Culture Determinants and Family Business Succession in Jos Metropolis, Plateau State Nigeria

Adronke Joseph

Department of Business Administration, Faculty of Management Sciences, University of Jos, Nigeria.

Abstract

Family businesses are one of the dominant entrepreneurial forces in today’s global economy but their poor survival rate is a continuing source of concern all over the world. They are culture specific and researchers need to consider the way in which culture may be impacting positively or negatively on them as firm’s culture has a relatively weak influence on an individual’s core culture beliefs and values. This study therefore examined the impact of culture determinants such as age, extended family system, inheritance tradition (preference for sons, marriage, etc) and education (formal training and development) on family business succession with a focal point among small and medium enterprises in Jos Metropolis, Plateau State. Using a cross-sectional survey, structured questionnaire schedule was administered to obtain data from 372 SMEs in various sectors. Data from the questionnaire were analysed using summary statistics, binomial logistic regression analysis and Pearson correlation coefficient in establishing preliminary relationships among the study variables. The findings of the binomial logistics indicates that all the determinants of culture have significant impact on the successful succession of family businesses while the result of the Pearson correlation coefficient shows that extended family system followed by inheritance law has the highest magnitude effect on successful succession of family business. It was recommended that founders of family businesses should put in place sound policies in business operation and succession plans to forestall any problem that may arise through cultural laws such as extended family system, inheritance law etc as only through this can a long-term functioning of the business operations be ensured among others. It is hoped that the study findings and the integrated framework provide family firms, professionals, academics and policy makers with an insight to cultural factors contributing to successful succession in family firms as understanding these factors is the keystone to reducing the high mortality rate of this important segment in the economy.

Keywords: cultural determinants (age, extended family system, inheritance tradition, education) and Family business succession

INTRODUCTION

The size of the family business component of the Nigerian economy suggests that it is a predominant way of doing business in the country (Oluwatayo, 1999; Central Bank of Nigeria, 2002; Adelaja, 2006). The “European Group of Family Enterprises” and the “Family Business Network”(2008), defines family business as a company whose ownership and management are concentrated in one or more families, with at least one member of the family at the helm and control of the business and others are being groomed or considered for eventual leadership. One can say therefore that family business is quite simply the “wider-lens” view of entrepreneurship as the initial business efforts of one or more family members grow and change over time. Even Sexton and Bowman-Upton, (1991) opines that family businesses has entrepreneurship as its start and heart.

The poor survival rate of these firms is a continuing source of concern given the dominance of family businesses in so many national economies all over the world as only 13 percent survive through the third generation (Sharma, 1999, Heck & Trent, 1999).

According to Davis and Harveston, (1998) just 30% of family businesses see the light of the day beyond the first generation while about 10% to 15% go beyond third generation. In Nigeria more than 70% of SMEs die before their founders as most of them are not able to survive a generational transition (Lansberg & Astrachan, 1994; Nworah, 2011). Although successful family businesses still abound in Nigeria such as the Ibrus Groups, the Bruce family’s Domino Group, Dangote Group, the Dantata family business, the Ekene Dili-Chukwu transport, the Iyarase transport, Owodunni & Sons, Ehidenro & Sons among others (Momoh, 2010). However, Ughoro, (2011) opines that Nigerian society thrives on sentiments with people occupying positions they should not because they are related to people at the helm of affairs with owners of businesses usually passing the reins to member of families, especially the eldest child even if not qualified, interested or knowledgeable enough to know their left from right. Family business is said to be culture specific (Daily & Dollinger, 1991; Koslow, 1993; Sharma, 1997; and Ng, 1999). Samovar and Porter, (1994) defines culture as the cumulative deposit of knowledge,
experience, beliefs, values, attitudes, meanings, hierarchies, religion, notions of time, roles, spatial relations, concepts of the universe, and material objects and possessions acquired by a group of people in the course of generations, through individual and group striving. Culture impacts on people and organization behaviour, and a great deal of management research has been directed towards understanding organisational culture which refers to the peripheral or more easily influenced values and beliefs that an individual holds Hofstede, (2001). An organisation’s culture has a relatively weak influence on an individual’s core cultural beliefs and values. If these beliefs and values are threatened by organisational practices, one can expect dysfunctional work behaviour or maladjustment (Adler, 1986). Thus, an individual’s behaviour in an organisational setting is a product of knowledge systems which are acquired both culturally and individually through unique life experiences (Erez & Earley, 1992).

Various researchers such as Handler, (1989); Lutz, (2003); & Gwizila, (2005), Ogundele, Idris and Ahmed-Ogundipe (2008) reviews the concept of succession and the attributes accountable for the problems associated with succession. Many authors have acknowledged that ethnic and cultural influences impact on family businesses (Ward, 1995; Ng, 1999; Chrisman, Chua & Steier, 2002 Adendorf, 2006; Cullen, 2007; and Adams, 2009). Irefin and Hammed, (2012) looks at how culture element of the people and the educational attainment of entrepreneur affect entrepreneur successor, while Esuh, Mohd and Adebayo, (2011) researched on the moderating effect of culture on small firm. This study however extends its investigation on how culture determinants such as age, extended family system, inheritance tradition (preference for sons, marriage, and attitude) and education (formal training and development) affect family business succession among SMEs and examine which of the determinants has the greatest impact on the successful succession of family business in Jos Metropolis of Plateau State.

The following objectives were pursued to
i. determine the extent extended family system has impacted significantly on family business succession.
ii. determine the extent inheritance law has impacted significantly on family business succession.
iii. establish whether age has significantly impacted on family business succession.
v. determine which of the culture determinants has the greatest impact on family business succession

The research did not give details of Nigeria’s business environment, touch areas like business laws and regulations in Nigeria, government interventions in business and import criteria’s but narrows the research only to cultural determinants and its influence on business in Nigeria especially as it affect succession.

LITERATURE REVIEW

The influence of culture on entrepreneurship was first emphasized by Max Weber at the beginning of twenty century. Culture, the collective values and beliefs of an identifiable group represents an important determinant of firm continuity, performance (Daily & Dollinger, 1991, Shane, 1992, 1993; Koslow, 1993, Shane, Venkataraman, & MacMillan, 1995) and societal well-being (Landes, 1998). Culture has many determinants, dimensions or “layers” (Hofstede, Neuijen, Ohayv, & Sanders, 1990; Hofstede, 2001). Fundamental to cultural studies “is defining the proper level or layer at which culture should be assessed” according to Lenartowicz and Roth, (1999).

From the perspective of organizations, family represents an important layer of culture that is little understood. Yet family, as an element of firm culture, can have a significant influence on the perceptions of key stakeholders as well as firm performance (Chrisman, Chua & Steier, 2002). Thus a critical question for family business research is: what is the extent of a “family” culture in a family firm and what is its impact on family firm succession as the culture of the family firm plays an important role in determining the success of the business beyond the first generation?

“Culture” is a shared meaning or system, found among those who speak a particular language or dialect, during a specific historic period, and in a definable geographic region (Triandis, 2000). It functions to improve the adaptation of members of a culture to a particular ecology, and it includes the knowledge that people need to have in order to function effectively in their social environment (Triandis, 2000). Culture thus refers to the core values and beliefs of individuals within a society, which are formed in complex knowledge systems during childhood and reinforced throughout life (Lachman, 1983; Triandis, 1980; Hofstede, 1994, 2001).

Hill, (2003) said the values and norms of a culture do not emerge fully formed rather, they are the evolutionary product of a number of factors, including the prevailing political and economic philosophy, the social structure of a society, and the dominant religion, language and education.

According to him, formal education plays a key role in a society, it is the medium through which individuals learn many of the language, conceptual,
and mathematical skills that are indispensable in a modern society. It also supplements the family’s role in socializing the young into the values and norms of a society. Social Structure consists of many different aspects; two dimensions are particularly important when explaining differences between cultures. A country’s social strata can have important implications for the management and organization of businesses. In cultures where there is a great deal of consciousness over the class of others, the way individuals from different classes work together (i.e. management and labor) may be very prescribed and strained in some cultures (i.e. Britain), or have almost no significance in others (i.e. Japan). Class consciousness refers to a condition where people tend to perceive themselves in terms of their class background, and this shapes their relationships with others. Religion is a system of shared beliefs and rituals that are concerned with the realm of the sacred. Ethical systems refer to set of moral principles, or values, that are used to guide and shape behaviour. Language shapes the way people perceive the world, it also helps define culture and countries with more than one language often have more than one culture.

**Nigeria Family System and Culture**

According to the World Fact Book (2010), Nigeria is the most populous African country composing of more than 250 ethnic groups composing of Hausa and Fulani 29%, Yoruba 21%, Ibo 18%*, Yoruba 6.5%, Yakuri 4%, Ibibio 4.5%, Kanuri 4%, Annang 3.5%, Efik 2.2%, Tiv 2.5%, Efik 2%. The family is extremely important and they are not the epitome of indestructible knit, but there is still that strong family bond which is mostly described by the saying that blood is thicker than water; and fuelled by strong societal traditional norms. Marriage which is a means by which a family is formed is viewed as a necessary but not sufficient condition to create a family. The issue of marriage or even the family system at large is not a private one; these two institutions are rarely established without the interference of the extended family members (Boomie, Caldwell, Orubuloye and Caldwell, 1991; Ogundipe-Leslie, 1994; Aluko and Alfa, 1985; Bascom, 1969).

Although Nigeria families are patrilineal, hardly can one observe remarkable difference between Nigeria families and some Africa countries whose families are matrilineal. Ogundipe – Leslie (1994) had the following stated as the general norm in most Africa communities. African women are weighed down by super structural forms deriving from the pre-colonial past. In most African societies, whether patrilineal or matrilineal, gender hierarchy, male supremacy or sex asymmetry (or whatever term we choose to use) was known and taken for granted. Even in matrilineal societies, women were still subordinate to men, considered as second place to men; the only difference being that inheritance and authority pass through the women to the male of the line (rather than it passing through the male to the male line as in the case of patrilineal families).

Emphasis has always been placed on the male especially in the family system; mainly because the families in Nigeria are patrilineal, the males are seen as continuity of both family name and lineage and the men are supposed to be dominant with women being subject to them. Norms are strongly adhered to in Nigeria families as woman either as a daughter or sister has more value, authority and even in many cases right to inheritance (Ogundipe-Leslie, 1994; Aluko& Alfa, 1985). Nigeria families are also guided by the strict system of seniority and hierarchy importance (Fadipe, 1970; Elliot & Gray, 2002). Relationships within the family are rigidly established according to a hierarchy based on rules defining roles and functions. Criteria are age, sex, kinship tie, degree of alliance and marital status (e.g. marriage rank of wives). Peli, (1991), reports that the goal for many Nigerians is to build up a large network of dependents that will help them in diverse ways whenever they need it. She adds that ‘this is much easier for men than for women, especially in a polygamous society where marriages tend to breakup after no more children can be expected’. The extended family phenomenon is also reported to be a barrier to entrepreneurship development. The “Care Syndrome” (Esen, 1973 as cited by Obayan, 1995), which is a feature of Nigerian extended family, is a burden on entrepreneurship as suggested by the result. The expectations of this family system from its members are found to be incompatible with entrepreneurship ideal based on pure economic principle of rationality. The “care syndrome” among family members encourages the tendency towards dependency. Rather than for every family member to engage in productive activity, one notices a trend where the less successful members look up to the most successful member of the group for sustenance.

**Family Business and Succession**

The definition of family business vary internationally and the family ownership form display different capabilities in specific societies. Handler, (1990) defines it as “a business run by at least one family member”. Chua, Chrisman and Sharma, (1999) defined family business as family owned and family managed, Family owned but not family managed and Family managed but not family owned. Clearly, a business owned and managed by a nuclear family is a family business. By necessity, it will be operated with the intention of pursuing a desired future for the family in accordance with their values and preferences. Family dynamics will affect decisions/actions, and those decisions/actions will assuredly be different from business which is not
influenced by either family ownership or family management (Chua, et al., 1999).

This study however adopts the definition given by Cullen (2007) which defines a family owned business as one which has been started by an entrepreneur/founder and eventually progresses to being owner managed and then results in more than one member working in the business, which leads to a family partnership. The business is expected to be passed on to succeeding generations of the family, sometimes through marriage which leads to sibling partnerships and eventually family syndicates where the descendants of the original founder own or control or participate in and or benefit from the business.

Lam, (2009) reports that the high possibility of family business failure has made the issue of succession the most critical one. According to him, the effect of family business discontinuation is very dangerous and devastating as it could lead to loss of jobs and family assets as well as family relationships. Succession has been viewed by many scholars as a long-term process involving multiple activities (Handler, 1994; Sharma, Chrisman & Chua, 2003, Parrish, 2009). Longenecker and Schoen (1978), for instance, identifies that a successor’s training takes place throughout childhood, adolescence and adult years. Their basic proposition is as follows: Parent-child succession in the leadership of a family-controlled business involves a long-term diachronic process of socialization, that is, family successors are gradually prepared for leadership through a lifetime of learning experience. One critical activity that entails the succession process is the grooming of the future leader of the firm (Fiegner, Brown, Prince & File, 1996; Sharma, Chrisman & Chua, 2003) which ensures that the successor is skillful and experienced enough to take over the business.

The significance of this aspect in the succession process has been identified by a number of scholars. As supported by the knowledge-based view of family firms, the ability to transfer a firm’s specific knowledge from founder to successor is considered a key strategic asset, which is why understanding the importance of this process may help develop and maintain competitive advantage in family firms (Cabrera-Suarez, Saa-Perez & Garcia-Almeida, 2001). Foster (1995) said developing leadership in the successor generation is as crucial to the survival of family-owned and family-managed businesses.

Cultural and Structural Theories
In an attempt to understand the relationship between culture and entrepreneurship, Butler and Herring (1991) suggests the middleman theory and social learning theory. Middleman theory has developed propositions relating to ethnic solidarity, societal hostility, and the development of business enterprises (Triandis, 2000). This theory proposes that, for groups that adjust to society by developing enterprises, hostility is generated towards them from the larger society, and this increases ethnic solidarity, which in turn promotes the further development of business enterprises. As a result, an entrepreneurial culture develops, that keeps the groups from falling to the bottom of the economic ladder in society (Ward, 1995). Over time, such groups begin to occupy the middle part of the economic system, hence the term “middleman” (Bonacich and Modell, 1980). Butler and Herring, (1991) suggests that because of the small amount of capital required, groups in this tradition are more likely to concentrate on small-service enterprises. In addition to a heightened sense of the importance of business, these groups develop a strong emphasis on the education of their offspring. As a result, their children are more likely to become professionals, especially in areas that are entrepreneurial in nature. They are often found in occupations such as law, education, and medicine (Butler and Herring, 1991). Mantzaris, (2000) points out that those who are not professionals are more likely to develop enterprises in the middleman tradition (Bonacich and Modell, 1980; Zemner, 1985).

Another cultural explanation that attempts to account for differential rates of entrepreneurship among diverse ethnic groups is social learning theory (Schere, Adams, Carley and Wiebe, 1989). This perspective proposes that “role models” act as important environmental factors in forming career preferences. Observing, identifying with, and appreciating the behaviour of others make certain callings more noticeable than others. Through a process of vicarious learning and emulation, people make cognitive evaluations of the overall attractiveness of specific career options. They are either encouraged or discouraged to enter a particular occupation. People are more likely to enter a particular career or profession if they have seen role models successfully performing the activities associated with that career. They are also less likely to pursue a path in which significant others have been unsuccessful (Hofstede, 2001). Research has established the relationship between social learning and entrepreneurial behaviour. It has been shown that over 70% of entrepreneurs come from homes where parents or close relatives owned a small enterprise or were independent professionals such as lawyers, farmers, or accountants (Butler and Herring, 1996)

Effects of Culture on Family Business Succession
To describe the impact of culture on family business succession, Howarth and Ali (2001)’s model was adopted and modified to suit the objective of the study as shown in the figure 1.
The conceptual framework shows that specific aspects of culture are expected to impact on a particular determinant of the succession outcome (Ward, 1997). For example, culture affects the relative value placed on education, which, in turn, impacts on the preparation of potential successors and thus, the succession outcome as cultural attitudes are formed through complex processes that are often not clearly understood (OECD, 1998). It is also clear that cultural attitudes affect the way in which business is conducted (GTI, 2000) therefore practitioners need to consider the way in which culture may be impacting, positively or negatively, on the family business. Culture goes deep, and by its very nature, is not something that can be changed overnight (Howarth and Ali, 2001).

Embedded in the family system are social norms passed down from one generation to another. Hence, the researcher concludes that most of these societal norms cut across the nation irrespective of age, educational achievement, religion, marital status therefore the model constructed by the researcher form the basis of this study in other to know which of the societal norm is peculiar to Nigeria, how its affect successful business succession and which of the determinant has the greatest impact on successful succession.

![Figure 1: Effect of Culture Determinants on Family Business Succession](Source: (Researcher Construct, 2014))

**METHODOLOGY**
A cross-sectional survey design was adopted with structured questionnaire schedule administered to obtain data from 372 SMEs in the various sectors of Jos metropolis from 1990-2013. Data from the questionnaire were analysed using summary statistics, binomial logistic regression analysis and Pearson correlation coefficient in establishing preliminary relationships among the study variables.

**RESEARCH MODEL**

**Independent Variables**
These are the mediating factors hypothesized to affect succession. These variables constitute four categories:
(1) Extended family - a multiplicity of primary familial relationship, usually determined by kinship, where everybody is a father, mother, brother, sister or child, which functions to meet the emotional, financial, physical and social of members (Obayan, 1995).
(2) Inheritance law- This encompasses all factors characterizing the Nigeria family (e.g. reference for male over female child, shared or dominant ideology, tradition, custom etc).
(3) Age - These include all factors characterizing the successor or likely successor of the family business (e.g., experience, maturity, composure, etc.);
(4) Education - The relative value placed on education, which, in turn, impacts on the preparation of potential successors and thus, the succession outcome as cultural attitudes are formed through complex processes that are often not clearly understood (OECD, 1998).

**Dependent Variables**
The dependent variable is succession as a proxy for survivability. Respondent firms belong to either first generation or the succeeding generation, either second or higher. The succession plan variables were represented by the integration of generation in business and grooming a child for leadership (Foster, 1995; Fiegener, Brown, Prince & File, 1996; Sharma, Chrisman & Chua, 2003). Thus, indicating the presence or absence of a succession plan.
(4) Education/ Training – These include all factors characterizing the successor or likely successor of the family business (e.g. skills, knowledge on business processes, time dedicated to learning, etc)

RESULTS
Characteristics of Small and Medium Enterprises
Table 1 show the demographic information was obtained via Section A of the questionnaires.

<table>
<thead>
<tr>
<th>Characteristics of Respondents</th>
<th>Frequencies</th>
<th>Percentages</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender of Respondents:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>213</td>
<td>75.8</td>
</tr>
<tr>
<td>Female</td>
<td>68</td>
<td>24.2</td>
</tr>
<tr>
<td>Age range of respondents</td>
<td></td>
<td></td>
</tr>
<tr>
<td>21-30: 30</td>
<td>10.7</td>
<td></td>
</tr>
<tr>
<td>31-40: 75</td>
<td>26.7</td>
<td></td>
</tr>
<tr>
<td>41-50: 175</td>
<td>62.3</td>
<td></td>
</tr>
<tr>
<td>Above 60: 1</td>
<td>0.35</td>
<td></td>
</tr>
<tr>
<td>Number of family members involved in the business</td>
<td>Between 1 and 5: 187</td>
<td>66.5</td>
</tr>
<tr>
<td></td>
<td>Between 6 and 10: 94</td>
<td>33.5</td>
</tr>
<tr>
<td>Ownership structure</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sole</td>
<td>246</td>
<td>87.5</td>
</tr>
<tr>
<td>Partnership</td>
<td>31</td>
<td>11.0</td>
</tr>
<tr>
<td>Business sector</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Retail</td>
<td>28</td>
<td>10</td>
</tr>
<tr>
<td>Service</td>
<td>19</td>
<td>6.8</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>104</td>
<td>37.0</td>
</tr>
<tr>
<td>Agriculture</td>
<td>130</td>
<td>46.3</td>
</tr>
<tr>
<td>How long has the business existed</td>
<td>3: 3yr: 111</td>
<td>39.5</td>
</tr>
<tr>
<td></td>
<td>6-10yrs: 33</td>
<td>11.7</td>
</tr>
<tr>
<td></td>
<td>11-20yrs: 97</td>
<td>34.5</td>
</tr>
<tr>
<td></td>
<td>21 above: 40</td>
<td>14.2</td>
</tr>
<tr>
<td>Who will take over the business</td>
<td>Son: 100</td>
<td>35.6</td>
</tr>
<tr>
<td></td>
<td>Daughter: 75</td>
<td>26.7</td>
</tr>
<tr>
<td></td>
<td>Relatives: 72</td>
<td>25.6</td>
</tr>
<tr>
<td></td>
<td>Non-family: 34</td>
<td>12.1</td>
</tr>
<tr>
<td>Which of the following best describe your generation in business</td>
<td>1st: 107</td>
<td>38.1</td>
</tr>
<tr>
<td></td>
<td>2nd: 57</td>
<td>20.3</td>
</tr>
<tr>
<td></td>
<td>3rd: 86</td>
<td>30.6</td>
</tr>
<tr>
<td></td>
<td>4th: 31</td>
<td>11.0</td>
</tr>
<tr>
<td>Who inherits the role of family leader in the business</td>
<td>Eldest son: 125</td>
<td>44.5</td>
</tr>
<tr>
<td></td>
<td>Eldest daughter: 1</td>
<td>0.36</td>
</tr>
<tr>
<td></td>
<td>Most educated son: 154</td>
<td>54.8</td>
</tr>
<tr>
<td>Are you grooming any of your children to take over the business</td>
<td>No: 34</td>
<td>12.1</td>
</tr>
<tr>
<td></td>
<td>Yes: 242</td>
<td>86.1</td>
</tr>
</tbody>
</table>

Source: Field Survey, 2013

A total of 372 questionnaires were personally delivered by the research team to potential respondents in Jos Metropolis, Plateau State and a total of 281 questionnaires were completed. Hence a response rate of 71.68% was achieved. From the total sample of 281, 231 respondents (75.8%) were males and 68 (24.19%) were females. The vast majority of the respondents solely own the business (87.54%) and just 11% are in joint family business mostly operating in agriculture and manufacturing sector (37% and 46.26%) and only 10% and 6.8% from retail and service sectors.

As regards the longevity of generations in their family businesses, 107 of the respondents (38.1%) were first-generation, 57 respondents (20.3%) were second-generation, 86 respondents (30.6%) were third-generation and 31 (11%) were fourth-generation family businesses surprisingly. The respondents were also asked to number the people of the same family who were involved in the family business 94 (33.5%) of the total sample reported 6 or more family members, and the majority of 187 (66.5%) of the respondents indicated that 1-5 members were involved in the same business.

The vast majority of the respondents businesses have existed for more than 10 years (62.3%) and only 37.7% for more than 11 years. For 35.6% of the respondents, their male child will take over the business while 26.7% and 25.6% opines that their female child and relatives will take over the business with only 12.1% their non-family members. This corresponds with Ogundipe-Lesie (1994) who opines that in most African societies male supremacy and dominant family settings Majority (54.8%) opines that the most educated son will inherit the leadership position in the family business and more than 86.1% are grooming a successor for their business.

From the open ended questions majority of the respondents believes that they will groom their successor to become like them. This follows the assertion made by the social learning theory which states that role models act as important environmental factors in forming career preferences (Schere, Adams, Carley and Wiebe, 1989) and one critical activity that entails the succession process is the grooming of the future leader of the firm (Fiegener, et al. 1996; Sharma, Chrisman & Chua, 2003) which ensures that the successor is skillful and experienced enough to take over the business.

Hypothesis 1

H1a: Extended family system has no significant impact on family business succession

\[ S_i^a = \beta_0 + \beta_1 E_n^x + \beta_2 S_i \] (1)

Where:

\[ S_i^a \] = The dependent variable is succession as a proxy for survivability

{No Plan for succession=0 Plan for succession=1}

\[ \beta_0 = \text{Intercept} \]

\[ \beta_1 = \text{slope of the extended family} \]

\[ E_n^x = \text{Extended family} \]

{Kinship system/influence=0, Family Values =1} - a multiplicity of primary familial relationship, usually determined by kinship, where everybody is a father, mother, brother, sister or child, which functions to meet the emotional, financial, physical and social of members (Obayan, 1995).

\[ S_i^x = \text{Sex} \]

{Male =1; female = 0}

\[ \beta_2 = \text{slope of sex} \]

\( i = \) cross section item not time variant

Note: \( \beta_0 \) constant of the Binary Logistics regression equation.

\( \beta_1 \) and \( \beta_2 \) = parameter estimates.
In (odds) = ln [ Ŷ] = a + bX

Ln (odds) = ln [S'] = β₀ + β₁Efi + β₂Sᵢ

Ln (odds) = ln [S'] = -19.588+20.395 Efi

To predict the odds that the subject of extended system has influence on business success. We use the odd prediction equation which is stated as:

ODD = e⁻^{19.588+20.395} Exfi

Kinship system = 0
Odds = e⁻^{19.588} = 3.11

For family value = 1
ODDS = e⁻^{19.588+20.395} = e⁻^{0.807}

Converting to probability, we have:

Sᵢ = ODDS = 3.11

1+ODDS = 4.11

Therefore 75% of Kinship system influences the business succession while, 69% family value influences the success of business.

Hypothesis 2:
H₂: Inheritance law has no significant impact on family business succession.

Sᵢ = β₀ + β₁Iᵢ + β₂Sᵢ

The dependent variable is succession as a proxy for survivability {No Plan for succession=0 Plan for succession=1}

β₀ = Intercept
β₁ = slope of the inheritance law
Iᵢ = Inheritance law- This encompasses all factors characterising the Nigeria family (e.g. reference for male over female child, shared or dominant ideology, tradition, custom etc) {Son =1, Daughter =2, Relatives =3 Non-family members (employee) =4}

Sᵢ = Sex {male =1; female = 0}
Sᵢ = slope of sex
i = cross section item not time variant

Table 2: Binomial Logistic Regression Result for Extended Family

<table>
<thead>
<tr>
<th></th>
<th>B</th>
<th>S.E.</th>
<th>Wald</th>
<th>df</th>
<th>Sig.</th>
<th>Exp(B)</th>
</tr>
</thead>
<tbody>
<tr>
<td>SEX(1)</td>
<td>.000</td>
<td></td>
<td>.000</td>
<td>1</td>
<td>1.000</td>
<td>1.000</td>
</tr>
<tr>
<td>Step 1*</td>
<td>FAMILY</td>
<td>20.395</td>
<td>3903.885</td>
<td>.000</td>
<td>1</td>
<td>.996</td>
</tr>
<tr>
<td>Constant</td>
<td>-19.588</td>
<td>3903.885</td>
<td>.000</td>
<td>1</td>
<td>.996</td>
<td>.000</td>
</tr>
</tbody>
</table>

a. Variable(s) entered on step 1: SEX, FAMILY.

The odd ratio is therefore:

\[ \text{Odds} = e^{19.588+20.395} \]

Table 3: Binomial Logistic Regression Result for Inheritance Law

<table>
<thead>
<tr>
<th></th>
<th>B</th>
<th>S.E.</th>
<th>Wald</th>
<th>df</th>
<th>Sig.</th>
<th>Exp(B)</th>
</tr>
</thead>
<tbody>
<tr>
<td>SEX(1)</td>
<td>-19.070</td>
<td>6797.442</td>
<td>.000</td>
<td>1</td>
<td>.998</td>
<td>245062709.418</td>
</tr>
<tr>
<td>Step 1*</td>
<td>INHERITANCE</td>
<td>19.317</td>
<td>2593.001</td>
<td>.000</td>
<td>1</td>
<td>.994</td>
</tr>
<tr>
<td>Constant</td>
<td>-18.609</td>
<td>2593.001</td>
<td>.000</td>
<td>1</td>
<td>.994</td>
<td>.000</td>
</tr>
</tbody>
</table>

a. Variable(s) entered on step 1: SEX, INHERITANCE.

The odd ratio:

\[ \text{In (odds)} = \ln \left( \frac{Y}{1 - Y} \right) = a + bX \]

\[ \ln (odds) = \ln \left( \frac{S'}{1 - S'} \right) = \beta₀ + \beta₁I_i \]

\[ \ln (odds) = \ln \left( \frac{S'}{1 - S'} \right) = -18.609+19.317 I_i \]

To predict the odds, substitute inheritance law variable.

Son=1 daughter=2 relatives=3 non family member (employee) = 4 in the equation to determine the decision.
The coefficient of age is positive but not significant relationship with business succession. This implies that the null hypothesis is rejected and the alternative is accepted i.e (H₃): Age has significant impact on family business succession.

The Odd ratio: 
\[ \text{ODDS} = e^{\beta_1 \text{age}} \]

All the age categories are matured enough to handle the business seceded to them with the formal or informal educational status as long they have the knowledge of handling family business.
training & development has significant impact on family business succession).
The Odd ratio:
\[ \text{ln (odds)} = \ln \left( \frac{\text{P(X success)}}{1 - \text{P(X success)}} \right) = \alpha + \beta X \]
\[ \ln (\text{odds}) = \ln \left[ \frac{S_{G}}{1 - S_{G}} \right] = \beta_0 + \beta_1 E_i \]
ODDS = \exp^{\beta_0 + \beta_1 E_i}

Substitute each value type of education in the equation.
Therefore, we have
\[ \text{ODD} = \exp^{1.696 + 0.00(0)} \]
\[ = \exp^{1.696} \]
\[ = 5.45 \]
Converting to probability, we have

Table 6: Correlation Coefficient

<table>
<thead>
<tr>
<th>Family Business</th>
<th>Age is a critical determinant of who succeeds the business</th>
<th>Education is a basic criteria for offspring to take over business</th>
<th>Extended family system influence who will succeed</th>
<th>Inheritance law does affect the succession plan in place</th>
</tr>
</thead>
<tbody>
<tr>
<td>succession</td>
<td>-.053</td>
<td>.227**</td>
<td>.373**</td>
<td>.332**</td>
</tr>
</tbody>
</table>

**. Correlation is significant at the 0.01 level (2-tailed)

The result of the Pearson correlation coefficient shows that extended family system has the highest magnitude of effect on the success on family business succession at 37% followed by inheritance law at 33%, religion at 25%, education at 23% and age has no effect on successful succession of the business.

**DISCUSSION**

The empirical results proves that the existence of culture determinants were important factors (extended family system, inheritance law, formal education, training & development and age) to successful family business succession. A positive but not significant relationship was found in all the variable inheritance law, extended family system, age and formal education as indicated by the p-values (0.996> 0.05, 0.994 > 0.05, 0.995 > 0.05 etc).

The Odd ratio used in measuring the impact size or effect size and in describing the strength of association between the dependent and independent variables (efficient of estimate -\( \beta_1, \beta_2, \beta_3 \) and \( \beta_4 \)) was done at 5% level of significance. The result indicates that 75% of Kinship system influences the succession of business and continuity while, 69% family value influences the success of business. All values under the inheritance law also exceed 0.5 (50%). All the age categories are matured enough to handle the business seceded to them with the formal or informal educational status as long they have the knowledge of handling family business and the values for both type of educational level are the same i.e 84% this indicating that whether formal training or experience or skill form of education, business succession is possible under any of such conditions. The Pearson correlation coefficient also reveals that extended family system at 37% has the greatest effect on successful family business succession followed by inheritance law 33% and education (23%). This finding is consistent but slightly different from other researcher’s findings as it shows which of the culture determinants has the bigger and greatest effect on the successful succession of SMEs even after the results of the hypotheses tested by binomial logistic regression shows that all determinant have significant impact on family business succession.

The findings supports many previous studies findings, Obayan, (1995) studies revealed that extended family phenomenon is a barrier to entrepreneurship development. Irefin & Hammend, (2012) work on the effect of culture on entrepreneur successor revealed that culture of the people is the major challenge facing multinational businesses in Nigeria thus, the implication of the findings lies in the fact that these cultural beliefs are an impediment to the succession process in multinational organization. The result reveals that educational attainment does not affect or bring about successful succession planning in multinational organizations. It also shows that the cultures of the people have a significant role in good succession planning in any organization and concluded that if the family has strong preference towards kinship culture, it will positively influence the division of the family business assets and consequently divide the business.

The empirical result of Adendorff, (2006) also proves that there is a positive, direct and significant relationship between cultural values alignment and
perceived good governance of family businesses. Howarth and Ali, (2001) findings reveals that culture affects the relative value placed on education which, in turn, impacts the preparation of potential successors and, thus, the succession outcome. The finding also indicates that ‘culture and ethnicity are fundamental to a family firm’s operations and motivations’ and specific aspects of culture are expected to affect each strand of the framework.

In summary, all culture determinants affect or impact business succession as the values are higher than 50% threshold and they were also consistent with other researcher’s findings. Also the researcher has not seen any empirical work which shows and ranked these determinants to know which has the greatest effect on family business succession. All findings have therefore proved that the parameter estimates are statistically significant as they are consistent with other empirical findings that support the framework that culture is very important in family business succession in Nigeria.

CONCLUSIONS
This research empirically tested the determinants of culture as they influence family business succession. The work of Howarth and Ali, (2001) helped the researcher in constructing a theoretical model that was tested statistically using binomial logistic regression analysis and Pearson correlation coefficient. From the context of the hypotheses tested in this study and the findings obtained, the following conclusions are therefore made;
1. The results confirmed the hypotheses that inheritance law, extended family system, age and formal education significantly impact on the ability for family firms to successfully continue with extended family system have the greatest impact on the firm’s succession. This is in line with OECD, (1998) and GTI, (2000) opinion that cultural attitudes are formed through complex processes that are often not clearly understood and its affect the way in which business is conducted, and culture goes deep, and by its very nature, is not something that can be changed overnight (Howarth and Ali, 2001).
2. The extended family system and succession laws of Nigeria, which comprise of native laws and customs, intestacy rules and the will of the deceased entrepreneur, coupled with the diverse culture of the people creates many succession problems for the business and brings about great threat to the sustainability of the family-owned business. Owner founders must take cognizance of these issues and act accordingly to preserve their legacies when there is still life.
3. On the overall, those findings on the significant of culture should be interpreted with caution as culture can still be insignificant in a different environment other than the environment upon which the present study is being conducted.

REFERENCES
Adams, L. C. (2009), The cultural Determinant of Success in Indian owed family Businesses, Nelson Mandela University Press
Cullen, M.D.M (2007). The Development of a Model to Promote Sustainable Strategic Entrepreneurial Behaviour of Family Estate Wine Businesses in the


Handler, W.C. (1989a), Managing the family firm succession process: The next generation family member’s experience. Boston University, Boston. 


389


Venter, E. (2002); The succession process in small and medium-sized family businesses in South Africa. University of Port Elizabeth.
