

**FAMILY BUSINESS GOVERNANCE AND THE SUSTAINABILITY OF FAMILY
ENTERPRISES: A CASE STUDY OF PRIVATE BUSINESSES OF NAMA
SUBCOUNTY, MUKONO DISTRICT**

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**UGANDA CHRISTIAN
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Declaration

I **NABAKOOZA LYDIA** affirm that the present study report is my personal work, and it has never been published or included in any institution to achieve an academic credit or award. Any thoughts, data or information which is derived out of the work of other writers are properly identified and acknowledged.

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DATE: 25THMARCH 2026

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Approval

This is to certify that the following research project was conducted under my supervision and guidance; it is entitled as follows; **“Family Business Governance and Sustainability of the Family Enterprise: A Case of Private Businesses in Nama Sub County, Mukono District.”**

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Date: _____

16/may/2026

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Dedication

I frankly devote this research to my beloved family whose continuous, spiritual, psychological and moral support has been a fundamental part of my educational life. May the Almighty God who gave me another chance to live and be able to accomplish my studies bless you.

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Acronyms

CEO: Chief Executive Officer

DV: Dependent Variable

EC: European Commission

FGP: Family Governance Practices

FGPs: Family Governance Practices

IV: Independent Variable

RBV: Resource-Based View

UN: United Nations

Abstract

This research explored the role of Family Business Governance and its influence on the sustainability of the sampled private businesses in Nama Sub-County, Mukono District. The research was grounded on the Agency Theory, and a descriptive case study design was used. The sample covered 80 entrepreneurs of private business in the fields of salon and hairdressing, metal fabrication, food processing and restaurants and market vending. Five business enterprises were selected using a quantitative approach with the purposive sampling method. The results indicated that strong involvement of family members in decision-making greatly facilitated sustainability of businesses. A well-developed system of governance affected positive long-term stability and strategic planning. Succession planning was found to be an effective variable determining the sustainability and the company with regularized succession plans showed elevated rates of engagement and inspiration in successors. This study determined that good governance structures improve stability, accountability, and continuity in family business. The research suggested the need to strengthen the processes of decision making by laying down effective structures, which could assure accountability, transparency and efficiency. Future studies should consider the issue of gender in leadership aspects, succession planning and decision-making. Moreover, other research ought to investigate effects of non-family consultants, outside Board members and professional advisors on governance forms.

CHAPTER ONE:

INTRODUCTION

1.0 INTRODUCTION

This study examined the sustainability of family enterprises, with a focus on the role of business governance in private businesses in Nama Sub-County, Mukono District. In this study, sustainability is treated as the dependent variable, while business governance is the independent variable. This chapter spells out the background to the study, the research problem statement, the purpose of the study, specific objectives, the hypothesis, key research questions, scope of the study, significance of the study and definition of key operations.

1.1 Background to the Study

1.1.1 Historical background

The study of family businesses has evolved significantly throughout the years. Throughout the early academic literature, much of the evidence was based on the interviewing family business owners and managers to determine the challenges they faced operating their companies (Raitis, Sasaki, & Kotlar, 2021). Until the mid-1980s the family business field was dominated by a small group of scholars and the majority of the research focused on succession with little theory or systematic investigation (Bauweraerts & Vandekerckhof, 2022).

The late 1980s to the mid-1990s saw a growth in academic interest with more researchers developing different perspectives on family businesses. This era marked an expansion of the field of interest to both differentiated topics and methods of research, and the empirical rigor became more effective, even as succession planning remained at the forefront (Kammerlander, De Massis, & Dessi, 2022).

Since 1996, the field has undergone additional development, where greater emphasis has been drawn to governance systems, professionalization and intergenerational entrepreneurship. Historical perspectives also started to be used by researchers to evaluate the effect of past decisions on current strategies and long-term orientation (Colli, Perez, & Rose, 2023). Regardless of the expanding nature of research, the concept of succession planning continues to be a central issue due to its significance in preserving business continuity (Mazzelli, Floris, & Santulli, 2023).

Though family enterprises take different shapes and forms, family owned businesses are regarded as the kind of business where key family members play large part in influencing the decisions and operation of the enterprises. Basing on Sharma et al. (2015), a family owned business is a type of activity that is managed or governed in a manner to make it generationally continuing without interruptions as they work towards a common family vision. Throughout the world, family firms prevail in the national economies and make an essential part of the private sector (European Commission, 2017). Across the world, family-owned enterprises account for approximately 80–98% of all businesses and employ a large proportion of the workforce (Poza & Daugherty, 2013). However, despite their importance, their sustainability remains a major challenge, particularly in ensuring survival across generations. Sustainability in family businesses refers to the long-term continuity of operations, guided by shared values, social responsibility, and strategic purpose (Schillaci et al., 2013). Sustainable family businesses are more likely to achieve stability, attract investment, improve productivity, and maintain strong reputations (Dyllick & Muff, 2016).

Between an average of 30% family owned firms transitioned to the second generation in the United States, 12% to the 3rd generation, and 3% to the 4th and subsequent generations (Byrd & Megginson, 2013). Nevertheless, Miller and Le Breton-Miller (2006) other known Multinational corporations, for example Walmart, Michelin, Armani, Home Depot as well as eBay, started off as small family businesses and continue to be family influenced, indicating that there is a possibility of growth and survival into first-class businesses. Despite the different mechanisms available, their continuity and viability across generations continues to worry all stakeholders.

Some of the reasons that have been traced to business failures in Africa include poor engagement with customers, poor decision-making, lack of planning, inadequate market research, and insufficient accountability (Sandada & Mangwandi, 2015; Taneja et al., 2016). Families' companies are another complication with particular focus on concentrated ownership and leadership within the family, lack of efficient governance, lack of innovation, succession-related problems, heavy taxation, economic constraints, and international competition (Sandada & Mangwandi, 2015). Nevertheless, those companies also share their unique advantages: long-term orientation based on generational continuity, loose and relaxed approaches to management, and relationship-oriented business model that gives rise to a lasting trust of the stakeholders (Hoffmire, 2014).

Although the general literature on anecdotal evidence has indicated numerous challenges in governing family firms, little scholarly studies have been done on family owned business governance. According to Lansberg (2016), it is true that many family enterprises do not have sufficient governance structures and that the family governance and business governance mechanisms should be considered. Moreover, the traditional forms of corporate governance are not always quite applicable to family businesses, since they are generally developed with big companies in mind, having a decentralized ownership and a contractual connection between owners and managers.

The Ugandan situation of having family businesses collapsing after the founding owners die or become incapacitated is a disturbing trend in the country. These failures frequently result in loss of jobs and economic imbalance, which increases the necessity to analyze those factors influencing their viability. This research thus assessed the impact of decision-making behavior in family owned enterprises in the success of any business and in its sustainability. It also researched on the presence of governance structures and the succession preparation in the sustenance of the selected businesses. The results will assist the family-owned businesses in Uganda in creating viable ways of attaining the supportable competitive-advantage. Moreover, this study will also complement to the prevailing body of literature and give a basis upon which future studies on the sustainability and the success factors of family owned businesses may be based.

1.1.2 Theoretical Perspective

This study is anchored on Agency Theory, which serves as the primary theoretical framework for explaining governance and sustainability in **formal family businesses** where ownership and management are relatively separated and employees are involved in daily operations. In such firms, owners (principals) delegate decision-making authority to managers or family/non-family employees (agents), creating potential conflicts of interest.

Agency Theory explains the challenges that arise when agents may act in self-interest rather than in the best interest of owners. These conflicts are driven by information asymmetry, differing goals, and opportunistic behavior (Greenwood, 2013). In the context of family businesses, this theory is particularly relevant for formal family enterprises with structured employment systems,

where monitoring and control mechanisms are required to ensure alignment between ownership goals and managerial actions.

The theory emphasizes the need for governance systems such as supervision, performance monitoring, and incentive alignment to reduce agency costs and improve organizational sustainability. In family firms, such governance mechanisms help to ensure that decision-making supports long-term survival and continuity.

However, Agency Theory has limitations in fully explaining family businesses because it largely assumes conflict between principals and agents, while in many family enterprises, trust, shared values, and emotional ties reduce traditional agency conflicts. Therefore, additional theories are incorporated to address these gaps.

To complement Agency Theory, the Systems Theory is adopted as a secondary framework. Systems Theory is particularly useful in explaining the internal complexity of family businesses, which consist of interrelated subsystems: the family, ownership, and business management systems (Poza, 2010). Unlike Agency Theory, which focuses on conflicts, Systems Theory emphasizes interaction, balance, and interdependence between these subsystems.

This theory addresses the gap left by Agency Theory by explaining that family business sustainability does not depend only on control and monitoring, but also on how well the family, ownership, and management systems are integrated. A balanced interaction among these subsystems enhances decision-making effectiveness, organizational harmony, and long-term sustainability (Koiranen, 2017).

In addition, the Resource-Based View (RBV) is introduced as a third supporting theory to explain how internal resources contribute to sustainability outcomes. RBV argues that sustainable competitive advantage is derived from valuable, rare, inimitable, and non-substitutable resources such as family reputation, trust, social capital, and organizational knowledge (Habbershon et al., 2014).

While Agency Theory focuses on governance and Systems Theory focuses on structural interaction, RBV fills the gap by explaining why some family businesses survive and others fail based on their internal resource strengths. In this regard, RBV links governance effectiveness to

sustainability by showing how governance practices help develop and protect strategic family resources over time.

1.1.3 Conceptual Perspective

This study conceptualizes business governance as the independent variable and sustainability of family enterprises as the dependent variable. These are the concepts that are considered to understand the relevancy of governance practices in the continuity and the prosperity of family-owned enterprises in the long term.

Berent-Braun and Uhlaner (2012), they define family governance practices as mechanisms which boost entrepreneurial capacity among the family owning businesses. These practices act as team building practices that enhance family cohesion and business performance. Despite the growing academic interest on the topic of family business governance, there remains no common consensus on how governance frameworks help facilitate successful family operations and sustainable business performance (Suess, 2018). Family enterprise governance structures are used to coordinate the interests of the enterprise, the owning family and the management. They are basically designed to demystify the expectations, set roles of participation, communicate participation opportunities, and assist open flow of information (Suess, 2018). These mechanisms are expected to influence the sustainability of family businesses over time.

1.1.3.1 Ownership structure: Family firms closely relate decision-making pattern with the ownership structure. In their research, Astrachan and Aronoff (2019) investigated the structure of co-family CEOs and noted that shared leadership might contribute to the improvement of the quality of decisions. Nevertheless, they also identified possible disadvantages such as lack of clarity of authority and slow decision making. They suggest ways to reduce these risks by agreeing early on collaborative decision-making and focusing on shared responsibility by focusing on a "we" approach instead of "I" controlling matters. Effective ownership structures contribute to improved sustainability by enhancing decision efficiency and reducing conflict.

1.1.3.2 Family governance structures: The notion of family can expand further than relationships of blood or even marital ties in family businesses (Angus, 2016). It may comprise of trusted persons or close acquaintances who have good relations with the family members. In this research,

the term governance refers to a scheme of values and practices that is directed towards dealing with divergent and at times competitive interests of the family business. Family governance offers systematic governance systems that enable families to create direction, make decisions and share values, mission and vision to their stakeholders. It also allows families to see the internal dynamics better and therefore be able to manage them appropriately.

1.1.3.4 Accountability: This is an element of accountability, which ensures that the decisions made in the enterprise are well carried out. It entails having a duty to sustain the set standards and complete the assigned duties and prospects (Schlenker et al., 1994). Previous studies indicate that accountability can be provided by the sense of responsibility that creates the psychological foundations of individuals holding others accountable of what they do (Schlenker, 1986; Guidice, Mero, & Greene, 2013; Mero, Guidice, & Brownlee, 2007). Accountability enhances organizational performance and overall decision execution when being well stated and promoted.

1.1.3.5 Management of succession planning: Succession planning has gained growing importance in organizations where it is realized as an essential aspect in maintaining continuity in leadership, management, and ownership. According to Dyer (2015), the significance of leadership continuity preparation is always present in academic literature. With a well-defined succession planning, organizations have an opportunity to identify and nurture individuals with the competence, mindset, and commitment to take on future leadership roles, and by so doing, ensure the stability of the organization on long term basis.

Succession planning encompasses the development of the management talent at the various levels and training individuals, who are qualified to occupy those high positions in case of any vacancy (Caligiuri, 2016). It implies a conscious and organized development of the leadership capacity using the designed learning assignments, including job rotations, mentoring, and specific training, to make sure that the leadership appointment is not determined by favoritism but on a merit basis (Tropiano, 2014). According to Charan, Drotter, and Noel (2011), the fact that a good leadership pipeline will help organizations access a pool of high-performing people guarantees continuity at all levels immediately and over the long period.

Most researchers theorize succession planning as a multi-stage strategy. In the organizational theory, succession implies transfer of managerial control between one leader or generation and another, both prior to, during and after the change (Shepherd & Zacharakis, 2012). Succession planning is the process where ownership or management control of an entrepreneurial organization are shifted by the founder to a chosen successor (Cliffe, 2017; Theune, 2019). Muciimi (2014) defines it as a systematic frame of identifying and developing internal employees who exhibit the prospects of taking on key leadership positions. Likewise, King (2015) considers it a well-organized process aimed at maintaining organizational performance through training of replacements of prominent jobs with the course of time.

According to Garman and Glawe (2016), the technique of succession planning is a systematic method of identifying and training those who will take on new duties in the future. When done in an effective and timely way, it eases the transition of leadership in a smooth and less disruptive way. In the family business, succession is the systematic transfer of management and ownership of a firm between generations (Aronoff, 2013). It makes sure that there are capable people that are about to take the organization to the next level and sustain the continuity of operations.

It includes the planning of development, deployment, and substitution of critical individuals or owners as time progresses in alignment with the core values and strategic direction of the organization. This preparation ensures stability in leadership and continuity of an organization (Onuoha, 2013). Rothwell (2018) also points out that the purposeful and systematic approach of succession planning is meant to maintain leadership continuity, preserve institutional knowledge, and develop professionals within the organization.

Sustainability is a very important competitive advantage source in organizations that allows survival and generation of value in a circular economy (Zellweger et al., 2013). It is also finding its way into the family business research over the last few decades (Le Breton-Miller & Miller, 2016). The literature presents light on the mechanisms by which the family firms achieve sustainable practices that will give an idea of balancing between the economic, social and environmental objectives. Although there is increased interest (Fehre & Weber, 2019), the previous studies do not have a well-defined, in-depth explanation of the topics of sustainability

discussed and possible directions of the subsequent research. Such a gap can restrain the development of the field and the formulation of issues that are pivotal to theory and practice.

1.1.4 Contextual Perspective

The study took place in the Uganda, Central Region of which is within Mukono District, the Nama Sub-County, which comprised of parishes of Buliika, Kasenge, Katoogo, Mpoma, Namawojjollo, and Namubiru. This region constitutes one of the 4 administrative regions in Uganda and geographically belong to Buganda Kingdom, which is one of the historical and constitutionally established traditional monarchies held in the country.

1.2 Statement of the Problem

Family enterprises are a critical component of economic development, contributing significantly to job creation, income generation, and wealth accumulation in Uganda. However, the sustainability of family businesses remains a major concern, particularly in Nama Sub-County, Mukono District, where many enterprises struggle to survive beyond their initial stages of growth.

Evidence indicates that some family businesses fail even during the lifetime of their founders, leaving families in financial distress and disrupting local economic stability (Daily Monitor, 2021). As a reaction, founders often give the young family members whom they trust to take over. Most of these businesses cannot make it after the first generation without organized instructions or an established succession plan. The successors do not always have the skills, experience, or commitment to manage the business in a successful way, which predisposes the business to the collapses (Monticelli, Bernardon, Trez & Sabrito, 2019). According to the results presented in the article by PricewaterhouseCoopers (PwC), referenced by the Daily Monitor (2021), in 2021 only 26% of the family businesses in Uganda had a formal written succession plan that would help to ensure continuity to the generations. Existing literature further shows that weak governance systems and inadequate succession planning are key contributors to the low survival rate of family businesses in Uganda (Pounder, 2015). In addition, fragile leadership transitions and poor coordination between technical and governance structures have been identified as major factors undermining business sustainability (Ozgun & Moyo, 2019). This research study will hence focus on the family business governance and its effect on the sustainability of private businesses in Nama Sub County, Mukono District.

1.3 General objective of the Study

To investigate how family business can be governed in order to achieve the sustainability of the private businesses in Nama Sub County, Mukono District.

1.4 Specific Objectives of the Study

The following objectives led the study:

- i. To examine the relationship between ownership structure and sustainability of family businesses.
- ii. To assess the relationship between family governance structures and sustainability of family businesses.
- iii. To analyze the relationship between succession planning management and sustainability of family businesses.

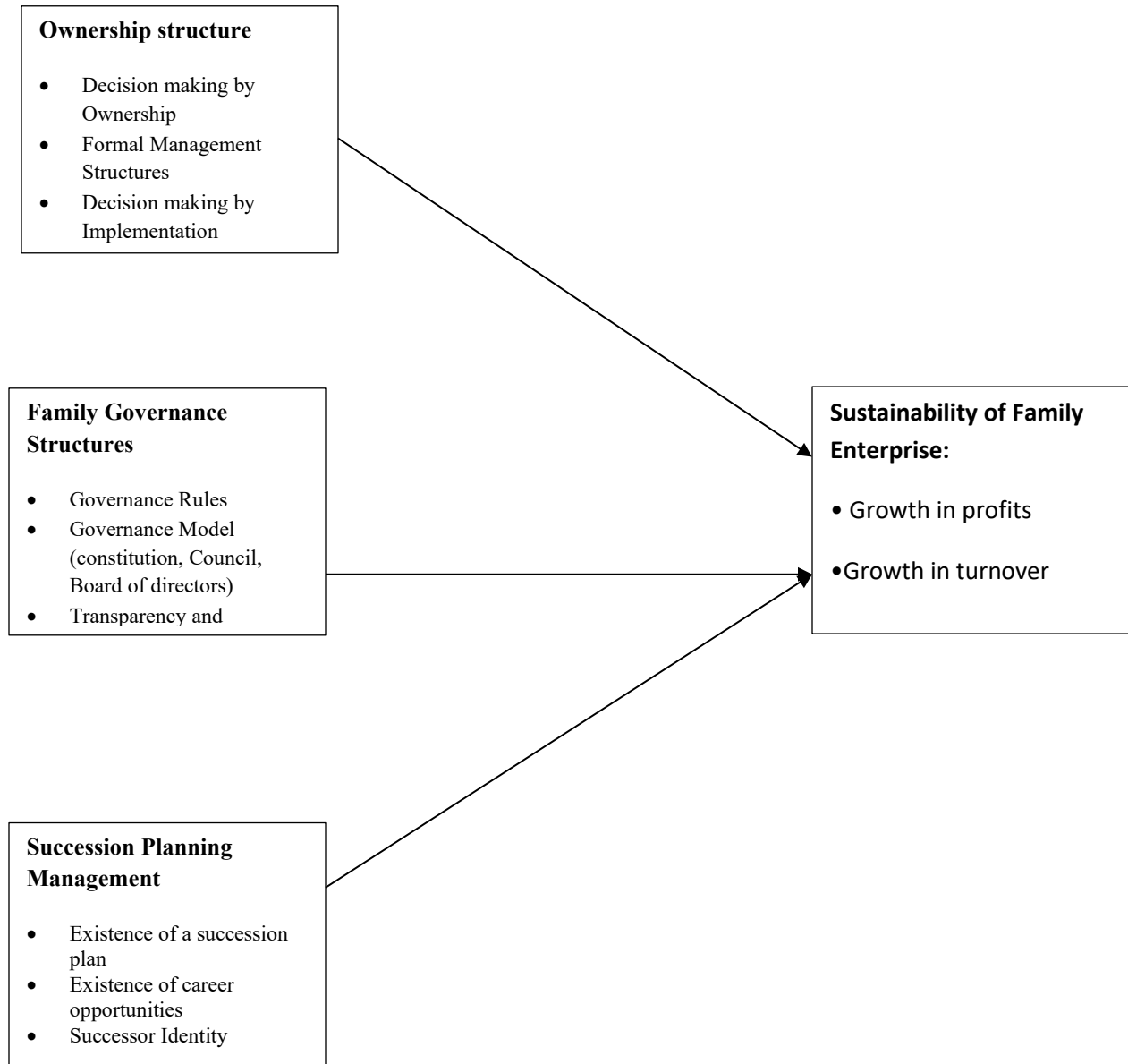
1.5 Research Questions

The objectives of this research were to provide the answers to the following questions:

- i. What is the role of ownership structure in family businesses in relation to sustainability?
- ii. What is the effect of family governance structures on sustainability?
- iii. What is the effect of succession planning management on sustainability?

1.6 Conceptual framework

Svinicki (2008) defines Conceptual framework as an interconnected set of ideas (theories) about how a particular phenomenon functions or is related to its parts. The conceptual framework below highlights the variables and the link between the variables examined in the study.



Source: Adopted from Heath (2012); Bowen (2010)

Figure 1: The Conceptual framework

This framework helps to get visual illustration for interconnection of the variables of the study and the constructs which are significant in each case. The independent variable in this study is considered to be the family business governance whereas the dependent variable is considered to be the sustainability of the family enterprise. The aspects of the independent variable (IV) looked into are the structure of the ownership, the family governance systems, and succession planning management. Thus, the research presupposes that the behavior and practice of the constructs of the IV: family business governance will be a determinant of the sustainability of the family business.

The theory of agency is a good foundation on which to explain this relationship. The theory focuses on principal-agent problem, in which there can be conflict of interests between owners of the family (principals) and managers (agents) because these two groups have different interests, and also have unequal access to information (Greenwood, 2013). In this research, the ownership structures, governance framework, and succession planning are perceived as crucial means of mitigating such conflicts and these would facilitate business sustainability in the long run. Enhanced trust and alignments between family members and professional managers due to clear governance structures and optimally planned succession processes enhance the sustainability and survivability of family business (Schulze et al., 2018).

1.7 Scope of the Study

The scope outlines the limitation sphere of this research, including three dimensions: geographical, temporal, and content-related.

1.7.1 Geographical Scope

The study took place in the central part of Uganda, namely, in Mukono District that covers 724 square miles and has an altitude of 1,200 meters. The study works were directed to Nama Sub-County including the parishes of Kasenge, Katoogo, Buliika, Namawojjolo, Mpoma, and Namubiru. The survey involved 66 respondents and they gave evidence on effects of family business governance on sustenance of privately owned businesses.

1.7.2 Time scope

The data was being selected within the scope of at least the last decade, which is the time frame during which a majority of private businesses in the region were founded. This is the period that made the results applicable to the development and sustainability of such businesses. Data collection in the field was done during the period of December 2024 and March 2025 to collect enough and credible information.

1.7.3 Content Scope

The researchers were investigating the relationship between family business governance and sustainability of private businesses in Nama Sub-County, Mukono District. The focus of analysis was on the three areas namely, ownership structure, family governance mechanisms and succession planning management in these enterprises.

1.8 Justification of the Study

Despite the fact that the sustainability of family enterprises has received some interest by communities and the populace, little focus has been given to the contribution of family business governance towards attaining the sustainability. Since governance practices are the key factors of the continuity and stability of family enterprises, the paper at hand aims to understand the role of modern governance mechanisms in enhancing long-term sustainability.

1.9 Significance of the Study

This research can be significant to many stakeholders and provides valuable information on the connection between family business governance and family enterprise sustainability. They will be expected to contribute the following:

1.9.1 To Private Businesses: The study's findings will be instrumental in guiding private businesses, especially family-owned enterprises, on how various governance structures, such as decision-making approaches, family governance structures, and succession planning management, influence the sustainability of their businesses. By analyzing data on governance practices, the study will highlight best practices and challenges that family businesses face in maintaining continuity across generations. The research will provide private businesses with empirical evidence on how robust family business governance can mitigate challenges and enhance business

resilience, competitiveness, and sustainability. Additionally, the findings will allow businesses to identify areas for improvement in their governance systems, empowering them to make informed decisions about leadership transitions, family involvement, and organizational structure. This contribution will reinforce current knowledge on family business governance and provide practical guidance to family businesses in Uganda and other countries.

1.9.1.2 To Scholars The research will significantly benefit scholars, particularly those focusing on family business studies, organizational behavior, and sustainability. Scholars, graduate students, and researchers can use this research as a source of information when writing theses, dissertations, or any other scholarly book that investigates the effect of governance practices on the performance of family businesses. It contributes to the filling in of gaps in literature by providing new understanding of governance mechanisms in family enterprises, especially in emerging economy contexts like Uganda. Moreover, the study can be utilized by the individuals interested in family business dynamics to inform the development of the theoretical base, assess the models that are already existing, and understand the unique challenges and opportunities of the field of family enterprises. By advancing the understanding of family business governance, the study will encourage further academic research in this important area, leading to future studies that build on its findings.

1.9.1.3 To the General Public

This will help members of the general population, particularly in the local communities, have a better understanding of the dynamics of the functioning of family businesses and how they continued to run over a period of time. Since many family enterprises are key drivers of local economies, understanding the governance mechanisms that support their longevity can foster better community relations, support systems, and policy development. The public can also appreciate the broader social implications of successful family businesses, including job creation, economic stability, and social responsibility. This research will explain the contributions of family-owned enterprises towards community growth and why good governance practices are essential in ensuring that these businesses will last generations. The findings can be used by policymakers to create programs which will help their family businesses to survive and enhance local economic development. Generally, the study will bring the social and economic development of the society to the awareness of the people of the importance of well-managed family businesses.

1.10 Definition of Key Operational Terms

1.10.1 Family Business: Miller and Le Breton-Miller (2014) describe a family business as a public or privately owned organization in which a family retains the majority of the shares or voting rights and a member of a family occupies one of the key management roles.

1.10.2 Succession planning: Succession planning refers to that of maintaining a pool of talented individuals that can be used in the future as leaders. It entails finding, training, and positioning people in a way that business can continue being supported and yet sustainable (Pandiyani & Jayalakshmi, 2016).

1.10.3 Family Constitution: A family constitution exists as a written document that contains the values, regulations, and guidelines that the family will engage in the business. It assists in role definition and responsibility and makes decisions. It must also seek contributions of all family members to promote social ownership and commitment.

1.10.4 Board of Directors: The board of directors supervises the organizational focus and management direction of the business. Family ownership In family-owned businesses, it usually consists of family members, independent directors and non-family executives. Independent directors ensure neutral leadership, minimize conflict of interests, introduce fresh thoughts and assist in assuring that decisions are made in the best interest of the business.

1.10.5 Family Council: A family council is an official body that represents the family in the business. It is a platform of communication, decision making and solving of disputes among members of the family. With the council the family harmony is maintained and the family values and culture is preserved and the new members to the family are also assisted in integrating into the business.

1.10.6 Shareholder Agreements: The relationship between family shareholders and that of the business is controlled by the shareholder agreements. They describe the rights and obligations of shareholders and address them through such areas as the transfer of ownership, voting rights, dividend distributions, and conflict resolution. These deals reduce lawsuits and assist in a productive shift of proprietorship in times of necessity.

1.10.7 Sustainability: The term sustainability derives its meaning out of the word sustain which means to maintain or preserve something in the long term. In business, it has a similar term as a

going continuity, in which a firm has to perform efficiently in the long run. Resource-based view defines sustainability as having long-term or enduring competitive advantages (Aaker, 2012; Freiling, 2001).

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

The section presents literature overview on the topic, previous studies, assumptions, and theoretical underpinnings of the topic. It assesses the associated works on governance of family business in order to determine the impact of family business governance on the sustainability of family business in particular cases of family enterprise concerning the private businesses found in Nama Sub County, Mukono District.

2.2 Theoretical Framework

The study of family-owned enterprises gained significant momentum in the early 2000s, leading to a growing body of research incorporating organizational theory, management theory, and family systems perspectives. Several theories have been widely applied in family business research to explain the structure, behavior, and performance of such firms. These include the Resource-Based View (RBV) Theory, Systems Theory, Agency Theory, Stewardship Theory, and Social Capital Theory (Sandada & Mangwandi, 2015).

2.2.1. Systems Theory:

Sandada and Mangwandi (2015) argue that while these theories collectively provide useful insights into family business behavior, Systems Theory remains the most commonly applied framework in analyzing family firms due to its ability to capture the complex interactions between family, ownership, and management subsystems. Poza and Daugherty (2013) further emphasize that Systems Theory is particularly useful in explaining how these interconnected subsystems influence decision-making and firm performance. However, Systems Theory has a limitation in that it does not sufficiently explain how internal firm resources generate sustained competitive advantage or how governance-related conflicts influence long-term sustainability. It mainly focuses on interactions within the system but provides limited explanatory power on resource uniqueness and

ownership–management conflicts. This gap justifies the inclusion of additional complementary theories (RBV and Agency Theory).

2.2.2. Resource-Based View (RBV) Theory

To address this gap, the Resource-Based View (RBV) Theory is incorporated. The RBV approach takes resources of a firm as a precursor of analysis. All the competitive advantage of a company is based on the existence of unique, value, possibly intangible, and uncopiable resources, and the capacity of the management to integrate them into effective combinations. According to Habbershon et al. (2014), organizational resources can be categorized into four types: physical capital, human capital, organizational capital, and process capital. For a firm to achieve and sustain competitive advantage, these resources must meet the VRIN criteria (valuable, rare, inimitable, and non-substitutable). To establish a competitive advantage, resources should satisfy four conditions that include: they must be valuable, rare, imitable, and non-substitutable. The resources that do not possess these characteristics will not be able to stimulate competitiveness or sustainability. Thus, the long-term strength of a company and its survival are formed by effective management based on exploitation of these resources along with professional management.

2.2.3. Agency Theory

Agency Theory is also included to explain governance and control challenges that are not adequately addressed by Systems Theory and RBV. The theory is used to analyze situations where the owners (principals) and managers (agents) of an organization are different individuals. It provides a framework for understanding governance mechanisms used to monitor and regulate the behavior of agents. Agency Theory is founded on the principles of divergent interests, opportunistic behavior, and information asymmetry between principals and agents (Greenwood, 2013). Conflicts arise when the interests of managers are not aligned with those of the owners, resulting in agency costs. Where there is harmony of interests, agency costs are minimal or nonexistent.

In this study, Agency Theory is applied to formal family businesses where ownership and management functions are relatively separated. Such businesses often employ non-family

managers or have structured governance systems, making the theory relevant in explaining potential conflicts between owners and managers.

Greenwood (2013) identifies two major assumptions of Agency Theory. First, the interests of principals and agents are likely to conflict. Second, both parties are inclined to pursue their personal goals, often motivated by financial incentives. However, in family businesses, trust, shared values, and long-term orientation may reduce agency costs and improve competitiveness, while conflicts and divergent goals may increase such costs (Chrisman et al., 2014).

Schulze et al. (2018) further extend Agency Theory to family businesses by incorporating altruism, which is considered a core family value. Although altruism may complicate monitoring and control among family members, it also provides a deeper understanding of the behavior and governance dynamics within family firms.

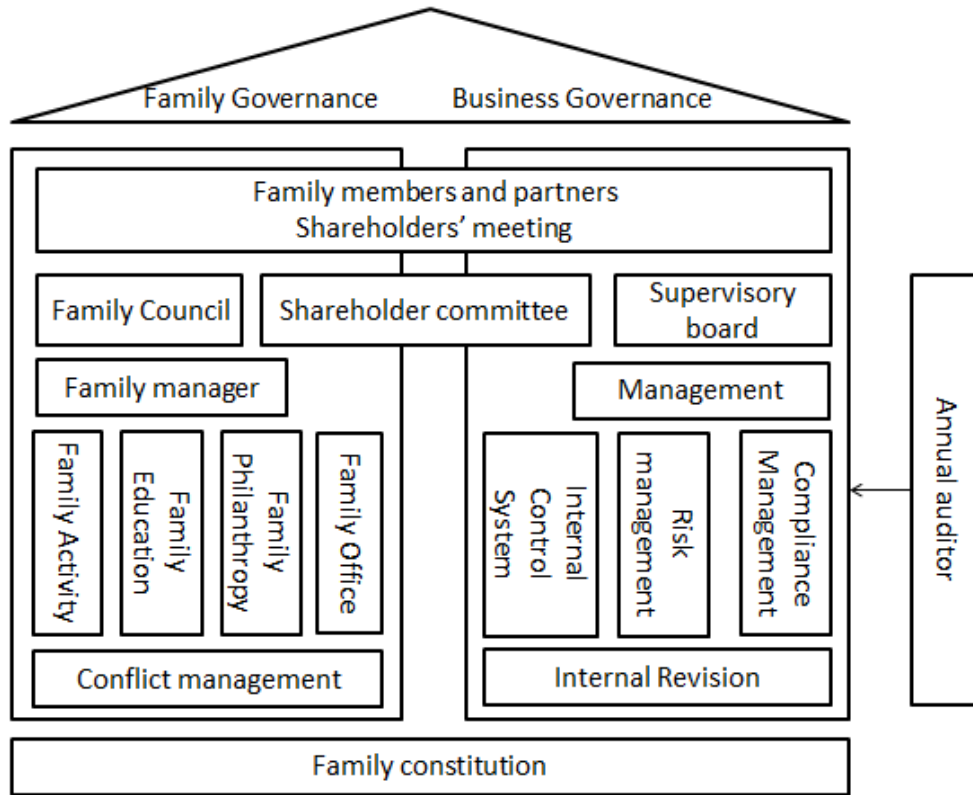
2.3 Concept of Family Business Governance

2.3.1 Family Business Governance

Definition

The business and family business are considered to be two different, though closely related subsystems (Taguiri & Davis, 2016). Therefore, family business governance consists of the two subsystems that are closely related: Business Governance and Family Governance. These, together, comprise the general system of family governance that is how all management and control occur with the aid of family unity (Koeberle-Schmid, Witt & Fahrion, 2010).

Some of the tools in Family governance pillar involve family activities, family education, and philanthropy and family offices. It also includes the family council and conflict management. Instead, the business governance pillar has internal control systems, risk management, and compliance management, as well as management of the company, advisory board and internal auditing. The two pillars are linked in terms of the shareholders meeting and family itself and form a full package of governance structure of the family businesses (Koeberle-Schmid et al., 2012).



Source: (Koeberle-Schmid, Witt & Fahrion 2012)

Figure 2: Family Business Governance system

However, the unique needs of every family business should be taken into account. According to Gersick, Davis, Hampton, and Lansberg (2017) and Sharma and Nordqvist (2018), family companies face various challenges related to the family and business. Consequently, not any governance tool or measure can suit all family businesses (Koeberle-Schmid et al., 2010). The approaches that suit the companies well should be chosen. Overall, the complexity of corporate governance must increase as well with the increase in the complexity of the family and organizational structures.

2.4 Review of Specific Literature

In this segment, the literature about the targeted objectives of the study is considered.

2.4.1 Ownership structure and Sustainability

It has been reported that family businesses successfully can make both rapid and long-lasting decisions when operating in the changing environment, and the impact the families have on their business identity. This distinctiveness has drawn attention of the scholars to investigate more. A family has its own nuances as a business family because of the participation and impact of the family on the strategic direction. Family passion towards the business, family governance policies, emotional attachment with the business, family readiness or willingness to transfer the business to future generations, application of innovative tools to sustain the business, family experience, influence, and reputation are some of the key factors that drive performance. A family business is not considered based on its size of shareholding, more based on the family share in the company through its voting rights.

2.4.1.2 Decision making by Ownership

In family companies, the founder has a high power of power in determining the main decisions on ownership and the organizational values (Nandi et al., 2019). As Horccikova and Stasiulis (2019) stated, young relatives have more chances to become part of the business on condition of being exposed to it when they are in school. Ljubotina and Vadnjal (2018) noted that younger family members should be encouraged and retained in the business since early childhood.

According to him, first-generation family businesses are usually characterized by poor decision making as they depend on the owner-founder extensively and the employees or managers might be reluctant to make judgments without the sanction of the owner. Conversely, decisions in group-based cultures such as Japan can be realized in groups and hence time consuming and cumbersome. As Dyer (2012) noted, decision-making process may also cause conflicts within the family in the later generations when more than one family member tries to impact the results. Decision-making

in individualistic societies, like Australia, has been influenced by family and this effect has not been extensively investigated.

2.4.1.3 Decision Making Formal Management Structures

One of the main factors affecting the definition of a family business is the degree of family control and influence. The degree of control determines how much the family influences business decisions, currently power is a direct tool of family control over the firm. More recent research demonstrates that there is a good relationship between family control and business performance. To illustrate this point, a case study involving 675 family firms in 11 European countries in a decade period by Barontini and Caprio (2006) revealed that there was an increase in performance through family influence. Likewise, as Sacristan-Navarro (2011) in a six-year study in Spain found, family involvement is more important than ownership structure, and Garcia-Ramos (2011) found the role of the family to have a strong influence on company performance.

Active involvement of family members is based on the business education and clear communication among family members. Training relatives equips them with the future leadership position. It is important to have the business objectives, corporate culture, and family philosophy and to work in conjunction with other partners of the family to nurture, grow and successfully bring a diversity in the business. Effective involvement of family members at an early stage also facilitates an easy process of succession. In general, family business presence in the business has a direct impact on long-term strategy and business performance sustainability.

Changing environment of the organization and its complexity and speed is coupled with the corporate culture and the personal interests of the key stakeholder in the organization helping in influencing the decisions made. Three subsystems that interact with each other make family businesses exceptionally challenging, namely: the family, ownership, and business (Taguiri & Davis, 2016). Depending on various occasions, one subsystem might have a greater influence on the decision-makers in this environment. One of the aspects that appear to be constant in the external and internal environment, and even in the three subsystems, is the existence of the family, as has not been specifically examined in connection with the decisions, in the family businesses.

Family business decision-making is a difference between non-family company decision-making and family-based decision-making since the decision-makers are quite straightforward and are typically seen directly to execute their decisions (Ward & Aronoff, 2014). The point that Kets de Vries (2013) puts forward is that the decisions in family businesses are typically quicker and more adaptable, since they do not tend to be subject to the formal scrutiny that wealthy companies exhibiting a publicly traded status most of the time do. Neubauer and Lank (2011), on the other hand, emphasize the nature of family businesses in which the management is often involved in multiple functions because of the interdependence of family, ownership, and governance systems. Nevertheless, this has not been properly investigated on the effects on such complexity on decision-making within family firms.

Australia has a family- owned business similar to the USA and Europe and family- owned firms are believed to make approximately 67% of the actual business in the country and they provide an approximate 50% of the workforce in the private sector (Smyrniotis & Walker, 2013). Smyrniotis and Walker (2016) have carried out a comprehensive investigation of Australian family firms, including related determinants, ownership, workforce, sales and revenue, major objectives, and the chosen human resource management practices, as reported in recent research and previous studies (Smyrniotis & Romano, 2013; Smyrniotis, Romano & Tanewski, 2015). The paper is based on an exploratory type of study that concentrates on a deeper study of a smaller number of cases.

In individualistic societies such as USA, Canada, and Australia, individuals usually make decisions individually rather than consulting a group of people. These decisions however may take time to be implemented as the decision-maker need to communicate with other members of the organization and be accepted (Adler, 2012). This is in line with the findings put forth by Dyer (2011) who found that there are differences between the barriers that are hindering effective decision-making in first-generation and later-generation family businesses.

2.4.1.4 Decision making by Implementation

Family influence research concerning business decision-making indicates that family unit can become the last bastion of social and cultural changes (Hollander and Bukowitz, 2014, p. 459). Family cultural norms are also likely to adversely influence the quality of decision when they are

deep-seated within individuals. An example is evident in the case where a father favors the eldest son instead of the other children, thus making the wrong decision in filling important positions. Likewise, family member CEOs who place too much emphasis on ownership position may pursue short-term strategies that are incompatible with the long term interests of the business and their investment.

Astrachan and Aronoff (2012) covered the decision making in the family businesses in terms of co-family CEO activities. They observed that this arrangement had the capacity to improve the decision-making process. Nonetheless, such issues as the ambiguity of power and slowness in decision-making can also arise. They suggested that to mitigate these problems, the key decision should be mutually agreed upon in advance, that a we-approach, rather than an I-approach, should exist and that disagreements should be sealed off-the record and that only concurring decisions come on-the-record.

2.4.2 Family Governance Structures and Sustainability

Though the focus on family business governance in recent years has increased, no definite agreement has been made regarding the impact that family governance has on family functioning and business success in the long term (Suess, 2018). Family business governance systems can be used as a framework to align the interests of the business and the family and that of the management. The main objective of family governance is to explain the current and future expectations and rewards, roles and engagements in the business, disseminate opportunities of family participation, and information flow (Suess, 2018). Family governance is typically identified as a series of voluntary processes that provide direction both to the interaction between the family and the business and to the interaction of family members who participate in the business.

2.4.2.1 Governance Structures and Rules

The most accepted model of conceptual ideas related to family businesses is the three-circle model. It represents the business as comprising of three interconnected and overlapping subsystems, family, ownership, and business (Gersick, Lansberg, Desjardins & Dunn, 2017). An evolution or development of any of these subsystems affects the governance issues in the family business. According to Gersick et al. (2017), families that can handle cases of transition most effectively increase chances/ of business survival in the long run to a great extent. There is also the focus on

the inclusion and sensitivity of various stakeholders in the family business setting as some of the key points highlighted by the model. It depicts the reaction between family, ownership, and business by drawing up the relationships among and within the subsystems. Lambrecht (2012) also adds that it is only when an individual family adopts a robust governance that the family transforms into a supreme business dynasty because the individuals in the family are connected with the family and the business as a single entity.

When dealing with what constitutes effective family governance, Angus (2005) highlights the fact that each family is different and hence no one family governance fits all families. The three subsystems family, ownership, and business overlap and are intertwined hence creating a possibility to cause conflict and tension when trying to plan and make decisions; this also may occur when the goals or strategies are not aligned. In smaller firms wherein only the nuclear family is concerned, governance can be informal and unwritten. But with the business expanding to touch longer family relations and some members will no longer be actively involved, the transparency and accountability will be paramount in making the non-active family members and shareholders believe that their interest is still protected. It is thus necessary to establish the governing policies as well as a conducive governance environment that contributes to the entire system of governance.

The study of the behavior of family businesses should be done by analyzing the family and business aspects. In most cases, family owners are the owners whereas management is dominated by family members even in cases where non-family managers are engaged. One should also note the effects of the ownership and management system on behavior and decision-making of the family business members. According to Suarez and Santana-Martin (2014), more governance apparatuses at the family level are necessary to resolve the family-related problems that may adversely affect the business. The structures assist in insulating the business against the unfavorable family influence and allow the family to influence positive decisions as well as offer support, so that family-based differences do not disrupt the management focus.

According to Ramachandran (2015), family businesses have matured in size, and therefore, are presented with serious organizational problems that cannot be tackled only by the family. At this stage of development, the managers and the family owners fail to delegate decision-making

abilities to non-family professionals. Also, when the size of the business expands to medium and large businesses, they often demand external capital (Ramachandran, 2015). This growth further puts pressure in terms of ownership resources, managerial skills, and family involvement that may provide more than one channel of conflict. As the business expands and other generations succeed one another in the family, the level of distance between ownership and management increases even more. Shukla (2014) claims that the implementation of the three-cycle model will enable comprehending the very dynamics of family businesses, thus giving a better grasp of its stakeholder expectations than would otherwise have been presumed.

The interaction of family and business systems may introduce role conflicts, role misunderstandings that may result in poor relationships and communication can be determined. The family and the business should therefore put definite structures, agreements, policies, and procedures in place (Poza, 2010). Adendorff et al. (2005) provide the comprehensive overview of effective governance of family businesses and note that there are several salient points in this area that need to be addressed, which can be improved by encouraging entrepreneurial leadership and ownership, meeting the human requirements and needs of the family members, reviewing and perfecting the family governance model, establishing frameworks and core values, practicing and executing the governance and ensuring long-term viability and business development.

Family businesses are characterized by complication of governance because of conflict of interest between the family and ownership as well as the management of the business. Thus, there is a need to have a clear structure that will lead both the family and the business. Governance offers a systematic and clear-cut method of determining which decisions are made and which are not, guiding families in the event of opportunities and challenges associated with wealth (Goldhart & Di-Furia, 2010). According to Goldhart and Di-Furia (2010), underlying processes include defining strategic objectives, sustaining key relationships, maintaining family well being, promoting accountability as well as recognizing achievements. A family governance system defines the policies, norms, and traditions that determine the manner in which the family business runs. According to Berent-Braun and Uhlener (2012), Family Governance Practices (FGPs) are used to enhance the entrepreneurial capacity of the family as instruments that can enhance the family cohesion as well as not partially but overall performance of the business.

Studies have emphasized that governance is critical at all phases of life cycle of a family business. As the business grows and the cousin generation comes in, the business needs good governance to balance out relations and along with harmony. According to Lansberg (1999), family governance should be given as much attention and effort like in business operations. The significance of governance increases with the family size and with the investment phase into the business.

According to Brown (2016), family governance runs into the arrangement of a family in a family business to deal with the emotional and financial complications of their interrelationship. In simple terms, it is the business of running the enterprise that is being a family in an economic sense. Governance gives the shapes and guidelines through which the family is able to cope with the difficulties.

The interaction between family and business priorities becomes more complex with the expansion of a family business, which results in conflicts in most cases based on the contrast of the purposes and strategies (Alderson, 2015). As far as the family business is based on growth and development pegged on entrepreneurial bases, family businesses are marked with unique performance and governance issues (Casper, Dias and Elstrodt, 2010). It is important that there should be good governance of the family as well as business processes and this would ensure that there would be a smooth transition amongst the different generations. It commences with the vision and mission of the family through which a clear roadmap and procedures are established to lead to the process of making decisions, which keeps the family afloat as an economic unit (Brown, 2016).

2.4.2.2 Governance Model

Angus (2016) introduces the model of governance resting on the principles, policies, and practices. Rodrigues and Marques (2013) and Lungeanu and Ward (2012) build on this model to the formal governing bodies of family businesses which include family meetings, assemblies, councils, sub-committees, family agreements and family offices. It is also important to have an effective governance structure in place to protect the long term interests of the shareholders, sustainability and expansion of the business, and family harmony and well-being. With good governance

practices being implemented, the probability of the successful implementation is quite high where good structures are in place (Adendorff, Boshoff, Court & Radloff, 2005).

2.4.2.3 Family Constitution: One of the most important governance tools in the prevention and solution of conflicts in the family businesses is a family constitution. It is an official tool that offers pathways and structures to family members of discussing concerns, develop their policies and procedures, defining roles and duties, and collectively deciding on common issues (Berent-Braun & Uhlaner, 2012; Alderson, 2015). According to Berent-Braun and Uhlaner (2012), family members usually participate in large numbers when it comes to coming up with a family constitution and a code of conduct. These documents are used to convey common norms and values that facilitate cohesion through making the expectations clear and making conflicts between the family owners less likely to happen. According to Stafford et al. (1999), which was cited in Sues (2018), the success of a family business does not ensure its sustainability but, instead, the effective operation of a family. To this end, the business should have organized governance structures to govern the business and help the family with their responsibility. As Lansberg (2017) claims, family business governance has to have an equivalent amount of consideration and effort, and its relevance is dictated by the number of people in the family, as well as the age of the generation of the owners. Family governance is concerned to ensure that there are healthy relationships between the family and the business as well as that the family continues as a social group (Pieper & Astrachan, 2008).

2.4.2.4 Family Council: A family council is an official institution that consists of family members and serves as a representative or executive group on behalf of the rest of the larger business-owning family (Eckrich & McClure, 2013). Family councils (FCs) and other family groups are organized entities in which the representatives of branches or generations in the family are represented (Berent-Braun & Uhlaner, 2012). The Family Council (FC) is largely involved in the intersection of family and business interests' management. It informs the board of the general wishes of the family and offers an official opinion avenue on matters that involve the family and the business. The FC also promotes the future strategic planning of the family enterprise and its assets and allows the family owners to discuss common issues on a regular basis (Eckrich and McClure, 2013). One of the roles of the council is to establish a family consensus and serve as the channel of

communication with the board. The council also dictates the nature of the family members who act on the board and make sure that the family exercises its rights as an owner. Family councils work best when they are given the validity to shoot at the actual problems. They enable members to share ideas and views thus avoiding or solving conflicts through organized discussions. They are more critical when the businesses reach the third and fourth generation or when they have a large number of the family members not working in the business enterprise.

The council members are elected to provide interests of their branch family and operating procedures and duties in the council are provided and written down. The council is an organized communication medium between the family and the board. It is aimed at creating a common opinion in the family and also a channel of information. A functional family council is useful in ensuring that the family upholds the greatest value, human capital protection and controlling financial resources and charitable activities. Poza and Daugherty (2016) believe that having healthy relationship between ownership and management lowers agency costs of which is a clear advantage of family business compared to non-family business-controlled enterprises.

2.4.2.5 Board of Directors: The role of boards in family businesses and the way this aspect is administered has been researched to a given extent. The contribution made by the boards to the growth and performance of the business is also written. Nevertheless, research on the role of the board in promoting the sustainability and inter-generational survival of family enterprises is few. This discrepancy makes it hard to have a comprehensive understanding of ways in which family businesses can be preserved and transgressed through generations. Irrespective of the size of a company, boards are valuable since they provide insights, build legitimacy, avail important information and ease of resources (Bendickson, Davis, Cowden & Liguori, 2015). According to Blumentritt (2006), the increasing attention in governance is due to the instantaneous reports of cases where the board had not met the set standards of corporate governance.

Neville (2011) has a more comprehensive view of the board of directors in SMEs. He holds that the role of board extends beyond just control and oversight. Its effectiveness should also be measured in regards to the experience and the knowledge that the board members bring into the firm. Therefore, the strictly agency-based theory might not be able to fully reflect the value of

boards in SMEs. The external board members can help family firms by bringing in specialized skills and functional expertise which can broaden the scope of influence of the board beyond the usual monitoring and governance functions of the board.

2.4.2.6 Transparency and Accountability

Zhou, Wang, and He (2012) note that the crucial principles of effective governance in family businesses are transparency and accountability. Open communication would develop trust among family members and other interested parties whereas accountability will ensure that decisions made are based on the long term interests of the enterprise. The transparency may be ensured by regular reporting and disclosing financial outcomes, operating efficiency, and strategic plans. Moreover, international accounting standards are advocated to be adhered to by family businesses and effective internal control mechanisms have to be built to ensure reliability and accuracy of financial reporting. This transparency assists in building trust, credibility among investors, and lenders, among other external stakeholders. Kets De Vries (2014) notes that accountability is the clear definition of expectations and enacting mechanisms to measure performance. It is the responsibility of the family businesses to allow key performance indicators and frequently compare family members as well as executives against them. Professionalism and responsibility is brought about by putting people to account of their choices and activities. Moreover, employing independent appraisals based on the services of external auditors or consultants can add value to governance. This kind of external reviews provides objective performance in terms of being able to meet best practices, identification of areas of performance enhancement, and general transparency and accountability (Hoffmire, 2014).

2.4.3 Management Succession planning and Sustainability

Succession planning, especially in the field of management is of critical importance that serves to make sure that family business passes without hitches between generations. The appearance of conflicts and tensions in the family may jeopardize the existence of the business, which is why the question of attentive promotion of career growth and appropriate compensation of the possible successor is important. Even though it is so crucial, most entrepreneurs and small business proprietors do not carry out organized succession plans. In this respect, sustainability is affected by moral conducts and long-range outlook. Particular focus on continuity and the continuation of

what most family-owned businesses see as the identity of the business, however, as Broccardo et al. state, it is difficult to evaluate the forces associated with sustainable practices in family firms because of differences in sampling and methods of research.

In many family-owned businesses, succession planning is usually insufficient, that is why such businesses are extremely exposed to failure. This is a particularly high risk when the founder passes away without any previous reasons, since inheritance arguments can put the business on tiptoes and jeopardize its survival (Oudah et al., 2018). As stated by Bryman et al. (2015), the external factors are external forces that may have a substantial impact on the businesses. These are very essential factors since they may influence the capacity of the organization to pursue its strategic goals and objectives. According to the Piraeus Traders Association (2009), family businesses tend to be more resilient in case of financial crisis since the deep family bonds can make them go through the rough times without any significant losses. Moreover, companies owned by founders are less likely to over-invest in risky projects, and this aspect can reduce risks of the company to fail (Zhou, 2012).

It is established that succession planning is one of the primary predictors of success in family business and is directly related to financial performance (Judd, 2017). Bosses also need to devise strategies that would have exit plans to handle any unexpected eventualities (Lane, 2018). In spite of the importance of succession and continuity of family-owned firms, some studies indicate that most of the family enterprises fail to prosper because of poor knowledge on succession planning (Vincent, 2017). A succession plan that is well planned will be able to aid continuity and cope with the challenges of the leadership change, and the unplanned succession process poses considerable threats to the business.

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the challenges of the leadership change, and the unplanned succession process poses considerable threats to the business.

2.4.3.1 Existence of a Succession Plan

A company that lacks a succession plan is likely to take too much time to name a new CEO (Rivolta, 2018). These delays can affect the confidence of the shareholders, and generally, the performance of the firm after a successor takes office (Rivolta, 2018). Transitions can be unsuccessful, whereas successors cannot overcome the political and cultural transformations, which take place during the change (Tichy, 2015). Furthermore, inappropriate successors who are not in line with the strategic goals of an organization may experience deteriorated financial stability and a lack of competitive advantage (Soebbing et al., 2015). New leaders can make use of coercion strategies in certain circumstances to create power during an unfavorable transition in the new leadership (Licht and Allen, 2018). Although crucial, almost half of family firms, approximately 47% have no formal succession plan, which is usually because of contextual, relational, procedural, and governance related issues (Lockamy et al., 2016).

Even long-term stability of family business requires succession planning that, however, most family businesses find challenging to execute successfully. The lack of a clear plan will make the transition between generations ineffective and detrimental to the survival of the business. There should be a developed succession plan in family businesses that clarifies how the future generation will inherit leadership and ownership. This plan must establish guidelines on how to select the successors, transition timeframes, and how to resolve conflicts that occur. In addition, giving appropriate training and mentorship is important so that the successors could be equipped and have the necessary skills and knowledge to perform their duties to their success.

2.4.3.2 Existence of Career Opportunities

The development of succession plans in family companies can be done using organized programs, including leadership, mentoring, workshops, motivation programs, formal succession, continuity policies, and family integration programs (Stephens, 2016). Some family business leaders can use

the help of trusted external advisors to preserve knowledge transfer and facilitate the seamless changes. Such advisors might have a positive or a negative impact on the outcomes of the succession, based on the possible agency conflicts (Michel & Kammerlander, 2015). Additionally, the leaders having the relevant higher education are more likely to reinforce successful succession planning. The family culture, support of spouses, and sibling rivalry are also factors that may have an impact on family business succession (Bozer et al., 2017).

In succession planning, it is advisable to achieve a mix of appropriate strategies (Stephens, 2016). The first stage of succession planning is essential because disputes of interests based on either family or nonfamily issues are likely to start at an earlier stage (Meier & Schier, 2016). A successful succession plan must be timely, communicate effectively, the board of directors involved, flexibility is required, and respect to the incoming CEO is earned (Judd, 2017). The succession activities associated with family business are defining the leaders of the future, ownership transfer, control and management transfer, and leadership development (Budhiraja & Pathak, 2018). The initial phase of succession planning can greatly affect the recognition of the new leader by the team and the way they will react to him or her (Lam et al., 2018). Technical, political, and cultural control should also be properly considered to find an executive that can lead the organization to the sustained performance (Tichy, 2015).

The procedure of appointment of an heir in a corporate family can be described as various to the procedure of non-family companies. The impact of the family on the daily operations is high in micro-family enterprises (Agyapong et al., 2016). Family councils, assemblies, offices, meetings, committees, and family constitutions are some of the governing structures utilized, to control the dynamics between the family and the business (Adams & Quagraine, 2018). Studies about non-family involvement in family business indicate that family members occasionally restrain the inclusion of non-family workers and this factor prevents them to fully contribute towards the company (Tabor et al., 2018). Nonetheless, strict family relations and formalized roles can also prove helpful, as they can help to organize the tasks and control the succession process more efficiently (Daspit et al., 2016).

This failure by successors to understand the expectations of staff and board members can be a major contributor of decline in the organization during the process of changing leadership

(Soebbing et al., 2015). The family businesses face the threat of being not continued as a result of not engaging with the next generation (Garcia et al., 2019). Research demonstrates that effective succession planning correlates with high financial performance, particularly in terms of competitive markets (Patidar et al., 2016). Making an effective CEO transition can be useful in improving overall performance in the organization (Berns & Klarner, 2017). Such aspects as family boards being represented on the board of directors, a well-organized succession process, prior family business experience, succession-related relationship building with customers and suppliers, as well as access to financial resources to facilitate succession, are among factors that make an individual more prone to choosing a family successor (Lockamy et al., 2016). The more family members are actively engaged in governance, the higher is the performance of the firm (Bohrene et al., 2019), but family belief systems influence the managerial values, which direct the strategic organizational behavior (Oro & Lavarda, 2019).

Oudah et al. (2018) stress that conveying family business values to the any following generation is a paramount factor of determining the survival of family-owned businesses. Conversely, Tàpies and Moya (2012) note that most of the family businesses fail because they do not have experienced and dedicated family members, who would be critical in maintaining the business in the long run. Brink (2017) notes that family-owned businesses tend to have smaller geographical footprint, and they would also tend to ignore the use of Information Technology. There is also reduced possibility that they hire internal specialists which discourages technological adaptation. The present digital age dictates the need of adapting to technology because majority of business activities are done online. Lack of attention to innovation may greatly aggravate the chances of the family-owned business failing.

According to Helin and Jebril (2016), it can be extremely helpful to create a systematic discussion about succession to facilitate the process of family succession planning. To make sure that the next generation is prosperous, the family organizations must contribute to the continuous growth and improvement of the company while preserving the sense of the company history and adjusting their ideas to the outlook of future existence (Jameson, 2018). The management of conflicts may be achieved with the help of stewardship, monitoring systems, intergenerational cooperation, flexibility, and common vision of ownership and control in the future (Meier & Schier, 2016). Successful succession planning is not limited to the handing over of the leadership but is also a

matter of having business continuity through financial management (Kess & Mendlowitz, 2015). It is possible to assess the organizational challenges, evaluate the capacities and employ transformational leadership to create a support of the vision during the leadership transition (Tichy, 2015).

2.4.3.3 Successor Identity

Many family firms do not follow a structured process when doing a succession planning, and in most cases, it starts with analyzing the size of the company, vision and the latest performance results (Budhiraja and Pathak, 2018). The management is most concerned with the selection of the right successor (Suess-Reyes & Fuetsch, 2016). Such an approach of knowledge transfer between generations can be both formal and informal, and such an approach that helps such leaders to retain their competitive edge over time (Boyd et al., 2015). Successor recognition entails analyzing leadership competences, which are reliability, hardworking, accountability, mentoring, and leadership in general (Budhiraja & Pathak, 2018).

The identified successor should be able to manage to combat and maintain the unique cherished family legacy to succeeding generations (Suess-Reyes & Fuetsch, 2016). According to Zellweger (2017), next-generation engagement entails the readiness of young members of the family to become actively engaged in leadership, governance, or ownership of the family business to help the business remain sustainable over the long run. Even though all family members jointly determine such decisions, the leading member of the family has the ultimate power, and it should carefully choose to exclude conflicts between generations (Budhiraja & Pathak, 2018). Lack of family involvement can have a detrimental impact on performance in the organization (Hughes et al., 2018). According to the research conducted by Zhou et al. (2016), family structure, within-family regulations, and family control are essential in succession. An example could be that the successor may have the father as a business role model, supportive, mentor, and advisor at various levels when developing business skills (Pham et al., 2019).

The family firms usually prepare heirs to preserve the major traditions, which would secure continuity and survival (di Belmonte et al., 2016). The selection of the most suitable chief executive is very important because leaders play the role of matching internal goals with external demands (McKee & Froelich, 2016). It is also important to note that succession planning can lead to a change in or definition of organisational strategy (Judd, 2017). In most cases, family

companies have family members who occupy leadership positions (Brenius, 2017). The considerable risks associated with the failure of the succession process can cause serious outcomes not only to the family but also to the business since the owners, who can possess considerable interests (more than 50%), may have to suffer serious losses (Perrenoud & Sullivan, 2017; Suess-Reyes & Fuetsch, 2016; Vincent, 2017). A family firm CEO is more risk-averse, long-term sustainability-oriented, and, therefore, prone to reinvesting profits to assure the company of its future (Sánchez et al., Luis Gallizo, & Moreno, 2019).

2.5 Sustainability of Family Business

Sustainability of family businesses is a topic of academic interest since long, but opinions are divided regarding which factors can best facilitate the long-term viability. According to the recent studies, things like innovation, adaptability, and readiness to take calculated risks are the elements which play a key role in the survival of family enterprises. Nevertheless, Chua et al. (2012) and Vollero et al. (2019) observe that family businesses are very different, and it is hard to assume that what is deemed beneficial in every case. The larger goal is to form a stable value that can be inter-generational. In general, sustainability can be explained as the possibility to fulfill the current needs without undermining the potential of the generations who will appear to fulfill their needs (WCED, 2015). Although this principle is implemented in any sort of organization, family businesses have never had it easy because of the concession of family and business interests. There is still the ongoing research as to how innovative approaches could be employed to achieve sustainable results in such firms. As an example, Tur-Porcar (2018) offers practical implications of quantifying sustainability, the suggested measures and weighted sub-criteria, such as ecological sustainability, based on expert assessments of long-term value creation in family businesses.

2.6 Summary of Review of Literature

Proper family governance helps in the sustainability of family businesses in the long term since the processes of generational transitions are properly laid down (Abouzaid, 2008). Effective governance structures will help to manage growth issues, succession management, family cohesion, recruitment and fair treatment to its stakeholders. The family business governance incorporates both the internal and external mechanism. Yasser (2011) says that strong family

governance does not only clarify the running of businesses carried by the family, but also increases the competitiveness and performance of such businesses.

Angus (2005) emphasizes the point that family businesses are always differentiated and, therefore, there is no specific system of governance that suits all families. However, successful family firm analysis suggests that it is critical to possess a system of shared principles and daily routines, which would be used by those family members who are actively involved in the company. Other family businesses can learn lessons of such best practices to enhance the governance. The paper identifies governance aspects that promote continuity in the family business in the long term. Van der Merwe (2012) points out that, in cases when family-business relationship is not managed well, it may lead to conflict of interests, especially that which endangers sustainability. Lansberg (2017) observes that the challenge of longevity is quite high since only a third of family businesses can be transferred to the next generation and only 13 % make it to the third generation (Poza & Daugherty, 2016).

Davis and Harveston (2018) and Poza (2013) support such observations. In a country like Botswana where the government policies are implemented to empower and employ its citizens, persistence is a major issue considering the fact that the businesses are family owned or run. Failure of a family business may have devastating social and economic impacts such as loss of jobs, family wealth, and dysfunctional family relationships (Lam, 2016). The control systems within the family business are not standardized and they usually vary according to the size of the business and family. An example, a small firm can make use of a small advisory board as compared to a bigger family firm whose decision might be based on a family council, and a family meeting where all the members are within the family meet at least one time in a year.

According to Gulzar and Wang (2010), governance is important when it comes to longevity and sustainability of family businesses. Existing in these businesses are many challenges that are related to not only profitability but survival and proper governance well-constituted can overcome challenges that occur due to family ownership as well as enable the survival and concord between the family in the long term. Moreover, as pointed out by Chiner (2011), the owning family should have effective family governance systems besides corporate governance practices. This is

necessary as they are needed to ease clear communication and information flows between the family and the business.

CHAPTER THREE:

METHODOLOGY

3.0 Introduction

In this chapter, the methodology used when performing the study is explained, the scientific processes and methods of gathering and processing information in order to make relevant conclusions are presented. It addresses the research design, research paradigm, the research population, the sample size, and the sampling methods, the source of data, data collection tools, measures taken to assure quality of data collected, data analysis methods and ethical considerations that are followed during the research process.

3.1 Research Design

The study adopted a cross-sectional research design due to time and resource constraints. This design was considered appropriate because data were collected at a single point in time, allowing the researcher to capture the existing conditions of the study variables without repeated measurements. The cross-sectional design also aligned well with the quantitative approach adopted in the study, as it facilitated the collection of structured, numerical data from a relatively large sample. This enabled statistical analysis of relationships between variables within family businesses. Furthermore, the cross-sectional approach is widely applied in business and supply chain research when the objective is to compare organizations, sectors, or practices at a specific point in time (Bryman & Bell, 2015).

3.2 Population of the study

A study population is generally a large or aggregate collection of individuals or objects with similar characteristics that are the main focus of a scientific inquiry (Amin, 2005). The study targeted 80 individual respondents who were owners or managers of family businesses, rather than the businesses themselves. These respondents were selected from the four identified business categories because they were directly involved in ownership, governance, and decision-making processes within their enterprises.

The inclusion criteria considered family businesses that:

- Were formally operating within Nama Sub County;

- Had active involvement of family members in ownership or management;
- Had existed for a reasonable operational period to provide relevant sustainability information; and
- Were willing to participate in the study.

Businesses that did not have family involvement in management or ownership, newly established enterprises with insufficient operational history, and non-family businesses were excluded from the study.

Table 3.1: Population

Category	Target Population	Sample size	Sampling technique
Saloon and Hair dressing, food processing and restaurants business, metal fabrication and welding, and market vendors	4 business enterprise categories		Purposive sampling
The owners of family businesses	80	66	Stratified sampling technique

Sample size determined using the Krejcie & Morgan model (1970)

3.3 Sample Size

This defined as the amount of observations that are to be taken in a population to make inferences when applied to the whole population. To conduct this study, 66 of them (including the owners of personal businesses) were chosen among 80 respondents who make the population of this study

(Krejcie & Morgan, 1970). This technique helped to eliminate bias in the sample selection since it was based on standard numbers (Amin, 2005).

3.4 Sampling Technique

Since the study is quantitative in nature, purposive sampling was used to sample four business enterprises. According to Symon and Cassell (2012), purposive sampling facilitates the possible selection of respondents that are most knowledgeable and capable of giving relevant information to the studies. The approach places more emphasis on the expertise of the participants in the topic at hand and thus minimizes the bias in selection and only includes those respondents that would contribute with important information. Stratified sampling consists of distinct subgroups (strata) that need to be represented proportionally in the sample. Stratified sampling ensures that all relevant subgroups of family business owners are included proportionally, avoiding overrepresentation or underrepresentation of any group.

3.5 Sources of data

Primary data was chosen in order to give adequate contextual to the study and to achieve the aim of the study as it provides raw materials and first hand evidence on the field (Kothari, 2004). The researchers in this study used primary data by interviewing the key informants using self-administered questionnaire and conducting interviews with the participants.

3.6 Data collection instrument

Since a quantitative approach was adopted, Survey questionnaire was used for data collection. The questionnaire is structured into four different sections. Section A contains the demographic data of the respondents, Section B, C and D contains questions that answered objectives i, ii, and iii respectively. Furthermore, the questionnaire contains closed ended questions structured with a five-point Likert Scale rating of: Strongly Agree, Agree, Not sure, Strongly Disagree, and Disagree.

3.7 Data Quality Control

To control the data quality, it is necessary to make sure that the instruments employed to collect data will be able to capture sufficient and quality data to achieve the study objectives. It mainly dwells upon the validity and reliability of the data collection tools.

3.7.1 Validity

Validity in this study was determined by use of face validity in which experts were consulted in their review of the instruments to assure that they seemed to measure the variables of interest, and

content validity, which guaranteed that all the aspects of the research objectives were covered by the instruments.

- i Face Validity:** In face validity, the survey questionnaires were given to 3 experts in the area of study. The professionals assessed the instrument, by checking the correctness of the questions, the volume of questions in the instrument, the length of time required to answer the questions, and the clarity of language. After that, the experts judged the suitability of the items in the instrument.
- ii Content validity:** The content validity is used to denote the degree to which a measurement instrument is exhaustive of everything that it is meant to measure (Jincheng, Xiankun, & Zhenqiu, 2012). The assessment of the content validity in this study was done with the help of the Content Validation Index (CVI). Three experts read the instrument and evaluated the relevance and appropriateness of the item. Business experts note that three experts are necessary to evaluate an instrument in terms of content validity (Lynn, 2011). In order to be considered as valid, an item must be acceptable by all experts. The CVI is calculated by then dividing the aggregate number of items considered valid to the aggregate number of items in the instrument. A CVI score ranging between 0.80 and above is usually regarded to be satisfactory as suggested by Polit and Beck (2006).

$$CVI = \frac{\text{Number of Items declared Valid by the judges}}{\text{Total number of items in the instrument}}$$

3.7.2 Reliability

Reliability refers to the extent to which a research instrument consistently produces stable and consistent results when administered repeatedly under similar conditions. In this study, reliability was assessed using internal consistency reliability, measured through Cronbach's Alpha coefficient.

A pilot study was first conducted to test the clarity and suitability of the questionnaire. The pilot test involved 10 respondents and was used primarily to refine the instrument and assess its validity (clarity, wording, and structure of items), not reliability estimation itself.

After final adjustments to the questionnaire, data obtained from the main study were analyzed to determine reliability using Cronbach's Alpha. The reliability coefficient (α) was computed using Statistical Package for Social Sciences (SPSS), and the results were interpreted based on established thresholds.

The reliability decision rule was guided by Gliem and Gliem (2003), who recommend the following interpretation:

- $\alpha \geq 0.90$ = Excellent reliability
- $0.80 \leq \alpha < 0.90$ = Good reliability
- $0.70 \leq \alpha < 0.80$ = Acceptable reliability
- $0.60 \leq \alpha < 0.70$ = Questionable reliability
- $0.50 \leq \alpha < 0.60$ = Poor reliability
- $\alpha < 0.50$ = Unacceptable reliability

The Cronbach's Alpha coefficient is computed using the formula:

$$\alpha = \frac{K}{K-1} \left(\frac{1 - \sum SD_i^2}{SD_t^2} \right)$$

Where α = Alpha coefficient

K = Number of items in the instrument

\sum = Sum

SD_i^2 = Individual item variance

SD_t^2 = Variance of total score

The final Cronbach's Alpha values for each research construct (e.g., governance, succession planning, and sustainability) were computed and reported to confirm the reliability of the instrument.

3.8 Data Analysis

This refers to the procedure of evaluating information with the help of analytical and statistical instruments aimed at finding valuable material and assisting the researcher in making conclusions. It entails investigation, purification, modification, and representations of data with the intention of making insights, informing conclusions, and supporting recommendations. The quantitative data collected was coded in this study and examined with the use of Statistical Package of Social Sciences (SPSS) version 27. The field data were first cleaned in order to ensure that there was no multicollinearity, normality and linearity. Tables and frequencies were then used to describe the response rate and demographic characteristics of the respondents. The descriptive statistics were also used to achieve the particular study objectives namely, the weighted means and standard deviation of variables within the study and regression analysis.

3.9 Ethical Consideration

The following standards of ethics were implemented.

3.9.1 Approval and authorization; A permission letter was received at Directorate of Higher Degrees and Research of Uganda Christian University. This letter was presented and gave consent to use the data only in the field to use it in the purpose of the study. The letter was also given out where necessary to study participants to explain the reason behind the research being done and to clear any doubt of the intent of the study.

3.9.2 Informed consent; The participants of the study were well informed about their right to participate in the study or not. They were informed that they could back out whenever they thought they will not be comfortable. This made the participation to be completely voluntary and informed and deliberate in making decisions.

3.9.3 Confidentiality and anonymity; All the participants were assured that any information they offer by the end of the research would not be disclosed to anyone. They were assured that the information that they obtained would be utilized in scholar purposes. Furthermore, the participants could use pseudonyms in case they did not want their actual names to be published. This factor was used to ensure that the identities were not disclosed and anonymity was not disclosed during the entire process of the research.

Questionnaires did not solicit for names of the respondents and they bore a statement emphasizing the strict level of confidentiality with which data was treated and an additional assurance statement showing that participation was optional. Lastly, the final report does not possess the names of the respondents or their administrative positions to ensure confidentiality.

3.9.4 Acknowledgment; The study has credited all sources of data and in particular secondary data sources in the reference list to give credit to original authors and prevent plagiarism.

CHAPTER FOUR:

PRESENTATION, ANALYSIS AND INTERPRETATION OF FINDINGS

4.0. Introduction

This section gives an account of the study carried out to investigate the consequence of Family Business Governance on the sustainability of the chosen private businesses in Nama Sub County, Mukono District. The study objectives were; to determine the extent to which decision-making participation in family businesses facilitates sustainability, assessment of the impact of presence of family governance structures in ensuring sustainability, and the influence of management of succession planning on business sustainability.

4.1 Response Rate

Findings indicated that out of the 66 respondents selected for the study, 60 returned the questionnaires, which results in a response rate of 90%, while 6 participants did not respond, accounting for 10% of the total sample. These findings suggested that the study had a strong level of participation from the selected respondents. This response rate was considered relatively better than previous studies mentioned. A response rate of 70% is also in line with Amin (2007), who argued that a response rate of 50% or higher is good enough to be representative of a survey population. The rate of response is also high, thus boosting credibility and validity of the results obtained during the study, and this implies that, findings of the study can be considered to be representative of the larger views about perspectives and practices of family-owned businesses in the Nama Sub County Mukono District. Future studies on family business governance in similar contexts may benefit from targeting a similar response rate to ensure data accuracy.

Table 4.1: Response rate

Response rate		
Category	Frequency	Percentage (%)
Responded	60	90%
Not responded	6	10%
Total	66	100%

Source: Field Data 2024

4.2 Demographic Characteristics of Respondents

The study obtained findings on the respondents' characteristics that include: gender, age, educational level and marital status. Each of these variables had been generated into descriptive statistics in order to provide a clear picture of the sample. These characteristics are shown in Table 4.0 that represents the distribution of these traits on the part of the respondents.

4.2.1 Distribution by Gender of the respondents

Table 4.2: Gender

Category	Frequency	Percentage (%)
Female	33	55.7
Male	27	44.3
Total	60	100.0

Source: Field Data 2024

The findings from Table 4.1 showed that there were more female respondents (55.7%) than male respondents (44.3%). While the difference is not huge, it indicates a slight preference for female participation in the survey. This could suggest that, in the family businesses of the region, women might be more involved or more likely to participate in such studies. It also implies that gender dynamics in the local family businesses may have a certain balance or possibly a greater role for women in governance or decision-making within these businesses.

4.2.2 Distribution by age group of the respondents

Table 4.3: Age

Category	Frequency	Percentage (%)
18-25 years	5	7.5
26-30 years	35	58.5
31-35 years	16	26.4
36-40	5	7.5
40 years and above	0	0
Total	60	100.0

Source: Field Data 2024

The majority of respondents (58.5%) fell within the 26-30 age group, followed by 26.4% in the 31-35 age group. A smaller proportion of respondents (7.5%) were aged between 18-25 years and another 7.5% between 36-40 years. Notably, there were no respondents above the age of 40.

These findings suggest that family businesses in Nama Sub County are predominantly managed or influenced by young to middle-aged individuals. This may indicate a generational shift in leadership, where younger family members are actively engaged in business governance. It also highlights the potential for leadership transition challenges, particularly if succession planning is not well-structured to accommodate aging business founders.

4.2.3 Distribution by Marital Status of the respondents

Table 4.4: Marital Status

Category	Frequency	Percentage (%)
Married	32	53.8
Single	10	16.2
Divorced	6	10.0
Others	12	20.0
Total	60	100.0

Source: Field Data 2024

The age distribution of respondents revealed that 58.5% were between 26-30 years, 26.4% were between 31-35 years, 7.5% were between 18-25 years, and 7.5% were between 36-40 years, with no respondents aged 40 and above. This suggests a youthful demographic in family businesses, possibly indicating a modern approach to business governance led by younger individuals. The marital status distribution showed that 53.8% were married, 16.2% were single, 10% were divorced, and 20% selected "others," which likely includes individuals who are widowed or separated. These findings imply that both age and marital status influence the way family businesses are governed, with younger, possibly more innovative leaders balancing family responsibilities in shaping business strategies.

4.2.4 Distribution by the level of education

Table 4.5: Level of education

<i>Category</i>	<i>Frequency</i>	<i>Percentage (%)</i>
Primary	5	8%
Secondary	15	25%
Certificate	7	12%
Diploma	7	12%
Bachelor	21	35%
Master and above	5	8%
Total	60	100%

Source: Field Data 2024

The distribution of the educational level of the respondents indicated that 8% had the primary education while 25% had the secondary education, 12% had the certificate and the whereabouts had 12% diploma, 35% had the bachelor, and the remaining 8% had the Master and above. It means that the greatest number of respondents (35) was a bachelor's degree, the second group of the survey included the respondents of secondary education (25%), the number of people with certificates or diplomas as well as with advanced degrees was lower. The higher proportion with bachelor's degrees may indicate that family businesses are increasingly being led by individuals with formal education, which could enhance governance, sustainability, and strategic planning. However, the number of respondents of lower educational levels (primary and secondary) suggests that real experience can be instrumental in business activities and management. Such dependency on experience may lead to a hybrid approach of the old and new measures in handling the family businesses.

4.3 Descriptive Statistics

4.3.1 Family Business Governance

Table 4.6: Family Business Governance

STATEMENT	Mean	Std. Dev	Decision rule
Ownership structure			
This business is dominated by the founder as the most important decision-maker.	3.89	0.865	High
All family members can make decisions	3.87	0.977	High
Our family trusts all decision making abilities of one another.	3.46	1.14	High
Formal management structures exist	3.7452	.70114	High
Decision makers are directly involved in the implementation of their own decisions	3.84	.917	High
Existence of fast and flexible decision making	3.7730	.65859	High
Family Governance Structures	3.7545	.63371	High
There are well defined structures of governance in the business.	3.8698	.72437	High
There is a clear definition of governance of the business.	3.9095	.57158	High
The family business office supports management of day today activities	3.7452	.69515	High
Business has clear rules of governance.	3.54	1.097	High
The business does have an Advisory Board.	4	0.961	very High
The meetings of the Directors Board have a list of scheduled meetings every year.	3.86	0.971	High
There is document that outlines family's association with the business	4.37	0.54	very High

Special skills that are outside the organization (e.g., lawyers, auditors) are sought out on occasions.	4.19	0.732	High
The business has control measures.	3.99	0.925	High
The enterprise is highly accountable to the stakeholders.	3.9	0.827	High
Succession Planning Management			High
There is a business succession plan	3.7656	.56835	High
Career openings for family members in the business are in place	3.63	0.832	High
The next generation of the business is in place.	4.2905	.52693	High
Career advancements in the business are rewarded.	3.34	0.949	Moderate
It has an intention to continue working in the business in future.	3.5135	.85499	Moderate
There are difficulties working in such a business.	3.62	0.902	High
There is a business succession plan.	3.4929	.86149	high

Field Data 2024

The study revealed several key insights about family business governance and succession planning.

Family business governance analysis showed that the statement, the founder is the main decision-maker of this business, had the mean score of 3.89 with the standard deviation of 0.865 that decision-making is highly centralized and the founder is the key person in decision-making. This emphasizes the principle role played by the founder in the lead of the business. Simultaneously, the average score of the statement that all family members in the business are permitted to make the decisions was 3.87 with the standard deviation of 0.977 indicating that family members actively take decisions. Nevertheless, the statement about trust in the ability of the family members to make their decisions gave a lower mean of 3.46 and high standard deviation of 1.14, indicating that whereas trust is usually there, there is divergence in how family members view the abilities of other family members when it comes to the ability to make their decisions.

The management practices analysis reveals that the statement of formal management structures has a mean of 3.7452 and standard development of 0.70114 which means the availability of well-defined management structures that should enhance operational efficiency. The mean score of 3.84

and standard deviation of 0.917 of the statement decision makers are directly involved in the implementation of their own decisions would indicate high degree of hands-on involvement of decision-makers in the implementation of their decisions. Furthermore, the message on the presence of rapid and agile decision-making listed an average of 3.7730 and a standard deviation of 0.65859 representing that the decision-making in these companies is generally quick and adjustable.

The responses on family governance structures also reflected positive feedback. The results show that the governance systems within these family business are usually well-developed. The statement that there are clear governance structures scored a mean of 3.8698 with a standard deviation of 0.72437. Whereas the governance responsibilities in the business are clearly specified also got a score of 3.9095 with a standard deviation of 0.57158, which implies that the roles and responsibilities are well-defined, which can be used to minimize conflicts and enhance the efficiency of operations. Presence of family office to handle issues of family business rated an average of 3.7452 with standard deviation of 0.69515 indicating that companies have specific structures to handle business related matters in the family. Though, the existence of clear governance rules scored lower in mean of 3.54 but a greater standard deviation of 1.097, meaning that there are clear rules, but its interpretations or practices may vary between given family members.

As the analysis of the governance practices shows, the statement, i.e. the business has an advisory board, has a mean of 4.00 with a standard deviation of 0.961, revealing the fact that the majority of the businesses have advisory boards that give them external advice. The mean and standard deviation of 3.86 and 0.971, respectively, is an indication of an organized and regular meeting in governance as captured in the statement of the Board of Directors; it has a planned list of meetings annually. In particular, the statement that the family and the business have a formal document describing their relationship was rated as a high level of most businesses, 4.37, with a low standard deviation of 0.54, implying that the majority of businesses formalize the relationship, which is necessary to exclude the misunderstandings and create the lack of uncertainty. Another one, stating that when necessary, the business calls upon the expertise of outsiders (e.g., lawyers, auditors) obtained the 4.19 standard deviation score of 0.732 that shows that businesses often address the expertise of outsiders when a specialized piece of advice and help are required. Other indicators of governance showed good organizational practices. The control measures in the business scored

3.99 on a scale of 0.925 and the statement that the business is sufficiently responsible to the stakeholders scored a 3.90 with a standard deviation of 0.827. The results of the succession planning and career opportunities show that the majority of family businesses are somehow structured. Succession plan existence mean is 3.7656 with a standard deviation values of 0.56835 and this indicates that succession planning is mostly practiced. The mean and standard deviation of career opportunities of the family members were 3.63 and 0.832 respectively indicating the existence of development opportunities in the business. The succession process is well defined and communicated in the family because the mean score of identifying a successor was 4.2905, and the standard deviation was low (0.52693). Nonetheless, the rewarding career image was ranked lower, with the mean of 3.34 and the standard deviation of 0.949 indicating that there are opportunities, but it is not considered very rewarding by all the family members. The results illustrate that long-term commitment is moderate among family members showing that the statement on intentions to stay in the business has a mean of 3.5135 and a standard deviation of 0.854999. Working in the family business had a few more challenges, also the mean was 3.62 and the standard deviation was 0.902 which indicates that the challenges are also present but generally manageable. The communication of the successor to the family members employed in the business had a mean of 3.4929 and a standard deviation of 0.86149, thus showing that though the succession plan has obviously been conveyed to the family members employed in the business, there is a need to communicate the succession even better and ensure that all family members are fully aware of the leadership transition.

4.3.2 Descriptive statistics on Sustainability of the Family Enterprise

Table 4.7: Descriptive statistics on Sustainability of the Family Enterprise

STATEMENT	Mean	Std. Dev	Decision rule
Growth in Profits	3.89	0.865	High
The profits made by the business are growing over the years.	3.54	1.097	High
Maximizing profits is a key goal of this business.	3.87	0.977	High
The financial achievement of this business is assured.			

The business has successfully managed costs to increase its profitability.	3.46	1.14	High
Revenue growth has directly translated into higher profits for the business.	4	0.961	very High
Growth in Turnover			
Managers look forward to expand business.	3.90	.942	High
The company has seen an increase in sales turnover year over year.	3.87	.860	High
There are plans in place to expand the market and increase turnover.	3.83	.961	High
The business regularly introduces new products or services to drive turnover growth.	4.16	.705	High
The company has diversified its customer base, leading to a higher turnover.	3.86	0.971	High

Field Data 2024

The descriptive statistics on the sustainability of the family enterprise shed light on key areas of growth in profits and turnover. These areas were assessed through various statements, with the mean and standard deviation reflecting the overall perceptions of business performance and growth potential.

The profit generated by the business is prospering over the years had a mean of 3.54 and a standard deviation of 1.097 which shows a generally positive value with regards to the profit growth in the business. The standard deviation is relatively high showing that there is some fluctuation in the opinions of the respondents concerning this growth. The same can be said of the statement Maximizing profitability is a key goal of this business, which had a mean (3.87) and standard deviation (0.977), as it is important in the business goals. The financial success of this business is assured statement had a very high mean of 4.37 with low standard deviation of 0.54 which implied that there was a strong level of confidence on the financial stability of the business. Conversely, the statement The business has effectively used costs to make the business more profitable had a mean of 3.46 and a standard deviation of 1.14, which means that cost management is appreciated but there is a disparity in the views of how effective cost management is. Lastly, the equation

Revenue growth has directly translated into higher profits contributed by the business indicated a mean of 3.34 and a standard deviation of 0.949 indicating a perceived moderate correlation between revenue growth and the increase in profits to the business. The statements related to turnover growth also reflect positive feedback on the business's performance. For example, the statement Managers look forward to expanding business had a mean of 3.90 and a standard deviation of 0.942, indicating high expectations for business expansion. Similarly, the statement the company has seen an increase in sales turnover year over year scored 3.87 with a standard deviation of 0.860, showing that turnover growth is seen as a key focus within the business, although there is some variation in perceptions. The statement that there are plans in place to expand the market and increase turnover had a mean of 3.83 with a standard deviation of 0.961, further indicating that market expansion is a well-defined goal for the business. On the other hand, the business regularly introduces new products or services to drive turnover growth scored 4.16 with a low standard deviation of 0.705, suggesting that innovation is a strong driver of turnover growth in the business. Similarly, the company has diversified its customer base, leading to a higher turnover scored 3.86 with a standard deviation of 0.971, reflecting a positive, though slightly varied, view of the role customer diversification plays in turnover growth. The variability in standard deviations suggests that while the overall perception is positive, there are areas where further consistency could be achieved. The findings indicate that the business is well-positioned for continued growth, with a strong emphasis on profitability, market expansion, and innovation.

4.4. Basic statistical assumptions

The data was evaluated to determine whether it met the assumptions for parametric tests, Statistical methods were utilized to accomplish this. Instead, kurtosis is used to gauge the weightiness of the tails of a distribution, positive resulting in heavier tails and negative resulting in lighter tails compared to a normal distribution. The analysis suggests non-normality in the data, favoring parametric methods like Pearson correlation and linear regression. For instance, sustainability exhibits a negative skewness (-0.501), suggesting a longer left tail, and a kurtosis of 0.201, indicating lighter tails compared to normal.

4.5.1 Zero Order correlations

The data was observed to follow a normal distribution, so they were thought to be suitable to use a parametric test.

Table 4.8: Zero Order correlations

The correlation analysis was conducted to determine the strength and direction of relationships between family business governance variables and sustainability of family enterprises.

Correlations	1	2	3	4	5	6	7	8
Ownership structure	1							
Family Governance Structures	.793**	1						
Succession Planning Management	-0.057	0.044	1					
Family Business Governance	.885**	.916**	.302**	1				
Growth in profits	-.167**	-.201**	.250**	-0.108	1			
Growth in turnover	-.167**	-.201**	.250**	-0.108	1.000**	1		
Sustainability of Family Enterprise	-.173**	-.239**	.227**	-.137*	.657**	.657**	1	

Correlations	-.184**	-.231**	.263 **	-.127*	.965**	.965**	.831 **	1
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** . Correlation is significant at the 0.01 level (2-tailed).

* Correlation is significant at 0.05 level (2-tailed).

4.5.2 How Decision-Making Involvement in Family Business Promotes Sustainability

The results of the correlation show that the ownership structure is strongly positively correlated with the family governance structures ($r = 0.793$) with the significance of this trend being the 0.01 level ($p = 0.001$). This means that well-established ownership structures have bit tighter relationship with robust family governance systems, which favors more systematic decision making and sustainability of business over a long period.

However, the correlation between succession planning management and ownership structure is weak and not statistically significant (-0.057 , $p = 0.654$), suggesting that ownership structure does not strongly influence succession planning management. This highlights that decision-making processes related to ownership may not directly promote effective succession planning, which is crucial for ensuring the long-term sustainability of family businesses.

Similarly, the weak positive correlation (0.044) between family governance structures and succession planning management is not statistically significant ($p = 0.735$), indicating that while family governance structures may facilitate decision-making, they do not directly influence the effectiveness of succession planning processes.

4.5.3 How the Existence of Family Governance Structures Affect Sustainability

The results indicate that the family governance structures are significantly influential in the sustainability of the family enterprises. Family governance structures and family business governance have a very strong positive relationship (0.916), which is statistically significant at the level of 0.01 ($p = 0.000$). This shows that businesses that had well planned family governance practices have a better chance of undertaking successful business governance practices, which is vital in attaining long sustainability.

However, there is a negative correlation (-0.201) between family governance structures and growth in profits, which is statistically significant at the 0.01 level ($p = 0.004$). This implies that while strong governance structures contribute to business stability, they may also limit rapid profit growth, as they often emphasize long-term strategic goals and risk management over short-term profit maximization. Similarly, the negative correlation (-0.239) between family governance structures and sustainability, which is statistically significant relationship (with $p = 0.001$) implies that the existence of too strict governance framework could reduce the adaptability and responsiveness of business to market-driven transformation, which is the element that can help a company become sustainable over the long term.

The negative correlation (-0.201) between family governance structures and growth in turnover is also statistically significant at the 0.01 level ($p = 0.003$). This suggests that governance structures that prioritize stability may not always support aggressive market expansion strategies, potentially limiting turnover growth. This finding highlights the need for family businesses to strike a balance between maintaining effective governance and pursuing growth opportunities to ensure long-term sustainability.

4.5.6. How Management of Succession Planning Affects Business Sustainability

The analysis reveals that succession planning management has a significant impact on both growth in profits and growth in turnover, with positive correlations of 0.250 and 0.250, respectively, both statistically significant at the 0.01 level ($p = 0.003$ for profits and $p = 0.002$ for turnover). This indicates that businesses with well-managed succession planning are more likely to experience higher profitability and turnover growth, as effective succession planning ensures leadership continuity and thereby contributing to sustainability.

4.6 Regression Analysis

Table 4.9: Regression analysis

Coefficients	B	SE	Beta	T	p	Tolerance	VIF
(Constant)	1.981	.176		11.256	.000		
Control variables							
Gender (male)	-.132	.069	-.285	-1.9137	.057	.102	9.84
Age (36-40)	.512	.047	.682	2.686	.000	.573	1.770
Marital status (Single)	-.039	.237	-.018	-.163	.871	.092	2.160
Education (Diploma)	.328	.137	.147	2.388	.018	.554	1.806
Independent variables							
Ownership structure	.348	.066	.399	5.186	.000	.548	10.061
Family Governance Structures	.290	.089	.294	3.742	.000	.092	1.811
Succession Planning Management	.223	.099	.262	3.806	.000	.573	10.864
Model summary							
R^2	.732						
Adjusted R^2	.535						
ANOVA							
F -values	$F(3, 206) = 79.136$						
Durbin Watson	2.035						
P-values	0.000						
a. Dependent Variable: Sustainability:							

b) Control Variables:

The coefficient for gender is -0.132 with a p-value of 0.057, which is marginally significant at the 10% level. This suggests that gender (being male) might have a small negative association with sustainability, though the result is not strongly conclusive.

The coefficient for age is 0.512 with a p-value of 0.000, which is significant at the 1% level. This indicates that individuals in the age group of 36-40 are more likely to contribute positively to the sustainability of the family business. Age appears to be a positive predictor, with more experienced managers potentially bringing more stability and decision-making capabilities.

The coefficient for marital status (single) is -0.039 with a p-value of 0.871, which is not statistically significant. This suggests that marital status does not have a significant impact on business sustainability in the sample studied.

The coefficient for education (diploma) is 0.328 with a p-value of 0.018, significant at the 5% level. This shows that having a diploma has a positive effect on sustainability, with educated individuals likely to have better managerial skills and decision-making abilities, contributing to long-term success.

4.7.1 How Decision-Making Involvement in Family Business Promotes Sustainability

The coefficient for family governance structures is 0.290 ($p = 0.000$), which is statistically significant at the 1% level. This result shows that for each one-unit increase in the effectiveness of family governance structures, the sustainability of the family business improves by 0.290 units. Strong governance frameworks are essential in family businesses for effective decision-making, ensuring that values of the family are closely associated with business goals. This alignment is crucial in maintaining stability, adapting to changes, and achieving long-term sustainability.

Similarly, the coefficient for succession planning management is 0.223 ($p = 0.000$), suggests that for every one-unit improvement in succession planning, sustainability increases by 0.223 units. This finding highlights the importance of having clear succession plans, which ensure leadership continuity and mitigate the risks associated with generational leadership transitions. Family businesses that effectively manage leadership succession are better equipped to handle these changes and reduce disruptions, ultimately supporting long-term success.

Together, these findings emphasize that decision-making processes involving strong governance structures and effective succession planning are directly linked to improved business sustainability. These systems ensure that the business can maintain stability and grow over time.

4.7.2 How the Existence of Family Governance Structures Affects Sustainability

The findings show a $B = 0.290$ and a $p\text{-value} = 0.000$ for family governance structures, which indicates a strong positive relationship with sustainability. For each one-unit improvement in the implementation of family governance structures, sustainability improves by 0.290 units. This reinforces the idea that formal governance structures, including clear decision-making protocols

and conflict resolution mechanisms, align the business with family values, reduce potential conflicts, and provide a framework for long-term planning. These structures make family businesses more adaptable, ensuring they can thrive across generations.

The results suggest that family businesses with robust governance systems are better positioned to navigate challenges and make informed decisions

4.7.3 How Management of Succession Planning Affects Business Sustainability

The Beta-value of 0.223 ($p = 0.000$) indicates that a one-unit increase in succession planning management, sustainability improves by 0.223 units. Succession planning ensures that businesses are prepared for leadership transitions, preventing disruptions that could negatively affect operations. Equipping necessary skills and knowledge to the next generation of leaders, family businesses can maintain stability and continue their growth. This result underscores the importance of having structured plans for leadership transitions.

CHAPTER FIVE

SUMMARY OF THE FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

5.0 Introduction

This study focused on how the family business governance can influence the sustainability of the chosen private businesses in Nama Sub-County, Mukono District. It examined three critical dimensions namely the involvement in decision making, structures of family governance and management of succession planning and their contribution on business sustainability. The chapter has provided findings, the study conclusions, recommendations and suggestions of future studies.

5.1 Findings

5.1.1 Decision-Making Involvement in Family Business and Sustainability

Research has been able to determine that active participation of members in family to make decisions is essential in increasing the sustainability of the family businesses. This finding aligns with Chrisman, Chua, and Sharma (2005), who contend that family participation enhances long-term orientation and business resilience. Similarly, Miller and Le Breton-Miller (2006) emphasize that the alignment between family values and business goals leads to strategic continuity and better adaptation to market changes. However, the study also found that a lack of clear decision-making structures or excessive involvement of family members can lead to conflicts, negatively affecting sustainability. This is consistent with Schulze, Lubatkin, and Dino (2003), who highlight that family businesses often struggle with agency problems due to emotional involvement and unclear decision-making processes. Additionally, Astrachan and Shanker (2003) confirm that when decision-making is inclusive and transparent, family businesses demonstrate stronger adaptability and risk management, contributing to long-term success.

5.1.2 Family Governance Structures and Sustainability

The study has also indicated strong family governance frameworks as a factor that impact positively on the sustainability of family businesses. This observation agrees with those of Gertrude and Sveen (1991), who propose that the stability, quality improvement of decision making, and elimination of conflict situations in the family are encouraged through structured governance systems, including family councils and the advisory boards. Neubauer and Lank (1998) also confirm that clear governance frameworks enhance accountability and ensure

alignment with the family's long-term vision. The study found that businesses with strong governance structures had better strategic planning processes, which is in line with Corbetta and Salvato (2004), who suggest that formalized governance helps in maintaining trust among stakeholders and improving business sustainability. However, businesses without governance structures often faced challenges such as power struggles and lack of clarity in roles, which aligns with research by Ward (1987), who warns that poor governance can lead to business instability and succession issues.

5.1.3 Succession Planning Management and Business Sustainability

Effective succession planning was found to be a critical determinant of sustainability in family-run enterprises. Handler (1994) supports this finding by emphasizing that structured succession planning ensures leadership continuity and business longevity. The study also found that businesses with formal succession strategies tend to have more engaged and motivated successors, consistent with Lansberg (1999), who argues that early preparation in succession planning fosters leadership readiness and preserves family legacy. Conversely, where succession planning was neglected, businesses faced leadership uncertainty and instability, a challenge also noted by Sharma, Chrisman, and Chua (2003), who found that lack of succession planning is a primary reason of family business failure. Ensuring both family and non-family members are considered in succession planning is crucial, as highlighted by Zellweger, Nason, and Nordqvist (2012), who argue that inclusive succession strategies enhance business adaptability and long-term growth.

5.2 Conclusions

5.2.1 Decision-Making Involvement and Business Sustainability

The study also highlights that a lack of clear decision-making structures can lead to conflicts, uselessness, and instability. Family businesses that operate without structured decision-making frameworks risk experiencing power struggles, unclear responsibilities, and delays in responding to business challenges. In contrast, businesses that implement inclusive and transparent decision-making processes tend to demonstrate better adaptability, effective risk management, and long-term sustainability. Establishing clear policies and defining roles can mitigate internal conflicts while enhancing the decision-making process.

5.2.2 Family Governance Structures and Sustainability

These governance mechanisms provide clear guidelines on leadership, conflict resolution, and operational decision-making, fostering trust and unity among family members. Conversely, businesses lacking structured governance are more prone to conflicts, power struggles, and poor managerial practices, which ultimately threaten their longevity. In the absence of well-defined governance systems, businesses often face difficulties in succession planning, strategic alignment, and professionalizing their operations. The study emphasizes that implementing robust governance structures not only mitigates internal conflicts but also strengthens business flexibility.

5.2.3 Succession Planning Management and Business Sustainability

The research shows that the smooth leadership succession in companies with well-coordinated and planned succession initiatives, the maintenance of core business values, and the benefit of sustaining competitive edge. Good succession planning helps in identification and nurturing future leaders helping to reduce the uncertainties of changes in leaders.

However, the study indicates that many family enterprises do not care about succession planning, hence, leadership ambiguities, internal tensions, and in other cases, the shutdown of the business. Absence of an established succession does frequently result in fast and poorly planned leadership transitions, a factor that can destabilize business activities. A succession strategy is a holistic plan that helps family enterprises to remain stable, exhibit steady performance, and survival.

5.3 Recommendations

5.3.1 Strengthening Decision-Making Procedures

It is important to establish well-structured decision-making frameworks to ensure clarity, transparency, and efficiency. Clearly defining roles and responsibilities can help prevent internal conflicts and promote accountability. By implementing formal policies and guidelines, businesses can create a structured decision-making culture that balances family values with professional management.

Additionally, decision-making should be inclusive, allowing key stakeholders to contribute meaningfully which minimizes excessive interference from family dynamics. Businesses should also adopt mechanisms such as advisory committees or structured voting systems to enhance transparency and avoid unilateral decisions that may lead to instability.

5.3.2 Developing Robust Family Governance Structures

Well designed and established governance structure would encourage accountability, reduce intra-company conflict and make sure that the company operations are directed towards the long-term objectives.

Furthermore, businesses should formalize governance policies, including conflict resolution mechanisms, ethical guidelines, and leadership role definitions. Separating family relationships from professional management decisions is essential to fostering an environment where business interests take precedence over personal or emotional biases. It is possible to engage independent board members or other external advisors, who might provide unbiased strategic advice and help businesses to overcome challenges and seize growth opportunities.

5.3.3 Enhancing Succession Planning Strategies

Moreover, businesses should document succession plans in legal and policy frameworks to avoid disputes and leadership uncertainty. Formalizing these plans helps prevent ambiguity and ensures that transitions are conducted systematically. Additionally, succession planning should not be limited to family members alone; incorporating non-family professionals into leadership roles based on merit can enhance business adaptability and professionalism. Regular reviews and updating of the succession plans are useful in making sure that they are also kept both in line with the evolving business needs as well as the market dynamics.

5.3.4 Capacity Building and Training

To strengthen governance and business sustainability, family business members should undergo continuous training in leadership, financial management, and strategic planning. Equipping them with these skills will improve their ability to make informed decisions and navigate the complexities of business management. Businesses should also encourage participation in corporate governance workshops, mentorship programs, and professional development courses to enhance competency and innovation.

In addition, family businesses should consider engaging professional advisors to provide guidance on governance structures, decision-making frameworks, and succession planning. Leveraging expert insights can help businesses establish best practices and mitigate risks associated with poor

governance. The culture of continuous learning and flexibility are promoted to help the family businesses to keep competitive advantage in the ever-evolving economic climate.

5.4 Suggested Areas for Further Research

Despite valuable information provided concerning the governance of family businesses, several fields require further research to gain more knowledge and better business continuity approach:

5.4.1 The Role of Gender Dynamics in Family Business Governance

Further research must focus on the effects of gender on succession preparation, leadership roles, and critical decision making in family owned businesses. Understanding the impact of gender dynamics can offer valued understandings into diversity, inclusion, and equitable leadership distribution within family enterprises. Investigating whether gender biases affect governance effectiveness could help develop strategies for fostering balanced leadership in family-owned enterprises.

5.4.2 The Impact of External Advisors on Family Business Sustainability

Further studies should examine how the non-family consultants, external board members, and professional advisors affects governance structures and decision-making processes. Researching the extent to which external expertise contributes to business growth, conflict resolution, and long-term strategic planning would offer insights into best practices for integrating external governance support.

5.4.3 The Influence of Digital Transformation on Family Business Governance

As businesses increasingly adopt digital technologies, it is important to investigate how family businesses integrate digital tools into governance, decision-making, and operational efficiency. Future research could inspect how digital transformation enhances transparency, improves business processes, and sustains competitiveness in the evolving economic landscape. Considering the role of technology in governance can help family businesses optimize digital innovations for long-term success.

5.4.4 Comparative Analysis of Family Business Governance in Urban and Rural Settings

A comparative study of governance challenges and sustainability efforts in urban versus rural family owned businesses would offer valuable insights into how different external reasons

influence business operations. Examining variations in access to resources, market competition, and regulatory environments across urban and rural settings can help identify strategies that address governance gaps and promote business stability in diverse contexts.

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APPENDICIES

APPENDIX I : QUESTIONNAIRE

Dear respondent

My name is Nabakooza Lydia, Pursuing a Master's Degree in Business Administration at Uganda Christian University. As part of my degree requirements, I am doing a study on the **family business governance and the sustainability of the family enterprise. A Case of Private businesses in Nama Sub County, Mukono District.** I would like to seek some of your time to fill out this form. All data will be treated confidential and only utilized in the context of research. Thank you so much because of your precious time and participation

SECTION A: BACK GROUND DATA

Please indicate the choice that fits based on the available scale as follows.

1. Gender Male. Female.

2. Age group 18-25 years 26-30 31-35
36-40. 40 and above.

3. Marital status

Single Married Divorced
Others (specify).....

4. What is your education level?

Primary. Secondary Certificate Diploma
Bachelor Master and above

SECTION B: INDEPENDENT VARIABLE: Family Business Governance

Please indicate the choice that fits based on the available scale as follows.

Rate your scores on a 5 Likert point scale rating from; Strongly Disagree -1, Disagree-2, Not Sure-3, Agree-4 and Strongly Agree-5.

i)	Ownership structure	5	4	3	2	1
1	This business is dominated by the founder as the most important decision-maker.					
2	All family members can make decisions					
3	Our family trusts all decision making abilities of one another.					
4	There are formal management structures in the business.					
5	The implementation of their own decision directly involves decision-makers.					
6	There are fast and flexible decision-making processes in the business.					
ii)	Family Governance Structures					
8	There is a clear definition of governance of the business.					
9	The family office supports management of day today activities					
10	Business has clear rules of governance.					
11	The business does have an Advisory Board.					
12	The meetings of the Directors Board have a list of scheduled meetings every year.					
13	There is document that outlines family’s association with the business					
14	Special skills that are outside the organization (e.g., lawyers, auditors) are sought out on occasions.					
15	The business has control measures.					
16	The enterprise is highly accountable to the stakeholders.					
iii)	Succession Planning Management					
17	There is a business succession plan.					
18	Career openings are in place for family members in the business					

19	The next generation of the business is in place.					
20	Career advancements in the business are rewarded.					
21	It has an intention to continue working in the business in future.					
22	There are difficulties working in such a business.					
23	There is a business succession plan.					

SECTION C: DEPENDENT VARIABLE: Sustainability of the Family Enterprise

No	Statements	5	4	3	2	1
(i)	Growth in Profits					
1	The profits made by the enterprise are growing over the years.					
2	Maximizing profits is an important goal of this business.					
3	The financial achievement of this business is assured.					
4	The business has successfully managed costs to increase its profitability.					
5	Revenue growth has directly translated into higher profits for the business.					
(ii)	Growth in Turnover					
6	Managers look forward to expand business.					
7	The company has seen an increase in sales turnover year over year.					
8	There are plans in place to expand the market and increase turnover.					
9	The business regularly introduces new products or services to drive turnover growth.					
10	The company has diversified its customer base, leading to a higher turnover.					

Thank you