Volume 13 Issue 35
Originally issued as A11



Global Journal of Management and Business Research
Administration and Management
Volume 13 Issue 11 Version 1.0 Year 2013
Type: Double Blind Peer Reviewed International Research Journal
Publisher: Global Journals Inc. (USA)
Online ISSN: 2249-4588 & Print ISSN: 0975-5853

Psychological Perspective of the Succession Obstacles in our Nigerian Indigenous Firms

By Dr. Orok B. Arrey
Federal University Wukari, Nigeria

Abstract- The succession obstacles in our family indigenous firms is the difficulty in fetching effective successors to the founder of the firm. Usually the owner and the founding director makes no conscious to provide for his success or like any other persons the fact that some day he will no longer be in the business as a head. Each day for him appears too early for whom to take over from him. He is only thinking how to expand his firm. In terms of manager, he also thinks of new business or all types of integration. Suddenly he dies. It becomes difficult for his successor to know how to go about with the business because the owner of the company was performing well. His formula was not disclosed to any body not even his relative. This paper is focus on psychological perspective of the succession obstacles in our Nigeria indigenous firms.

GJMBR-A Classification : FOR Code:150304 JEL Code: M13, O32



Strictly as per the compliance and regulations of:



© 2013. Dr. Orok B. Arrey. This is a research/review paper, distributed under the terms of the Creative Commons Attribution-Noncommercial 3.0 Unported License http://creativecommons.org/licenses/by-nc/3.0/), permitting all non-commercial use, distribution, and reproduction in any medium, provided the original work is properly cited.

Psychological Perspective of the Succession Obstacles in our Nigerian Indigenous Firms

Dr. Orok B. Arrey

Abstract- The succession obstacles in our family indigenous firms is the difficulty in fetching effective successors to the founder of the firm. Usually the owner and the founding director makes no conscious to provide for his success or like any other persons the fact that some day he will no longer be in the business as a head. Each day for him appears too early for whom to take over from him. He is only thinking how to expand his firm. In terms of manager, he also thinks of new business or all types of integration. Suddenly he dies. It becomes difficult for his successor to know how to go about with the business because the owner of the company was performing well. His formula was not disclosed to any body not even his relative. This paper is focus on psychological perspective of the succession obstacles in our Nigeria indigenous firms.

I. Introduction

Manifestation of the Succession Obstacles The succession obstacle has two stages. These are: incubation phase of the succession obstacle is in operation when the owner of the business is alive and active. The company is essentially one and the same with the owner/founder. The firm, regardless of size, however defined, is a one man business. The one man is the founder/chief executive of his firm. He is the effective decision maker. 'He is the chief policy maker as well as chief policy implement or under the tittle of chairman/managing director. The chief executive of the firm is the head of the Owning/Family.

The chief executive commands and maintains a psychological, social as well as economic distance between him and everybody else in the organization including nominal directors. His opinion requires courage to challenge in any aspect of company operations. He is regarded as a think tank generalist in all the functional areas. There is no compelling need of hiring professional managers. The good ones will not turn up any way so the company operates without structure. It grows without developing like a fifty years old man crying because of hunger.

The owner of the business forges ahead with relatives and retired associates who can not challenge him. He is the prime mover of the company the source of pressure to every workers when he travels, the pace of works show down. Finally when passes away the company follows him and thus enter the manifestation stage.

Author: Department of Business Aministration Federal University Wukari Taraba State Nigeria. e-mail: Orokbonifacearrey@Yahoo.Com

II. Full manifestation of the Succession Obstacle

This is the phase usually identified with the succession obstacle. The obstacle becomes manifest in declining corporation performance arising from leadership vacuum. Management suddenly seems to lack know how.

Pressure from the owning family now transformed to an estate. Each one wants to take advantage of the other, all assuming a posture of sharing whatever is available liquid form. Staff are not unaware of the imminent end of tenure. Everybody puts one leg and the other out. Loyalty declines payment of salaries becomes a favour rather than right. This fuels divided loyalty. Slowly, but surely the company begins to wind up in the end only the signboard remains.

The signboard are good indications of the dimension of the succession obstacles in family based business in Nigeria.

III. The Urgency of the Solution to the Succession Obstacle

Succession obstacle is not only in Nigeria even advanced countries is same. The business community cannot pretend any longer that the succession obstacles does not exist.

In any case, family business deserves help to solve the intergenerational obstacles. There is no reason why Nigeria cannot export family business as our answer to the Guinesses and Evans for example. Besides, more money will continue to pass through family hands under the various schemes such as the small medium scale industrial programmes. It is in the national interest that firms formed under these schemes outlive their founders. This is one way of accumulating a national capital of industrial experience.

IV. Approaches to Obstacle of Succession

The solution to the succession obstacle in family based firms requires an inter disciplinary effort, an effective team should be able to profer a solution based on the following relative perspectives.

(i.) Economic an assessment of the extent to which resource allocation decisions are informed by economic nationality.

© 2013 Global Journals Inc. (US)

(ii.) Socio-cultural: an assessment of the sources and nature of pressure to the business founder family (employment, white elephant projects chieftaincy, titles, conspicuous consumption).

(iii.) Managerial: - Assessment of the relationship between founder's family and the business, the climate of the firms extent structure in the firms. Manpower sourcing and resourcing practices, and extent of humanization of management etc.

V. Psychological Approach to the Succession Obstacle

Obstacle Assessment.

In the assessing the succession obstacle, the psychologist will seek answers to the following questions among others.

(i.) Of the family based firms formed over a period of time (two decades for example, how many have folded up?)

(ii.) Who were the founder of these firms?

(iii.) What is the distribution of the defunct firms with respect to industry main product services, geographical location?

(iv.) Which of the following threats to corporate survival accounted for the demise of the firms founders succession. Management of smuggled goods, input shock, theft of materials products, Sales receipts temptation to shift to other career, new government policies, technological continuity.

(v.) Of the defunct firms-owing to succession,

- What was the age of the founder at beginning of operation?
- What was the sex of the founder?
- What was the academic/professional qualifications?
- What was the founder doing before starting the business?
- How many wives and children had the founder?
- How supportive were the husband and the children to the female founder?
- What were the sexes, ages, educational qualification of children at founder's death?
- Which of the following was used most by founder to foster business interests.
- Politics
- Religion
- Ethnicity
- Role of spouse
- Inheritance law
- Land ownership
- Overseas connection
- Allumni connection
- Royal Connection

VI. Background Literature

The Personality Profile Of Proprietor

The following check list describes the proprietors.

- Their identity is so wrapped up in the firm that they virtually say I am the firm the firm is me.
- They are at the centre of all major decisions.
- They have little trust in others.
- They tend to threat their non family managers as they help.
- They promote a highly paternalistic corporate culture.
- Their children regard them as well as all powerful figure almost God-like.
- Their sons enter the business as a matter of loyalty they have little choice.
- Their daughters are to marry raise children and be looked after.
- If their spouses accept their behaviour uncritically their children join the company passive an submessive, keeping their distance from the founder, generally, seeking positions in some far flug firm operation.
- If their spouses are independent resisting to their controlling behaviour, their children fight back, leading a rebellion against fathers authority, getting threat for it.

The personality of founders that resemble orchestra conductors is described as follows:

- Very much in control and central to all key decisions in the company.
- Concerned about harmony, about looking good to their children, and being respected in the business community.
- Typically invite their children into the business often enticing them with promises of money, power, and prestige, assigning them to work in different areas of the business (finance, production, sales).
- Build a strong sense of loyalty to the family.
- Work to develop norms that encourage sacrifice for the greater good of the family
- Enjoy warmth of family, filling their offices with family portraits. Delegate and give children opportunities.

The personality profile of the technicians. The profile of the technician is described as follows:-

- Possess special talents for creative work or ability to understand and apply technology.
- Indispensable to business.
- Geniuses in what they do.
- Head administration
- Delegate administration to the loyal non family members who provide some structure.
- Hoard knowledge, even from their. children lest they usurp his position
- Their children decide early in life that they will never be as good as their old man in their area of expertise, trying not to compete with them, moving

© 2013 Global Journals Inc. (US)

into areas in which they have little knowledge (e.g. marketing or computer professions)
- Entrench non family managers as partners.
- Disrespect any administrative ability children.

VII. Relative Chances of Succession

The Proprietorship When one individual so dominates a business that others cannot share in power, responsibility and feelings of ownership succession is virtually impossible. May be if a firm run by a proprietor reaches a certain size it can persist despite the founder's destructive forces and pass on to future generation. Hard data are not available on the subject in Nigeria. But it is known that ford virtually went bankrupt in 1946 even though it was from the turn of the century till the 1930s, the greatest industrial enterprise on earth (Davis 1990). Generally, proprietorships have the highest failure rate after their founders.

VIII. Presentation

Behavioral Solution to the Succession Obstacle.

The following guidelines are suggested a solution to the succession obstacle.

Assess the health of the business-family relation. In doing this, the founder and other family members in the company can consider the following statements and decide whether they agreed or disagreed with them.

1. Our family tries not to completely separate our family issues from business business issues.
2. Family members do understand or do go along with firm goals.
3. None of the family members in the company would rather work somewhere else.
4. Our family is very willing to change the Way we do business.
5. Family members are often praised for doing good job and criticized for their mistakes.
6. Family members know what will happen to the business when the founder/owner retires.
7. One person does not make all the important decisions for the business, others are often consulted
8. Our family usually attempts to resolved obstacles before the reach the crisis stage.
9. Certain business information is shared with all members of the family.
10. The family rarely resolve conflicts internally, we usually seek outside advice.

If you agree with all 10 statements, you probably have healthy business and a healthy related family life, if you disagree with some of, the statements, you may need to do some preventive management maintenance (Drucker- 1989)

IX. Employ a Preventive Maintenance Concept

This involves taking time to communicate as a family about these issues which affect both the family and the business. This will lead to stabilizing policies for the ten key family business issues. These includes such critical questions as employing relatives, compensating family members and dividing ownership. Some founders attempt to separate business and family issues completely to avoid conflict. This is rather possible no desirable. The interaction between family and business is the source of the unique strength and personal satisfaction on the enterprise.

Besides the founder is the link between the family and business. If the two are totally separated while the founder is alive, chaos will fill the gap created by the exit of the founder. Equally important is that family members and non relatives should understand why the firm exists it is dangerous for the founder to hoard the cooperates goals. He may die with them.

Professionalize the management of the business:

Professionalization should include the following:

a. Developing and urging a strategic plan to guide the future of the business.
b. Ensuring that management systems and operating practices
(i.) Reflect good business principles
(ii.) Encourage family-members to together in the business.
(iii.) Are equitable to both family members and non family member employees.

X. Manage Effective Leadership Ownership Transition

May be accomplished as follows:

a) The founder/owner should conduct a self examination and identify himself as either a proprietor, orchestra conductors or a technician.
b) The founder/owners should recognise and accept responsibility for transition. The founder has an obligation to both the family and the business to deal effectively with the issues surrounding succession, and transition during lifetime.
c) The founder should assure a smooth productive transition according to the following options.
   i. A proprietor should hands off the business, while a life strong non family managers should play a vital role in stabilizing the firm and managing the transition usually a non family chief executive is necessary for success.
   ii. Conductors should revert to players in the orchestra before death. Most likely conductors may prefer selling their firms rather than face the pain of transition.

© 2013 Global Journals Inc. (US)

iii. The technician are likely to succeed in perpetuating the business by forming partnership either with family members or strong non family heads

XI. Recommendation

The succession obstacles in our Nigerian indeginous firms must be solved by the business owner himself in his life time. No air of optimal solution in individual cases is assumed. A lot of research and consultancy is required. This should be an area in which the manufacturers association of Nigeria and academia by acknowledging the dark side, many founders may learn how to keep it from destroying all that the bright side has built.

XII. Conclusion

Over the years, many family business founders are thinking about refusing and turning the leadership of their business to some one else. Thereafter the succession obstacles becomes suppressed along the line what remains of their business are lonely sign-boards point to nothing. This shows that the succession obstacles must besalved by the business owner himself in his lifetime.

An area of research and consultancy by the manufacturers association of Nigeria and academia can cooperate to mutual benefit.

References Références Referencias

Christopher Hodgkinson (1985), Philosophy of Leader

1. Davis P. (1990) "Family Business Wharton Alumni Magazine Winter.
2. Drucker R. H. (1981) Are you getting the most of your family? The family business,Vol.2
3. Doud, E. A. (1989) "Managing Management Succession" The family Business Vol. 1 issue 2.
4. Johnson E. S. (1991) Leadership and Attitude Social Science Research P9. 13
5. M. Choath M. (1990) Management Historical Perspective, New York University of Rochester
6. Vecchio, R. P. (1988) "Organizational Behaviour" Chigaco Dryden Press
7. Wood Fred J. I. (1986) Supervisors Guide to Contract Administration and Grievance in
8. Handling C. H. Advisory Publishing.

© 2013 Global Journals Inc. (US)