

# Ugandalı Aile Şirketlerini Gelecek Nesillere Taşımak: Aile Şirketlerinde Halefiyet Planlama Sürecinin Eleştirel Bir Analizi

## *Pushing Ugandan Family Businesses to the Next Generation: A Critical Analysis of Succession Planning Process in Family-Owned Businesses*

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### **Makale Bilgisi / Article Information**

**Makale Türü / Article Types** : Araştırma Makalesi / Research Article

**Geliş Tarihi / Received** : 15.09.2024

**Kabul Tarihi / Accepted** : 25.10.2024

**Yayın Tarihi / Published** : 30.12.2024

**Yayın Sezonu / Pub Date Season** : Aralık / December

**Cilt / Volume**: 2 - **Sayı / Issue**: 2 - **Sayfa / Pages**: 77-94

### **Atıf / Cite as**

LUJJA A, KATAMBA M. Ugandalı Aile Şirketlerini Gelecek Nesillere Taşımak:  
Aile Şirketlerinde Halefiyet Planlama Sürecinin Eleştirel Bir Analizi.  
*Disiplinlerarası Afrika Çalışmaları Dergisi*, 2/2 (2024), 77-94

**Doi**: 10.5281/zenodo.14577611

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**Öz:** Aile Şirketleri (AİŞ), çok eşli, yerli ya da yerli olmayan AİŞ'ler olsun, başarı öncesi ve sonrası çatışmalar, erkek cinsiyet kayırmacılığı, nepotizm ve zayıf halefiyet planlaması deneyimleriyle hayatta kalma tehditleriyle karşı karşıyadır. FB'lerin nesilden nesile hayatta kalması halefiyet sorununa bağlıdır. Halefiyetle ilgili zorlukların ele alınması, FB'nin bir sonraki nesle kadar hayatta kalmasına ve kurucunun mirasının devamlılığına katkıda bulunur. Bu çalışma, sorunsuz halefiyet planlaması, halefiyet süreci ve halefiyet modeline yol açan kritik unsurları incelemektedir. Uganda'da halefiyet plan-

lmasının kritik kavramlarını anlamak için bir araştırma yaklaşımı olarak tematik içerik analizi kullanılmıştır. Özetle, ASB'lerin her cinsiyetten haleflerini yeterince erken araştırmaları, hazırlamaları ve yetiştirmeleri, yazılı halefiyet planlarına, yazılı aile anayasalarına sahip olmaları ve halef seçimlerini kayırmacı, duygusal, cinsiyete dayalı, bilimsel olmayan temelli kararlar yerine bilinçli hesaplanmış kararlara dayalı olarak yapmaları gerekmektedir ki bu çalışmada halef seçimi için ya aile içi bir üyenin ya da aile dışı bir üyenin yetkinlik ve becerilerine dayanan Aile Şirketleri Halefiyet (FBS) (Royer vd., 2008) durumsallık modelinden uyarlanmıştır. Çalışma, özel kaygıları ele alacak, FB'lerin paydaşlarına rehberlik, duyarlılık ve teknik destek sunacak bir düzenleyici kurum önermektedir. Büyük ve mali açıdan güçlü FB'lere, FB uzmanlarından teknik destek gerektiren FB ile ilgili zorlukların üstesinden gelmek için FB'ye özgü endişeler konusunda düzenli olarak FB danışmanlarına danışmaları tavsiye edilmektedir.

**Anahtar Kelimeler:** Uganda, Halefiyet Planlaması, Aile Şirketi, Aile Şirketi Halefiyeti Aile Anayasası.

**Abstract:** Family Businesses (FBs) face survival threats with experiences of pre and post-succession conflicts, male gender favoritism, nepotism, and poor succession planning whether polygamous FBs, indigenous or non-indigenous owned. FBs' generational continued survival is tied to the succession question. Addressing succession-related challenges contribute to FB's survival to the next generation and the continuity of the founder's legacy. This study looks at critical aspects that lead to smooth succession planning, succession process, and succession model. Thematic content analysis as a research approach to understanding critical concepts of succession planning in Uganda was used. In sum, FBs need to search, prepare, and groom successors of any gender early enough, have written succession plans, written family constitutions and make successor choices based on informed calculated decisions rather than nepotistic, emotional, gender-biased, non-scientific based decisions which in this study is adopted from the contingency model of Family Business Succession (FBS) (Royer et al., 2008) which is based on competence and skills of either an inside-family member or outside-non family member for a successor choice. The study suggests a regulatory body to address peculiar concerns, offer guidance, sensitization, and technical support to the stakeholders of FBs. Big and financially strong FBs are advised to regularly consult FB consultants on peculiar FB concerns in order to overcome FB related challenges that require technical support from FB specialists.

**Keywords:** Uganda, Succession Planning, Family Business, Family Business Succession Family Constitution.

## Introduction

Family Businesses (FBs) are the greatest Gross Domestic Product (GDP) contributor to the global economies (Miroshynchenko et al., 2021; Family Firm Institute, 2017; Tharawat Magazine, 2014) in terms of growth and development and their impact on the lives of communities cannot be underestimated. FBs help in the provision of employment opportunities and experiential knowledge benefits among others. This is because FBs are estimated to constitute 80% to 90% of firms in the whole world (see Poza, 2010; De Massis & Foss, 2018).

The prime focus for every FB is to live longer enough to transcend from the first generation of its founders to the next generations (Andersson et al, 2002:90). Majority of FBs fail because of the magnitude of various factors such as the sudden death of the founder (s), founder (s) living with critical health conditions as well as poor performance. Unfortunately, this creates a leadership gap for succession of the FB. Nevertheless, such moments have severely denied visions of founders of fallen FBs to be achieved largely due to a lack of succession planning (Janjuha-Jivraj & Woods, 2002). Succession planning continues to trouble researchers, academicians, FBs, practitioners, and policymakers to find an ever-lasting solution to cure this high failure rate. Dyer (1987) stated that it is paramount to add that FBs are unique forms of businesses in their culture, experience unique challenges, conflicts, opportunities, and styles of survival.

Succession management in FBs continues to pose a big challenge to the continuity of FBs the world over (Bocatto et al., 2010). However, succession planning is presented as the best solution. Succession planning is therefore the best solution to the FB succession problem (Tharawat Magazine, 2014) and incidentally is a concern for FB practitioners, academicians, researchers, and consultancies. Approaches that seek to address FB succession challenges tend to depend on certain factors such as nature, size, age, ownership, management, financial performance and wellness of the FB (Duh, Tominc & Rebernik, 2007; Mandl, 2008; Sharma et al., 2003).

Furthermore, studies on FBs remain low in developing African countries such as Uganda (see Sebaggala et al., 2018; Lujja & Katamba, 2023:2; Kwoba & Ebewo, 2022:72). Several considerable studies on FBs have successfully been done in developed economies such as European countries with less focus on low developing countries or under-developed countries such as Sub-Saharan African countries (Wortman, 1995 cited by Gupta & Levenburg, 2010:155; Bruton, Ahlstrom, & Obloj, 2008:1; Khavul, Bruton & Wood, 2009:1219). It is against this background that research on succession planning in FBs in Africa is still needed. To plan for succession is to ensure continuity of FB, preservation of business legacy, continuity of income flow even in retirement stage and to the closest family members, supporting local community, and creation of employment opportunities for the family and other community members from the founder's lifetime to the second generation, and probably to third and next generations (Floren, 1998; Poza, 2010).

Several studies indicate is that 67% of FBs fail to reach the second generation, 30% make it to the second generation, and 3% make it to third generation with majority FBs collapsing within the 25 years of their existence (See Mokhber et al., 2017; Chrisman et al., 2003, 2005; Zellweger et al., 2011). There is a general doubt and concern about the successfulness of succession planning in FBs which partly explains the less attention paid to preparing succession plans in the majority

of FBs in Uganda and Africa generally. So, FBs that view succession planning as a strategic role of founders establish family constitutions for their FBs (O'Hara, 2004). This not only helps in reducing agency problems associated with FBs but whose top leadership is composed of competent family members or stakeholders. A study by Arteaga & Menendez-Requejo (2017) found a positive relationship between family constitution and FB longevity. This is partly because family constitutions address principal-agent relationships, FB history, the vision of the FB, rules and norms of the firm, succession planning, shares among the members, power structure, and leadership among others.

### **Family Businesses in Uganda Family**

There is generally no universally approved definition for the family business (Zahra & Sharma, 2004; Chua et al., 1999; De Massis et al., 2012) with several researchers defining FBs as their way (Zahra & Sharma, 2004). There is however convergence on certain parameters that characterize FBs such as ownership, control, decision-making, family- member involvement among others (Poza, 2010; Chua et al., 1999; O'Hara, 2004). However, Chua et al., (1999:25) defined FB as a business governed and/or managed intending to shape and pursue the vision of the business held by a dominant coalition controlled by members of the same family or a small number of families in a manner that is potentially sustainable across generations of the family or families. FB is also defined as a business in which two or more members of a family are involved and the majority of ownership and control lies within the family (Osunde, 2017:1). In addition, Venter et al., (2005:284) defined FB as a business owned by the members of the same family to shape and/or pursue the formal or implicit vision of the business, and where it is the intention of the family members to hand the business over to the next generation or where the business has already been handed over to a family member to manage and/or control.

Although FBs in Uganda make the biggest contribution to the economy (Lujja & Katamba, 2023), research on FBs in Uganda is still scanty (Kwoba & Ebe-wo, 2022:72). Uganda is an East African landlocked country with a population of 45 million people (Uganda Bureau of Statistics 2022/2023 report). It is important to note that due to differences in beliefs and cultures, some FBs in Uganda are owned by polygamous families (whereby the father has more than one wife), indigenous Ugandan FBs, and non-indigenous Ugandan FBs. This seemingly simple demography plays a key role in the way FBs in Uganda manage their succession planning.

FBs in Uganda can be found in a wide range of sectors, including agriculture, manufacturing, retail, real estate, services, and more. They are essential to the country's economic growth and development. Majority FBs in Uganda are SMEs, contributing to job creation, tax revenues, and economic growth (Lujja & Katam-

ba, 2023). These businesses often have a strong entrepreneurial spirit and local focus. The majority however, have common challenges such as limited access to finance, succession planning, conflicts, and regulatory constraints.

In Ugandan culture, it has been visually observed that the eldest son is generally considered to inherit the father's business, although recently, girls have also started to be considered for inheritance, especially in families that lack boy children and also where the girl is more competent, interested, and suited for succession. The divergent religious beliefs in Uganda where some faiths such as the Islamic faith teach marrying up to four wives have seen a good number of FBs as polygamous FBs which often pose survival threats of FBs due to serious succession conflicts. Polygamy is a common practice in many African countries (Ezimme et al., 2019:1893), a key factor in succession decisions in polygamous FBs, and a potential concern for delayed succession planning discussions for fear of tension between and among children and spouses. FBs in Uganda may be categorized in two forms that are FBs owned by indigenous Ugandans and FBs that are owned by non-indigenous Ugandans. The former are generally small in size or what is commonly known as Small and Medium-sized Enterprises (SMEs), often associated with low survival rates and few are large and old-term survivors. The latter on the other hand, are big and are likely to be long-term survivors (50 years and above).

Additionally, the majority of FBs in Uganda lack a written family constitution. A family constitution is a living document that is used as a mechanism through which the family regulates the influence of their interests in the business (Ward, 1991). It can be amended or updated whenever there is a need. The family constitution addresses the governance, leadership, succession process, conflict management, the mission and vision of the founder, family involvement in the board, share, and dividends, among others (Suess (2014). Suess (2014) added that the family constitution also helps in professionalizing FBs especially those that are mid-size and large-size, increasing the number of employees, increasing financial performance, and those FBs whose years of operation are more than 5years (see Dyer, 1988).

FBs in Uganda, like elsewhere, face unique opportunities and challenges. They are a vital component of the country's economic landscape, contributing to job creation, economic development, and community well-being. Their ability to adapt to changing market conditions, address governance issues, and innovate will be critical to their continued success and contribution to Uganda's economy (Kwoba & Ebewo, 2022; Lujja & Katamba, 2023). FB Succession planning is generally ill-conceived among FB owners in Uganda as many may interpret it to mean preparing for death, others for fear of sparking succession debates and conflicts shy away from this important aspect even if the majority acknowledges its relevancy in the survival of FBs from the first to the second generation and more.

### **Significance of Family Businesses**

Family businesses are a major driver of the global economy (Ezimme et al., 2019:1891) and are considered to be the world's oldest form of business (De Alwis, 2011) as cited by Ezimme et al., (2019:1891). They create jobs, generate income, and contribute to economic growth and stability in many countries (Beckhard & Dyer, 1983; Venter et al., 2005). Family businesses often have a long-term perspective, which can lead to more sustainable and responsible business practices. The focus on the future can benefit not only the business but also the communities they operate in. This implies that FBs often have a rich history and legacy, which can be a source of pride and authenticity. At the same time, they adapt and innovate to stay competitive.

FBs are frequently deeply rooted in their local communities. They often have strong ties and a sense of responsibility to these communities, supporting local initiatives and charities. Family businesses also have a strong company culture and values that are passed down through generations which creates a sense of purpose and identity for employees and customers. Family businesses provide a vehicle for passing on wealth, values, and a sense of purpose to future generations (Lujja & Katamba, 2023), and this can be an essential part of a family's legacy. FBs are significant employers, creating a substantial number of jobs in various industries, which can have a positive impact on local and regional economies (see Howorth & Ali, 2001; Lee & Tan, 2001; Floren, 1998). Some FBs, especially larger ones, wield significant influence and are often involved in philanthropic activities, contributing to social causes and community development.

### **Family Business Succession**

Succession planning in FBs refers to the deliberate process that involves the identification of high-potential family members for transfer of management, and control from one family member to another (Sharma et al., 1997; Sharma et al., 2003:1). Another study defined it as 'a lifelong process of planning and management that encompasses a wide range of steps aimed at ensuring the continuity of FBs through generations. (Aronoff, McClure, & Ward, 2011:6). Rothwell (2001) defined succession planning as a deliberate and systematic effort by an organization to ensure leadership continuity in key positions, retain and develop intellectual and knowledge capital for the future, and encourage individual advancement. Cadieux, Lorrain, and Hugron, (2002) defined succession in FBs as a dynamic process involving the transfer of both management and ownership of a family firm to the next generations.

Succession planning is considered by a majority of researchers as the most important concern for FB owners and founders, and one of the hardest tasks for FB owners globally (Chua et al., 2003; Bjuggren & Sund, 2001; De Massis et al., 2008) with most FBs facing challenges to transfer leadership and control to the

next generation with minimum supervision despite its importance in FB long term sustainability (Handler, 1994:133; Blumentritt et al., 2012:51; Gomba & Kele, 2016:9). Lujja and Katamba (2023:4) observed poor succession planning as a major factor that contributes to failure in most FBs in Uganda regardless of their size, which affects their continuity from one generation to another. Beckhard & Dyer, (1983) attributed this to the many FB owners who have negative attitude towards succession planning and FB practitioners who are hesitant to relinquish control, thinking that determining a successor is unimportant, and they probably think planning for succession is a painful death warrant, and a cause of division and family conflicts among the children or potential successors

Succession gap in FBs can happen at any time depending on the given circumstances. FBs may experience forced succession especially when the founder dies abruptly or due to serious health conditions (Handler, 2014). It may also happen as a planned strategy by the founder to the successor. FBs that go through the succession process may see the transfer of ownership, control, management, and or leadership from the founder (s) to the successor. Polygamous FBs in Uganda normally experience survival threats due to unending family conflicts and a lack of forgiveness that extends to businesses. This has seen FBs struggle with the demise of their founders and the majority collapse before reaching the second generations. Several studies also reveal the high rate of FBS failures as a result of failure to manage emotional aspects of the succession process which tears the FB apart due to persistent conflicts, indecision, and or poor decisions (Blumentritt et al., 2012:55; Duh, Tominc & Rebernik, 2009).

Several studies on successful FBs that have lived beyond first generations such as in Japan (Goto, 2014, 2013, 2011; O'Hara, 2004; Yokozawa & Goto, 2004), France (Chadeau, 1993), Italy (Corbetta, 1995), Switzerland, Germany (Kayser & Wallau, 2002), Netherlands (Floren,1998), Australia (Owens, 1994), and Sweden, (Hall & Nordqvist, 2008) have reveal the role of the founder in preparation, training, and smooth transfer of leadership from the founders to the younger generation as the key point in maintaining the longevity of family firms. It is hence important to note that the biggest challenge for FBs is the failure to plan and manage succession (Gomba & Kele, 2016:10). Several researchers have linked FB sustainability to successful succession planning (Amolo & Migiro, 2017).

The transition of FBs from the first generation to the next generations is a challenging task yet in most cases is one of the goals of FBs (Chua et al 2009; Gomez-Mejia et al., 2007) that requires a systematic succession plan whose process should be a gradual one, not an abrupt process that is normally characterized with legal handover ceremonies. Another study by the 10<sup>th</sup> Global Family Business Survey published by PwC Family Business Survey (2021:6) showed only 30% of FBs have well-documented succession plans which partly explains why a majority of FBs fail before reaching the next generation. FBs that have succes-



sion plans are said to be better performers in terms of profitability, leadership continuity, and employee retention that contribute to the survival of FBs to the next generation (Barnett & Davis, 2008:723) and probably a preservation of the founder's vision and culture values to next generation.

### **Family meeting and conversation**

Conducting regular Family meetings plays a critical role in succession planning process which guarantees successful transfer of FBs from one generation to another, cohesion, and unity hence long-term survival of FBs. Family meetings foster unity, trust, and shared purpose among members. Unity, trust, and shared purpose form a formidable strength of FBs which helps in improving performance. This is because human resources can work under minimum supervision which helps in the administrative costs of the FB. Family Members can understand the vision and values of the founder or founding members and work towards its attainment through these meetings. Members can resolve any misunderstanding and reach a consensus regarding planning for the present and future direction of the FB.

Family meetings also contribute to better succession planning by providing the opportunity to identify and groom potential successors, training them in relevant departments, and offering family support to family members who are either part of the FB human resource or potential FB successors.

Family Meetings ensure smooth communication flow among members. This is because the meetings provide a platform to air out any concerns and misunderstandings, resolve conflicts review and evaluate tactical, strategic and succession plans, and critical decisions are discussed at length by key FB managers (Blumentritt, 2006:65). Blumentritt (2006:67) argued that family meetings can be prompted, and managed effectively with the existence of FB boards. The boards provide a significant role in ensuring continued family meetings, advisory roles to members, management oversight, provision of business resources and support, and succession planning.

### **Family business Succession planning process**

Sharma et al., (2001) defined the succession process as actions, events, and developments that affect the transfer of management control from one family member to another. For the continuity and prosperity of FBs beyond first generations there is a need for early succession planning (Ward, 1987). Unplanned succession is generally associated with tensions, long-term conflicts, discontent, outbreak of divisions, and subsequent collapse of the FB. Whereas the succession planning process involves decisions of family members and outgoing founders, several factors may influence the determination of a suitable successor. Several researchers have suggested contributing factors to smooth succession such as



the age of the successor (Vera & Dean, 2005), the successor's willingness to take over (Sharma et al., 2003; Venter et al., 2005; Chrisman et al., 1998; 2009), Successor personality traits and needs (Van der Merwe, 2011), successor's capability in terms of competence and experience (Chrisman et al., 1998), quality of the relationship between the successor and family members (Chrisman et al., 1998).

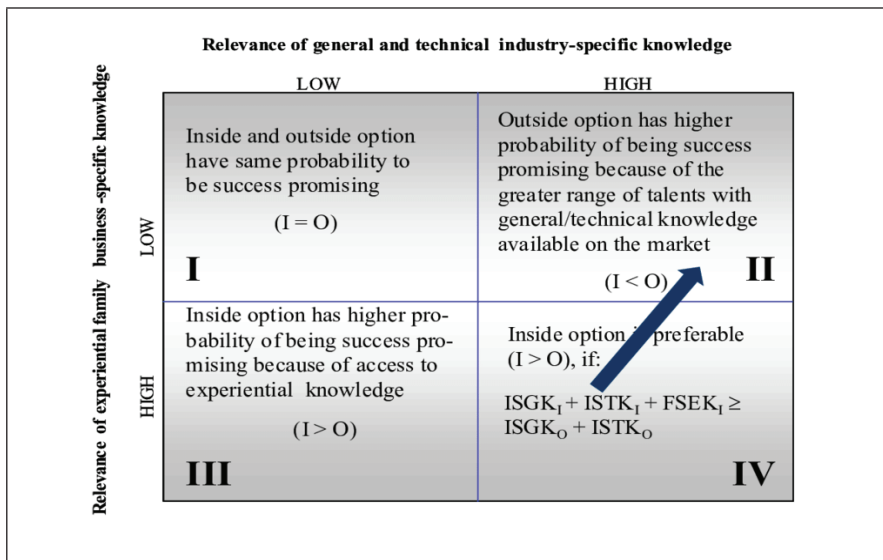
Deciding on who should be part of succession planning is considered the first step in the succession planning process (Beckhard & Dyer, 1983). The FB founder or founding members must be central in the smooth development of the plan. The family constitution that is assumed to include the governing rules and aspects relating to succession planning may find succession suitability roles to be handled and determined by the qualifying and interested children. It is also important to add that the time frame for the succession plan needs to be determined by FB owners and the relevant positions that would be replaced at the end of that time frame (Beckhard & Dyer, 1983). For successful succession process, Coffman, (2014) said that the succession planning process should consist of three major elements which include identification of potential successors, building commitment, and communication to the successor.

### **Contingency Model of Family Business Succession**

In most FBs, successor choice preference is normally given to an inside family member as a successor, but in case of the failure due to factors such as the unwillingness of the family member to take over, lack of capabilities, and competencies to manage FB, (De Massis et al., 2008) poses that there can be a great threat to the survival of the FB especially should an internal member be forced on the FB as a successor. According to Royer et al., 2008, a given FB may weigh on whether or not to choose an internal family member or external family member as a possible successor depending on the situation and qualities of the available candidates. Royer et al., (2008) came up with the 'contingency model of FB succession' to ease the process of identifying and choosing a potential FB successor as a way of solving the succession problem which hinders most FBs from reaching next generations.

The contingency model of FB succession gives specialized and calculated guidance on the suitability of either an insider family member or an outsider non-family member as a preferred successor in a given FB transition based on certain competence parameters. According to the contingency model of FBS by Royer et al., (2008), FBs can choose based on suitability factors, between a family and non-family member as successor. FBs assess the current situation of the FB concerning the general knowledge, technical, industrial knowledge, experiential knowledge, and interpersonal relationships of the candidates of choice. Katamba, (2018) referred to interpersonal relationship as a relationship of social vacuum or social networks that exists with the support of social connections.

This means interpersonal relationship can be built on factors like self-discloser, communication, and emotional support among others. Therefore, an advantage goes to a family member as a successor if that person demonstrates high interpersonal relationship, general knowledge, technical, industrial knowledge, and experiential knowledge. Possession of such capabilities, skills, and competencies by an internal family member as a successor helps in knowledge transfer and ensures consolidated advantage to the FB. On the other hand, limitedness in technical, industrial, and experiential knowledge coupled with poor interpersonal relationships puts an internal family member as unfit and unfavorable for a successor choice if the family business is to live longer.



**Figure 1:** Shows the contingency model of FBS developed (Source: Royer et al., 2008:19)

The contingency FBS model positions successor choices based on the knowledge where  $ISGK(i)$ ,  $ISTK(i)$ ,  $FSEK(i)$ ,  $ISGK(o)$ , and  $ISTK(o)$  are reflected to determine successor choice:

**Table 1: Knowledge and Technical Skills Combinations.**

ISGK(i): Industry - Specific General Knowledge of the (i) inside –family successor
ISTK(i): Industry - Specific Technical Knowledge of the (i) inside –family successor
FSEK(i): Family Business- Specific Experiential Knowledge of the (i) inside – family successor
ISGK(o): Industry - Specific General Knowledge of the (o) outside –family successor
ISTK(o): Industry - Specific Technical Knowledge of the (o) outside –family successor
I (i): inside family member as successor
O (o): outside family member as successor

**Source: Royer et al., (2008:19)**

According to the contingency model, the first square (I) shows situations where industry, specific, general, technical, and experiential knowledge is low implying that there is low relevance of such knowledge in ensuring competitive advantage to the FB. This scenario renders both an outsider and an insider as suitable candidates. On the other hand, square two (II) shows high relevancy of industry, specific, general, and technical knowledge but low relevance of family business specific-experiential knowledge. This situation favors an outside member as a greater choice over an inside family member. Square three (III) concerns a situation where a high relevance of family-business specific experiential knowledge is combined with low relevance of industry-specific general and technical knowledge. This situation favors an internal family successor. Royal et al., (2008) argued that small and medium-sized enterprises suit this category as a possible successor choice.

On the other hand, if the relevancy of family business-specific experiential knowledge is low and the relevance of industry-specific general/ technical knowledge is low, an outsider non-family member is preferred. Square four (IV), represents a combination of the high relevance of industry-specific general and technical knowledge as well as a family business-specific experiential knowledge. Where the family member demonstrates more knowledge than the outsider, then the internal family member is preferred. According to Royer et al., (2008), this contingency model of FBS can be understood in a way that squares III and IV are more likely to prefer an internal family member as a successor while squares I and II are more likely to prefer an external non-family member as suc-

cessors. Furthermore, a non-family member choice would be favorable in situations where educational skills, work experience, and success record in other previous firms of the same industry are demanded. An internal family member would be preferred in situations where the need to understand and continue the relationships among employees and internal firm knowledge acquired in a learn-by-doing process.

### **Family Business Constitution**

Although there is no systematic advice on how to apply family constitution in ensuring internal harmony, succession, and management of FB strategic choices, Prigge and Mengers, (2023) observed the vital challenge facing FBs in ensuring family constitution is adopted. A written family constitution is considered to be one of the principal instruments in managing FBs. According to Fleischer (2023) and Matias & Franco (2020), a family constitution is also referred to as family protocol, family Charta, FB governance constitution, family codex, or family agreement. Fleischer (2023) well-defined the family constitution as a written document in which the owner family articulates their shared set of goals and values for the company or business, taking into account potential conflicts between family, company, and ownership. A family constitution typically comprises of segments such as mission, goals, values, roles, family succession, governance, conflict resolution, recruitment, family council, other instruments, boards, philanthropy, strategic plans, appendix, and final remarks (Arteaga & Menéndez-Requejo, 2017).

Therefore, a family constitution is a mutual agreement among family members, written, signed and approved by all family members on agreed-upon issues, targets, and goals for governing FB. As it involves mutual consent of family members, it indicates that a family constitution is a result of a communication process among owner families, and an effective communication. Katamba (2018) demonstrated that effective communication consist of daily interactions of verbal and non-verbal communication among those who are involved, which facilitates all good relationships, as poor communication (skills) can negatively impact relationships among the FB members. This implies that effective communication enhanced through regular family meetings can lead to an effective family constitution, and vice-versa.

According to Fleischer (2023), family constitutions are morally binding, not legally binding, hence FBs can extend the goal, vision, and culture of the founder and the business by enforcing, seeking guidance, solving FB succession and recruitment challenges, and managing the FB using the adopted FB constitution. Grounded on research conducted by Ulrich and Speidel (2023), "the existence of a family constitution neither correlates with size or age of the company nor with the number of generations. 97% of the FBs with family constitution named as their main goal connected to the family constitution an emotional additional

value, only 3% anticipated for an effect on the company's success as their most important goal. According to Franco and Matias (2020), family constitution is one of the principal issues that contribute to the survival, continuity, and longevity of FBs. Franco and Matias (2020) emphasized that successful FBs survived for more than one generation.

### **Conclusion**

Although succession planning in FBs has to solve both the management and ownership questions of the firm, it is recommended that both succession in management and ownership should go hand in hand with the transition leadership such that the next generation or successors do not encounter more problems and conflicts to solve that may result in handing over management and ownership to different successors. Secondly, ensuring timely succession planning is normally met by a series of hurdles and obstacles brought about by the founder(s)/owner(s) or the other family members. These may be psychological and emotional factors such as fears of losing power, fear of retirement and poverty, and jealousy towards potential successors. In addition, complexity of the succession process is where the founder/owner may not have adequate knowledge and experience in handling the situation. Further, national legislation bodies may also cause legal problems and complicate the succession process such as high taxation and administrative formalities within the company law of the country. Also, lack of tacit knowledge can hinder the transferred FB from one generation to another.

Therefore, this research suggests a regulatory body specifically to address and offer guidance to FB owners and managers be put in place to help in offering appropriate technical support. FB founders/owners need to get oriented and sensitized on the need to prepare for timely transfer and succession planning for their FBs because the success of the succession planning process can be seen by the satisfaction of the FB leadership, less or no aftermath conflicts, continued positive performance of the FB, and continuance of the FB into the next generation. However, searching, preparing, and grooming potential successors need to start early enough for better results. FBs need to make calculated and informed decisions on determining a successor not through the emotional or nepotistic way but by considering competence and skills of the successor regardless of being a direct family member or non-family member.

The contingency model of FBS is also recommended to ensure the continuity of the FB rather than making emotional decisions based on nepotism, male gender favoritism, and non-scientific methods. Also, having a written succession plan should be a concern for FBs to ensure harmony for the future of the next generation in as far as leadership, governance, management and control, ownership, and shareholding is concerned. This study recommends succession plans as a way of helping FBs in fixing emergencies such as when the founder is inca-

pacitated, retired, or dead, and this plan can be well articulated in the family constitution since written family constitutions are adopted to cater for the overall symptoms that may affect the well-being of the FB, provision of original founder solutions and opinions as regards to strategic direction of the business.

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