Effect of Choice of Successor on Post Succession Business Survival: Evidence from Small and Medium-Scale Family Enterprises in Osun state, Nigeria

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Abstracts: The study examined the effect of the choice of successor on post succession business survival of small and medium-scale family enterprises. The study employed survey research design with the use of primary data obtained from small and medium-scale family enterprises in Osun State, Nigeria, through the instrument of questionnaire. A sample of 150 small and medium-scale enterprises drawn from five LGAs using both purposive and random sampling approach was adopted. The study adopted inferential analytic methods of factor analysis and general linear regression. The t-test statistic, at 0.05 level of significance showed t-value of 11.026, at p =0.000. The study therefore concluded that there is significant relationship between entrepreneurial succession decision (choice of successor) and business survival of small and medium-scale family enterprises, and recommended that succession decision should aim at individuals who possess the characteristics that enable business survival.

Keywords: Post-Succession, Small and Medium Scale, Successor Characteristics, Family Business Survival, Choice of Successor.

1. INTRODUCTION

A major characteristic of Small and Medium scale businesses (SMBs) is that they are usually family businesses. Thus, the classification of small and medium scale businesses is a reference to family businesses. The post succession survival of Small and Medium Scale businesses is a challenge and has been a topical issue recently. SMBs as Family businesses are expected to be active and remain operational from generation to generation of the owners' families, but many of them become dormant after the exit of the founder/owner. Research evidence of the post succession mortality rate among family businesses shows that only 30% of such businesses survive into 2nd generation (Ket de Vries,1993) and only 10-15% make it to 3rd generation (Ward, 1987) while only about 10% live beyond 3rd generation (Applegate, 1994 and Van der Merwe, 2011) and a meager 3-5% make it to the fourth generation (ibid). The data from Nigeria indicate that 95% family owned businesses in Nigeria do not survive beyond a third generation of management (Olubiyi, 2021). According to family business center.com the average life span of family business is 24 years (Bellas, Nov. 9 2022). The judgment implied in the statistics and the descriptor, "only" as used by various analysts is that of family business survival is in a very bad state of affairs. The three generation theory has generated some argument recently regarding its validity. A Harvard Business Review article in 2021 cast doubt doubt on the theory and suggested that the theory is a myth that is so pervasive and has become a self-fulling prophecy for family business founders/managers believing that the odds of long term success are up against them. The article argues that in contrast to the three generation myth, family businesses live longer on the average than businesses under other forms of ownership. Although some family businesses rise and fall but on the average many of them that sustain themselves at the top for a long time. But the question is that those that fail or survive what factors are responsible for their failure or survival? The objective of this study is to examine the choice of successor (i.e. successor characteristics) as a possible factor for post-succession failure or survival of family businesses

Many of the studies in business failure had linked the challenge of post succession family business survival to internal family squabbles, inadequate succession planning, and external environmental dynamism and change in market place. However, the continuing phenomenon of family enterprise failure or becoming inactive after succession suggests that the successor is a critical factor to consider in the search for solution to post-succession mortality of family enterprises. Only few studies have focused on the successor in relation to family business survival (Van der Merwe, 2010 and Esuh, Mohd & Adebayo, 2011). This study argues that it is not the smooth process of transition perse that guarantees survival even though it is important, but the character, disposition and capacity of the person enthroned. The succession process may be well planned and devoid of family squabbles, yet the enterprise my not survive in the hands of the successor under a relatively stable environment that other enterprises are doing well, because of the deficiency or inadequacy of the successor. The effect of the successor on business survival of a family enterprise is, therefore, the focus of this study, with the hypothesis that a successor's characteristics has significant impact on post-succession business survival of family enterprises, using small and medium scale family businesses in Osun State as reference for the study.

2. REVIEW OF LITERATURE

2.1. Family Business/Enterprise

There is no generally accepted definition of family business or enterprise by scholars in the field (Handler, 1990; Churchill & Hatten, 1987; Lorna, 2011; and Woodfield, 2009). As Bertoldi, Giorgini & Giachino, (2011) put it, the definition of family enterprise is not stable because of a number of factors. Essentially, a family enterprise is operated based on family values and culture (Miller & Le Breton-Miller, 2006), and in view of this family culture orientation, Birdthistle and Fleming (2009) have suggested that family enterprise definition does vary with culture. Besides the cultural characteristics that affect the meaning of family enterprise, there is also the problem of lack of consensus about what the family should be in this context, whether it should include only members of nuclear family (parents and children) or should include extended family members (i.e. all blood relations and in-laws) (Adebayo, 2013).

However, a few relevant definitions present a broad view of the concept of family business. For instance, the definition by Chua, Chrisman & Sharma, (1999) provides that a family enterprise is any enterprise with family involvement, where family involvement is used to mean a substantial family presence in ownership, governance, management succession and/or employment. From a similar perspective, Van der Merwe (2010) defined a family business as that in which at least 51percent of the business is owned by a single family; two family members, at-least, are involved in the management or operational activities of the enterprise; and the transfer of leadership to younger generation family members is anticipated. In a family enterprise a given family has a substantial ownership stake and has at-least two of its members in the key management position (Granata & Chirico 2010). These views capture the concept of family enterprise in terms of three features: ownership, management involvement and generational transfer of leadership to family members. Evidently, what distinguishes family ownership from other form of ownership structure is the influence of the family on the enterprise (Niedermeyer, Jaskiewicz and Klein, 2010).

2.2. Succession in Family Business

The concept of succession in family business is a spin-off from the general concept of succession in business. Family business succession is seen simply as “the passing of the leadership baton from the founder-owner to a successor who is either a family member or a non-family member” (Beckhard and Burke, 1983 cited in Handler 2009); Sharma, Chrisman, Pablo and Chua, (2001) cited in Ukaegbu, (2003) state that family business succession refers to "the actions and events that lead to the transition of leadership from one family member to another." Surdej (2010) asserts that succession in family businesses is faced with the dilemma of how to preserve ownership and control in the family while at the same time ensuring the positive transformation (in terms of managerial, technical, operational etc. capacity) of the business to increase the family wealth.

Although the common definitions emphasize the transfer of leadership, managerial decision-making authority and management control, from one individual to another, they are nevertheless, silent about the relevant entrepreneurial characteristics and/or managerial capacity of the person who receives the position. Seeking a successor to lead the family business by merely considering ownership control and continuity of family legacy without attention to the possession of relevant characteristics by the prospective successor for successful operation of the enterprise could be counter productive. Defining succession success based on simply smooth transition paradigm would be very inadequate and misleading, because smooth transition of leadership and ownership control in themselves do not guarantee effective business operation and survival of an enterprise and hence do not equate with succession effectiveness and success. Succession success is being able to enthrone an individual with the tacit knowledge, skills, experience, values, creative orientation and other elements of both managerial and entrepreneurial role and orientation (Akpor-Robaro, 2018).

In this study, succession in family business is viewed as the transfer of family ownership control and managerial and entrepreneurial leadership of the business from one person of an older generation to another person of a younger generation who has entrepreneurial character, spirit and behaviour. Woodfield (2007 & 2009) argued that succession in family business is a process of continuation of innovation and entrepreneurial behaviour from one generation to the next generation of a family, and emphasized that this can be made manifest by the business founder translating his vision through the succession process to the next generation, with respect to the successor's own vision for the future of the business.

It is the process of transferring the authority of decision making and execution to another and younger member of the family who is competent and share the vision of the founder of the enterprise. The sharing of the founder's vision by the potential successor, and family membership are indispensable elements of succession in family business (Brockhaus 1994). Entrepreneurial competence by the successor is equally important. This is to ensure that the successor is able to recreate the enterprise's competitive advantage, overcome retardation of the enterprise and assure survival (Akpor-Robaro 2018).

2.3. Family Business Survival

The concept of business survival is largely subsumed under four primary dimensions of durability, continuity, longevity and sustainability (Coli, 2011; Ukaegbu 2003; Ogundele, Idris & Ahmed-Ogundipe, 2012; Casson, 1999). Different views have been expressed to distinguish these concepts. This study, however, views survival in business as an embodiment of all the concepts. It has been argued that business survival is a measure of business performance (Coli, 2011) and that it is the most regarded non-financial indicator of business performance and undoubtedly more than returns, profits and other financial indicators. This implies that survival in business is not necessarily represented in financial terms alone. Coli viewed it as the ability of an enterprise to persist in the long run. It is the extent to which an enterprise's life can be stretched while fulfilling its purpose (Ogundele, Idris & Ahmed-Ogundipe (2010). While we may agree with these views, nevertheless, the position in this study is that financial performance is the most visible indicator and measure of survival. For any of the dimensions of survival to hold, the business must do well in financial terms. Thus, while we do not dispute the argument that business survival is a measure of performance, we would amend the argument to say that survival and performance are measures of each other. Business survival is essentially the state of remaining in the business for which a firm was established and persistently pursuing the purposes and goals for which it was established (Akpor-Robaro, 2018), which is only possible through consistent financial performance by the enterprise.

The literature differentiate family business survival from the traditional perspective. However, in this distinction there are many views. The more pervading view is that family business survival includes "the persistence of control by the same family over time, in addition to longevity" (Coli, 2011). Critically, the issue of maintaining control across descending generations of the same family is the distinguishing factor between family business survival and the traditional concept of business survival. Thus, the ability to transmute the firm's ownership and control inside the same family is a relevant indicator of family business survival. Survival in this regard is indicated by all factors, both financial and non-financial, that measure the performance of a family business in terms of the four primary dimensions of durability, continuity, longevity and sustainability suggested in the literature.

This study, however, adopts Coli's (2011) explanation on family business survival that it relates to longevity of a family enterprise as a viable entity. Thus, business survival is used operationally to include only the element of longevity as a reflection of increased business performance measures. In other words, the concept of family business survival is in the context of business operational performance measures which exclude ownership control.

It refers to continuity of enterprise's operations with increase in the measures of its value without reference to ownership control. Akpor-Robaro (2018) identified six indicators that relate to this context of family business survival, as market share, sales turnover, profitability, value of assets, branch network, and retention of family values.

3. THEORETICAL FRAMEWORK

The study adopted a combination of three theories of family enterprise, viz, the human capital theory (Becker, 1964), the stewardship theory (Davis, Schoorman and Donaldson, 1997), and the structural complexity (systems) theory to explain attribute requirements in family enterprise choice of successor.

The Human capital theory defines human capital to include an individual's skills, experience, educational background, entrepreneurial attitude and innovativeness, and social capital such as contacts (relationships) with external constituencies and professional networks (Becker, 1964). The theory posits that possession of tacit and explicit knowledge by the successor is critical as it comprises the stock of knowledge, competencies and skill of the successor that would enhance his leadership and managerial effectiveness and consequently the performance of the enterprise. The human capital theory is anchored in the belief that individuals possess knowledge, skills and experiences which have economic value to an enterprise (Becker, 1964) and that individuals with more or higher human capital have greater potential for high performance and achievement in tasks execution (Becker, 1964 cited by Phillips, 2011).

The extent of the successor's possession of human capital determines the effectiveness of his leadership and management of the business, the level of performance, and the survival of the enterprise overtime. The analysis in human capital theory is relevant and important to the choice of successor because it provides a measure of the quality of successors and the desired characteristics to be sought in shopping for a successor that would be effective.

The stewardship theory uses stewardship to represent selfless and organizationally centered behaviour (Arthurs & Busenitz, 2003) defining a steward as "an organizationally centered individual and whose actions are derived from and aimed at the principal's contentment and organizational success" (Matherne III, Ring and Mckee, 2011). A steward is further described as an individual who works beyond self serving needs to satisfy the needs and values of his/her principal (Argryis, 1973). Stewardship theory posits that, steward managers are motivated to make decisions they think serve the interest of the firm, believing that their interest and those of the firm and its owners are intertwined. Thus, in family enterprises, successors with stewardship orientation are best able to assure the survival of the enterprise since they would act in the interest of the business and the entire family, with a communal mindset which propels them to subordinate their interest to the interest of the entire family. Studies based on this theory (e.g. Zahra, Hayton, Neubaum, Dibrell, & Craig, 2008) have shown that stewardship can enhance strategic flexibility and the ability to more rapidly adapt in changing environments. Such strategic advantages would lead to long term survival of the enterprise.

The structural complexity theory or system theory of family enterprise posits that family enterprise consists of three interactive and highly complex interdependent subsystems: the family system, the ownership system, and the business system, which interact to create family business dynamics (Miller, 2012; Poza, 2010; Farrington & Venter, 2009), and argues that these subsystems overlap which often creates conflict among the family business stakeholders because of different perspectives to business issues (Gersick, *et. al,* 1997; Poza, 2010).

According to the theory, the family business complex interdependent systems are unpredictable and therefore, leaders who use traditional command and control leadership styles may well be frustrated and unable to create, in any attempt, an effective organization (Marion & Uhl-Bien, 2001). Effective family business management requires a leadership approach that is able to harmonize the divergence between these subsystems, to create an effective and enduring enterprise. Managing family business thus requires different and special attributes/qualities from the traditional attributes of managers.

The theory argues that the complex nature of family business demands creating conditions that encourage innovative solutions to emerge from bottom-up, and non-linear interactions within and between the sub-systems. It requires leaders who serve as catalysts to enable organizational effectiveness rather than trying to dictate or guide outcomes (Marion & Uhl-Bien, 2001). In other words, a leader in the family business must foster interaction to enable the participants or stakeholders to work through conflicting constraints to develop collaborative solutions that meet individual (family members) and organizational needs. It is argued that "solutions that emerge through interaction among the players in the systems are likely to be more innovative than ones developed by commands and control leader, who is constrained by his/her individual capabilities" (Miller, 2012).

Evidently, a major reason that family businesses fail is the inability of the leadership to handle the inherent structural complexity, which consequently affects their relationship with their business environment. It requires therefore, a consideration of the capacity of the prospective leader to manage the inherent complexity of a family business as a necessary condition for the choice of a successor. In other words, the choice of a successor must be considered against the background that he/she has the behavioural capacity to carry along all stakeholders in common direction.

Invariably, such behavioural capacity to harmonize the conflicting interest among family business' stakeholders and carry them along in common direction would only be found in individuals with high possession of human capital and stewardship qualities. Human capital possession will enable the successor to appreciate both the internal and external environment of the business, and the processes and practices, and investments that will be profitable, but without stewardship behaviour, the successor would act contrary to the vision of the founder and the corporate interest of the enterprise.

Stewardship will elicit trust and cooperation from stakeholders. This makes stewardship, a paramount consideration in the choice of a successor, as much as human capital consideration. Essentially, both factors, human capital and stewardship, go hand in hand in handling the inherent complexity of family enterprise and in handling the business activities, the absence of which will lead to squabbles and chaos that can affect the survival of the enterprise.

4. METHODOLOGY

The study employed primary data obtained from small and medium-scale family enterprises in Osun State, Nigeria, through a cross section survey design using a structured questionnaire instrument. A sample of 120 small and medium scale enterprises was drawn for the study using a Multi-stage purposive sampling approach, where in the first stage, a sample of enterprises which are not only small and medium scale enterprises but are also family enterprises was generated, and from which in the second stage a sample of small and medium scale family enterprises which had undergone succession was generated.

The analytic methods included confirmatory factor analysis using principal component analysis (PCA) method, and inferential analytic method of linear regression using both bi-variate and multi-variate analysis. The hypotheses were tested using the t-test statistic and the regression coefficients(B-values) of the variables, at 0.05 level of significance.

4.1. The Analytic Model Statement

PSBS = f (SC) ………………………(i)

Where:

PSBS = Post-Succession Business Survival.

SC= Successor's Characteristics (managerial characteristics and entrepreneurial characteristics)

Quantitative Specification of the Model in decomposed form

$PSBS = \alpha_0 + \alpha_1 SC + \varepsilon$……………………………………..1

$PSBS = \alpha_0 + \alpha_1 SC_1 + \alpha_2 SC_2 +$……… $+ \alpha_{20} SC_{20} + \varepsilon$……….2

$PSBS = \alpha_0 + \alpha_1 S_{EC} + \alpha_2 S_{MC} + \varepsilon$…………………………….3

Where:

SC = Successor Characteristics

S_{EC} = Successor's Entrepreneurial Characteristics

S_{MC} = Successor's Managerial Characteristics

4.2. Data Analysis and Result

Tables 1a, 1b and 1c present the results of the bi-variate regression of successors' characteristics on post-succession family business survival. From table 1a the r-value is 73.7%, indicating the level of correlation between the successors' characteristics and family business survival. The coefficient of determination, r^2, indicates that 50.5% of the variance in family business survival was explained by successor's overall characteristics as captured in the model.

Table 1a: Model Summary of Regression on Successor total Characteristics and Post-succession Business Survival

Model 1	Enterprises
R	.737[a]
R Square	.505
Adjusted R Square	.500
Std. Error of the Estimate	.29599

a.Predictors: (Constant), Successor total Characteristics
b. Dependent Variable: Post-succession Business Survival
Source: Field Report, 2024

Table 1b: ANOVA of Regression on Successor total Characteristics and Post-Succession Business Survival

Model 1		Sum of Squares	df	Mean Square	F	Sig.
All Enterprises	Regression	9.316	1	9.316	101.534	.000[b]
	Residual	12.096	147	.082		
	Total	21.312	148			

a. Predictors: (Constant), Successor total Characteristics
b. Dependent Variable: Post-Succession Business Survival
Source: Field Report, 2024

As indicated in table 1b the correlation between successors characteristics and post-succession business survival among the enterprises is significant at $F(1,147) = 101.534$ and $p=.000$. The result in table 1c shows that post-succession business survival is significantly related to successor characteristics with a $t = 11.026$, $p = .000$. This implies that successor characteristics was responsible for either survival or non-survival of enterprises.

Table 1c: Coefficients of Regression on Successor total Characteristics and Post-succession Business Survival

Model 1		Unstandardized Coefficients		Standardized Coefficients				
		B	Std. Error	Beta	t	Sig.	Lower Bound	Upper Bound
Enterprises	(Constant)	1.531	.291		6.261	.000	.894	1.991
	Successor Characteristics	.749	.075	.737	11.026	.000	.621	.878

a. Dependent Variable: Post-succession Business Survival

b. Predictors: (Constant), Successor Characteristics

Source:Field Report, 2024

Table 2a, 2b and 2c show the results of the regression of the linear combination of successor' entrepreneurial characteristics and successors' managerial characteristics on business survival. Table 2a result shows that R-value is 0.737, indicating the correlation level between the response variable and the linear combination of the predictors. The model fit indicated by R^2 is 50.6%, which accordingly represents the proportion of the variation in the response variable explained by the model.

Table 2a: Model Summary on Regression of Entrepreneurial & Managerial Characteristics of Successors and Post-succession Business Survival

Model 2	Enterprises
R	.737[a]
R Square	.506
Adjusted R Square	.398
Std. Error of the Estimate	.29779

a. Predictors: (Constant), Successor Entrepreneurial Characteristics, Successor Managerial Characteristics,
b. Dependent Variable: Post-succession Business Survival
Source: Field Report, 2024

Table 2b: ANOVA on Regression of Entrepreneurial & Managerial Characteristics of Successors and Post-succession Business Survival

Model 2		Sum of Squares	df	Mean Square	F	Sig.
Enterprises	Regression	9.221	2	5.111	51.979	.000[b]
	Residual	12.091	148	.082		
	Total	21.312	149			

a. Predictors: (Constant), Successor Entrepreneurial Characteristics, Successor Managerial Characteristics
b. Dependent Variable: Post-succession Business Survival
Source: Field Report, 2024

As indicated in table 2b the correlation level between post-succession family business survival and the linear combination of successor's entrepreneurial characteristics and successor' managerial characteristic is significant with $F(2,148) = 51.979$, $p = .000$. The results shown in table 2c below indicate that the two predictor variables in the model, are significant, having values of t = 5.196, p = .000; and t = 4.789, p = .000 for successor entrepreneurial characteristics and successor managerial characteristics respectively.

Table 2c: Coefficients of Regression on Entrepreneurial & Managerial Characteristics of Successor and Post-succession Business Survival

Model 2		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B	
		B	Std. Error	Beta			Lower Bound	Upper Bound
Enterprises	(Constant)	1.451	.281		6.136	.000	.882	1.981
	Successor Entrepreneurial Characteristics	.354	.093	.385	5.196	.000	.193	.509
	Successor Managerial Characteristics	.315	.091	.349	4.789	.000	.156	.476

a. Predictors: (Constant), Successor Entrepreneurial Characteristics, Successor Managerial Characteristics.

b. Dependent Variable: Post-succession Business Survival.

Source:Field Report, 2024

The regression coefficients in 1c & 2c indicate that successor characteristics significantly impact on post succession business survival of small and medium-scale family enterprises. The regression coefficient of overall successor characteristics was 0.749 at p=.000 and even for each differentiated successor characteristics (Entrepreneurial characteristics and Managerial characteristics) the regression coefficient was higher than 0 at B = .354 and .315 for EC and MC respectively, and p = .000 for both. The practical interpretation of the result is that both sets of successor characteristics significantly affected the business survival of the enterprises. But the result indicated a higher B-value for EC than MC which implies that EC had greater impact on the survival of the enterprises than MC, relatively

5. DISCUSSION OF FINDINGS

The analysis of this research data and the test of the hypotheses revealed significant positive result. The test showed a significant causal relationship between small and medium family enterprises survival and overall successor characteristics irrespective of industry for both the model of 20 successor characteristics and the compressed model of the two factors, S_{EC} and $S_{MC,}$ yielded by factorization.

This implies that the business survival of Small and Medium Family Businesses (SMFBs) is significantly dependent on both dimensions of successor characteristics, and are therefore, both important survival factors for them. Consequently, the specific successor characteristics that constitute the sets are all critical factors for successors effectiveness and successful management of their enterprises. The presence or absence of any of them would definitely affect the extent to which the successor can achieve the objectives of the enterprise and get her to survive. Therefore, we conclude that all characteristics of the successor are significant and critical to the survival of small and medium-scale family enterprises.

Finally, the results of the test of the hypotheses altogether, indicate that there is significant relationship between successor’s characteristics and business survival of small and small-scale family enterprises; and that the choice of a successor significantly impact on the post succession survival of family enterprises. By choice of successor it is implied the characteristics sought for in a successor that will be appointed. Evidently, if an individual whose characteristics cannot effectively fit the enterprise into the competitive environment, and whose personal interest is not submerged under the supremacy of the interest of the enterprise is the CEO, the enterprise will be unable to grow and survive as a going concern. The choice of a successor with the right characteristics to drive the enterprise to success is therefore a critical factor for survival. This makes the choice of successor (in terms of his/her characteristics) an important determinant of survival in small and medium enterprises, where often corporate decision making is in the hands of a single individual, and pertinently in family businesses where the CEO is expected to be able to manage the complexity associated with a family business. The capacity of the CEO to manage this complexity would determine the survival of the enterprise.

The finding of the study that there is a relationship between choice of successor (successor's characteristics) and business survival of family enterprises is in consonance with the arguments of Virany, Tushman & Romanelli (1992); Helmich (1994) that succession can positively affect an enterprise survival chances; and Singh, House & Tucker (1986) argument that succession can diminish enterprise performance (survival capacity) through its capacity to deplete accumulated assets and cripple the enterprise financially as result of successor's decisions and actions that may be outside the expectations of the enterprise stakeholders. Both of these views hypothesized a relationship between enterprise survival and the choice of successor which lend support to the findings of this study.

The findings of this study are also in consonance with the study by Cressy (1996) and Strotman (2007) that human capital is the most important determining factor of post succession survival of enterprises. Also, Ibrahim, McGuire & Soufani (2009) studied empirically the factors contributing to longevity of Small family firms and the results of their study showed that the quality of the successor among other factors, are critical to an effective succession and to the continuity, and survival of the family firm from generation to generation. Lorna (2011) also studied the implications for family-owned business succession and established that individual's characteristics among other factors affect post succession business success and continuity.

CONCLUSION AND RECOMMENDATIONS

The study was concerned with the role of the successor and the possible influence he may have on post succession survival in family business particularly with respect to small and medium-scale family enterprises. We consider that it is important to focus on this category of family enterprises because if we find solution to their survival challenge, then we can hope for the existence of medium and large-scale enterprises, since they are the ones to metamorphose into the bigger size categories.

Thus, the study was set out to ascertain whether there was significant relationship between entrepreneurial succession decision (choice of successor) and business survival of small and medium family enterprises. In the investigation, the study established that in small and medium-scale family enterprises (SMFBs), there is significant relationship between successor characteristics and business survival. Consequently, we conclude that there is significant relationship between entrepreneurial succession decision (choice of successor) and business survival. The characteristics of a successor would influence business survival either directly or indirectly through the successor's business practices as intermediary factor.

Evidently, the findings strongly suggest that the choice of a successor with the right characteristics to drive the enterprise to success is a critical factor for survival in family enterprises. This makes succession decision an important determinant of survival in small and medium family enterprises. It is therefore recommended that Small and Medium scale family enterprise owners must seek out and appoint persons with the right characteristics as successors to ensure the survival of their enterprise and should understand that the possession of both entrepreneurial and managerial characteristics are requirements for a suitable successor, and potential candidates must be assessed on both factors. The choice of successors must be devoid of sentiments and emotions that can becloud the appointment of the most suitable candidates.

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