



INVESTIGATION OF SUCCESSOR SELECTION DETERMINANTS AND THEIR EFFECT ON FAMILY BUSINESS SURVIVAL

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ABSTRACT

Purpose: The study examined the factors to consider during the recruitment and selection process of the successor and how they affect the survival of family-owned manufacturing firms (FOMFs) in the Dar es Salaam region.

Design/Methodology/Approach: Correlational research design, quantitative research, cross-sectional field survey and structured questionnaire were employed as the research methods. The study used a sample size of 384 senior officers drawn by simple random sampling from the FOMFs. SPSS was used as an analytical tool for quantitative data and multiple linear regressions were used to test hypotheses.

Findings: Literature review revealed that incompetent successors and external recruitment of the successor intensify the conflicts of interest between the principal and the agent in FOMFs. Thus, internal recruitment of the successor and successor factors-work fit were empirically tested to examine their relationship with the survival of FOMFs. It was found that internal recruitment of the successor had no relationship with the survival of FOMFs while successor factors-work fit had a positive relationship with the survival of FOMFs.

Implications/Research Limitation: The implication is that grooming, developing and handing over power to the competent and suitable successor enhances the FOMFs survival and thus reduces the conflicts of interest between the principal and the agent. This study employed a purely quantitative survey questionnaire approach and was done in Dar es Salaam. Future studies can employ mixed methods research approach to get rich information on the relationship between empirically tested predictors and independent variables.

Practical Implication: The FOMFs have to weigh out which recruitment type is worth and merit for the successors of FOMFs. Also, during the management succession planning process, FOMFs should groom, develop and hand over management power to competent successors in all key FOMFs leadership positions for effective and efficient management and sustainability of business survival.

Originality/Value: A similar study had not been done in sub-Saharan African countries. Therefore, the study provides new knowledge and insight on the factors necessary for FOMFs survival across generations.

Keywords: *Business. determinants. family-owned. selection. successor.*

1.0 INTRODUCTION

Although the term family business has no single definition, Rettab, Fakhr, & Morada (2005) define family business as a business, a firm, or a company in which at least 51% of the shares are owned by a single-family and in any case, at least one member of the management team is chosen from the owning family. Succession planning in family-owned businesses (FOBs) is

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unquestionable and highly acknowledged because of developing high potential successors to hold the key leadership positions. Over 80% of global business firms are FOBs, including family-owned manufacturing firms (Gersick, Davis, Hampton, & Lansberg, 1997). Family-owned firms (FOMFs) such as recreational centres, retail shops, transport sector, hotel sector, academic institutions and manufacturing firms are the leading business structures that contribute to the global economic growth (Magasi, 2016; Zachary, 2011). The FOMFs promote creativity and innovation, create job opportunities, produce products, sources of government revenues and also contribute to GDP growth (Saan, Enu-Kwesi, & Nyewie, 2018). The manufacturing firms including FOMFs contribute to 27.7% of the national GDP for China (Morrison, 2018) while in Tanzania it only contributes to around 8% of the national GDP (Wangwe, Mmari, Aikaeli, Rutatina, Mboghoina, & Kinyondo, 2014). Because of having low domestic production of products in Tanzania, there is a significant net importation of manufactured products from international markets (FAO, 2015; WorldBank, 2016; Shah, 2016; Kombe, Mpemba, Yabu, Kazi, Mchemba, Kibesse, Mwitwa, Mgangaluma, Mashini, Chaula, Ndunguru, Lugobi, Mziya, 2017). Tanzania, for example, imports about 60% of crude, semi-refined and refined edible oil (FAO, 2015; Kombe *et al.*, 2017; WorldBank, 2016).

Empirical findings indicate that family-owned businesses (FOBs) and particularly FOMFs, are underperforming because of low survival problems which are caused by poor human resources planning and development (Kallmuenzer, 2015; Panda & Leepsa, 2017; Santarelli & Lotti, 2005). Maseyi (2016) also found that only 13% of the manufacturing firms including FOMFs which were established in Tanzania between the 1960s and early 1970s survived to 2015 due to poor plans. Among the poor plans resulting from management succession planning are the successor's recruitment type and successor factors (Bozer, Kuna, & Santora, 2015; Saan *et al.*, 2018). Handling FOBs management power to an incompetent successor (Block, 2012; Michel & Kammerlander, 2014; Sharma & Agarwal, 2016; Bozer & Santora, 2017) and external recruitment of the successor (Bozer, Kuna, & Santora, 2015; Saan, Enu-Kwesi, & Nyewie, 2018) are mentioned to be the main route cause of conflicts of interest between the principal and agent (Bozer, Kuna, & Santora, 2015; Saan *et al.*, 2018) and threaten the FOBs survival (Alayo, Jainaga, Maseda, & Arzubiaga, 2016; Bozer *et al.*, 2016). Therefore, selecting the successor with work-unfitting factors will hinder the survival of the FOMFs. The assumption is that selecting the competent successor and also internal recruitment of the successor to assume key leadership positions in the FOMFs is likely to reduce the conflicts of interest between the principal and agent and thus improve the business survival. However, existing literature does not empirically explain how internal recruitment of the successor and successor factors-work fit relates to the FOMFs survival across generations. The objective of this study was, therefore, to investigate how successor factors-work fit and internal recruitment of the successor relate to the FOMFs survival.

2.0 LITERATURE REVIEW

2.1 Underpinning theory

Studies suggest that external recruitment of the successor (Fama & Jensen, 1983; Bozer, Kuna, & Santora, 2015; Saan, Enu-Kwesi, & Nyewie, 2018) and handling power to successor whose factors are not compatible with the work demands (Alayo, Jainaga, Maseda, &

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Arzubiaga, 2016; Block, 2012; Bozer & Santora, 2017; Michel & Kammerlander, 2014; Sharma & Agarwal, 2016) is likely to result in mismanagement of the family-owned manufacturing firms (FOMFs) (Rivolta, 2018). The mismanagement of the FOMFs may cause poor performance and low survival of those firms. Consequently, conflicts of interest between the principal and the agent are likely to occur. Conflicts of interest occur when there are incompatible interests between the principal and the agent. The principal who is the owner invests to get long-term economic benefits such as wealth maximisation, profit gain and business and survival. Instead, the agent wants to maximise personal benefits such as personal interests and financial gains.

The agency theory suggests how to solve the agency problems resulting from the conflicts of interest between the principal and agent (Jensen & Meckling, 1976). Agency theory addresses the problems that face the family firms because of separating ownership and management (Panda & Leepsa, 2017). Separation of ownership and management occurs when the principal authorises power to the agent so that the agent acts in the best interest of the principal (Wiseman, Cuevas-Rodríguez, & Gómez-Mejía, 2012). As a result, conflicts of interest between the agent and the principal arise due to misalignment of the principal's interest and agent's interest. Literature suggests that it is economical to internally recruit the successor to assume the key position and avoid mismanagement of the FOMFs and hence lower the agency problems (Block, 2012; Michel & Kammerlander, 2014). It is also suggested to consider the suitability of the successor individual factors during the management succession planning process (Bozer & Santora, 2017; Michel & Kammerlander, 2014). However, there is little information on how the agency theory relates with the survival of the FOMFs through its proposed variables, namely successor factors -work fit and internal recruitment of the successor.

2.2 Management succession planning

Vacant key positions happen in any business firm because people are ageing, retire, die, get medical problems, are promoted and get fired and transfer. Management succession planning addresses how to identify the management talent with the highest potentials and develop it to fill the key vacant organisational positions (Rothwell, 2010). Management succession planning is quite different in family-owned businesses (FOBs) if compared to non-family businesses. This is because the family business system consists of interconnected and interacting sub-systems, which are the family, business and ownership as indicated in figure 1 (Tagiuri & Davis, 1996; Gersick, Davis, Hampton, & Lansberg, 1997; Pieper & Klein, 2007).

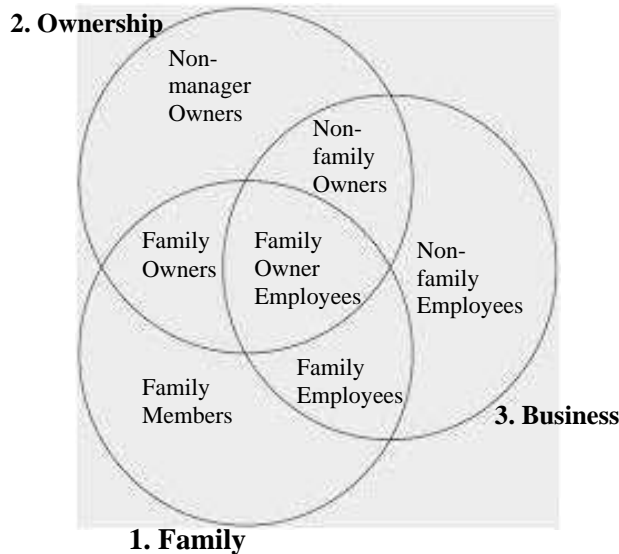


Figure 1: Model of family business sub-systems

Other features of the FOBs include strong family involvement, the overlap between nonfinancial and financial goals, and a substantial ingrained business culture that centres on the founders' philosophy and values (Paul & Kleiner, 2017). This implies that leadership and management styles in the FOMFs are unique because of being influenced by the founder's values, vision, attitudes and beliefs. Therefore, succession planning in the FOBs has to implicitly be treated differently from the non-family business. Succession planning in the FOMFs has to be done wisely to minimise the conflicts of interest between the principal and agent as much as possible. Transfer of management power to an incompetent successor (Block, 2012; Michel & Kammerlander, 2014; Sharma & Agarwal, 2016; Bozer & Santora, 2017) and external recruitment of the successor (Bozer, Kuna, & Santora, 2015; Saan *et al.*, 2018) are commonly mentioned to be the main route cause of conflicts of interest between the principal and agent (Bozer, Kuna, & Santora, 2015; Saan *et al.*, 2018) and threaten the FOBs survival (Alayo, Jainaga, Maseda, & Arzubiaga, 2016; Bozer *et al.*, 2016). Studies mention that external recruitment of the successor and selecting the successor whose factors are not aligned with the firm affect the survival of the FOBs (Bozer, Kuna, & Santora, 2015; Saan, Enu-Kwesi, & Nyewie, 2018; Sharma & Agarwal, 2016; Alayo, Jainaga, Maseda, & Arzubiaga, 2016; Bozer & Santora, 2017). The assumption is that successor factors-work fit and internal recruitment of the successor are likely to improve the FOMFs survival. However, there is little information on how internal recruitment of the successor and successor factors-work fit affects the FOMFs survival.

2.2.1 Internal recruitment of the successor

The literature emphasises that internal recruitment of the successor is better than external recruitment of the successor. Internal recruitment of the successor is not much recommended to any firm because of missing new blood, creativity and innovations (Adewale, Abolaji, & Kolade, 2011; Sirmon & Hitt, 2003). In contrast, internal recruitment is essential in reducing the conflicts of interest between the principal and the agent because it is cost-conscious and



builds warm relationships among the family members (Fama & Jensen, 1983; Rothwell, 2010; Talpos *et al.*, 2017). Management succession planning retains, develops and improves the capacity of leadership to internal potential successors as a strategy for business continuity (DeVaro, 2016; Gitonga, 2014; Talpos, Pop, Vaduva, & Kovacs, 2017).

The conflicts of interest arise when there is the separation of business ownership from management, and thus leading to information asymmetry (Panda & Leepsa, 2017). Information asymmetries lead to the adverse or suboptimal selection of the successor. Adverse selection occurs when the expected successor is new to the recruitment team because of not having the successor's information such as successor's capabilities, abilities, behaviour, interests, record and references and is likely to affect the business (Kallmuenzer, 2015; Bergh, Ketchen, Orland, Heugens, & Boyd, 2019). From the existing literature, internal recruitment of the successor is mentioned to be important in rescuing the FOMFs failure across generations. However, it is unknown how internal recruitment of the successor relates to the FOMFs survival. Therefore, the study hypothesises that:

Ho1: Internal recruitment of the successor has no relationship with the survival of family-owned manufacturing firms in the Dar es Salaam region.

2.2.2 Successor factors-work fit

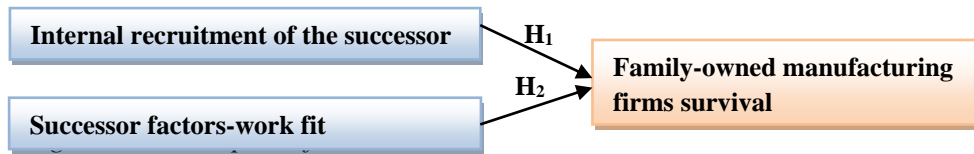
During the management succession planning process successor factors-work, fit has to be given the priority to get a competent successor for effective management and leadership of the family-owned manufacturing firms (FOMFs). Shamir & Eilam (2005) and Decker, Heinrichs, Rau & Jaskiewicz (2016) opine that desire, commitment, opportunity cost, interests, industry nature and experiences may reasonably affect the decision of the potential successor to join the family-owned businesses (Decker, Heinrichs, Rau, & Jaskiewicz, 2016; Shamir & Eilam, 2005). Developing, grooming and selecting incompetent successors to hold the key firm's leadership positions result in mismanagement of those firms because of a mismatch between the successors' factors and leadership requirements (Rothwell, 2010). Selecting the successor without considering the person's ability, capability, competence, behaviour and vision may deteriorate the FOMFs and thus lead to business collapse (Sharma & Agarwal, 2016). The personal components such as family business closeness, socialisation, relationship and rich experiences make the successor be committed and loyal to the family-owned business firm (Bozer & Santora, 2017). However, is not empirically known how the personal individual entities relate with the family business survival. The person-organisation (P-O) fit is a major factor that the family firms should consider when assessing job applicants and suggest future study on the relationship between the P-O fit and the performance of the family business post the selection process. Thus, this study hypothesis that:

Ho2: Successor factors-work fit has no relationship with the survival of family-owned manufacturing firms in the Dar es Salaam region.

The study was guided by the Agency theory and the conceptual framework in figure 2. The underlying assumption is that each of the independent variables, namely internal recruitment of the successor and success factors-work fit has a relationship with the dependent variable FOMFs.

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Source: Literature review

3.0 RESEARCH METHODS

The study used a postpositivist research paradigm because it employed hypotheses to test how the successor’s recruitment type and successor factors relate to the survival of the FOMFs (Creswell, 2014). The study used a quantitative research approach because data collection tools had closed-ended questions which at the end generated numerical data. A cross-sectional survey strategy was adopted because the data were collected at one point in time by using structured questionnaires (Kothari, 2009). Data collection was carried out from the FOMFs which are located in Dar es Salaam region on the reasons that their owners had weak coordinated efforts on the succession planning and also were reluctant to groom the successors while still energetic (Magasi, 2016). The respondents were senior officers with a composition of chief executive officers, directors and managers of the FOMFs because of having a lot of information on the management succession planning process (Ometlic, 2016). The sample size of 384 was calculated using Cochran’s (1977) formula which is represented in equation (1)

$$n = \frac{Z^2}{e^2} * \frac{pq}{1} \dots\dots\dots(1)$$

Whereby: n stands for sample size, Z refers to critical value of suitable confidence level (in this case being 1.96 for a 95%), p stands for the proportion in the population of interest (in this case is 50%), q is 1-p and e is the acceptable margin of error often set at 0.05.

To collect the primary data, the researcher approached the confederation of Tanzania Industries (CTI) and collected the registered list of 78 FOMFs located in the Dar es Salaam region. To avoid biases, managers, directors and CEOs of each randomly picked FOMF were asked to fill the questionnaire until the actual sample size of 384 respondents was reached from only 37 FOMFs. The predictors were measured by using the 5–point Likert scale adapted from the past studies. Descriptive and inferential statistics were analysed. A correlational analysis was done to examine the correlation between and among variables and also testing multicollinearity problems among predictors. Multiple linear regression analysis was, employed for analysing and testing hypotheses. The data interpretation was through observing the coefficients and judge whether the relationship between predictors and the dependent variable was significant (calculated *t* value, *p*<.05) or insignificant (calculated *t* value, *p*>.05).

4.0 FINDINGS AND DISCUSSION

4.1 Testing multiple linear regressions assumptions

Multiple linear regression assumptions such as normality, outliers, linearity, homoscedasticity and multicollinearity were first tested before running the regression analysis. When the bivariate correlations for each pair of independent variables are significant (**p*< 0.05, ***p*<

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0.01 or *** $p < 0.001$), the correlation between the variables is linear (Hair, Black, Babin, & Anderson, 2010). The correlations between internal recruitment of successor (IRS) and successor factors-work fit (SFF) is significant (-.079**), indicating that a nonlinear pattern exists as indicated in Table 1.

Table 1. Correlational analysis

		IRS	SFF
Pearson	IRS	1.000	
Correlation	SFF	-.079** (.007)	1.000

** $p < 0.01$

Source: Field data (2019)

Levene's test for homogeneity was applied to check the equality of variance for a pair of variables (Hair, Black, Babin, & Anderson, 2010). Table 2 indicates that the p-value was .570 which is greater than the critical value (.05). Thus, the H_0 that variance of errors is evenly distributed across all levels of the independent variables is accepted, showing that the homoscedasticity assumption was met.

Table 2. Levene's Test of Equality of Error Variances^a

Dependent Variable: FOMFs			
F	df1	df2	Sig.
1.598	337	1	.570

a. Design: Intercept + IRS + SFF

Source: Field data (2019)

Correlational analysis was used to measure multicollinearity status. The existence of multicollinearity leads to difficultness in interpreting the variate because of failing to establish the effect of any single variable due to their interrelationships (Hair, Black, Babin, & Anderson, 2010). Table 1 indicates that the correlation between IRS and SFF was -.079 which is a low negative correlation, meaning that no multicollinearity problems. The normal distribution of data was also examined.

The histogram figure 5 shows that the standard deviation was 0.997, close to the standard deviation of 1.0 for the normal distribution.

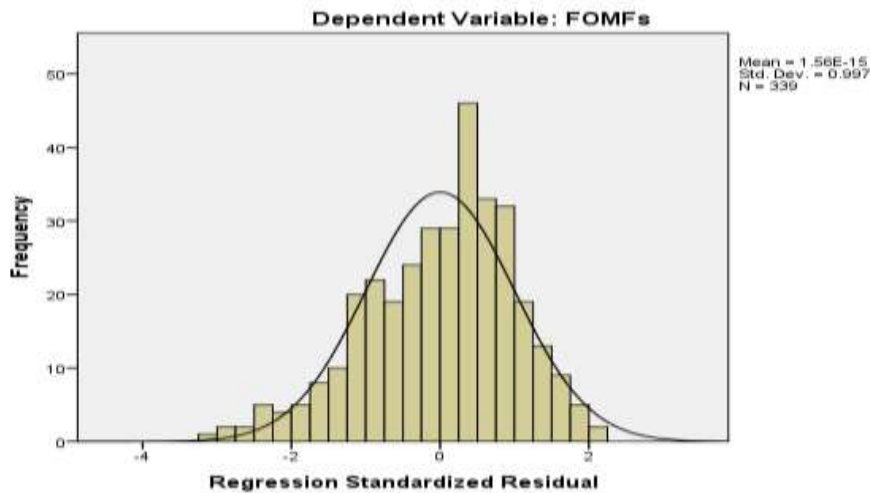


Figure 3: Histogram figure showing normality status
 Source: Field data (2019)

Table 3. Residuals Statistics^a

	Minimum	Maximum	Mean	Std. Deviation	N
Predicted Value	-1.5050911	1.1410459	.2276151	.52525647	339
Std. Predicted Value	-3.299	1.739	.000	1.000	339
Standard Error of Predicted Value	.039	.135	.062	.022	339
Adjusted Predicted Value	-1.5051799	1.1558659	.2271561	.52562147	339
Residual	-1.58399200	1.20902085	0E-8	.72337439	339
Std. Residual	-2.184	1.667	.000	.997	339

a. Dependent Variable: Family owned-manufacturing firms' survival (FOMFS)

Source: Field data (2019)

Testing the outliers was carried out. Table 3 indicates that the standardised residuals were between -2.184 and 1.667 which are within the limits of ± 3 expected for normal distribution of data (Mashenene, 2016), showing that the data were free from outliers.

4.2 Testing reliability and validity of data

Reliability testing was done to assess the data collection techniques and analysis procedures, it produced consistent findings (Saunders, Lewis, & Thornhill, 2012). Table 4 shows that all Cronbach's alpha values for IRS and SFF were greater than the minimum Cronbach's alpha value of 0.7 (Saunders, Lewis, & Thornhill, 2012), showing the existence of good reliability

Table 4. Reliability statistics

Variable	Cronbach's Alpha	N of Items
IRS	0.874	4
SFF	0.954	10

Source: Field data (2019)



To ensure the construct validity, Principal Component Analysis (PCA) was run as the extraction method with a direct Oblimin Kaiser Normalisation as the rotation method to determine the factor loading for the measures of each research construct (Westhuizen, 2014). The results indicate that factor analysis of each item loading of IRS and SFF was above the minimum value of 0.5, indicating that constructs validity existed (Table 5).

Table 5. Pattern Matrix for factor analysis

Item	Item statement	Component	
		1	2
IR1	The management prioritises internal recruitment of the successor.		0.765
IR2	Owner manager supports internal recruitment.		0.812
IR3	Recruitment process of senior leaders is reliable in internal recruitment.		0.839
IR4	Employees with good performance record are internally recruited as senior leaders.		0.869
SFF1	Management assesses successor's education before developing that successor to be a senior leader.	0.854	
SFF2	Management assesses successor's experience before developing that successor to be a senior leader.	0.862	
SFF3	Management assesses successor's future goals before developing that successor to be a senior leader.	0.848	
SFF4	Management assesses successor's attitude before developing that successor to be a senior leader.	0.833	
SFF5	Management assesses successor's self-drive ability before developing that successor to be a senior leader.	0.884	
SFF6	Management assesses the successor's stability and consistency before developing that successor to be a senior leader.	0.893	
SFF7	Management assesses successor's ability to obey the firm's rules and regulations before developing that successor to be a senior leader.	0.854	
SFF8	Management assesses whether successor is creative and initiative before developing that successor to be a senior leader.	0.844	
SFF9	Management assesses successor's ability in analysing and understanding issues in details before developing that successor to be a senior leader.	0.862	
SFF10	Management assesses the successor's ability to handle multiple tasks before developing that successor to be a senior leader.	0.775	

Source: Field data (2019)

4.3 Multiple linear regression analysis

Table 6 shows that the R Square for the regression model explains the variability in the FOMFs survival by 64.3% (0.643). This implies that the FOMFs survival is predicted by the model by 64.3% while the rest of the factors not included in the model predict the variability of the FOMFs survival by 35.7%. The standard error of the estimate was 0.748 around the regression model which is close to the tolerable standard deviation of 1.0 for normal distribution.

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Table 6. Model summary for multiple linear regression analysis

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.804 ^a	.646	.643	.74869025	2.422
a. Predictors: (Constant), Internal recruitment of the successor (IRS), Successor factors alignment with the firm (SFF),					
b. Dependent Variable: Family owned manufacturing firms' survival (FOMFs)					

Source: Field data (2019)

Table 7 shows that the overall model fit is acceptable since the p-value for the regression model F test is .000 which is less than the critical p-value (0.05) at the confidence level of 95%. Therefore, the model is highly significant to conclude that the two independent variables IRS and SFF together predict the survival of FOMFs.

Table 7. ANOVA F test assessing the overall model fit

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	99.598	2	49.799	94.641	.000 ^b
	Residual	188.901	337	.560		
	Total	288.499	339			
a. Dependent Variable: Family-owned manufacturing firms survival (FOMFs)						
b. Predictors: (Constant), Internal recruitment of the successor (IRS), Successor factors-work fit						

Source: Field data (2019)

Table 8. Coefficients of multiple linear regression analysis findings

Model		Unstandardised Coefficients		Standardised Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.124	.040		3.134	.002
	Internal recruitment of the successor (IRS)	.046	.053	.051	.976	.264
	Successor factors-work fit (SFF)	.550	.043	.543	12.670	.000

Source: Field data (2019)

The findings for multiple linear regressions are shown in equation (1).

$$Y = .124 + .051 \text{ IRS} + .543 \text{ SFF} + \epsilon \dots \dots \dots (1)$$

Table 8 shows that the internal recruitment of the successor has no relationship to the survival of FOMFs since the observed *t* value (*p*=.264) is greater than the critical value (*p*=.05) at the confidence level of 95%. Therefore, *H*₀₁ is accepted. This implies that the internal recruitment of the successor is not related to FOMFs survival. However, some literature does not support the findings in the sense that internal recruitment keeps the best people, uses less time and cost, shortens the learning curve and also enhances the cultural fit habit. Internal recruitment of the successors may retain the competent successors by using less effort and cost and also improve the business performance (Bozer, Kuna, & Santora, 2015). Internal



recruitment encourages employees to develop their careers since they expect to hold key leadership positions in the future (DeVaro, 2016; Gitonga, 2014). The assumption is that internal recruitment of the successor brings in smooth leadership transition and FOMFs survival due to the existence of shared social-emotional relationships and ties between the potential successor and other people working in that particular firm.

Other literature supports the findings on the reason that internal recruitment of the successor is a source of echo chamber since it limits the production of exciting, new and unique ideas and perspectives and hence encouraging inbreeding (Adewale, Abolaji, & Kolade, 2011). This implies that some FOMFs are poorly performing due persistence of obsolete, diluted, irrelevant, non-productive work experience and unethical behaviours among the employees. Thus, the internal recruitment of successors stagnates the organisation's growth. Therefore, internal recruitment of the successor encourages to have similar people with similar work experience who are likely to retain a culture that does not encourage bringing changes within the FOMFs. As a result, external recruitment for senior executives is encouraged to bring new thinking, fresh ideas, new vision, productive culture and proper work ethics. Still, other literature encourages both internal and external recruitment of the successors. For the family business to attain outstanding performance and survival, a blend of both internal and external recruitment of the successors are encouraged to obtain experiences for broad learning and creating new perspectives and insights (Rothwell, 2010; Sirmon & Hitt, 2003).

Successor factors-work fit was suggested as one of the countermeasures for solving the conflicts of interest between the principal and the agent which root from management succession planning in the FOMFs. The findings in Table 8 shows that successor factors-work fit has a positive relationship with the survival of FOMFs since the observed t value ($p=.000$) is less than the critical value ($p=.05$) at the confidence level of 95%. Therefore, H_0 is rejected. The standardised coefficient is also positive (.543) implying that grooming and selecting the successor whose factors fit with the work requirements, improves the survival of the FOMFs. Some literature does not support the findings. Senior leaders in Sub-Saharan African FOMFs are rarely groomed before holding the key leadership positions (Were, 2016). The owner-managers may decide to appoint any family member to occupy an executive position without considering the competency level and work experience. This implies that if the father loves one of his children, there is a possibility of giving that child the higher leadership position regardless of the child's competency level and experience. As a result, identifying, grooming, developing and selecting the FOMF successor whose individual factors do not fit with the relevant work, may create a pool of leaders with irrelevant and incompatible skills, knowledge, experience, attitude and behaviour. This may lead to irresponsible behaviours, disturbing business flow, business inefficiencies, frequent boycotts, employees' turnover, tarnished firm's image, market loss, financial loss and dual cost behaviour of management succession planning due to poor leadership. Dual cost behaviour of management 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. As a results agency problems and associated costs will massively rise, creating big conflicts of interest between the agent and the principal due to misalignment of their interests.

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However, some literature supports the findings. The family business succession process must consider both successor individual entities and business factors to avoid creating successor's divergent goals behaviour and agency costs (Block, 2012; Michel & Kammerlander, 2014). The principal should groom, develop and hand over the duties and responsibilities to subordinates who have the right specialisations and qualifications (Bozer & Santora, 2017; Kallmuenzer, 2015). The successor suitability and interests are important to consider when planning for the generational succession in the family business (Scheemaecker, 2017). Thus, having competent and suitable successors in the key firm's leadership positions is to improve business efficiencies, performance, survival and sustainability. Hence, if the FOMFs want to lower the agency costs, they should groom, develop and select competent and suitable successors who ultimately improve the FOMFs efficiencies, performance and survival.

5.0 CONCLUSION

The study examined the effect of the successor's recruitment type and successor factors on the survival of family-owned manufacturing firms (FOMFs). Internal recruitment of the successor was found to have no relationship with the survival of FOMFs. The findings imply that prioritisation in the internal recruitment of the successor is not crucial for the survival of the FOMFs across generations. Thus, the firm has to weigh out which recruitment type is worth and merit for the successors of FOMFs successors. Successor factors-work fit was found to have a positive relationship with the survival of FOMFs across generations. The findings imply that sustainably practising management succession planning basing on successor factors-work fit is critical for the survival of the FOMFs to successive generations. It is recommended that the FOMFs should identify and develop high-potential employees from within the firm to fill the key vacant leadership positions whenever they arise. The essence of having competent and quality successors in the key leadership positions is to increase the FOMFs efficiencies and survival. This study used a purely quantitative survey questionnaire approach and was done in the Dar es Salaam. Future studies can use mixed methods research to get rich information on the relationships between the empirically tested predictors and independent variables and also include many regions for generalisability. Also, future research can establish factors that may mediate the relationship between internal recruitment of the successor and successor factors-work fit with the survival of the FOMFs.

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