

THE IMPACT OF FAMILY BUSSINESS SUCCESSION PLANNING ON FIRM PERFORMANCE AND BUSSINESS CONTINUITY: THE MODERATING ROLE OF CONFLICT.

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Abstract

The purpose of this study was to analyze transitional challenges that affect family-owned businesses in Ghana and what could potentially be done to help family owners realize their goals of becoming compatible with the current dynamic business world. As such, the specific focus of the study was to determine the effect of succession planning (including successor selection and training, post succession business strategy, the post- succession role of incumbent and dissemination of succession decision) on the performance of family-owned businesses and evaluate how family (functional and dysfunctional) conflict influences the relationship between succession planning and the performance of family-owned firms. A sample of three hundred (350) family businesses was targeted. The study employed a mixed-methods approach. The reliability and validity of the constructs were met. The results showed that successor selection and training and post succession business strategy were positively related to firm performance while dissemination of succession decision influenced firm performance negatively. The moderating role of functional and dysfunctional conflict played a significant role in the factors affecting succession planning and firm performance. A key implication of this study was that there is the need to train a successor to understand the structures of the family organization before handing over. However, the success of the firm is not only guaranteed at the selection and training of the successor but more so on the strategy that will be adopted after the succession is completely done. Furthermore, while being transparent in the succession plans, the incumbent should encourage functional conflicts and avoid dysfunctional conflicts. Therefore, family succession plan is very essential for the continuity of family-owned business while controlling for conflicts (both functional and dysfunctional) that may arise in the process.

Keywords: successor selection and training, post succession business strategy, post-succession role of incumbent and dissemination of succession decision, family business, firm performance.