was reached. All participants were interviewed in a private room at their convenience, ensuring a conducive environment with good ventilation. Participants were asked to discuss their experiences and perceptions of key activities and special considerations that led to their selection as successors of their family businesses. The interviews began with a general question: "Could you tell me about your experiences?" Probing questions were used to clarify participants' descriptions, such as "When you said... what did you mean? Could you explain more about that?" The duration of the interview sessions varied from 20 to 45 minutes. All interviews were audio recorded in MP3 format and transcribed verbatim in English. Each transcript was saved to a separate Rich Text Format file and imported into MAXQDA 22 software.

#### **3.3. Data Analysis**

Thematic qualitative text analysis was designed and used to analyze the cases. Categories were derived from theory and the research question deductively. Category-based analysis formed the basis for coding. Text passages were assigned to categories, and passages assigned to the categories were compiled to determine sub-categories that were coded. Consensual coding was also employed, with two independent coders coding the text and then collaborating to sort through the codes for similarities and differences. A consensus was drawn among the coders.

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### **4. Results and discussion**

The results comprised three categories deduced from theories in extant literature: prior experience, training, and educational background of the successors.

#### **4.1. Prior Experience of the Successor**

Prior experience of the successor is the first category deduced from extant literature; it is the knowledge acquired by the successors prior to their appointment as the head of their family businesses. Such knowledge or experience could be acquired within the family business, outside the family business, or both as opportunities arise. Most family business successors acquired skills, knowledge, and experience prior to their appointment as successors. These were fundamental and strong drivers for their success.

One participant stated: "Prior experience on the job is essential. Learning on the job bit by bit from baba helped me a lot."

Another participant said: "In fact, I don't forget those things, I commit it to memory even before I took over the business fully. That knowledge helped me to remember things faster and allow me to proffer solutions faster than someone who just came into the job newly. Those experiences help me a lot even to this day."

A third participant added: “Yes, prior experience is very significant because if I had only gone to school and not helped with the business from the start, it would be very hard to run the business after taking over from my dad.”

Acquiring a reasonable amount of business experience is paramount to the success of any family business successor. Prior experience allows the successor access to a wealth of knowledge to manage the business seamlessly. As highlighted by the participants, prior experience is a strong must-have.

#### **4.2. Training of the Successor**

For a successor to fully manage the FB without hindrance, training (on and off the FB) is equally non-negotiable.

One participant explained: “I was introduced to the business since my tender age. Since my tender age, I have been coming to the shop.”

Training comes in different forms: “I remember vividly in one of my confrontations with a customer, my dad called me aside and said I should learn to be tolerant with customers and relate with them friendly even when annoyed. He added that I would understand better when I become the leader in the business.”

Another participant said: “You know I have been in the business for a very long time, so I have proper knowledge of how we operate.”

Another participant explained how the training of a successor plays out in their FB: “There’s a lot of process. You start maybe from buying, going to the market. So that’s how my grandmother starts, from going to the market to making ewedu. So, from 10 to 12 years old, you will be able to sit down at night to sell food. Then at the age of 15 to 18 years, you proceed to the afternoon markets. From 18 to 20, 23, 24, 25 years, you can confidently sell food in the morning.”

Training of potential successors begins in earnest once a certain class is attained: “I used to tell people, my friends, my colleagues, my siblings, that immediately my son gets into JS class, he will begin to stay here and work on the business. I used to tell him, go and give the customer his change. How much is this person good? (Oya) give them 900 change. So at least that will bring him to know a bit of the business because I don’t rely on these white-collar jobs.”

#### **4.3. Education of the Successor**

The education of the successor has been argued to be paramount to the survival of any FB. Both formal and informal education are important ingredients for the smooth operation of the successor.

One participant expressed: “Yes, it has indeed helped, especially the modern, educational, and globalization of computer into business. I was able to tap into it in advancing the business, using my knowledge as an Agric economist and my exposure to global trends and of course my prior experience on the family business helped a lot.”

Another participant added: “If you want to attend to customer complaints, the way you address them matters. Education makes you understand them and help them solve the problem. This also brings new customers. You need to be able to communicate well with your customers to show that you understand what they are telling you. The way you communicate encourages them that this person knows what he is doing. They will say, go to that boy, he understands it.”

Another participant said: “Mama (incumbent) tried her possible best to make everyone educated. I think that is one of her priorities. So as a successor, you must be educated.”

#### **4.4. Passion and Commitment of the Successor**

While having a successor to take over a family business is good, it is better to have a successor who has passion and commitment to the long-term future of the FB.

##### *4.4.1. Passion of the Successor*

Passion is the inner fire that drives the successor to do their best for the FB even when things are not going as planned.

One participant said: “The passion of the successor is necessary for anyone that wants to succeed. What is in your mind helps the most. If you are doing something and your mind is not there, how can such a person be successful in the work? It’s not possible. What you have passion for, your mind is there.”

Another participant stated: “My first daughter has a profound love for this business. There is almost nothing she cannot prepare when it comes to food. Even my siblings sometimes make amala. So, there is no meal they cannot prepare. My daughter also works outside because we do outdoor catering services for people. She follows us out and has displayed a good understanding of the work very well. So, in the nearest future, if she feels it is a job she likes and can take on, no problem.”

Another participant added: “You make your passion your profession. If you are doing a business or a job just to earn money, there is a limit to how far you can go. But if it's your passion, you enjoy doing what you are doing at that particular time. It is very easy to commit yourself to a business you have passion for.”

#### 4.4.2. *Commitment of the Successor*

Having passion alone is not enough for a successor; passion must be matched with commitment.

One participant explained: “In fact, when I get home at times, I will wake up at night and think, how can I do this thing? Others have tried it, they didn't get it, I must try to get it. I will strive to get it so that the next time he/she comes around, I will try and do it this way to see if it works.”

Another participant added: “Back then, I would be in the shop, go to the fishpond on Monday, and travel on Tuesday. I used to go to Cotonou, by calculating when the fish would be fully bought, I would then make sure I get back on Thursday. Once I get back and pack more fishes, I would then travel back to bring back the fairly used car I bought in Cotonou.”

Another participant stated: “My dad used to scold me at times, saying I need to be more serious and focused, and ready to learn fast and take responsibility. These are things expected of me in the future.”

Another participant added: “We run this business 24/7, Sunday to Sunday. There is no day off, even on festive periods like Salah. We still open. Most of my brothers have these interests in going out, so I will always be the one being supportive since then.”

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## 5. Conclusions and Recommendations

The research question raised by this study was whether prior experience, training, and educational background of the successor impacted the family's choice of a successor and determined successor viability. The themes identified in the responses acknowledged prior experience as paramount in succeeding in the family business. This is because access to a wealth of knowledge needed to run the business was considered critical for the potential successor. The decision to consider prior experience as an important criterion was evidenced by participants' testimonies that prior knowledge helped them remember things faster and proffer solutions more efficiently. Intentional exposure of family members to the business from a tender age further justified the relevance of prior experience from inception, making it non-negotiable. Acquiring such experience is a way of understanding the family business culture and capabilities needed to sustain the business.

Further analysis revealed that the educational background (formal and informal) of potential successors was an uncompromised criterion in becoming a successor. This was indirectly designed so that family siblings were only allowed to come to the business premises after returning from school or during school breaks. Community and family norms perceived education as an essential element in the choice of a successor. The family believed that education would guide the successor, providing exposure, confidence, and opportunities. The business's image would be bolstered and well-respected by the immediate and global community. Their support for education was vindicated by the fact that modern business activities are increasingly driven by computer literacy, networking, customer relations, design thinking, and artificial intelligence. All these were made possible and easier through education at formal and informal levels.

The results also explored whether the potential successor's passion and commitment to the business influenced their choice as the family business successor. The results revealed that passion for the job drives commitment and loyalty, fostering strong focus. Passion arouses curiosity and induces determination to learn quickly and try new things to sustain the business. Passion and commitment further grow upon realizing one could emerge as the family business successor. However, commitment without passion may not be sustainable because business challenges could undermine commitment and focus. A strong passion for the business could force further determination to succeed despite challenges. The zeal to take calculated risks without fear was also triggered by passion and commitment.

## Compliance with ethical standards

### *Disclosure of conflict of interest*

No conflict of interest to be disclosed.

### *Statement of ethical approval*

The present research work does not contain any studies performed on animals/humans' subjects by any of the authors.

### *Statement of informed consent*

Informed consent was obtained from all individual participants included in the study.

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