Management succession planning and family-owned manufacturing businesses survival: The moderating role of firm's background variables

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ABSTRACT

It remains unclear how lack of management succession planning relates to the collapse of 87% of the Tanzanian family-owned manufacturing businesses (FOMBs) after the first generation. Also, the question of whether a firm's background variables, namely; executive's education level, business age, and business size, moderate the relationship between management succession planning and the survival of FOMBs remains unanswered. Therefore, this study investigated the relationship between succession planning and the survival of FOMBs, moderated by the firm's background variables through the lens of resource-based theory as well as agency theory. A sample of 339 executives was randomly drawn from the FOMBs in Dar es Salaam city where the collapse of FOMBs after the first generation was revealed to be significant and surveyed using a structured questionnaire. Multiple linear regression was used as a quantitative data analysis technique with the support of SPSS as an analytical tool. Results revealed that management succession variables, namely; training the successor, successor involvement in business management and successor factors-work fit had a positive and significant relationship with the survival of FOMBs. However, the internal recruitment of the successor had an insignificant relationship with the survival of FOMBs. Therefore, management succession planning sustains the leadership pipeline and survival of the FOMBs through the involvement of the successor in business management, sufficiently training the successor, and handing over power to the successor whose competency and factors fit with the relevant work. The study contributes to an understanding of management succession planning variables and how they relate to the survival of family-owned manufacturing businesses. The study also provides a new conceptual framework on transgenerational management succession planning in the FOMBs.

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Introduction

Management succession planning refers to identifying the organisational critical management positions and broadening the skills of internal high-potential leaders to hold the future vacant or created key leadership positions in the organisation for the purpose of achieving organisational objectives (Rothwell, 2010). Due to its potential, it is highly acknowledged that management succession planning in the family-owned manufacturing businesses (FOMBs) is inevitable because it develops high potential and most productive successors as a precondition for a smooth leadership transition, business survival and continuity (Almessabi, 2017; Garg and Weele, 2012; Man, Mustafa, and Fang, 2016). FOMBs survival is the existence and continuation of that business to the next generation and normally measured by the number of customers, number of employees, level of sales revenues, profit, level of plans implementation, level of conflicts and number of generations (Magasi, 2020). FOMBs are considered as the cornerstone of the global economy due to their significant contribution to global socio-economic development, prosperity, socioemotional wealth

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and stability (Garg and Weele, 2012; Saan, Enu-Kwesi, and Nyewie, 2018; Umansa, Lybaertab, Steijversa, & Voordeckersa, 2021). The FOMBs create jobs, pay taxes, contribute to export and import revenues (Garg and Weele, 2012; Saan *et al.*, 2018), produce goods, develop competences, and promote creativity, innovations, and entrepreneurship (Garg and Weele, 2012; Kılıç & Filizöz, 2020; Saan *et al.*, 2018) and transmit a culture of business ownership to the next generation.

Despite all these advantages, literature indicates that 87% of the Tanzanian FOMBs collapse after the first generation (Maseyi, 2016). Lack of management succession planning is mentioned as the major cause of the FOMBs collapse in Tanzania (Budotela, 2016). Also, Magasi (2021) reports the negative effects of lacking management succession planning in a family-owned through an interview made on 12th September 2017 with the older son of one of the passed away richest man in the author's born district. That man had a transport company with 32 buses, oil shells, and several other business properties. The same man had 12 wives, 62 children, and over 24 grandchildren. The man failed to prepare the business successors from among his wives, elder sons, and daughters because of not trusting their credibility and abilities. He was himself the director, manager, and supervisor of everything in the business. When the man passed away in the late 1970s, nobody in the family had the skills to manage and run the business. Every family member had no the right skills to deal and network with the business stakeholders like employees, customers, suppliers, financiers, government, and the community. Everything in the business remained in the darkness. Consequently, there was a big conflict among the family members, the majority wanting to distribute the left-out wealth to family members. Each wife and her blood children could not trust the other counterparts. The decision was reached to distribute the wealth to every wife and her children because of failing to have a common agreement on who should stand as the director of that business. Despite each wife and her children being happy for wealth distribution, ten years later about 70% of the properties had been lost and most family members were totally bankrupt. The case again provides evidence that lack of properly coordinated succession planning might be the major reason for the failure of the FOMBs.

In the similar vein, the low rate of successful FOMBs transgenerational management succession may seriously affect the individual, households, family, and national economies. Maseyi (2016) and Tonya (2015) argue that despite a variety of human resource factors responsible for the low survival rate of the FOMBs in Tanzania, succession planning outweighs other factors. Likewise, other studies outside Tanzania indicate that the survival rate of the FOMBs to the next generation is caused by either lacking succession planning or having very poorly coordinated succession planning (Akpan and Ukpai, 2017; Garg and Weele, 2012; Mokhber, Tan, Rasid, Vakilibashi, Zamil; Seng, 2017; Williams & Michelle, 2021). However, these empirical studies and existing experience fail to answer how exactly management succession planning relates to the low survival rate of FOMBs. Other studies also suggest that the firm's background variables, namely; executive's education level, age of the business, and size of the business moderate the performance of the family businesses (FBs) (Adam & Alarifi, 2021; Mashenene, 2016; Mierzal *et al.*, 2017). Also, the question whether firm's background variables, namely; executive's education level, business age and business size, moderate the relationship between management succession planning and the survival of FOMBs remains unanswered.

The objective of the research presented herein was to investigate the relationship between management succession planning and the survival of the FOMBs moderated by the firm's background variables.

Literature Review

Theoretical and Conceptual Background

A number of theories address the foundation for the survival and sustainability of family-owned manufacturing businesses (FOMBs). The 63 percent of the FOMBs studies worldwide have been guided by Agency Theory while 12 percent by Resource Based Theory (RBT) (Lindow, 2013). This study was guided by RBT and Agency theory because they fit in explaining the determinants of management succession planning. The RBT assumes that a business's superior performance and sustained competitive advantage is significantly achieved by effectively and efficiently using internal resources and capabilities (Barney, 1991; Davis *et al.*, 2017; Penrose, 1959; Wernerfelt, 1984; Zahra, 2021). Thus, distinctive competences in the generation, development, and utilisation of resources and capabilities make FOMBs in the same industry and locality differ in performance and survival across generations. However, a fundamental question which needs answers arises here: why and how the FOMBs differ in performance and survival in the same locality in the development, deployment, and utilisation of resources, competences and capabilities? This is a fundamental question which needs a smart answer. It is, however, important to explain the meaning of the aforementioned terms before discussing their importance.

Galavan (2015) explains the meaning of resources, competences and capabilities. Resources are stocks of tangible and intangible assets that are possessed by an organisation. Competences refer to collective organisational routines utilized to deploy resources. Finally, capabilities are the capacity to deploy a combination of resources through collective organisational routines to achieve organisation's goals. However, Galavan' (2015) information does not explain clearly how resources, competencies, and capabilities can be synchronized and blended to enhance the survival of FOMBs. Business's resources are conceptualised as the assets which may either be tangible such as physical resources or intangible such as human and capital resources (Wernerfelt, 1984; Zahra, 2021). However, the latter does not explain how intangible resources affect the survival of the FOMBs. In addition, the business can gain a sustained competitive advantage if it possesses and deploys valuable, rare, inimitable, and non-substitutable resources and capabilities (Barney, 1991).

The assumption is that the business is like a closed system and that it can maintain resource heterogeneity and immobility. Resource-Based View (RBV) is dynamic and thus organisations must always struggle to manage change if they want to survive (Teece, Pisano, and Shuen, 1997). The implication is that businesses can have better performance and survival if they effectively, efficiently, and sustainably manage and use their resources and capabilities. Similarly, the fundamental concept of familiness is that intangible resources and capabilities of the family-owned lead to sustained competitive advantage, superior performance, and survival if are well and smartly developed, deployed, managed, and efficiently utilized (Alayo *et al.*, 2016; Barney, 1991; Davis *et al.*, 2017; Sirmon and Hitt, 2003; Umansa, Lybaertab, Steijversa, & Voordeckersa, 2021). However, there is insufficient information on how resources, competences and capabilities are built, deployed, and relate to the survival of family-owned manufacturing businesses.

Empirical Review and Hypothesis Development

Likewise, scholars agree that labour resource (human resource) is the most important resource in the family-owned business and it can be built by attaining skills, knowledge, and competences through training and work experience, or involvement in business management (Alayo *et al.*, 2016; Woodman, 2017; Li & Johansen, 2021). In connection to this study, this implies that training successor, and successor involvement in business management are essential constructs of management succession planning. Concerning successor involvement in business management, Maas *et al.* (2005) and Morris *et al.* (1997) emphasise considering the experience of the successor in the family-owned before choosing that successor to manage that business. Transparent involvement of the family members in making the decisions related to business management is essential in enriching their competencies (Dumbu, 2018; Alayo *et al.*, 2016; Li & Johansen, 2021). In addition, the preparation level of the successor and the period involved in business management decides the ability of the successor in making appropriate decisions and taking the leadership position (Mokhber *et al.*, 2017; Woodman, 2017). However, some scholars argue that family involvement in the business negatively affects the family business's performance since it increases unnecessary costs and also reduces the family ties with the society (Chrisman, Chua, & Litz, 2004). The foretasted arguments imply that complete involvement of the family members in managing the business is a cost since it requires paying them wages, salaries, incentives, allowances and other important entitlements. Moreover, cost and benefits analysis indicate that external hiring of managers gets the more experienced managers than grooming and developing internals by incurring lots of costs with no future retention assurance (DeVaro, 2016; Sardeshmukh and Corbett, 2011). Thus, existence of conflicting information on the effect of successor involvement in business management on the survival of FBs convinces to the creation of the hypothesis that:

H1: Successor involvement in business management has no a relationship with the family-owned manufacturing businesses' survival moderated by firm's background variables.

The relationship between training the successor and the family-owned manufacturing businesses' survival has also been contradicting. As a matter of fact, training employees is done for many reasons. Firstly, training is done to a new employee to familiarise that employee with history, goals, mission, values, vision, policies, work environment and general organisation's environment. Secondly, due to changes in internal business environments such as organisation's policies and external business environments such as technology, training is done to refresh, update and enhance employees' skills, knowledge and experience to cope up with existing changes. Thirdly, training is done to employees such as expected business successors to prepare them to hold big duties and responsibilities. Some studies have observed that the level of training employees and their work experience determine the quality of management succession planning process in the family-owned business (Alayo *et al.*, 2016; Dumbu, 2018). Other studies show that training employees has a little and short-term effect on the improving employees' performance (Higuchi, 2014) and training has the least effect on the survival of family-owned business (Gumbo, Ngugi, Gakure, and Ngugi, 2012). Thus, lack of consensus and existence of contradicting findings on the role of training on the family-owned survival attracts further studies, Thus, it is hypothesised that:

H2: Training the successor has no a relationship with the survival of family-owned manufacturing businesses moderated by firm's background variables.

Resource-Based Theory (RBT) is, however, criticised unsatisfactory in explaining how the business can gain profit and survival. Makadok (2011) suggests interlinkage RBT with another theory which builds the foundation for profit maximisation through reducing cost and information asymmetry (Panda and Leepsa, 2017). Agency Theory deals with agency problems and their possible solutions through reducing cost and information asymmetry (Jensen and Meckling, 1976; Panda and Leepsa, 2017). Agency problems arise from the existence of a conflict of interests between the agent and the principal due to misalignment of their interests. Conflicts of interest in the family businesses arise due to the existence of family differences, communication problems, poor relationships, differing expectations, lack of trust, confusion of roles, personal preferences and interests and inability to transfer management roles. The existence of significant conflicts of interest continuously weakens the survival of the family manufacturing business to the next generation (Jensen and Meckling, 1976; Kallmuenzer, 2015; Panda and Leepsa, 2017). However, lack of information on how Agency Theory weakens the survival of the family manufacturing businesses to the next generation attracts further studies.

Management succession planning retains and develops the high potential successors from within the business to ensure business growth and sustainability (Talpos, Pop, Văduva, and Kovács, 2017). The implication is that the survival of the family business depends on grooming, building, developing, and retaining the most intellectual, high potential, and qualified employees. In that sense,

recruitment type and successor factors are essential dimensions to consider when identifying, developing and selecting the successors. Recruitment in the family business is unique since there is an overlap between financial and non-financial goals and also distinctive business culture rooted in the business founders' values (Paul and Kleiner, 2017). It is cost-conscious to choose the agent who has consistent special and close relations with other shareholders of the family-owned to lower the conflicts of interest and agency problems (Fama and Jensen, 1983). Besides, recruiting from within the family members encourages and creates strong social-emotional bonding, ties and trust and also generally holds the big business shares (Labaki, Michael-Tsabari, and Zachary, 2013; Scheemaecker, 2017). This assumes that choosing a trustful successor who has a very close and warm relationship with other family members reduces unnecessary future conflicts in the family-owned. Also, internal recruitment of the successor retains decision-making powers in the hands of the family members and also reduces recruitment and selection costs (Bozer, Kuna, and Santora, 2015; Fama and Jensen, 1983; Saan *et al.*, 2018). However, other studies have found it unproductive in recruiting from within the family-owned because internal recruitment narrows the thinking capacity and limits the production of new and exciting ideas since inbreeding is encouraged (Adewale, Abolaji, and Kolade, 2011). Besides, empirical literature in this study covered different cultural aspects limiting the transferability of the results to Tanzania. Therefore, this study hypothesizes that:

H3: Internal recruitment of the successor has no relationship with the survival of family-owned manufacturing businesses moderated by firm's background variables.

Successor-factors fit such as capability and competence have been proposed as among of the important constructs of management succession planning. Royer, Simons, Boyd, and Rafferty (2008) assert that the selection of the family-owned successor should consider his or her suitability in leading and managing the business. The successor's individual factors such as personal goals, qualifications, age, education level, business knowledge and lifestyle have to align well with the business under succession planning (Devins and Jones, 2015; Bozer, Levin, and Santora, 2017). Similarly, the nature and requirements of the business should also be compatible to the expected successor (Alayo, Iturralde, Maseda, and Arzubiaga, 2016). The implication is that the suitability of the successor depends on the match between the successor's individual factors and the type and characteristics of a particular business. Therefore, for effective family-owned business growth and survival, successor factors-work fit should be considered as one of the crucial constructs of management succession planning. In contrast, Sharma and Agarwal (2016) revealed that Indian micro, Small, and Medium Enterprises (MSMEs) lack a succession plan and selecting the successor does not depend on the person's capability, competence and vision. Based on lack of consensus among studies on the relationship between successor factors-work fit and the survival of the family businesses, attracts further study. Thus, this study hypothesizes that:

H4: Successor factors-work fit has no effect a relationship with the survival of family-owned manufacturing businesses moderated by firm's background variables.

Research and Methodology

The relationship between management succession planning and family manufacturing businesses' survival was moderated by the firm's background variables, which are executive's education level, age of the business, and size of the business since these variables are suggested to improve the performance of the family business (Adam & Alarifi, 2021; Mashenene, 2016; Mierzal *et al.*, 2017).

The conceptual framework in Figure 1 was developed based on theoretical and empirical literature review information. Successor involvement in business management (SIBM) and training the successor (TS) variables were generated from resource-based theory (RBT). The variables internal recruitment of the successor (IRS) and successor factors-work fit (SFF) were generated from agency theory. The variables SIBM and TS had already been applied as management succession planning variables in other studies (Alayo *et al.*, 2016; Mokhber *et al.*, 2017; Woodman, 2017). However, the IRS was a residual variable and SFF was a new proposed variable. To predict the theoretical relationships between independent variables and the dependent variable, the following formula was applied in sketching the conceptual framework. FOMBs survival = f (SIBM, TS, IRS, SFF, ϵ); where ϵ is the error term. Each of the independent variables in Figure 1 was assumed to relate to the dependent variable FOMBs survival and that its successful implementation would help in solving the survival problem of the FOMBs to the subsequent generations.

From the literature review, successor involvement in business management is measured by the extent to which management involves employees in developing organisation's policies, plans, participating in the meetings, interacting with business stakeholders, searching for an expected successor, marketing the firm's products and managing and protecting the firm's properties. Training the successor is measured by the extent to which management develops employees' strengths through on-the-job training, off-the-job training and delegating assignments. Others include training employees on how to best use their competencies, understand the firm's frontline issues and how to effectively achieve the set goals and reach the targets.

Likewise, internal recruitment of the successor is measured by the level in which the management prioritises internal recruitment, internally recruits the senior leaders, reliable on internal recruitment and favouring promoting senior best workers to organisation's key positions. Besides, successor factors-work fit is measured by whether the successor's education, experience, future goals, commitment, attitude, ability, capabilities, hobby and behaviour will satisfy the needs of the firm. Others include whether the successor is self-drive, initiative, creative and innovative. Indicators for a dependent variable (family-owned manufacturing businesses' survival) were number of customers, number of employees, sales revenue, implementation of plans, ability to pass to next generation and level of conflicts among the stakeholders.

Figure 1. Conceptual framework; *Source:* Literature review

The study adopted a correlational research design because it tested the relationships between independent variables, moderated by firm's background variables without controlling those variables in the analysis (Kothari, 2009; Saunders *et al.*, 2012). The study was typically quantitative as it purely utilised closed-ended questions to determine the cause-and-effect relationships and also used statistical techniques for data analysis. Survey research was employed to give a quantitative description of attitudes, trends and opinions of the population under the study (Creswell, 2014; Kothari, 2009). Also, a cross-sectional survey was adopted because it allows data to be collected at one point of time of a specific study using structured data collection instruments (Kothari, 2009). The study was done in family-owned manufacturing businesses (FOMBs) located in Dar es Salaam city because it contains over 50% of FOMBs in Tanzania and FOMBs owners in that city inadequately prepare successors while still energetic and hence attracting business failure after exiting from the management (BOT, 2019; Magasi, 2016; NBS, 2016). The units of analysis were managers, directors, and CEOs in the FOMBs because succession planning is mainly done by executives (Almessabi, 2017; Dumbu, 2018). Units of observations were CEOs, directors and managers of family-owned manufacturing businesses because management succession planning is mainly done by senior officers (Dumbu, 2018; Ometlic, 2016).

Cochran's (1977) formula was employed to select the sample size from the population. Several researchers have adopted the same approach (Namwata *et al.*, 2015; Perret, 2016).

$$n = \frac{Z^2}{e^2} * pq$$

Whereby: n represents a sample size, Z represents the critical value (1.96 for a 95 percent), p stands for population proportion (50 percent), q is 1-p and e is the acceptable margin of error (0.05).

Therefore,

$$n = \frac{1.96^2}{0.05^2} * (0.5 * 0.5) = 384 \text{ respondents}$$

The researcher visited the Confederation of Tanzania Industries (CTI) to collect an available list of registered seventy-eight medium and large FOMBs in Dar es Salaam city which were established between the 1960s and 2000 for use since a firm with more than twenty years is normally assumed to have stable leadership systems (Nohria, 1995). Therefore, all FOMBs established after 2000 were omitted from the list. The researcher then assigned a unique random number to FOMBs from 0001 to 0078 on slips of paper before conducting a lottery. The numbered FOMBs were then selected using random numbers without replacement to avoid biases. The executives of each randomly picked family-owned manufacturing business (FOMB) were asked to fill the questionnaire until the actual sample size of 384 of the respondents was attained from thirty-seven FOMBs. However, after data coding and cleaning, the sample size used for this study consisted of 339 executives. This study used the primary data, which were collected using a structured questionnaire that was adopted from the previous studies. Saunders, Lewis, and Thornhill (2012) assert that the questionnaire is the most preferred data collection instrument in survey strategy because each respondent is asked to exactly respond to the same set of questions. The questionnaire had been adapted from previous studies (Alayo *et al.*, 2016; Ayranci, 2014; Bozer *et al.*, 2017; Ghee *et al.*, 2015; Gitonga, 2014; Jaffe, 1996; Jones, 2009; Samwel *et al.* 2016; Northouse, 2016; Saan *et al.*, 2018) and modified based on the study's objectives and hypotheses. IBM software SPSS version 20.0 supported data analysis from the questionnaire by using the relevant data analysis tools such as reliability tests, correlation analysis and multiple linear regression analysis.

Analysis and Findings

Reliability Test

Reliability analysis was done to ascertain if the obtained findings could be reliable, consistent and dependable. Reliability results show that the Cronbach's Alpha values for successor involvement in business management (SIBM), training the successor (TS), internal recruitment of the successor (IRS) and successor factors-work fit (SFF) variables were greater than the threshold alpha value of 0.7 as indicated in Table 1. This means that there was good and consistent reliability.

Table 1: Reliability results

Variable	Cronbach's Alpha	N of Items
SIBM	0.85	7
TS	0.92	6
IRS	0.87	4
SFF	0.95	10

Source: Data analysis (2019)

Correlational analysis was done to test multicollinearity among independent variables. The test was important to assess whether the absence of multicollinearity as one of the basic assumptions of multiple linear regressions was met. Table 2 shows that all correlation coefficients obtained from the correlation between independent variables were between -0.308 and 0.179. Low correlations between independent variables mean the absence of multicollinearity problems.

Normality Test

Regression assumes that variables have normal distributions. Kolmogorov-Smirnov (KS) was employed in evaluating the status of normality. If the KS test is insignificant ($p > .05$), the distribution of data satisfies the normality assumption (Saunders *et al.*, 2012). The findings are indicated in Table 2.

Table 2: Tests of normality

	Kolmogorov-Smirnov ^a			Shapiro-Wilk		
	Statistic	Df	Sig.	Statistic	Df	Sig.
SIBM	.141	339	.145	.940	339	.220
TS	.286	339	.081	.784	339	.091
IRS	.187	339	.150	.876	339	.173
SFF	.143	339	.221	.924	339	.182

a. Lilliefors Significance Correction

Source: Data analysis (2019)

The observed KS findings for all independent variables indicate that they were normally distributed as all significance values were greater than the critical value 0.05.

Multicollinearity Test

Correlational analysis was done to test multicollinearity among independent variables. The test was important to assess whether the absence of multicollinearity as one of the basic assumptions of multiple linear regressions was met. Table 3 shows that all correlation coefficients obtained from the correlation between independent variables were between -0.308 and 0.179. Low correlations between independent variables mean the absence of multicollinearity problems.

Table 3: Correlational analysis results

		IRS	SFF	TS	SIBM
IRS	Pearson Correlation	1.000			
SFF	Pearson Correlation	-.079 (.134)	1.000		
TS	Pearson Correlation	-.208** (.000)	-.232** (.000)	1.000	
SIBM	Pearson Correlation	.157** (.000)	.179** (.001)	-.029** (.001)	1.000

N= 339

* $p < 0.05$, ** $p < 0.01$

Source: Data analysis (2019)

Hypotheses Testing

Multiple linear regression analysis was suitable for testing hypotheses and making final conclusion. The findings in Table 4 depict that the value of adjusted R^2 is 61.2 percent (0.612), which means that 49.7 percent of the survival of family-owned manufacturing businesses is explained by the independent variables SIBM, TS, IRS and SFF. This implies that successful implementation and practicing management succession planning policy will contribute to 38.8 percent to the survival of the FOMBs.

Table 4: Overall model fit results

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.789 ^a	.623	.612	.57344426
a. Predictors: (Constant), SIBM, TS, IRS, SFF, RespEd, BusinessAge, BusinessSize				
b. Dependent Variable: Family-owned manufacturing businesses (FOMBs)				

Source: Data analysis (2019)

Table 5 indicates the ANOVA F statistic which was generated to test whether the regression model as a whole was significant. The p-value is 0.000 which is less than the critical value of 0.05, an indication that the altogether influence of the four independent variables on the dependent variable was significant.

Table 5: ANOVA F-test in regression model

ANOVA ^a						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	191.203	7	27.314	83.021	.000 ^b
	Residual	109.832	334	.329		
	Total	301.035	341			

a. Dependent Variable: FOMBS

b. Predictors: (Constant), SIBM, TS, IRS, SFF, ExecEd, BusinessAge, BusinessSize

Source: Data analysis (2019)

Table 6 presents the coefficients of multiple linear regressions. Multiple linear regression equation was derived from Table 6, as indicated in the following equation.

$$Y = -1.179 + .419SIBM + .239TS + .056IRS + .439SFF + .267 RespAge + -.24FirmAge + .065FirmsSize + \epsilon$$

Where: Y is the predicted value of the dependent variable. SIBM, TS, IRS and SFF are the predictors. The predictors are successor involvement in business management, training the successor, internal recruitment of the successor and successor factors-work fit respectively. Executive's education level, business age and business size are firm's background variables that were suggested to have moderating effects on the relationship between management succession planning and FOMBs survival.

Table 6: Coefficients of multiple linear regression analysis

Coefficients ^a								
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	-1.179	.268		-4.338	.000		
	SIBM	.419	.062	.425	6.725	.000	.852	1.174
	TS	.239	.088	.244	2.714	.006	.957	1.045
	IRS	.056	.063	.061	.888	.375	.908	1.102
	SFF	.439	.042	.442	10.429	.000	.878	1.138
	ExecEd.	.267	.073	.274	3.658	.000	.661	1.514
	BusAge	-.024	.033	-.030	-.717	.474	.672	1.488
	BusSize	.065	.074	.071	.876	.382	.891	1.123
a. Dependent Variable: Survival of the FOMBs (FOMBs)								

a. Dependent Variable: Survival of the FOMBs (FOMBs)

Source: Data analysis (2019)

Discussion and Conclusion

Moderating Factors

The firm's background variables, which are the education level of the executives (ExecEd), age of the business (BusAge), and size of the business (BusSize), were included in the analysis since they were suggested to moderate the relationship between management succession planning and the performance of the family businesses (Adam & Alarifi, 2021; Mashenene, 2016; Mierzal *et al.*, 2017). The executive's education level was revealed to have a positive and significant moderating effect on the relationship between management succession planning and the survival of family-owned manufacturing businesses (FOMBs). This implies that education level should be considered as the major factor while identifying and developing the successors in the FOMBs. In contrast, the business's age was found to have a negative and insignificant moderating effect on the relationship between management succession

planning and the survival of FOMBs. Likewise, literature reports that as the FOMB passes on from the first generation to the subsequent generations, management tends to become weaker and business growth deteriorates (Akpan and Ukpai, 2017; Lanz, 2014). In addition, the business's size was found to have a positive but insignificant moderating effect on the relationship between management succession planning and the survival of FOMBs. The findings support other studies that, as the business increase in size, the chances of having succession planning and survival increases due to the presence of formal management systems (Nohria, 1995; Mierzal *et al.*, 2017).

Successor involvement in business management

Research objective one examined whether successor involvement in business management had a relationship with the family-owned manufacturing businesses' survival. Equation (2-2) shows a positive ($B=0.419$) effect between successor involvement in business management and family-owned manufacturing businesses' survival, moderated by the firm's background variables. Table 6 indicates that successor involvement in business management has a significant positive effect on the FOMBs survival since the observed value ($p=.000$) is far less than the standard critical value ($p=.05$). Consequently, the null hypothesis is rejected and the alternative hypothesis is supported. Thus, successor involvement in business management has a significant positive effect on the FOMBs' survival. The findings are contrary to other empirical studies which emphasise that it is more beneficial to hire managers from external sources to get more competent and experienced managers than grooming and developing internals by incurring lots of costs with no future retention assurance (Sardeshmukh and Corbett, 2011; DeVaro, 2016). The implication is that some successors are wholly developed as future managers but ultimately, they either turnover or choose alternative businesses. Moreover, some owner-managers and CEOs avoid involving the family members while making decisions on sensitive business issues due to fear of unforeseen consequences for disclosing the business records or secrets (Danford, John, and Lazaro, 2014). However, the findings are consistent with Alayo *et al.* (2016) that excellent management succession planning in the family-owned involves employees in business management to gain ample experience in managing that business. Experience assists the successors to gain self-confidence, assertiveness, credibility, dominance, honesty and integrity, sociability, extraversion, resilience, charisma, respect, and hugely reduces the dependence on predecessor (Maas *et al.*, 2005; Northouse, 2016). Dumbu (2018) asserts that transparent involvement of the family members in making the decisions related to business management such as management succession planning is crucial in reducing the endless family-owned conflicts. Habbershon *et al.* (2003) also maintain that involvement of family members in family-owned management leads to familiness behaviour, distinctive vision, creating strong bonds and ties and also build synergistic capabilities and resources. In the similar vein, Li and Johansen (2021) oils that involvement of the expected successors in business management enhances collaboration, frequent interaction with the business founder and creates a distinctive business experience and high levels of solidarity. Experience assists the successors to gain self-confidence, assertiveness, credibility, dominance, honesty and integrity, sociability, extraversion, resilience, charisma, respect, skills, knowledge, ability and hugely reduces the dependence on predecessor. As a result, it eases networking with major family business stakeholders such bankers, suppliers, customers, government and community. Involving potential successors in business management becomes viable and effective if the young generation is assigned with duties and responsibilities from the low levels to stepwise equip it with full business management knowledge, skills, experience and ability. Furthermore, according to Woodman (2017), the period involved in business management is a major factor to consider when making successor selection decisions and handing over the key leadership position to that successor. Thus, successor involvement in FOMB management exposes that successor to critical leadership skills and helps in smooth leadership transition and sustaining the survival of FOMB. It is, therefore, concluded that successor involvement in FOMBs management is one of the most important countermeasures for solving the low survival problem of that business and that its effective implementation will sustain the survival of FOMBs to the subsequent generation.

Training the successor

Research objective two examined whether training the successor had a relationship with the family-owned manufacturing businesses' survival. Equation (2-2) shows a positive ($B= 0.239$) effect between training the successor and the FOMBs survival, moderated by the firm's background variables. Table 6 shows that training the successor has a significant positive effect on the FOMBs' survival since the observed value ($p=.006$) is far less than the standard critical value ($p=.05$). Therefore, the alternative hypothesis (H_{a2}) is accepted. Therefore, training the successor has a significant positive effect on the FOMBs' survival. The obtained results are, however, contrary to Gumbo *et al.* (2012) who argues that training employees have the lowest impact on SMEs' survival. Besides, Higuchi (2014) found that training although training employees (potential successors) improves their performance, that performance falls if training is not done again after two years since the training was undertaken. Higuchi's (2014) argument implies that training employees (potential successors) should be frequently conducted. Furthermore, after sufficient training, follow-up mechanisms must be established, installed, and implemented as an assurance for the effective, efficient, and best way of utilising the trained employees. Alayo *et al.* (2016) further revealed that the level of training employees and their experience determine the fate of excellent management succession planning in the family business. Therefore, training updates employees with the current knowledge and how to face the day-to-day challenges which face the family business. Also, training enhances the successor's creativity, innovation, diverse thinking and ability to handle complicated and challenging issues. Moreover, Morris *et al.* (1997) and Maas *et al.* (2005) highlight that it is crucial to consider the level of experience and training when selecting the business successor. Generally, training the successors improves their morale, lessens supervision, reduces accidents at the workplace, prepares them for promotion, enhances job security, reduces absenteeism and turnover, increases job satisfaction and improves productivity. The incumbent who perceives

that the successor is benevolent with integrity and ability attained through experience and training, is competent and can successfully manage well the FOMBs if takes over the key leadership position (Gagné, Marwick, & Pontet, 2021). Hence, the transfer of leadership to successors who are very well trained and best utilising them in the job results in superior performance and sustaining the survival of the FOMBs. It is concluded that effective training is one of the most important countermeasures for solving the low survival rate problem of the FOMBs and it increases the chances of that business to survive to the next generation.

Internal recruitment of the successor

Research objective three examined whether internal recruitment of the successor had a relationship with the family-owned manufacturing businesses' survival. Equation (2-2) shows a positive ($B = .056$) effect between internal recruitment of the successor and the FOMBs' survival, moderated by the firm's background variables. Table 6 indicates that internal recruitment of the successor has an insignificant effect on the FOMBs' survival because the observed value ($p = .375$) is far greater than the critical value ($p = .05$). Consequently, the null hypothesis is supported. Therefore, internal recruitment of the successor has an insignificant effect on the FOMBs' survival. The findings are contrary to assertions by Rothwell (2010) and Bozer *et al.* (2015) that internal recruitment of successors is essential for organisational performance since it retains the quality talents and develops high potential leaders by using less effort and cost. The costs which are served include successor searching cost, shortlisting cost, interviewing cost, orientation cost, adjustment cost, onboarding cost, work learning cost, training costs, and transitional costs (Anzanello and Fogliatto, 2011; Gitonga, 2014; Bozer *et al.*, 2015). The findings are also contrary to Rothwell (2010) and Kallmuenzer (2015) arguments that internal recruitment of the successor to the key leadership position is economically beneficial. Besides, Gitonga (2014) and DeVaro (2016) assert that internal recruitment of the successor significantly motivates employees to develop specialised knowledge and skills. Similarly, the Harvard Business Review found that the top one hundred most performing global CEOs, the big percent of the best ten CEOs were internally recruited (HBR, 2014). Fama and Jensen (1983) argue that it is cost-conscious to choose the agent who has consistent special and close relations with other shareholders to hold the key positions in the FBs in order to lower the agency problems. Agency costs are lowered because the monitoring costs and residue loss will be low since the successor is usually loyal and committed to the business and knows well the business's history, culture, and policies. The findings are, however, in harmony with Adewale *et al.* (2011) argument that internal recruitment narrows the thinking capacity and limits the production of new and exciting ideas since inbreeding is encouraged. Despite internal recruitment of the successor having many advantages such as reducing hire time, saving money, shortening onboarding time and strengthening employee engagement, it has also several disadvantages. It may limit the pool of applicants, create an inflexible culture and also intensify the conflicts among employees who are possibly competing for a single existing position. Therefore, external recruitment of the successor is advised to avoid the aforementioned problems.

External hiring infuses new knowledge and ideas since externals are not much trapped in organisational politics by peers and subordinates and thus become more productive. Therefore, internal recruitment of the successor brings in the FOMBs the fresh talents with new blood, gets better skilled and qualified successors, is fair since the competition is open and reduces internal organisational politics. Pursuant to Adewale *et al.* (2011) argument, some FOMBs may be economically underperforming due to persistence of irrelevant, diluted and non-productive experience, inflexible culture, and work ethics among the employees. External recruitment of the successor has also some disadvantages such as a new environment and culture to an externally hired successor. Also, it brings dissatisfaction and frustration to existing employees because they think that there is a chance for internal recruitment of the successor. The process of external recruitment is also long, costly and has a higher risk since the applicants are not well known by the employer. Based on that argument, Sirmon *et al.* (2003) and Rothwell (2010) recommend that in order for the FBs to achieve outstanding performance and survival, they should opt for both internal and external recruitment of the successors to integrate existing and new experiences for broad learning, creativity, and innovation. Therefore, when deciding between internal and external recruitment of the successor, management has to consider the environment of the organisation since organisations differ in terms of job nature, job level, business's characteristics, industry nature, recruitment policies and organisation's workers' management system. In addition, recruitment and selection of the successor should stick to the skills, qualifications, competency and merits possessed by that successor regardless of the recruitment source.

Successor factors–work fit

Research objective four examined whether successor factors-work fit had a relationship with the family-owned manufacturing businesses' survival. Equation (2-2) shows a positive ($B = .439$) effect between successor factors-work fit and the FOMBs' survival, moderated by the firm's background variables. Table 6 shows that successor factors-work fit has a significant positive effect on the FOMBs' survival since the observed value ($p = .000$) is far less than the critical value ($p = .05$). Consequently, the alternative hypothesis is accepted. Thus, successor factors-work fit has a significant positive effect on the FOMBs' survival. The results are contrary to Were (2016) that senior leaders in Sub-Saharan African FOMBs rarely pass through progressive leadership development ranks and the choice of the successor does not consider the merit characteristics. Thus, any family member is appointed to occupy an executive position regardless of the competency level. In line with Were (2016) assertion, if the successor factors work-fit is not given the first priority while identifying, developing, and selecting the FOMBs successors, irrelevant and incompatible skills, knowledge, experience, attitude and unethical behaviour will dominate in the FOMB. Studies also indicate that selecting incompetent and unsuitable senior leaders and handing over power to them would result in mismanaging the FBs, business inefficiencies, and poor

business performance (Bozer *et al.*, 2017; Panda and Leepsa, 2017; Saan *et al.*, 2018). Besides, Sharom (2017) posits that the lack of person - organisation fit is one of the biggest causes of employee turnover since it results in low job satisfaction and performance. As a result, negative business outcomes such as irresponsible behaviours, disturbing business flow, many products reject, employees' turnover, bad firm image, market loss and business loss will prevail in the FOMBs. Moreover, selecting the successor whose factors are not fitting the relevant work, will not avoid divergent goals behaviour, family moral hazard, and information asymmetry. Consequently, this will weaken the survival of FOMBs since the principal will be forced to create extra control mechanisms such as frequent auditing to monitor and curb senior leaders' divergent behaviour in order to reduce the agency problems and their associated costs. If an existing senior leader proves to be incompetent beyond the tolerable situation it will necessity the management to search for and select the alternative senior leader to replace that position and this will result in dual cost behavior of succession planning. Dual cost behaviour of succession planning is incurred when the same organisation recruits, selects and develops an alternative senior leader to replace the existing incompetent senior leader for the same position within one leadership tenure. The first bundle of loss is the cost that was incurred in recruiting and developing the incompetent and unsuitable successor as well as the loss associated with harming both the business and the family, due to underperformance. The second bundle of loss is the cost that will be incurred in recruiting the alternative senior leader to replace the incompetent senior leader and the loss stemming from the cost to be incurred in reviving the suffered FOMB.

However, the findings are in harmony with Kallmuenzer (2015) and Bozer *et al.* (2017) who suggest that the principal has the duty of developing and handing over the responsibilities and duties to employees who have the right specialisations, professionals, and qualifications. The essence of having competent and quality successors in the key leadership positions is to increase the FOMBs efficiencies, performance, and sustainability. Moreover, Block (2012), and Michel and Kammerlander (2014) posit that the family-owned succession process must critically consider both successor individual entities and business factors to avoid creating successor's divergent goals behaviour, agency costs, family moral hazard, and information asymmetry, which threaten the FOMBs survival. A competent successor has an open eye to initiate, be creative, innovative and able to promote a renewal of things inside the organisation. This implies that selecting the competent successor will enhance effective and efficient business management. As a result, business efficiencies, profit maximisation and survival will be significantly achieved. The findings are, therefore, harmonious with Agency Theory which insists on recruiting the compatible and competent family business successor as the agent in the proposed tenure for avoiding mismanagement of family-owned manufacturing. It is, therefore, concluded that successor factors-work fit is one of the most important countermeasures for solving the low survival problem of the FOMBs and that its effective implementation will sustain the survival of FOMBs to the next generation.

Conclusions

The results imply that management succession planning sustains the leadership pipeline and the FOMBs' survival through successor involvement in business management, sufficiently training the successor, and handing over power to the successor whose competency and factors fit with the relevant work. The study contributes to an understanding of management succession planning variables and how they relate to the survival of family-owned manufacturing businesses. The study also provides a new conceptual framework on transgenerational succession planning in the FOMBs. In nutshell, the study contributes knowledge on the significance of management succession planning to the survival of the FOMBs and also the relevance of Resource-Based Theory and Agency Theory to the survival, success and growth of FOMBs. This study employed the purely quantitative survey questionnaire approach due to limited time and resources. Future research can either employ the qualitative research approach or mixed methods research in order to get in-depth and rich information on management succession planning in the FOMBs. The study covered a single country setting and cultural aspects limiting the transferability of the results to other countries and cultural settings. Thus, future research may cover more than one country to allow the transferability of the results to other countries and cultural settings. Since this was a cross-sectional study future research can apply the longitudinal study to investigate the long-term effect of management succession planning on the survival of family-owned manufacturing businesses. Future research can also investigate how the dual cost behaviour of management succession planning affects the performance of family-owned businesses.

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