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Evaluation of Owners' Characteristics and Succession Practice among Small and Medium Size Manufacturing Enterprises in Ekiti State, Nigeria

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Abstract: This study evaluated owners' characteristics and succession practice among manufacturing Small and Medium Enterprises (SMEs) in Ekiti State, Nigeria. It assessed the correlation between achieved characteristics (educational level and experience) of owners of manufacturing enterprises and choice of succession practice; and the extent to which owners' situational characteristics (health, spouse, children's readiness) influenced the choice of succession practice. The study employed descriptive design and the population comprised of 136 founders and succeeding owners of registered manufacturing SMEs in Ekiti State. To obtain a sample of 100 participants, stratified sampling techniques were used and Descriptive statistics were also used to profile the respondent's demography. Pearson Product Moment Correlation (PPMC) was employed to determine the association between the demographic and achieved characteristics of owners and succession practice. While multiple regressions were used to analyze learnable and situational characteristics and succession practice the study's findings revealed that owners' characteristics, expressed as: demographic characteristics, being female ($r=0.315$, $p=0.012$); achieved characteristics, higher education ($r=0.300$. $p=0.017$) and average experience ($r=0.272$, $p=0.031$); learnable characteristics, need for achievement ($\beta=0.334$, $p=0.007$) and leadership ($\beta=0.288$,$p=0.035$); and situational characteristics of wife ($\beta=-0.256$,$p=0.04$) and children ($\beta=0.284$, $p=0.018$), were significant variables that influenced succession practice among SMEs' owners. It concluded that practice and belief in succession practices among SMEs owners is strongly influenced by education, experience, and the desire to leave a legacy. Recommendations include that government should encourage graduates to establish SMEs and managers should strive for organized and dependable families and train their children, to ensure successful succession.

Keywords: *Family Internal Transfer, Medium Enterprises, Small Enterprises, Succeeding Owner, Succession Practice.*

1. Introduction

Economic growth, employment and revenue generation; and technological advancement are among various benefits associated with the activities of Small and Medium Enterprises (SMEs) in many developed nations, notably those operating in the manufacturing industries. Globally, this category of enterprises dominates the business sector (Kot & Brzezinski, 2018; Quartey, Abor & Iddrisu, 2017) and contributes to every sphere of human life in developing and developed economies (Blackburn & Hart, 2013; Mensah, 2012). However, a large proportion of SMEs fail after a few years of existence. In many cases, this is due to a lack of succession arrangements. When the owner dies or becomes incapacitated the enterprise thus either becomes moribund or closes (Akinbode & Imhonopi, 2014; Ofoegbu, Akanbi, & Joseph, 2013). A number of studies have investigated why SMEs do not survive beyond the first generation (Attahur & Saffu, 2005; Khurrum, Bhutta & Asad, 2008; Motwani, Levenburg; Quartey et al., 2017; Schwarz, & Blankson, 2006). A focus area has been the characteristics of owners. Many of such studies are conducted in the developed economies like the United States of America and the United Kingdom (Motwani, Levenburg, Schwarz, & Blankson, 2006; Hankinson, 2000) as well as developing countries (Khurrum et al., 2008). Hashim, Wafa, and Suliman (1999) described personal characteristics as the traits possessed by people which help them to do their jobs. Lucky, Minai, and Isaiah (2011) note, that, these include the unique qualities, features and personalities that differentiate one individual from another. SMEs owner's characteristics thus refer to the personal attributes, qualities, and traits that assist them to successfully run their business enterprises.

The most common SME owner characteristics discussed in the literature are age, educational level and gender (Blackburn & Hart, 2013; Dobbs & Hamilton, 2007). Studies (Khurrum et al., 2008; Degryse,

Matthews; & Zhao 2015) have focused on demographic, achieved, learnable and situational characteristics. Demographic characteristics include age and gender, among others; achieved characteristics refer to educational level, experience, and other factors; learnable characteristics include the need for achievement, control, and leadership; and situational characteristics include health, spouse, family, existence of children, children's readiness and others. For instance, many SMEs owners are surrounded by family members; this will influence the decisions they make in terms of succession planning and implementation. Succession in the first instance includes transferring a commercial investment of any kind from one owner to another (Ganu & Boateng, 2013). Ownership transfer is very essential for the growth and sustainability of SMEs (Scholes, Westhead & Burrows, 2008). In business, it is not necessary to wait until the owner dies before addressing succession issues and matters affecting. In the SME sector, the decision to transfer ownership rests in the hands of the owner. This is because most business owners regard their firms as extension of their personality and wants, which are intricately bound with family needs.

Succession practices include transfer within the family, the sale of the company to third parties, management, by company employees, sale to another company, initial public offer and liquidation (Maco, Csizmadia & Heldrich, 2015; Sawers & Whiting, 2009). Rather than close the business, many owners prefer to sell to potential external individual or transfer the stake to a family member or employee (Maco, Csizmadia & Heldrich, 2015; Martins, Martin & Mabbet, 2002). For instance, family business literature (Berns & Klarner, 2017; Joshi, Sinha, Dixit, & Shukla, 2018) describe succession plan as the transfer of business ownership and leadership from a predecessor to a successor. Garman and Glawe (2004) similarly described succession as "a structured process involving the identification and preparation of a potential successor to assume a new role". In SME manufacturing businesses, the common trend is transfer of both ownership and management (DeTienne & Cardon, 2012; Garg & Weelee, 2012). Transfer of ownership could be within the family but where this is difficult or problematic, alternative options are available. Selling the enterprise through management buy-in (MBI) or management buy-out (MBO) enables continued independent ownership that allows the owners to realize their investment (Scholes, Westhead & Burrows, 2008; Scholes, Mike, Paul, Andrew, & Hans, 2007). While MBO involves existing management purchasing a business, usually in conjunction with external financiers such as a venture capital firm, in MBI the enterprise is sold out to the external entity otherwise known as business managers.

This category of new management team obtains a substantive stake. Traits theory and upper echelons theory were found to be germane in discussing SME owners' characteristics that influence their decisions on a number of issues, including succession. While the effect of such characteristics on decisions relating to business succession can be examined in isolation, a combination of characteristics is assumed to influence the type of succession practice adopted. For instance, the decision to leave and enjoy the remainders of one's time after a busy employment life could be motivated by health considerations or one's children's readiness to take charge of the business entity. It should be noted that Nigerian SME owners rarely retire voluntarily. They usually dropped dead in 'active service' or are compulsorily retire due to health challenges caused by hypertension, stroke, diabetes, etc. This further compounds succession issues which Cowling, Liu and Zhang (2018) and Ortiz (2007) referred to as "the thorniest issues within family-owned businesses". Given such characteristics, most SMEs owners never foresee the need to plan an acceptable successor for their exit (Daspit, Holt, Chrisman & Long, 2016). It is against this background that this study considered the characteristics of SME owners operating in the manufacturing sector as the variable of interest including demographic, achieved, learnable and situational characteristics that influence succession practices such as family internal transfer, and business sale, including MBO and MBI.

Statement of the Problem: The literature notes, that, SMEs have a low survival rate and that, three out of five do not progress beyond first generation (Ngugi, 2013; Mensah, 2012; Bowen, Morara & Mureithi, 2009). A survey on SME succession carried out by a body known as the Canadian Federation of Independent Business (CFIB) estimates that 71% of SME owners expected to terminate their entrepreneurial engagement within the next ten years (Bruce & Picard, 2006). Igwe, Onjewu and Nwibo (2018) and Onugu (2005) established lack of a succession plan as one major challenge confronting SMEs in Nigeria. Failure to formulate a succession plan has been attributed to ownership characteristics and philosophies which influence the continuity or discontinuity of enterprises (Khurrum et al., 2008; Everaert, Sarens & Rommel, 2006). Some studies have found that demographic characteristics such as the age of the SME owner negatively impact

smooth transfer of ownership. Young owners are often opposed to the notion of succession while older ones feel that no one else can run the business the way they do.

The owner's gender has also been found to influence succession planning (Díaz-García & Jiménez-Moreno, 2010), with some scholars suggesting that male owners are more likely than female ones to ensure transfer to another owner due to a number of reasons. In most instances, the challenge has been the SME owner's inability to select a successor in a timely manner. Many owners find it difficult to learn new ways of managing their enterprise to ensure it outlives them. This could be due to the fact that they regard the business as a means of survival, rather than as a way to immortalize them. Others do not believe in managing the enterprise for the future. Finally, given the uncertain environment in which they operate, many SME owners are reactive rather than proactive, undermining the possibility of planning for succession (Bushe, 2019). The studies discussed above were conducted in developed and developing countries. While a few studies were done on succession plan and SME activities in Nigeria, there is a paucity of research on the relationship between owners' characteristics and succession practices, particularly in Ekiti State. This article seeks to fill this gap.

Objectives of the Study: The main objective this article was to examine the relationship between owners' characteristics and succession practices among SMEs in Ekiti State, Nigeria. Other objectives were to:

- Determine the relationship between the demographic characteristics (age and gender) of SME owners and the choice of succession practice;
- Assess the relationship between achieved characteristics (educational level and experience) of owners of SMEs and the choice of succession practice;
- Examine the extent to which learnable characteristics (locus of control, leadership and need for achievement) of SME owners influence the choice of succession practice;
- Evaluate the extent to which the situational characteristics (health, spouse, children's readiness) of owners of SMEs in the manufacturing sector impact the choice of succession practice.

Research Hypotheses: Four basic hypotheses were formulated to address these research objectives:

- The first hypothesis determines if the demographic characteristics (age and gender) of the owners of SMEs do not have any positive relationship with the choice of succession practice.
- The second hypothesis determines if SME owners' level of education and experience does not have any significant relationship with choice of succession practice.
- The third hypothesis determines if the need for achievement, locus of control and leadership among owners of SMEs do not have any significant influence on the choice of succession practice.
- Finally, the fourth hypothesis determines if the situational characteristics (health, spouse and children's readiness) of SME owners do not significantly influence the choice of succession practice.

2. Literature Review

The Small and Medium Enterprises are non-subsidiary type of business ventures, which are independent within a given number of workforces with this figure varying across nations. Universally there is no acceptable definition for SMEs (Beyene, 2002; Verdolin, Bak, Ruet & Venkatachalam, 2018). As the name suggests, much definitions consider size, namely, small and medium. Others take into account the numbers of staff and level of assets. Furthermore, different definitions have been proposed by different organizations based on their interest in this sector. Financial sector, public sector authorities, not for profit organization (NPO) international organizations, consultancy firms, researchers, industry chambers and other SMEs service providers have definitions based on their own criteria (Dasanayaka, 2008; Jain & Gandhi, 2016). They also affix various labels to this sector, including Cottage and Small Scale Industry (CSSI); Small and Medium Scale Industries (SMIs); Rural Enterprises (REs); Small and Medium Scale Activities (SMAs); Informal Sector Activities (ISAs); Micro Enterprises (MEs) and Micro and Small Scale Activities (MSSA), among others. For instance, enterprise has been generically defined in the context of business entity or activity involving industrial activities and services either as a sole-proprietorship, partnership arrangement or corporate venture.

According to Acs, Audretsch, Lehmann and Licht (2016) and Dasanayaka and Sardana (2007), SMEs engage in in business activities ranging from agriculture such as fishing, animal husbandry, industry; or manufacturing, mining, urban and estate settings, construction, serving business eco-system, retail, wholesale and services in rural environments. SMEs are growing and active in different sectors such as agricultural input or output businesses in rural areas, manufacturing sectors such as computer sales and hardware repairs, business construction locally and in the foreign markets, chemical, apparel, machinery as well as food and beverages firms in cities. Both in developing and developed countries, numbers of SMEs also cut across business activities such as one man business or operated few entrepreneurs, family business, relations/friends or partners in business, who make business decision in one way or the other.

SME in Developing Countries: SMEs are extremely heterogeneous in nature that engaged in different kinds of business activities. As mentioned earlier, many of such SME business activities according to Cox, Murray & Round (2017) range from operating a coffee shops around neighborhoods, selling of automobile parts in along the streets or major markets, distributorship, artisanship or service providers, agricultural equipment: sales and repairs as well as software design, sales and marketing. Similarly, Augustine and Asiedu (2017) described the characteristics of SMEs operators around developing nations under broad headings, which include: gender of the owner and efficiency, labour characteristics and sectors. The issue of sector is closely related to those activities, namely, retailing, trading or manufacturing. Such activities vary according to cultural practices from country to country and whether or not the businesses operate within the ambit of urban or rural geographical area. While family members who are not on patrol system constitute a quarter of the workforce (Abor & Quartey, 2010).

Around many developing nations also, most SMEs employ labour intensive system of production and have management centralized and limit access to long term capital (Udechukwu, 2003). Many of these SMEs revolve around owner managers. According to Olorunshola (2004) assertion, such SMEs are dispersed all over the nation and can be found everywhere. Another characteristic is in the fact that most SMEs around developing nations are closely linked to the products that launched them to the market. The development of SMEs in Nigeria is lagging behind unlike in Asian and developed nations. Studies revealed that SMEs mostly died in Nigeria within the five years of start-up, while a few percentages close down between the sixth and tenth years of operation and only about five to ten percent of the new ventures thrive to grow, develop and sustain to maturity. Reasons were identified for this situation, including the lack of a succession plan. This scenario, perhaps, is one major cause of high rate of unemployment in the country. Indeed, Onwumere (2000) referred to lack of succession plan as one of the characteristics of SMEs in Nigeria.

SME Owners' Characteristics: While ownership is usually understood as a multidimensional construct, it centers on possession of an item. Eniola (2018) described ownership perspectives from two different angle– protection of possession and freedom of disposal. In the context of this investigation, ownership is associated with business ownership which is tangible, that is, based on equity capital or shares (DeTienne, 2010). Ownership according to Fatoki, (2011) spells out a status, a task and a role assigned to a given individual. Similarly, such a role includes responsibility assigned to a given individual, the elements of risk involved, the duties to perform and worries associated with accomplishing the tasks. SME ownership includes individual and group ownership. The former refers to men or women that established and managed a business for the principal aim of furthering their individual interest. Another determinant is the issue of consumption patterns, availability of raw materials and access to global markets.

Mostly, sole-proprietorship provides more than half the SME workforce in developing nations. The business often forms primarily the major source from where owners draw their incomes. The business, however, consumes high percentage of their ample resources and time. Similarly, the owner sees the business as an extension of his or her personality and pride, which intricately supporting the needs and desires of the family. This is the most common form of group ownership within SME sector, while some of the global large enterprises are also family businesses. Such businesses are built around parents, children, and relatives. The family holds the majority of decision makings rights and they are passed from one generation to another (Degryse, Matthews, & Zhao, 2015). Cabrera-Suarez (2005) stated that, the family influences or controls both the issues relating to management of operations and ownership in a family business. A family owner is described by Casrud (1994) as "one in which both ownership and policy making are dominated by members.

Theoretical Literature

Traits Theory: The traits theory explains individuals' unique qualities which make them outstanding in their endeavours. It assumes that great men and women are born with distinguishing traits/characteristics that make them different from others. Individual traits are perhaps one of the most widely discussed areas in the human studies literature. Previous studies investigated the impact of business owners' individual traits on a number of issues (Ikavalko, Pihkala & Jussila, 2008; Barach & Gantisky, 1995), including the demographic factors that influence their decision-making. The assumption is that people with certain characteristics succeed in business. Some researchers (Khurrum et al., 2008; Timmons & Spinelli, 2008) have focused on psychological characteristics such as the need to achieve, locus of control and leadership that enables owners of enterprises to succeed (Ikhavalko et al., 2008).

Scharmer's Theory U Model: Scharmer (2007) developed model known as "Scharmer's Theory U Model" as a contribution to the second succession. Scharmer based his argument on the need for managers at senior level to embrace the tenets of succession plan. Initially, this model presents succession plan as beginning in the emerging future, with theory U having five levels of movements that make changes possible in management (Scharmer, 2007). The five movements are namely as: (1) Co-initiating stage–in this first stage, the organization initiates and discusses with all stakeholders a common purpose relating to a future event. (2) Co-sensing – the second stage of the movement involves collective recognition of organisational challenges and the suggestions of innovations and new ideas of addressing them. This is realizable through collective responsibility or general inputs. (3) The third stage known as presensing, involves leadership as a project to forecast as well as envisage the future as it emerges (Scharmer, 2007). The stage also initiates a foundation for a new way of doing things in a way that motivates business organization to realize the set objectives. Similarly at this stage, leadership lets-go the old/non-working idea and lets-in new idea and innovation as well as forging ahead to achieve a more realistic tomorrow.

(4) The fourth stage is 'co-creating' stage – according to Scharmer (2007) argument, this stage involves a kind of projection, where organisational leadership explores and crystalizes into the future. This also includes the determination of the prototypes of what the future might look like. Scharmer (2007) suggests that succession planning should be considered in the context of a long-term basis that will continuously address any emerging issues rather than immediate organizational requirements. Kartz (2006) argues that the company' strategy and policy needs be structured to accommodate the requirements for the successors so as to put a more sustainable and dynamic succession plan in place. (5) The fifth movement is known as 'co-evolving' state. The stage unveils and facilitates the implementation organization succession planning strategies bearing in mind the future as emerges (Scharmer, 2007). The traits theory however was underpinning theoretical foundation for the study as it explains more the significance of individual characteristics in decision making. This also includes those demographic characteristics such as age, gender, marital status, educational qualifications and the like impact on owners' decision making as regards a firm's succession plan.

3. Methodology

A descriptive survey design was employed in this research. The population comprised all the registered founders and succeeding owners of manufacturing SMEs in Ekiti State, Southwest Nigeria. Table: 1 lists the number of registered small and medium sized manufacturing enterprises. This list was obtained from the Ekiti State Ministry of Commerce.

Table 1: Registered Small and Medium Sized Manufacturing Enterprises in Ekiti State, Nigeria

S/N	Size of Enterprise	Total Number
	Small Enterprises	47
	Medium Enterprises	89
	Total Number	136

Source: Small and Medium Enterprise Development Agency of Nigeria (SMEDAN) in Ekiti State, Nigeria (2018).

The table shows that, at the time of the study, there were 47 small scale enterprises and 89 medium scale enterprises in Ekiti State, amounting to a total population of 136. The study sample was derived using Yamane 1967 cited in Israel (2009) model that determines a sample that is representative and proportionate to the level of confidence required from a given population. This is shown below:

$$n = \frac{\mathrm{N}}{1 + N(e^2)}$$

Where: n = Sample size, N = Total population, e = Margin of error.
Therefore; Given N = 600, and e is assumed to be 5%.

$$n = \frac{136}{1 + 136(0.05^2)} = 100$$

The sample size is =100
The research instrument administered to 100 SME operators in Ekiti State was a standardized questionnaire. Firstly, a stratified sampling technique using Kumaran 1976 model cited in Mini, Kumaran, & Jayasankar (2009) was adapted for the calculation of each stratum of sample size comprising selected SMEs in Ekiti State. The questionnaire was further subjected to face and content validity analyses.

Validity analysis in this case involves a psychometric property measurement suitable to establish the extent of validity of a given research instrument. Secondly, to ensure that the research instrument used in this research measured accurately the guided coefficients, a reliability analysis test was conducted using Cronbach's Alpha analysis for measuring the internal consistency. The personalities of the company's managers are also globally regarded as powerful factors that positively and negatively the performance (Zoysa & Herath, 2007). Thus, while no list exists of the traits that will ensure successful business succession, the influence of traits has been established. The use of Cronbach's Alpha according to (Pallant, 2010), is more significant while determining the internal consistency of research instruments. Cronbach's alpha coefficients show the significance of average correlation among all items of the scale. Some scholars (Hair, 2012; Pallant, 2010) suggested the measurement scale above .70 Cronbach's alpha coefficients as reliable. In another development, Sekaran (2013) opined that a Cronbach's alpha slightly lower than .60 is considered to be poor, one around .70 is acceptable and one over .80 is good as adopted in this research.

4. Results and Discussion of Findings

Table 2: Respondents' Demographic Profiles

Gender	**Frequency**	**Percentages (%)**
Male	44	69.8
Female	19	30.2
Total	**63**	**100**
Age (Years)	**Frequency**	**Percentages (%)**
36-50	13	20.6
51-65	41	65.1
66 & Above	9	14.3
Total	**63**	**100**
Marital Status	**Frequency**	**Percentages (%)**
Married	56	88.9
Divorced	7	11.1
Total	**63**	**100**
Educational Qualification	**Frequency**	**Percentages (%)**
Primary	4	6.8
Secondary	17	26.5
Tertiary	42	66.7
Total	**63**	**100**
Years of Experience	**Frequency**	**Percentages (%)**
11-20 years	51	79.7

21 years and above	12	20.3
Total	**63**	**100**
Health Status	**Frequency**	**Percentages (%)**
Very Good	11	17.5
Good		
Sound		
Stable		
Missing	52	
Total	**63**	**100**

Source: Field Work, 2018

Analysis in Table 2 indicates that a valid response rate of 63% was achieved for further analysis. The investigation also reveals that the majority (almost 70%) of the respondents were male population, with females in the minority at around 30%. Going by the respondents age brackets, about (65%) respondents (representing the majority) fell within the 51-65years age bracket. This might be connected to the years they have been in business. Around 89% of the respondents were married while about 7% were divorced. This is probably due to the fact that most of the respondents were of an age when it is common to be married in Africa. Around 67% of the research participants are educated to tertiary level of education, which includes university, college or a polytechnic in Nigeria. This suggests that they are well educated. Furthermore, most reported that they had between 11 and 21 years business experience, implying that they started their businesses in their late teens or early twenties. Of high significance is the result indicating that most respondents decided to decline answer to the question on individual health status and those that did respond classified it as good. The hypothesis one tested was designed to determine if the demographic characteristics (age and gender) of the owners of SMEs significantly do not have any relationship with the choice of succession practices.

The Pearson Product Moment Correlation (PPMC) was adopted to determine the extent of relationship between gender and succession practice on the one hand, and age and succession practice on the other. The results revealed that female owners ($r = 0.315$) had a stronger correlation relationship with succession practice than male owners ($r = 0.041$). Similarly, the results showed that female owners' relationship with succession practice was significant ($p=0.012 < 0.05$), while male owners was not ($p=0.752 > 0.05$). These findings are in line with Attahur and Saffu's (2005) study in Ghana, which established that the gender of a business owner is significant to the success of a firm. Similar study conducted by Martin (2001) asserted that male offspring were rather treated in a family business as 'heirs apparent' and not minding whether or not such male children were currently in employment of another firm. In terms of age and succession practice, the results showed that all age groups had a weak relationship with successions practice. The age group with the strongest correlation relationship with succession practice was that of 66 years and above ($r = 0.139$), followed by 51-65 years ($r = 0.133$), 21-35 years ($r = 0.11$) and 36-50 years ($r = 0.095$). However, none was significant. This suggests that, irrespective of their age, many owners of SMEs are not disposed to plan for the succession of their businesses.

This finding is in contrast to that of Lianjuan and Steven (2011) who found that an owner's age was highly significant in relation with choice of succession practice. They also found that an owner's age plays a negative role in choosing children as the successor. The second hypothesis stated that the achieved characteristics (educational level and experience) of the owners of SMEs do not have any significant relationship with choice of succession practices. In another development, PPMC scale was also used to determine whether or not any relationship exist between education level and succession practice on the one hand, and individual owner's experience and succession practice on the other. The results showed that tertiary education has a good positive relationship with succession practice and is significant ($r = 0.30$, $p<0.05$, $p=0.017$); whereas primary and secondary education were found to not be significant. This supports Khurrum et al. (2008), study that affirming issues such as the level of education, family generation, and the number of partners involving in a business practice, have a significant relationship with the survival of SMEs. Similarly, Nielsen (2011) in another study established that fact the level of education of owners of the business significantly impact on succession planning decision making process.

While Nishi, Anne and Jana (2007) established that a firm owner's level of education had a significant influence on succession planning decisions making. Arising from this background, Akoja and Hasret (2010) established the fact that, while some owners of business in Ekiti State have some level of formal education, their low educational levels militate against SMEs making a meaningful contribution to industrialization in this state. The findings also showed that an owner's number of years' experience has a significant relationship with succession practices; those who had 11 to 20 years' experience resulted in (r = 0.344, p=0.006); this is significant at 0.05 significance level. Those with more than 21 years' experience resulted in (r = 0.272, p=0.031), and this is significant at 0.05 significance level. This is in consonance with Attahur and Saffu's (2005) finding that experience plays a significant towards achieving sustainable business firms. The third hypothesis stated that learnable characteristics, which include the SME owner's need for achievement, leadership style and locus of control, do not have significantly influence the choice of succession practices. The result of Regression Analysis indicated 20.2% variance in the choice of succession practice of selected SMEs. This means that change in succession practice is caused by the learnable factors of the need for achievement locus of control and leadership.

However, the need for achievement subscale statistically showed the strongest level of significance as well as unique contribution to explaining succession practice when the variance explained by the other subscales was controlled in the model (β=1.460, p=0.007); leadership (β=0.469, p=0.035). The locus of control subscale's contribution was weak and not significant (β=0.064, p=0.686). This finding is in agreement with Abor and Biekpe (2007) findings, which established issue such as the corporate governance (leadership) as significantly influencing the performances of Small and Medium Manufacturing Enterprises (SMMEs) by infusing improved management practices, stronger internal auditing, greater opportunities for growth and a new strategic outlook through non-executive directors. The fourth hypothesis stated that the situational characteristics (health, spouse and children's readiness) of owners of SMEs do not have any significant influence on the choice of succession practices. Based on the regression analysis, the results showed that 15.7% of the variance in succession practice is explained by the model comprising the situational factors of health, spouse and children's readiness. The coefficient output also revealed that children made the strongest statistically significant, unique contribution to explaining succession practice (β=0.398, p=0.015); while spouse (β=-0.332, p=0.049); and health did not make a statistically significant contribution.

Such findings as obtained in this research aligned with MacWhirter, Smith and Zerbinati's (2004) study, which also reported the availability of both a willing successor, the specific personal and family values as providing a significant influence on the exit route selected. A similar study by Bocatto, Gispert and Rialp (2010) also established failure of business owners to made provision for succession in advance was specifically responsible for the demise of family owned businesses. In another development, an early study conducted by Bachkaniwala, Wright and Ram (2001) established the situation whereby the business founder decided to choose eldest son as a successor as one specific case. On the other way round, Sten (2004) affirmed that while owners of family SMEs might have the desire to pass the business ownership to their offspring as successors, the offspring on the other hand feel relieved of this pressure and rejoice when the business is sold to outside members (transfer). Such a mindset is not totally different from the position of Palliam, Cader and Chiemeke (2011), who also concluded that family SMEs, which decide to keep management control within the family circle might not achieve this without family members who are trusted by the incumbent.

Table 3: Dependent Variable: Succession Practices

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	4.141	.573		7.232	.000
	Situational Factor(Health)	.182	.153	.152	1.189	.239
	Situational Factor(Wife)	-.332	.165	-.256	-2.006	.049
	Situational Factor(Children)	.398	.164	.284	2.432	.018

Source: Field work 2018.

The hypothesis is thereby partially rejected and partially accepted. A summary of the hypotheses tested is presented in Table 4.

Table 4: Summary of Hypotheses Tested

Hypothesis	Independent Variable	Dependent Variable	R	Adj R^2	$p < 0.05$	Decision
	Male	Succession practice	0.041		0.752	Accept H_o
	Female	Succession practice	0.315		0.012	Reject H_o
H_o1	age 21-35	Succession practice	-0.110		0.389	Accept H_o
	age 36-50	Succession practice	0.095		0.458	Accept H_o
	age 51-65	Succession practice	-0.133		0.299	Accept H_o
	age>66 and above	Succession practice	-0.139		0.278	Accept H_o
H_o2	Primary education	Succession practice	-0.055		0.671	Accept H_o
	Secondary education	Succession practice	0.236		0.063	Accept H_o
	Tertiary education	Succession practice	0.300		0.017	Reject H_o
	Experience (1-10yrs)	Succession practice	-0.222		0.080	Accept H_o
	Experience (11-20yrs)	Succession practice	-0.344		0.006	Reject H_o
	Experience(21yrs& above)	Succession practice	0.272		0.031	Reject H_o
	Need for achievement	Succession practice		1.460	.007	Reject H_o
H_o3	Leadership	Succession practice		.469	.035	Reject H_o
	Locus of control	Succession practice		.064	.686	Accept H_o
	Health	Succession practice		0.182	0.239	Accept H_o
H_o4	Spouse	Succession practice		-0.332	0.049	Reject H_o
	Children	Succession practice		0.398	0.018	Reject H_o

Source: Field Work, 2018

Summary: This study evaluated ownership characteristics and succession practices among manufacturing SMEs in Ekiti State, Nigeria. Men made up the majority of the respondents and most fell within the 51–65 years age bracket. The majority of the respondents were married and around 67% had some level of tertiary education. Finally, the majority of respondents had 11-20 years' experience and most did not disclose their health status. With regard to objective one, there was a weak insignificant relationship between the male gender and succession practices and a fairly strong significant relationship between the female gender and succession practices. The 21-35 years age group had a weak and negative, insignificant relationship with succession practice, while those in the age group 36-50 years had a weak but positive and insignificant relationship. Finally, the 51-65 and 66 years and above age groups showed an insignificant, weak and negative relationship with succession practices. The study found that the owner's age has no relationship with succession practice.

In terms of achieved characteristics educational level and experience were tested. There was weak, negative and insignificant relationship between primary education and succession practices. Similarly, secondary education showed a weak, negative and insignificant relationship. However, there was a fairly strong and significant relationship between tertiary education and succession practices. Respondents with 1-10 years' experience had a fairly strong, negative and insignificant relationship with succession practice, but experience of 11-20 years, and 21 years and above showed a fairly strong, positive and significant relationship. Learnable characteristics were measured by owners' need for achievement, locus of control and leadership. Need for achievement and leadership had a significant effect on succession practices, while locus of control had no significant effect. Finally, in terms of situational characteristics, personal health had an insignificant effect and children's readiness showed a significant positive effect, while spouse had a negative significant effect.

5. Conclusion and Recommendations

The overall conclusion is that belief in and adoption of succession practices among SME owners are strongly influenced by education, experience, the desire to leave a legacy, leadership style, having a spouse and children and being a woman entrepreneur. Irrespective of their age, the respondents were not disposed to plan for the succession of their business. Women entrepreneurs appear to be more concerned with succession practices than men. The desire to put a succession plan in place was strongly associated with experience. Educational level was also found to influence succession practices, i.e., the more educated an SME owner, the more likely he/she tends to think of making plan for succession. Having a wife and children also strongly influenced succession practices, as did the desire to leave a legacy and provide purposeful leadership strongly influence succession practices.

Recommendations arising from the Findings: Given that better educated owners of SMEs were found to be more likely to put succession plans in place, the government should encourage graduates to establish SMEs. Furthermore, their training exposes graduates to the need to leave a legacy and provide purposeful leadership, which strongly influence succession practice. SME owners should also strive to establish an organized and dependable family and train their children as this will provide the human resources that are essential for continuity of their enterprise. Finally, women entrepreneurs should ensure that their children are educated so that they are able to manage their enterprises when the time comes.

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