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AN OVERVIEW OF DIRECTIVE AND PARTICIPATIVE LEADERSHIP ON SUCCESSION PLANNING: EVIDENCE FROM NIGERIA FAMILY OWNED BUSINESSES (FOB)

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Abstract

Regardless of the abundant studies on succession planning in family businesses, there are still many pieces of evidence of family business failures. This is due to the types of leadership a business adopts while planning towards succession and how it affects family business survival is yet to be addressed. This paper examined empirically the effect of the directive and participative leadership on succession planning in Nigeria Family Owned Businesses. It adopted an explanatory research design with a population of the study comprises all Family Owned Businesses in Lagos State and 387 respondents were purposively chosen from the population. It employed a primary source of data collection and the respondents were the owners/founders of family businesses. Single Regression analysis was used to test the formulated hypotheses. The study comes out with the following findings: ($R=0.812$, $R^2=0.659$, $P(0.000) < 0.5$) this Indicates that the model as fitted explains 65.9% of the variability in succession planning and ($R=0.535$, $R^2=0.287$, $P(0.000) < 0.5$). This implies that 28.7% variation in the dependent variable succession planning is explained by the independent variables used in the model. The paper concludes that directive and participative leadership are major and significant determinants of succession planning in Family Owned Businesses. It therefore, recommended that business organisations should build a culture of strong leadership whereby employees exhibit effective leadership at all levels and they should also enhance relationships between the leaders and followers and or between followers in the organisation and increase communication flow across the organisation in order to ensure a successful future succession plan.

Keywords: leadership, Directive, Participative Family Owned Businesses

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The second Hypothesis seeks to determine whether participative leadership has any significant effect on succession planning in FOB. The research findings revealed that the regression coefficient of the table 5.3 equation for the model implies that unit change in participative leadership will exert a positive effect on succession planning. Also, the p-value of (0.000) which is less than the level of significance at the 0.05 indicates that the result is statistically significant. Therefore, it was concluded that there is a significant effect of participative leadership on succession planning in FOB. This result is contrary to the view of Nicolas (2015) and Abdulazeez, Hakeem and Bisayo that argued otherwise that participative leadership have no positive and significant effect on succession planning.

Conclusion

This study is geared towards evaluating the effect of the directive and participative leadership on succession planning in FOB in Nigeria. In management or any leadership role, be it in a corporate or community environment, leadership succession or succession planning has often been a bugbear. Many organisations – large and small – have even disappeared into distraction because of poor or non-existent succession plans. We've often heard that a hallmark of effective leadership would be for the organisation to be able to continue growing after they leave. That would be a leader's legacy. The study concluded that both the directive and participative leadership has a significant effect on succession planning in Nigeria FOB.

Recommendations

In light of the findings of the study, the following recommendations were made:

- i. Organisations should build a culture of strong leadership whereby employees will show effective leadership at all levels and also plan, schedule, assign responsibilities and structure employees' activities in order to model good candidates for future succession.
- ii. They should also enhance relationships between the leaders and followers and or between followers in the organisation, increase employee work incentives, and increase the rate of communication flow across the organisation in order to ensure a successful future succession plan.

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Table 8 ANOVA

Model	Sum of Squares	Df	Mean Square	F	Sig.
Regression	220.287	1	220.287	137.425	.000 ^b
Residual	548.213	342	1.603		
Total	768.500	343			

a. Dependent Variable: Succession Planning.

b. Predictors: (Constant), Participative Leadership

Source: Author's computation, 2016

The p-value of (0.000) which is less than the level of significance at the 0.05 indicates that the result is statistically significant; therefore the null hypothesis is rejected. It can be concluded that there is a significant effect of participative leadership on succession planning in FOB

Table 9 Regression Coefficient

Model	Unstandardised Coefficients		Standardised Coefficients	T	Sig.
	B	Std. Error	Beta		
1					
(Constant)	.948	.249		3.816	.000
Participative Leadership	.737	.063	.535	11.723	.000

a. Dependent Variable: Succession Planning

Source: Author's computation, 2016

The regression coefficient of the above equation for the model implies that unit change in participative leadership will exert a positive effect on succession planning.

Discussion of findings

The general purpose of this study was to determine the effect of the directive and participative leadership on succession planning in Family-Owned Businesses (FOB) in Nigeria. The first hypothesis seeks to determine whether directive leadership has any significant effect on succession planning in FOB. The findings revealed that regression coefficient of the table 4.3 equations for the model implies that unit change in directive leadership will exert a positive effect on succession planning. Also, the p-value of the table 4.3 which is more than the level of significance at the 0.05 indicates that the result is statistically significant. Therefore, it can be concluded that the result is significant effect of directive leadership on succession planning in FOB. This result is aligned with the view of Nicolas (2015) that directive leadership has a positive and significant effect on succession planning in FOB.

Table 5 ANOVA

Model	Sum of Squares	DF	Mean Square	F	Sig.
Regression	593.774	1	593.774	659.790	.000 ^a
Residual	307.781	342	.900		
Total	901.555	343			

a. Dependent Variable: Succession Planning

b. Predictors: (Constant), Directive Leadership

Source: Author's computation, 2016

The p-value of (0.000) which is less than the level of significance at the 0.05 indicates that the result is statistically significant; therefore the null hypothesis is rejected. Therefore, it can be concluded that there is a significant effect of directive leadership on succession planning in FOB.

Table 6 Regression Coefficient

Table 9 Regression results						
Model	Unstandardised Coefficients		Standardised Coefficients	T		Sig.
	B	Std. Error	Beta			
1	(Constant)	-3.283	.272		-12.060	.000
	Directive Leadership	1.741	.068		.812	25.686

a. Dependent Variable: Succession Planning

Source: Author's computation, 2016

The regression coefficient of the above equation for the model implies that unit change in directive leadership will exert a positive effect on succession planning.

H02: there is no significant effect of participative leadership on succession planning in FOB

Table 7 Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.535 ^a	.287	.285	1.26608

a. Predictors: (Constant), Participative Leadership

Source: Author's computation, 2016

The correlation coefficient (R) equals 0.535, indicates a positive relationship between the variables. The R-Squared statistic indicates that the model as fitted explains 28.7% of the variability in succession planning. This established that effective use of participative Leadership on succession planning will have effect on the survival of FOB

Table 3 Questions addressing Career planning expressed in percentages

Succession planning questions	SA %	A %	U %	D %	SD %	Mean	Std Dev.
There is no conflict between stakeholders on who should take over the business	47.4	34.6	14.5	3.2	.3	1.744186	0.842543
There is high commitment and involvement of the management /owners	26.2	28.2	28.8	13.7	3.2	2.395349	1.109504
The owners regularly review talent of the successor	33.4	44.2	13.1	7.3	2.0	2.002907	0.970403
The business has never been left without a leader	23.5	49.7	17.2	6.4	3.2	2.159884	0.96318
There has been understanding among stakeholders on who should take over the business	26.5	43.9	16.6	10.5	2.6	2.188953	1.025503
Whoever take over the business is respected by all stakeholders	39.0	41.3	14.8	4.9	0.0	1.857558	0.846912
The business still runs well with the new successor	31.4	41.9	18.3	6.7	1.7	2.055233	0.95976
We love the new successor	27.9	49.7	14.8	6.7	.9	2.02907	0.880149

Source: Field survey, 2016.

The table 3 shows the questions addressing succession planning. It is evident from the result that the mean score for all the variables is less than '3' which is the stipulated benchmark for accepting the statement or not. Analysis of the percentage also back up the mean score as the majority of the respondents strongly agree or agree to each of the variables addressing succession planning.

Test of Hypotheses

H₀₁: there is no significant effect of directive leadership on succession planning in FOB

Table 4 Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.812 ^a	.659	.658	.94865

a. Predictors: (Constant), Directive Leadership

Source: Author's computation, 2016

The correlation coefficient (R) equals 0.812, indicates a positive relationship between the variables. The R-Squared statistic indicates that the model as fitted explains 65.9% of the variability in succession planning. This will have effect on the survival of FOB

Table 2 Questions addressing participative leadership expressed in percentages

Variables	SA %	A %	U %	D %	SD %	Mean	Std Dev.
I am allowed to participate in planning daily activities	36.0	47.1	14.0	2.9	0.0	1.837209	0.769089
I am allowed to set my own targets	34.6	45.1	11.0	9.3	0.0	1.950581	0.910195
In my business, employees participate in Setting procedures	33.7	41.6	18.9	5.8	0.0	1.968023	0.871727
Employee in my business are allowed to have direct influence on their work	23.5	46.8	22.1	7.6	0.0	2.136628	0.861517
I am allowed to make use of personal judgment	17.2	54.7	21.5	6.1	.6	2.18314	0.807151
I am allowed to decide on how to do my job	24.4	45.9	20.1	5.5	4.1	2.188953	0.999589
In my business employees have much to say or influence on what goes on in their work-group	29.9	43.9	21.5	2.6	2.0	2.02907	0.896559
In my business employees have much to say or influence on decisions that affect their job	17.7	43.9	29.7	6.7	2.0	2.313953	0.910088
My superiors keep time and listen to my ideas and suggestions	17.2	46.2	25.0	9.9	1.7	2.328488	0.931911

Source: Field survey, 2016

The table 2 shows the questions addressing participative leadership. It is evident from the result that the mean score for all the variables is less than '3' which is the stipulated benchmark for accepting the statement or not. Analysis of the percentage also back up the mean score as the majority of the respondents strongly agree or agree to each of the variables addressing participative leadership.