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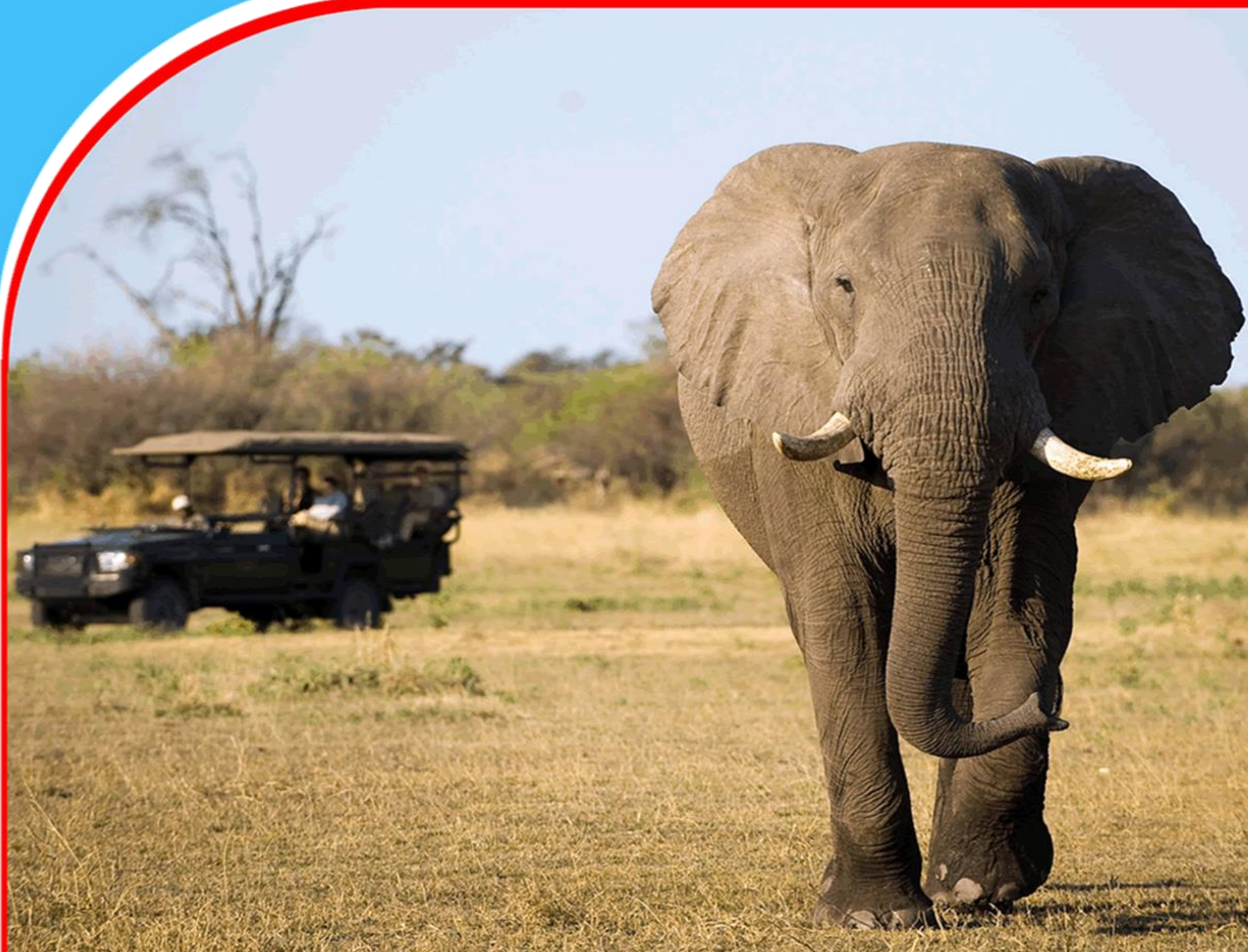

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Analysis on Family Business and Succession Planning in Hotel and Hospitality Sector in Uganda: A Case of White Horse Inn Kabale

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Abstract

Purpose: The study was set to examine the relationship between family business and succession planning in hotel and hospitality sector in Uganda, focusing on White Horse Inn Kabale as a case study. The study explored the strategies employed by leaders in family businesses for effective succession planning.

Materials and Methods: The study used a mixed research design with quantitative and qualitative approaches to obtain in-depth information about family business and succession planning strategies in Uganda. Out of 150, a sample size of 108 (including 93 quantitative and 15 qualitative) was selected from different staff of White Horse Inn Kabale as the established family enterprise selected for the study (Krejcie & Morgan, 1970). The tools used for data collection were questionnaires, an interview guide, and documentary checklist. Data was collected from the managerial and non-managerial staff of the White Horse Inn Kabale.

Findings: The Pearson correlation coefficient $r=.618$, $P<0.05$ indicates that there is a positive significant correlation coefficient between family business and succession planning. The model summary findings presents that Family Business, $\beta=.618$, $t=7.666$, $p<.005$. This meant that a unit change in family business would lead to an increase in succession planning in White Horse Inn Kabale. The study findings reveals that the relationship between Family Business and Succession Planning was statistically significant, $F=58.775$, $P<0.05$. This means that succession planning in a family business is a crucial process that ensures the long-term sustainability and success of the company. The results from regression model summary explain that family business caused a variation of 38.2% in succession planning. This indicates that succession planning in a family business is a crucial process that ensures the long-term sustainability and success. This therefore means that other factors not studied in this research contribute 61.8% of the succession planning.

Implications to Theory, Practice and Policy: The study recommends that family business should formally document succession plans as an integral component of the business strategy, irrespective of the intentions regarding succession. Furthermore, fostering open and adaptable communication that promotes participatory decision-making is strongly recommended. A clear process for identifying essential competencies, along with a competency catalog, should be established to provide a solid foundation for business owners to evaluate potential successors, pinpoint competency deficiencies, and devise suitable plans for their development.

Keywords: *Family Business, Succession Planning, Hotel, Hospitality Industry*

1.0 INTRODUCTION

Family businesses are integral to global civilization and form the foundation of numerous national economies due to their substantial contributions to gross domestic product (Ljubotina et al., 2022). However, the enduring success of these businesses is contingent upon the manner in which leaders approach the succession planning process (Judd, 2022). Ensuring long-term viability is a paramount concern for family-owned businesses. Studies have established a correlation between effective succession planning and the sustainability and survival of businesses in the face of the demanding and dynamic business environment (Alvani et al., 2021; McKee & Froelich, 2021; Patidar et al., 2021). A well-structured succession plan is crucial as it acts as a guide for safeguarding essential knowledge during transitions in leadership (Stephens, 2021).

Although there is a general awareness regarding the significance of succession planning and the financial implications for businesses that neglect it, numerous boards of directors fail to prepare for leadership transitions (Hooijberg & Lane, 2021). Likewise, family business proprietors often do not create formal succession plans, despite recognizing their importance and necessity (Bozer et al., 2022). There exists a need for research to investigate the relationship between family dynamics and business ownership (Payne, 2019). This study aimed to examine the effective succession planning strategies utilized by family businesses in their preparations for the next generation of family leaders.

Research indicates that merely one-third of family-owned enterprises endure into the second generation, with around one-eighth managing to persist into the third generation (Wang & Jiang, 2022). By the time these businesses reach the fourth generation or later, approximately 97% are likely to fail (Mokhber et al., 2022). The overarching issue faced by these enterprises is the absence of robust succession planning strategies. More specifically, certain leaders within family businesses do not possess the necessary strategies to establish an effective succession plan.

White Horse Inn Kabale is a family-operated hotel located in Uganda. Established in 1927, it stands as one of the region's landmark hotels, boasting a rich historical background and maintaining a significant presence in the hospitality sector to this day. The hotel serves as an excellent choice for both local and international travelers visiting Bwindi Impenetrable Forest, Lake Bunyonyi, as well as for business and family vacation. info@whitehorseinnkabale.ug.

Bogere et al. (2019) highlights that numerous family-owned enterprises encounter various challenges in Uganda, including familial issues that encompass physical, emotional, and financial difficulties among family members, which can significantly affect the daily operations of the business. Regarding information culture and structure, it is noted that a relaxed culture can be beneficial for many businesses. However, the informal structures and cultures prevalent in numerous family enterprises lead to insufficient documentation, policies, and clearly defined strategies and objectives. The pressure to hire family members suggests that it can be challenging to resist the demands from relatives wishing to join the business, particularly when they may lack the essential skills and experience required for the roles. The lack of training also indicates that the informal culture in many family businesses often results in a casual approach to training new employees, regardless of whether they are family members. Lastly, the high turnover of non-family employees suggests that non-family staff may perceive that better opportunities are available for family members within the organization, leading to dissatisfaction with the prevailing culture (Bogere et al. (2019).

Bogere et al. (2019) emphasize that a significant challenge faced by family businesses is identifying the sources and methods for acquiring the necessary capital and resources for growth. While family members may share similar backgrounds and life experiences, leading to a cohesive perspective on the business, they may not always align in their opinions. To succeed, businesses must incorporate external insights regarding their operations and competitive landscape. Additionally, Bogere et al. (2019) point out those family business owners may hold differing views on the valuation of their enterprise, or they may lack awareness of its value and the factors that influence it. This situation is further complicated by the need to determine how to allocate profits or ownership stakes. Family businesses frequently do not have a clear strategy for addressing scenarios such as an owner's retirement, business sale, or transfer of responsibilities, which is closely related to succession planning challenges. It is essential for all businesses to establish a forward-looking plan.

Through this study, I discovered and mentioned some challenges still affecting succession planning strategies in family-owned businesses in Uganda, and found out that the family business owners are reluctant in overcoming these issues. Therefore, the current study will bridge this gap by highlighting several solutions can be used to overcome challenges affecting family-owned businesses in Uganda.

Family Business

Camilleri (2021) defined family business as an organization or enterprise where ownership and governance are retained by individuals from a single family or a closely-knit group of relatives. Such businesses are generally managed and run with the participation of family members over multiple generations. Family enterprises are prevalent in diverse sectors and can vary significantly in scale, from small local establishments to expansive multinational firms.

Family businesses are organizations managed by owner-managers along with their relatives, distinguishing them from other types of enterprises. Their ownership structure often allows for swift decision-making and adaptability in response to shifts in the market environment (Mtapuri, Camilleri and Dłużewska, 2021; Peña-Miranda, Guevara-Plaza, Fraiz-Brea).The close relationships among family members typically foster collaboration towards shared objectives, ensuring the well-being and success of the family unit. In contrast to non-family businesses, which generally prioritize maximizing financial returns and shareholder interests (Camilleri, 2021), family-owned enterprises tend to emphasize values such as legacy and reputation.

Family-owned businesses (FOBs) form a significant part of Uganda's private sector. According to the Uganda Investment Authority (UIA), SMEs (Small and Medium Enterprises), which include many family-run businesses, account for over 90% of the private sector and contribute around 20% to the GDP. Many of these businesses are in retail, agribusiness, construction, and manufacturing (UIA Report on SMEs, 2020).

Ugandan family-owned businesses often struggle with succession due to informality in operations and lack of structures. According to PricewaterhouseCoopers (PwC), only about 40% of Ugandan family-owned businesses have documented succession plans, which often lead to disputes when transitioning to the next generation. According to a 2019 Deloitte report on East African family businesses, only 30% of family businesses survive into the second generation, and about 12% make it to the third generation. In Uganda, many family-run businesses struggle with this transition due to a lack of formal succession planning. In some Ugandan families, the eldest male is expected to take over leadership, but this traditional expectation can clash with modern business practices or the competence of potential successors, leading to disagreements.

While Uganda has no specific legislation for family businesses, general corporate laws like the Companies Act of 2012 and inheritance laws can influence how disputes in family businesses are managed. However, these laws often conflict with traditional family practices, creating challenges for resolving disputes.

Succession Planning

Steven (2023) emphasizes that succession planning constitutes merely a component of wealth transfer planning. This process entails strategizing for the preservation and transfer of authority over an individual's business in a way that aligns with their personal goals. Similarly, Pandiyan and Jayalashmi (2021) describe succession planning as a systematic approach through which an organization cultivates a continuous reservoir of high-potential talent for future needs by strategically planning, developing, replacing, and utilizing the workforce to ensure sustainability and continuity.

Succession planning plays a vital role in enhancing business performance by fostering robust leadership, engaged employees, meaningful work, and sustained continuity (Smith, 2015). Implementing effective succession planning strategies can assist family business managers in acquiring greater insights and knowledge necessary for facilitating successful transitions. The social implications of this approach may raise awareness by offering advisory services to executive leaders of family enterprises, thereby equipping them for leadership succession.

The succession process is a critical factor in ensuring the long-term development and sustainability of a business (Ljubotina & Vadnjal, 2022). There exists a correlation between the succession of chief executives and strategic transformation, highlighting the significance of succession planning within the strategic management framework (Berns & Klarner, 2022). A well-structured succession plan can serve as a crucial asset for an organization during times of crisis (Pandiyan & Jayalashmi, 2021). Through effective succession planning, a business can facilitate a seamless transition in leadership, enabling the organization to operate efficiently in achieving its objectives (McKee & Froelich, 2021). Conversely, inadequate management or guidance during a transition, stemming from a lack of an effective succession plan, may lead to increased transactional costs (Berns & Klarner, 2022).

The importance of succession planning in family-owned businesses, along with the challenges arising from family dynamics, is clear. The failure of family enterprises can lead to their sale, highlighting the critical need for business continuity (Budhiraja & Pathak, 2022). However, the process of succession planning in these firms often proves to be more complex than in other organizational forms. As family businesses move from one generation to the next, a natural conflict emerges between the desire to maintain traditions and the necessity to adapt to evolving market conditions (Erdogan et al., 2020). The succeeding generation often finds it difficult to preserve the family's historical legacy (Jameson, 2022). Additionally, the involvement of family members in the succession process can negatively impact shareholder value due to factors such as nepotism, familial conflicts, and the presence of inadequately qualified successors (Kudlats et al., 2019). Despite the significance of intra-family succession, less than 7% of the next generation shows a willingness to engage in the family business (Zellweger, 2022). Therefore, an effective succession plan must include strategies that align the expectations of both generations in a meaningful way (Van Skiver, 2015).

Problem Statement

Only one-third of family enterprises manage to endure into the second generation, with roughly one-eighth persisting into the third generation (Wang & Jiang, 2022). By the time these businesses reach the fourth generation or later, approximately 97% of family-owned enterprises in Uganda are expected to fail (Mukwaya et al., 2021). The overarching issue facing these businesses is the absence of robust succession planning strategies. More specifically, certain leaders within family businesses in Uganda do not possess the necessary strategies to establish an effective succession plan.

Theoretical Review

The study will be guided by the by the Family Systems Theory (FST), which was introduced by Bowen in 1978. This theoretical framework views the family as a multifaceted, interactive social system that is dynamic, continuous, purpose-driven, and systematic (Pratt & Skelton, 2022). FST deepens the comprehension of the roles played by family members in situations shaped by generational adaptations over time and across different generations (Palombi, 2021). This theory provides a robust foundation for analyzing issues related to family communication, goal establishment, intricate relationships, and boundary maintenance (Jaccard & Jacoby, 2020). Furthermore, FST serves as a valuable framework for leveraging family dynamics that promote growth and sustainability (Pratt & Skelton, 2022). The aim of this qualitative multiple case study was to investigate the strategies employed by leaders in family businesses to develop an effective succession plan. The FST facilitated an understanding of the intricate dynamics associated with family business succession planning in Uganda.

General Objective

To examine whether there is a significant relationship between family business and succession planning strategies in White Horse Inn Kabale.

Specific Objective

i. To explore the strategies employed by leaders in family businesses for effective succession planning.

2.0 MATERIALS AND METHODS

The study used a mixed research design with quantitative and qualitative approaches to obtain in-depth information about family business and succession planning strategies in Uganda. Mixed research design establishes the way independent variables influence dependent variables (Creswell, 2014). The study gathered information from business leaders, individuals and communities (Ahuja, 2015). The quantitative and qualitative approach profile methodological principles of description, explanatory, and statistical measurements were used in this study.

The qualitative approach quantified response in non-numerical and helped the study to gather data from family business owners to establish the status quo by interacting with members of business management. Quantitative approach quantified responses in numerical to generate inferential analysis. A population of 150 was used which comprised members and staff of White Horse Inn

Kabale. Respondents include the Chief Executive Officer, Managers, and Frontline Staff of White Horse Inn Kabale. Units of analysis are organizations and units of inquiry were managers selected to participate in this study.

Out of 150, a sample size of 108 (including 93 quantitative and 15 qualitative) was selected from different members of White Horse Inn Kabale as the established family enterprise selected for the study (Krejcie & Morgan, 1970). Sampling is the process of choosing a target population to be used in the study of a given phenomenon (McCombe, 2019). Purposive and stratified random sampling methods were employed to select the population of the study for better results. The purposive strategy involved the engagement of managers at the strategic level of the White Horse Inn Kabale.

Key informants were selected using a purposive sampling strategy to identify them at the headquarters of White Horse Inn Kabale. The study also adopted a simple random sampling technique which provided an equal chance for employees to be selected for the study to support a comprehensive collection of the data for the study.

The tools used for data collection were questionnaires, an interview guide, and documentary checklist. Data was collected from the managerial and non-managerial staff of the White Horse Inn Kabale. Quantitative data were analyzed using the Statistical Package for Social Sciences (SPSS) version 26.0 to generate descriptive statistics in form of univariate and inferential statistics in form of bivariate, and multivariate to establish the relationship between variables (Mindrilla, 2021). The Pearson coefficient was used to determine the strength of the relationship between the independent and dependent variables of the study (Oteng, 2022). Regression analysis was established to determine the how family businesses employ successful succession plan strategies in hotel and hospitality sector in Uganda.

Qualitative data analysis starts at the beginning of the research project and not at the end of data collection as was the case with quantitative data analysis Neumann (2007). It involved; thematic analysis, context analysis, and content analysis where themes that come in the topic were discussed, then familiarization with data collected from the field was followed based on the notes and interview scripts, classifying major issues covered, summarizing the findings, and coding the different sections of data relevant to the study.

The overall Content Validity Index (CVI) of 0.92 was achieved which guaranteed the validity of data as recommended by Robert Heale (2022), who argued that content validity of 0.70 measures the degree to which the test measures or is specifically related to the traits for which it was designed. The study followed standard ethical considerations including confidentiality, consent, anonymity, informed consent of the participants, and objectivity during and after the study**.**

Content validity was established to ensure that the content of the instruments tallies with the content of the theoretical concept it is designed to measure. To ensure the appropriateness of the research instruments, content validity index is determined using the following formula.

The formula used to test the validity index is as shown below:

$$CVI = \frac{\text{Number of items regarded relevant by judges}}{\text{Total number of items}} \times 100$$

In this study, the researcher in accordance with the research questions composed the selected instruments. The instruments were thoroughly discussed with the research supervisor; adjustments were made and eventually verified so as to get the required data.

The pre-test was carried in order to make sure that all mistakes are collected and checked out for clarity in order to acquire the right data. Amin (2005) emphasizes that reliability is the dependability or trustworthiness of research results or the degree to which a measuring instrument consistently measures what is supposed to measure. The researcher used Cronbach's alpha to test the reliability of the research instrument. Cronbach's alpha is a measure used to assess the reliability, or internal consistency, of a set of scale or test items.

3.0 FINDINGS

Data collected were analyzed to obtain univariate statistics on family business and succession planning in Uganda, bivariate with Pearson's correlation coefficient, and multivariate models of analysis for regression tests. 97 questionnaires were filled and returned for analysis which gave a response rate of 90% for the study. It indicates that 67 (69.1%) were male and 30(30.9%) were female. This, therefore, shows that most of the respondents were male, and this can be interpreted that most of the White Horse Inn Kabale members were male.

Descriptive Statistics on the Employed Strategies of Succession Planning

Table 1: Strategies Employed by Leaders in Family Businesses for Effective Succession Planning

	N	Mean	Std. Dev	SD %	D %	N %	A %	SA %
Effective succession planning begins long before the transition is imminent.	97	3.78	1.033	6.2	3.1	19.6	48.5	22.7
Top leaders develop a clear vision for the future of the business and how the succession plan aligns with this vision.	97	3.86	.9464	5.2	2.1	15.1	56.7	20.6
Open communication about succession plans with family members and key stakeholders helps to manage expectations and reduce potential conflicts.	97	4.12	.8691	1.0	4.1	13.4	44.3	37.1
Top executives regularly update all involved parties about the progress of the succession plan.	97	4.03	.9943	4.1	3.1	13.4	44.3	35.1
Identify potential successors early on, both within the family and outside of it if necessary.	97	3.91	1.057	4.1	6.2	16.5	40.2	33.0
Provide training and development opportunities to prepare successors for their future roles.	97	3.87	.8615	1.0	4.1	25.8	45.4	23.7
Leaders involve family members in the planning process to ensure their buy-in and address any concerns they may have.	97	3.85	1.053	3.1	8.2	21.6	36.1	30.9
Enterprise leaders establish a family governance structure to manage family dynamics and ensure that decision-making processes are clear and fair.	97	4.17	2.946	5.2	7.2	17.5	43.3	24.7

Table 1: Continuation

Engage external advisors, such as legal and financial professionals, to help navigate complex issues related to succession, including tax implications and legal considerations.	97	3.45	1.242	9.2	13.4	22.7	32.0	22.7
Work with experts in family business governance to develop a robust governance framework.	97	3.86	.9681	3.1	4.1	23.7	42.3	26.8
Document the succession plan in writing, including the roles and responsibilities of the successor(s), the timeline for transition, and any contingency plans.	97	3.72	1.097	3.1	10.3	27.8	28.9	29.9
Ensure that all legal documents, such as wills, trusts, and shareholder agreements, are updated to reflect the succession plan.	97	3.78	1.092	6.2	6.2	16.5	45.4	25.8
Implement a gradual transition to allow successors to take on increasing responsibilities while still having the support of the current leaders.	97	3.77	1.132	7.2	4.1	21.6	38.1	28.9
Regularly evaluate the performance of the successor and provide feedback to ensure they are meeting the expectations set out in the succession plan.	97	3.87	.9710	3.1	5.2	19.6	45.4	26.8
Acknowledge and address any emotional and cultural factors that may impact the succession process, such as sibling rivalry or differing visions for the business.	97	3.85	.9053	2.1	4.1	24.7	45.4	23.7
Develop strategies for resolving conflicts that may arise during the transition process.	97	3.81	1.044	4.1	4.1	27.8	34.0	29.9
Periodically review and update the succession plan to reflect changes in the business environment, family dynamics, and individual performance.	97	3.81	.9279	2.1	4.1	28.9	40.2	24.7
Leaders are prepared to adjust the plan as needed to address unforeseen challenges or opportunities.	97	3.78	.9040	2.1	4.1	28.9	43.3	21.6
Develop strategies to ensure that the business operations continue smoothly during and after the transition.	97	3.83	1.099	4.1	8.2	20.6	35.1	32.0
Maintain strong relationships with customers and suppliers to ensure that the business maintains its market position during the succession process.	97	3.87	1.023	4.1	5.2	18.6	43.3	28.9
Valid N (listwise)	97							

Source: Field Data, 2024

KEY: SD: Strongly Disagree, **D**-Disagree, **N**-Neutral, **A**- Agree, **SA**-Strongly Agree, **%**-percent

Study findings in Table 1 presents that 69(71.2%) of the respondents generally agreed with a mean of 3.78 and standard deviation of 1.033 that effective succession planning begins long before the transition is imminent. The majority 75(77.3%) agreed with a mean of 3.86 and standard deviation of .9464 that top leaders develop a clear vision for the future of the business and how the succession plan aligns with this vision. 79(81.4%) generally accepted with a mean of 4.12 and standard deviation of .8691 that open communication about succession plans with family members and key stakeholders helps to manage expectations and reduce potential conflicts. Results in table 1 also indicates that 77(79.4%) of the respondents agreed with a mean of 4.03 and standard deviation of .9943 that top executives regularly update all involved parties about the progress of the succession plan. Results in Table 1 discloses that 71(73.2%) agreed with a mean of 3.91 and standard deviation of 1.057 that leaders identify potential successors early on, both within the family and outside of it if necessary. The majority 67(69.1%) agreed with a mean of 3.87 and standard deviation of .8615 that leaders of family businesses provide training and development opportunities to prepare successors for their future roles.

Results in Table 1 also reveals that 65(67%) of the respondents agreed with a mean of 3.85 and standard deviation of 1.053 that leaders of family business involve family members in the planning process to ensure their buy-in and address any concerns they may have. The majority 66(68%) agreed with a mean of 4.17 and standard deviation of 2.946 that enterprise leaders establish a family governance structure to manage family dynamics and ensure that decision making processes are clear and fair. Results in table also 1 reveals that 53(54.7%) agreed with a mean of 3.45 and standard deviation of 1.242 that leaders of family business engage external advisors, such as legal and financial professionals to help navigate complex issues related to succession, including tax implications and legal considerations. 67(69.1%) agreed with a mean of 3.86 and standard deviation of .9681 that work with experts in family business governance to develop a robust governance framework. 57(58.8%) agreed with a mean of 3.72 and standard deviation of 1.097 that leaders of family businesses document the succession plan in writing, including the roles and responsibilities of the successors(s), the timeline for transition, and any contingency plans.

Findings in Table 1 further indicates that 69(71.2%) agreed with a mean of 3.78 and standard deviation of 1.092 that leaders of family business ensure that all legal documents such as wills, trusts, and shareholder agreements are updated to reflect the succession plan. 65(67%) agreed with a mean of 3.77 and standard deviation of 1.132 that leaders of family businesses implement a gradual transition to allow successors to take on increasing responsibilities while still having the support of the current leaders. The majority 70(72.2%) of the respondents agreed with a mean of 3.87 and standard deviation of .9710 that leaders regularly evaluate the performance of the successors to take on increasing responsibilities while still having the support of the current leasers. 67(69.1%) agreed with a mean of 3.85 and standard deviation of .9053 that leaders acknowledge and address any emotional and cultural factors that may impact the succession process such as sibling rivalry or differing visions for the business. 62(63.9%) agreed with a mean of 3.81 and standard deviation of 1.044 that leaders develop strategies for resolving conflicts that may arise during the transition process. The results indicates that 63(64.9%) agreed with a mean of 3.81 and standard deviation of .9279 that leaders periodically review and update the succession plan to reflect changes in the business environment, family dynamics and individual performance. 63(64.9%) agreed with a mean of 3.78 and standard deviation of .9040 that leaders of family businesses are prepared to adjust the plan as needed to address unforeseen challenges or opportunities. The majority 65(67.1%) agreed with a mean of 3.83 and standard deviation of 1.099 that leaders develop strategies to ensure that the business operations continue smoothly during and after the transition, and 70(72.2%) generally agreed with a mean of 3.87 and standard deviation of

1.023 that leaders maintain strong relationship with customers and suppliers to ensure that the business maintain its market position during the succession process.

Correlations

In this study, correlation analysis was undertaken to measure the strength of the linear association between Family Business and Succession Planning. Usually, the Pearson correlation coefficient, R values range from +1 to -1, that is coefficient between the main study variables. r=.618, P<0.05 indicates that there is a positive significant correlation coefficient between family business and succession planning.

Table 2: Results of Correlation Analysis on Family Business and Succession Planning

		Family Business	Succession Planning
Family Business	Pearson Correlation	1	.618**
	Sig. (2-tailed)		.000
	N	97	97
Succession Planning	Pearson Correlation	.618**	1
	Sig. (2-tailed)	.000	
	N	97	97

**. Correlation is significant at the 0.01 level (2-tailed).

Regression Analysis

Regression analysis tests the strategies or approaches employed by leaders of family business for effective succession planning in White Horse Inn Kabale. This analysis determines the coefficient variation of family business and succession planning in Uganda.

Model Summary

The results from regression model summary explain the variable in dependent variable as a result of independent variable. The results in Table 3 show that family business caused a variation of 38.2% in succession planning. This indicates that succession planning in a family business is a crucial process that ensures the long-term sustainability and success. This therefore means that other factors not studied in this research contribute 61.8% of the succession planning.

Table 3: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.618[a]	.382	.376	13.57005

a. Predictors: (Constant), Family Business

Analysis of Variance (ANOVA)

The study findings Table 4 reveals that the relationship between Family Business and Succession Planning was statistically significant, F=58.775, P<0.05. This means that succession planning in a family business is a crucial process that ensures the long-term sustainability and success of the company. It involves preparing for the transition of leadership and ownership from one generation to the next. Based on the significance of F-statistics, the null hypothesis, Family Business does not significantly relate to Succession Planning in White Horse Inn Kabale was rejected.

Table 4: ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	10823.173	1	10823.173	58.775	.000[b]
	Residual	17493.900	95	184.146		
	Total	28317.073	96			

a. Dependent Variable: Succession Planning
b. Predictors: (Constant), Family Business

Coefficients

Multiple linear regressions were conducted to assess the direction and extent to family business and succession planning in White Horse Inn Kabale. The study findings that Family Business, $\beta=.618$, $t=7.666$, $p<.005$. This meant that a unit change in family business would lead to an increase in succession planning in White Horse Inn Kabale. Table 5 presents the study results.

Table 5: Coefficients[a]

Model		Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	27.019	7.689		3.514	.001
	Family Business	.789	.103	.618	7.666	.000

a. Dependent Variable: Succession Planning

Discussion of Findings

The Pearson correlation $r=.618$, $P<0.05$ indicates that there is a positive significant correlation coefficient between family business and succession planning. These findings were in line with the findings of Bokhari et al. (2020) which concluded that succession planning in family-owned businesses positively and significantly link business sustainability. Bąkiewicz, (2020) which avow that succession planning is essential for preserving family legacy in family-owned businesses; however, effective succession planning has received little attention. The importance of succession planning is a widely acknowledged truth, and so is the fact that there is a lack of proper planning.

The results from regression model summary explain the variable in dependent variable as a result of independent variable. The model summary results show that family business caused a variation of 38.2% in succession planning. This indicates that succession planning in a family business is a crucial process that ensures the long-term sustainability and success. This therefore means that other factors not studied in this research contribute 61.8% of the succession planning. Study findings were in agreement with (Matias & Franco, 2020) who asserts that firms must prepare for succession in advance because family firm succession planning begins long before the formal transfer of power from one generation to another (Matias & Franco, 2020). Having a properly written succession plan in family businesses could improve performance even before the plan is fully implemented (Mihaylov & Zurbruegg, 2020). All participants in this study noted that succession planning occurs at the very onset of starting the business. The participants in this study indicated that Ugandan family business owners introduce their successors to the company early to generate interest. As the successor gained interest in the business, they gradually get more responsibilities in the family business, taking on weekend or holiday jobs (Buckman et al., 2019).

The ANOVA findings reveals that the relationship between Family Business and Succession Planning was statistically significant, F=58.775, P<0.05. This means that succession planning in a family business is a crucial process that ensures the long-term sustainability and success of the company. It involves preparing for the transition of leadership and ownership from one generation to the next. Based on the significance of F-statistics, the null hypothesis, Family Business does not significantly relate to Succession Planning in Uganda was rejected. The study findings were in concurrence with the findings of Ritchie, (2020) which affirms that family based businesses must to plan for succession and avoid being caught unaware and unprepared. Insight from the study participants suggests that succession planning in Ugandan family firms begins at the very onset of the business. Successors are groomed from a very age in life to take over the company in the future. Umans et al. (2020) asserted that the emotional attachment of some family firm CEOs, fear or sadness about letting go of the business, could negatively affect or frustrate the succession planning in family firms. Participants in this study noted that the older generation is still involved in the family business directly or indirectly, even in their old age. The young generation participants currently running the businesses noted that they sometimes agree with their parents out of respect even though they had other ideas.

Linear coefficient regressions were conducted to assess the direction and extent to family business and succession planning in White Horse Inn Kabale. The study findings that Family Business, β=.618, t=7.666, p<.005. This meant that a unit change in family business would lead to an increase in succession planning in White Horse Inn Kabale. Coefficient results present the study results. Businesses that plan and prepare proactively for succession transitions stand to enjoy long-term health and performance (Ritchie, 2020). Managers of family businesses could benefit from gaining access to more information about effective strategies necessary for ensuring smooth leadership transitions for business sustainability. The participants called on regulators and policymakers to implement tailor-made regulatory measures to benefit family businesses' growth and long-term survival. The study findings reduce knowledge gaps in understanding the family business succession planning strategies in a Ugandan context.

The study findings could be beneficial for management practice and contribute to an increased understanding of the essential elements in the succession planning process in a Ugandan context. Leaders in family firms can apply the strategies for effective succession outcomes and how critical stakeholders can effectively manage as part of overseeing the succession process for positive organizational results. Managers may find the various techniques for effective succession planning practices in family businesses elucidated through this study is helpful.

Possible Other Factors (E.G., Cultural, Financial or Legal) That Influence Succession Planning;

Cultural Factors:

Traditional Roles and Hierarchies

Ugandan society, similar to numerous African cultures, typically adheres to a patriarchal structure in which the eldest son or male relative is anticipated to assume leadership positions (Mukwaya, 2023). This expectation can result in disputes when other family members, including daughters or younger siblings, believe they possess greater capability or qualifications to manage the business. The reluctance to alter these traditional norms may obstruct effective succession planning, particularly in contemporary business settings where merit may be valued more than familial hierarchy.

Clan and Family Expectations

Mukwaya (2023) affirms that in Uganda, the impact of family and clan dynamics is considerable, as extended family members often play a role in business affairs. This external influence can complicate the processes of decision-making and succession planning. Additionally, interference from extended family can lead to disputes among immediate family members actively engaged in the business, thereby hindering consensus on potential successors.

Cultural Perceptions of Wealth Distribution

In Uganda, there exists a belief that the wealth produced by a family-owned enterprise ought to extend its benefits to the broader community rather than being confined solely to the immediate family (Mukwaya, 2023). This perspective can pose difficulties in succession planning, particularly when the community leader's contributions are regarded as more significant than their financial or managerial expertise. Striking a balance between community responsibilities and business requirements can be challenging, and neglecting this balance may jeopardize the continuity of the business during the succession process.

Financial Factors:

Lack of Financial Resources for Transition

Okoth (2020) posits that the process of transitioning leadership, particularly to the subsequent generation, frequently necessitates substantial financial investment to guarantee the continuity of the business, facilitate training, and oversee the formalization of operational processes. Numerous family-owned enterprises in Uganda function in an informal manner, resulting in restricted access to capital. In the absence of sufficient financial planning, these businesses may encounter liquidity challenges or struggle with the seamless transfer of ownership, potentially resulting in disputes among family members.

Valuation of the Business

Succession planning may be hindered or made more complex due to conflicts regarding the valuation of the business (Okoth, 2020). In family-owned enterprises, particularly when several family members possess shares, establishing the fair market value and determining the distribution of assets can result in disputes. Conflicts concerning valuation or compensation for departing family members can impede or disrupt the succession process.

Tax and Inheritance Costs

Okoth (2020) stated that succession planning can have considerable tax consequences. In certain instances, inheritance taxes or legal expenses associated with the transfer of ownership may impose a financial strain on the business, thereby impacting its profitability and potential for growth. In Uganda, the presence of inheritance taxes and other financial obligations can complicate the process of transferring wealth between generations, particularly in capital-intensive sectors such as the hotel and hospitality industry.

Legal Factors

Inheritance Laws

Kakuru (2017) revealed that Uganda's legal structure, specifically the Succession Act, regulates the distribution of assets following an individual's death. In the absence of a will, intestacy laws are activated, which may result in the division of the business among heirs in a manner that may not support its ongoing operation. Discrepancies can occur when legal stipulations clash with the expectations of the owner or their family, resulting in conflicts among heirs regarding ownership and management of the business.

Lack of Formal Documentation

Numerous family-owned enterprises in Uganda function without formal governance frameworks, complicating the execution of succession plans (Kakuru, 2017). The lack of official wills or succession agreements may result in legal conflicts among family members. Furthermore, the absence of a legal structure for family businesses can expose them to disputes, potentially resulting in delays or even the failure of the business during the transition phase.

Government Regulations

While Uganda lacks specific legislation governing family-owned enterprises, the general corporate governance regulations outlined in the Companies Act of 2012 impose certain reporting obligations and formalities that numerous family businesses may overlook (Kakuru, 2017). Failure to adhere to these corporate governance requirements could lead to legal complications during leadership transitions, which may result in penalties or the potential revocation of business registration.

Generational Factors

Differences in Vision and Leadership Style

Kateregga (2019) asserts that conflicts may emerge between generations when their perspectives on the future of the business diverge. The older generation might favor a conservative approach to growth, whereas younger family members may exhibit a greater willingness to embrace risk and seek opportunities for innovation or diversification. Such generational disparities can lead to tension and complicate succession planning, particularly if a mutual agreement on the business's future trajectory is not achieved.

Lack of Successor Preparation

In many family-owned enterprises in Uganda, successors frequently lack sufficient training and preparation for assuming leadership positions (Kateregga, 2019). Without proper grooming of the younger generation prior to the transition, the business may experience inefficiencies or even failure. An inadequately trained successor can result in decreased business performance, lower employee morale, and potential conflicts both within the family and among employees.

Psychological and Emotional Factors

Founder's Emotional Attachment:

Numerous business founders often develop a profound emotional connection to their enterprises, which can hinder their ability to step back (Ankunda, 2020). This emotional bond may postpone the succession planning process, as founders may be reluctant to cede authority. Such delays in transferring control can result in uncertainty within the organization and among family members, potentially fostering resentment or conflict during the eventual transition.

Fear of Family Conflict

Certain founders may refrain from engaging in succession planning due to concerns that it could foster divisions or conflicts within the family (Ankunda, 2020). This tendency frequently leads to ambiguous or postponed succession strategies, thereby heightening the risk of future disagreements. Neglecting to address challenging discussions regarding succession can culminate in a crisis when a leadership transition becomes necessary, such as in instances of illness or death.

Business Structural Factors

Family Business Governance

Formal governance frameworks, including boards of directors or advisory boards, are uncommon in family-owned enterprises in Uganda (Ojambo, et. al., 2019). In the absence of these structures, succession planning tends to be informal and lacks consistency. The absence of established governance mechanisms can result in disorganized decision-making, complicating the resolution of conflicts that may arise during transitional periods.

Dependence on the Founder

Many family enterprises in Uganda are centered on the founder, whose interpersonal relationships and management approach play a vital role in the success of the business (Ojambo, et. al., 2019). This dependence on a single individual can pose difficulties in succession planning. If the transition is not executed seamlessly, the business may face challenges in maintaining its customer base, workforce, and supplier relationships, as the founder's personal connections may not readily carry over to the subsequent generation.

By taking into account the various cultural, financial, legal, and additional factors, family-owned enterprises in Uganda can develop a thorough comprehension of the intricacies associated with succession planning within their businesses.

4.0 CONCLUSION AND RECOMMENDATIONS

Conclusion

The study concluded that effective succession planning is not only about choosing a successor but also about ensuring that the business remains resilient and adaptable through the transition. By taking a thoughtful and strategic approach, family businesses can increase the likelihood of a smooth and successful succession. Successors from the second and third generations affirmed that they must demonstrate distinctive qualities, including diligence, perseverance, and reliability, which are characteristic of the family business founders. Furthermore, the founders employ various strategies to instill the positive behavioral traits they believe are essential for achieving success.

The study concludes that succession planning is a growing practice in organisations as realised in White Horse Inn through mentoring, coaching, active involvement of the CEO and Board, diversity management where all people are respected irrespective of their social economic differences among other practices. White Horse Inn Kabale performed fairly well and was destined to do even better in terms of implementing succession planning.

Family-owned enterprises in Uganda frequently contend with intricate family structures and cultural expectations that influence leadership succession. For example, longstanding traditions dictating that the eldest male is entitled to inherit the family business can lead to internal disputes among family members, particularly when the succeeding generation comprises siblings with differing levels of capability.

Family-owned enterprises in Uganda frequently contend with intricate family dynamics and cultural expectations that influence leadership transitions. For example, prevailing customs that dictate the eldest male as the rightful heir to the family business can lead to disputes among family members, particularly when the next generation comprises siblings with differing skills and abilities. The research indicates that establishing family constitutions or agreements to clarify roles, leadership frameworks, and succession strategies may assist in bridging generational divides and facilitating seamless transitions. Additionally, encouraging family businesses to incorporate non-family individuals into managerial or advisory positions can alleviate internal conflicts and promote professional governance, a strategy shown to enhance succession results worldwide.

Ugandan family enterprises, particularly small and medium-sized enterprises (SMEs), frequently lack established financial frameworks, and many do not possess the necessary resources for effective succession planning. The research highlights the critical need for financial readiness in succession, which can be addressed in Uganda by establishing Financial Structures. Business proprietors should prioritize the development of formal financial plans and systems that guarantee liquidity during the transition. This may involve the establishment of trusts, obtaining insurance, or creating a business fund to assist successors. Additionally, Ugandan family businesses often encounter difficulties in securing financial capital, which is essential for succession, particularly when the transfer of ownership necessitates substantial investment, such as buying out shares from siblings. Enhancing financial literacy and improving access to credit should be prioritized areas of focus.

In Uganda, many family businesses tend to function informally, lacking adequate legal documentation, which complicates the process of succession planning. Research highlights the importance of legal readiness, indicating that family businesses would greatly benefit from formalizing their ownership and governance frameworks in accordance with the Companies Act of 2012. This formalization could enhance transparency and minimize conflicts during succession. It is essential to clearly outline shareholding arrangements and to document roles and responsibilities legally. Establishing legal instruments such as wills, trusts, and shareholder agreements can help prevent inheritance disputes. These legal mechanisms are vital for ensuring the continuity of the business across generations, safeguarding it from potential family conflicts.

The significance of governance frameworks and the appropriate training of successors is particularly relevant in Uganda. Family-owned enterprises frequently depend on their founders, neglecting to adequately prepare the upcoming generation for leadership roles. It is essential for successors to engage in business activities from an early stage and receive sufficient training to ensure they are prepared for future responsibilities. This preparation can be facilitated through mentoring, internships, or structured business education. Establishing formal governance structures, such as advisory boards or boards of directors, can enhance the succession process and introduce a degree of professionalism in decision-making.

Recommendations

In accordance with the findings of the study, it is advisable to formally document succession plans as an integral component of the business strategy, irrespective of the intentions regarding succession. Furthermore, fostering open and adaptable communication that promotes participatory decision-making is strongly recommended. A clear process for identifying essential competencies, along with a competency catalog, should be established to provide a solid foundation for business owners to evaluate potential successors, pinpoint competency deficiencies, and devise suitable plans for their development. Additionally, family business owners should prioritize the cultivation of entrepreneurial skills and actively engage in entrepreneurial endeavors to ensure their success and sustainability. Lastly, it is imperative for the government to implement a supportive regulatory framework accompanied by customized policies that bolster family businesses.

The findings of this research may be shared with local, regional, and international enterprises to illustrate the implementation of succession planning strategies in family-owned businesses. The researcher is planning to communicate the results through educational sessions, workshops, national and international conferences, seminars, and mentorship opportunities for interested business leaders.

This study has identified various effective strategies for succession planning that can be applied within family-owned businesses in Uganda. An exploration of succession planning may provide critical insights into successful methods for leadership transition, thereby supporting executive leaders in family enterprises within their communities. The results of this research have the potential to drive substantial social change, as they may raise awareness about the significance of succession planning in family-owned businesses by providing guidance to family business leaders and prospective entrepreneurs. The social ramifications of this research could promote the implementation of succession planning strategies, which may also play a role in reducing unemployment in the communities served by these family enterprises.

Policymakers ought to implement incentives aimed at motivating family businesses to participate in succession planning. This could include tax reductions for expenses associated with succession planning, thereby providing financial relief for family enterprises that allocate resources towards services such as legal advice, business valuations, or the establishment of family constitutions. Additionally, government initiatives should provide subsidized or complimentary legal and financial assistance to support small family businesses in formulating succession plans, formalizing ownership arrangements, and developing governance structures.

Establishing legal frameworks specifically designed for family businesses may facilitate a more seamless succession process. It is essential to implement legislation that tackles the distinct challenges faced by family-owned enterprises, including streamlined inheritance and succession protocols, tax incentives for ownership transfer, and mechanisms for resolving family disputes. Additionally, increasing awareness regarding the significance of wills and trusts is crucial for ensuring business continuity. Policymakers should consider introducing simplified legal procedures for the establishment of trusts aimed at the transfer of business ownership.

To adequately prepare the next generation of business leaders, it is essential for policymakers to establish educational initiatives tailored for young family members, emphasizing business management, governance, and leadership skills to equip them for their future responsibilities. Additionally, fostering partnerships with business organizations to create mentorship networks can facilitate the guidance of experienced business owners to their successors in family enterprises. It is also important to promote training programs specifically designed to empower women within family businesses, addressing the cultural obstacles that may hinder their advancement into leadership positions.

Areas for the Further Research

The current study based on family business and succession planning in hotel and hospitality sector in Uganda: a case of White Horse Inn Kabale. The researcher suggests these areas for the further research: Succession Management Practices in Public Organizations in Uganda.

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