



## HEIR APPARENT PREPAREDNESS AND SELECTED FAMILY BUSINESS SUSTAINABILITY IN LAGOS STATE NIGERIA

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**Abstract.** *Family-owned businesses are extremely important to Nigeria's economy, creating jobs, generating income, and helping the country's GDP increase. However, the Heir Apparent's readiness to take on leadership responsibilities poses a threat to their sustainability. Myriads of research on family businesses and their sustainability exist, but little of it has looked at heir apparent as a factor of sustainability. By analyzing the relationship between heir apparent preparedness and the sustainability of selected family-owned firms in Lagos State, Nigeria, this study seeks to bridge the gap in literature. Drawing on a deductive methodology, the study employs a cross-sectional survey to gather quantitative data. Responses from 388 family-owned enterprises were obtained using a questionnaire. Data were analyzed by applying SPSS package, version 25. The findings reveal significant positive relationships between Heir Apparent Level of Education, Heir Apparent Experience, and Quality of Mentorship Received by Heir Apparent, and their joint effect with family business sustainability. It was thereby concluded that heir apparent level of preparedness impacts the sustainability of family businesses in Lagos State. The study recommends prioritizing formal education, providing diverse experiential learning opportunities, and establishing strong mentorship programs to enhance family business sustainability.*

**Key words:** *Heir Apparent Preparedness, Education, Experience, Mentorship, Family business, Sustainability*

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## 1. INTRODUCTION

Family businesses have a history, have been around for a very long time, and might be considered the oldest form of business. Nbabuife and Okoli (2017) found that family companies were the most common type of enterprise. Even though Family-Owned Businesses (FOB) are the oldest businesses in existence and make significant contributions to the economy, there are currently very few of them that will survive for another generation. Despite the importance of family enterprises to the national economy, there is very little evidence that they will continue past the founder generation, especially in Nigeria (Ogundele, Idris, & Ahmed-Ogundipe, 2012).

Family-owned businesses seem to be the cornerstone of the Nigerian economy, playing a pivotal role in its development and growth. These enterprises make substantial contributions to job creation, income generation, and overall GDP growth, making them a crucial component of the country's economic landscape (Olowoyeye, 2020). Despite their significance, family businesses encounter numerous challenges, particularly concerning succession planning and the preparedness of the Heir Apparent to assume leadership responsibilities (Olowoyeye, 2020). The successful transition from one generation to the next appears to be vital for the continuity and sustainability of family-owned businesses.

There seem to be many difficulties faced by family businesses in Lagos State, Nigeria, which lower their sustainability rates. These challenges include poor preparation of the heir apparent to continue with the business beyond the first generation, increased market competition and business life cycle maturity, financial constraints to meet both family and business demands, lack of leadership in succeeding generations, resistance to change, lack of an entrepreneurial mindset, conflicts between family successors, and conflicting family wants and objectives (Olowoyeye, 2020). An unsettling figure that emphasizes family businesses' sensitivity to generational transitions has been highlighted in recent study that has illuminated the complexities of the difficulties they face. According to Oduwusi (2018), just 30% of family-owned businesses make it to the second generation successfully, only 10-15% make it to the third generation, and only 3-5% make it to the fourth generation.

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In more and more situations, the founders of family-owned businesses are eligible for retirement. This is understood by CEOs and owner-managers. These jobs are difficult to fill because of the high demand and dearth of heir apparent with the required experience (Bano, Omar, & Ismail, 2022). Preparedness of the heir apparent is essential to a family business' sustainability. Almost all functional family businesses struggle with adequate apparent preparation, who is required to manage the business when the owner passes away, retires, or resigns (Okeke, 2021). Family businesses can identify their knowledge gaps and nurture and educate their staff with the help of adequate education and training of the heir apparent, enabling them to express their aspirations for career advancement in a secure, stimulating, and enjoyable setting. Effective heir apparent preparation and succession planning helps identify positions that are crucial to the organization's performance, and strengthens a methodical approach to training employees to take on new responsibilities. In order to ensure that the successors have the knowledge and abilities necessary to succeed them when the

leader retires or willingly resigns, it is the leaders' responsibility to mentor the successors (LeCounte, 2022).

The sustainability of family businesses heavily relies on effective succession planning, which entails identifying and grooming the Heir Apparent to take over leadership roles. Unfortunately, many family-owned businesses lack formalized heir preparedness plan or comprehensive preparedness programs for their designated successors (Maseda, Iturralde, Cooper, & Aparicio, 2022). This deficiency seems to degenerate to leadership gaps, decision-making difficulties, and disruptions in business operations, jeopardizing the overall sustainability of the family enterprise. Scholars in the field have highlighted the paucity of study on family business sustainability and heir apparent preparedness in Nigeria. Despite this, numerous authors have conducted investigations that have already been published (Obasan, 2022). Researchers have advocated for more research because it is not yet clear how heir apparent preparedness and family business sustainability are related in Lagos State, Nigeria (Okoh, Worlu, Oyewunmi, & Falola, 2021; Oduwusi, 2018).

## 2. LITERATURE REVIEW

### 2.1. Conceptual Review and Development of Hypotheses

#### 2.1.1. Heir Apparent Level of Education and Sustainability of Family Businesses

The Heir Apparent's Level of Education seems to represent a fundamental dimension of Heir Apparent Preparedness in family businesses. This dimension pertains to the formal education and academic qualifications attained by the designated successor, encompassing their educational background, degrees, certifications, and relevant academic achievements (Huang, Chen, Xu, Lu, & Tam, 2020).

Extensive research has underscored the significant impact of education on family business performance and long-term sustainability. Scholars such as Astrachan and Shanker (2003) highlight that successors with higher levels of education tend to demonstrate a greater capacity for understanding complex business dynamics, adopting innovative practices, identifying new growth opportunities and propelling the family business sustainability. Studies by Helfat and Peteraf (2003) emphasize that an educated Heir Apparent can more effectively leverage resources, develop core competencies, and exploit market opportunities, contributing to sustainable competitive advantage and superior business performance. Empowering successors with high-quality education enhances their leadership potential and capacity to navigate the complexities of the business landscape, thereby contributing to the continuity and long-term success of the family enterprise (Ward, 2016).

**H<sub>A1</sub>:** Heir apparent level of education significantly impacts the sustainability of selected family businesses in Lagos state, Nigeria.

#### 2.1.2. Heir Apparent Experience and Sustainability of Family Businesses

Research in the domain of family business succession highlights the profound impact of experience on the preparedness and ultimate success of the Heir Apparent. Studies by Chalus-Sauvannet, Deschamps, and Cisneros (2016) underline that heirs who have spent considerable time working in diverse roles across different departments of the family business tend to possess a holistic understanding of the enterprise's functioning.

Furthermore, the quality and depth of experience gained by the Heir Apparent significantly influence their ability to navigate complex challenges and capitalize on emerging opportunities. Gumel and Bardai (2023) emphasize that a diverse and extensive experience base empowers successors to handle diverse business scenarios, thus fostering agility and resilience in the face of adversity and leading to sustainable business. However, it is important to note that the quality of the Heir Apparent's experience is equally crucial. Exposure to a diverse range of challenges, strategic decision-making opportunities, and mentorship from seasoned family members can significantly enhance the successor's preparedness. Chrisman, Fang, Kotlar, & De Massis (2015) emphasize the importance of impactful experiences that contribute to the development of leadership skills, innovative thinking, and the ability to address complex family dynamics.

**H<sub>A2</sub>:** Heir apparent experience could significantly impact the sustainability of selected family businesses in Lagos state, Nigeria.

### *2.1.3. Quality of Mentorship Received by Heir Apparent and Sustainability of Family Businesses*

Extensive research has underscored the profound impact of mentorship on the preparedness and ultimate success of the Heir Apparent. Gomez-Mejia et al. (2007) highlight that family businesses that provide strong mentorship to their successors tend to exhibit higher levels of socio-emotional wealth (SEW). Effective mentorship inculcates a sense of continuity and commitment to the family legacy, fostering a strong emotional attachment to the family enterprise.

Quality mentorship also enhances the Heir Apparent's strategic thinking and decision-making abilities. Chirico and Salvato (2008) emphasize that mentors can provide a broader perspective on industry trends, market dynamics, and emerging opportunities, empowering the successor to make informed choices that drive business growth and sustainability. This exposure to diverse viewpoints and experiences encourages the Heir Apparent to explore innovative solutions and take calculated risks, steering the family business towards long-term success. Garringer, Kupersmidt, Rhodes, Stelter, and Tai (2015) suggest that a strong mentor-mentee relationship is built on mutual trust, respect, and open communication. In situations where the Heir Apparent has access to multiple mentors, a blend of diverse perspectives and experiences can lead to a well-rounded development of the successor's leadership capabilities.

**H<sub>A3</sub>:** There is significant relationship between quality of mentorship received by heir apparent and the sustainability of selected family businesses in Lagos state.

### *2.1.4. Heirs Apparent Preparedness and Sustainability of Family Businesses*

Studies have emphasized the importance of developing successors' knowledge, skills, and abilities to effectively manage and lead the family firm (Kellermanns, Eddleston, Barnett, & Pearson, 2008). As heirs assume leadership roles, their level of preparedness becomes instrumental in navigating the challenges and complexities associated with the business environment (Daspit, Holt, Chrisman & Long, 2016). Effective succession planning involves ensuring that heirs possess the necessary competencies to meet the demands of their future roles. This includes technical knowledge, managerial skills, and the ability to make strategic decisions (Sharma, Chrisman, & Chua, 2003).

It is essential to acknowledge that education alone may not guarantee Heir Apparent Preparedness. Family businesses are multifaceted entities that often require a combination of academic knowledge, hands-on experience, and a good mentoring program to thrive. Nonetheless, the Heir Apparent's educational background serves as a crucial foundation upon which other dimensions of preparedness can be built (Austin, 2000).

**H<sub>4</sub>**: The joint effect of heir apparent preparedness (heir apparent education, quality of mentorship and heir apparent experience) significantly influences sustainability of family business in Lagos State, Nigeria.

## 2.2. Theoretical Review

The theoretical review explored three key theories that provide valuable insights into the relationship between Heir Apparent Preparedness and family business sustainability. The Resource-Based View (RBV) highlights the importance of Heir Apparent's education, experience, and mentorship as valuable resources for gaining competitive advantage. The Socioemotional Wealth (SEW) Theory emphasizes the emotional and non-financial aspects that drive family business sustainability, with Heir Apparent Preparedness playing a crucial role in preserving family values and legacy. Lastly, the Agency Theory sheds light on potential conflicts of interest and the need for transparent preparation to ensure alignment between family owners and the Heir Apparent.

### 2.2.1. Resource-Based View (RBV) Theory

The Resource-Based View (RBV) is a prominent theory in strategic management that emphasizes the role of resources and capabilities in driving sustainable competitive advantage for firms (Barney, 1991; Wernerfelt, 1984). According to the RBV, a firm's unique resources and capabilities that are valuable, rare, inimitable, and non-substitutable (VRIN) can lead to sustained competitive advantage. In the context of family businesses, RBV offers valuable insights into the role of Heir Apparent Preparedness in leveraging internal resources to ensure sustainability.

The RBV highlights the importance of the Heir Apparent's Level of Education as a valuable resource. An heir with a strong educational background is more likely to possess knowledge and skills that can positively impact decision-making, innovation, and strategic planning (Barney & Arian, 2005). Additionally, the Heir Apparent's Experience within the family business contributes to the development of firm-specific knowledge and tacit expertise, creating a valuable resource that can be difficult for competitors to imitate (Helfat & Peteraf, 2003). These resources, combined with high-quality Mentorship, can enhance the Heir Apparent's capabilities, leading to improved family business sustainability.

### 2.2.2. Socioemotional Wealth (SEW) Theory

The Socioemotional Wealth (SEW) Theory emphasizes the non-financial goals and emotional aspects that drive family-owned businesses beyond mere financial considerations (Gómez-Mejía, Haynes, Núñez-Nickel, Jacobson, & Moyano-Fuentes, 2007). SEW includes aspects such as family control, identity, legacy, and harmony, which are essential to family businesses' continuity and sustainability. The theory underscores the impact of family influence and dynamics on business decisions, including succession planning and the preparedness of the Heir Apparent.

Within the context of this study, the SEW Theory explains how family owners prioritize the continuity of the family legacy and identity through the Heir Apparent's preparedness (Gómez-Mejía et al., 2007). Family owners may place a premium on ensuring that the successor possesses the necessary education, experience, and mentorship to maintain the family's reputation and values. Consequently, the Heir Apparent's Preparedness becomes crucial for preserving socioemotional wealth and aligning the family's interests with the long-term sustainability of the family business.

### *2.2.3 Agency Theory*

Agency Theory focuses on the principal-agent relationship, which is prevalent in family businesses where family members act as both principals and agents (Payne, & Petrenko, 2019). The theory explores the potential conflicts of interest between the family owners (principals) and the Heir Apparent or managers (agents) who run the business on behalf of the family. This theory is particularly relevant in understanding the challenges associated with selecting and preparing the Heir Apparent to lead the family business.

The Agency Theory posits that the interests of the family owners may not always align with the interests of the Heir Apparent (Payne, & Petrenko, 2019). Family biases or nepotism may influence the selection process, leading to an underprepared Heir Apparent, which could adversely affect business sustainability. However, by ensuring adequate Heir Apparent Preparedness, family owners can mitigate agency conflicts and enhance transparency and accountability within the family business, ultimately contributing to its long-term success.

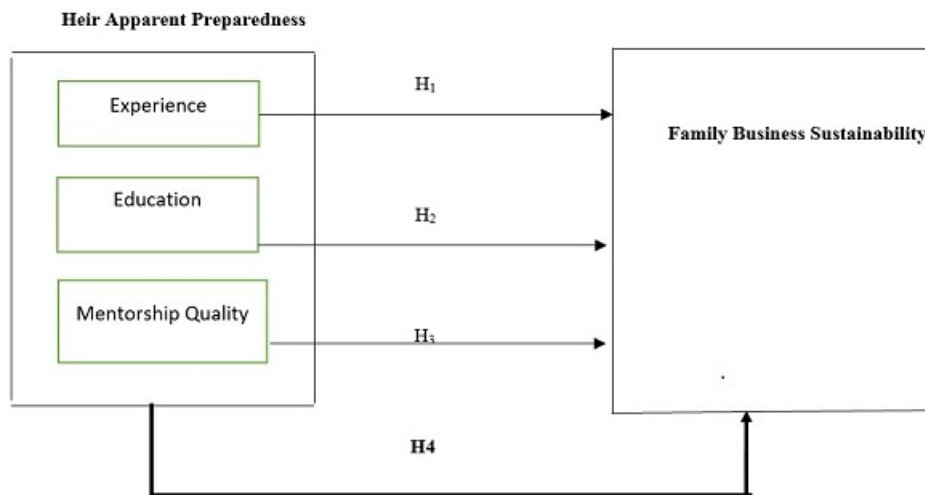
## **2.3. Empirical Review**

Several studies have explored the influence of the Heir Apparent's Level of Education on family business sustainability. For instance, Ogbechie and Anetor (2015) conducted a study on family-owned business succession planning in Lagos State. The demographic components of the survey covered all family-owned businesses in Lagos State. A deliberate selection technique was employed to choose the 80 study participants from the public (family business owners'/founders' enterprises). The answers to the questionnaire were reviewed after data collection. Descriptive statistics and factor analysis were conducted using the Statistical Package for Social Sciences (SPSS). The study's sample is almost entirely devoid of succession planning, yet the study's results suggest that this has no bearing on the business's succession issues. Fatunmbi (2017) used case organizations in Lagos and Ogun State to study the long-term viability of family-owned businesses. 1,806 family-run enterprises that were registered in the states of Lagos and Ogun were examined using a descriptive study technique. 327 businesses from the two states were chosen using a stratified sample methodology. The questionnaire was used as a tool for gathering information. Using SPSS software, the data were analyzed using the Pearson's Correlation statistical approach. Heirs' competency has a significant impact on the long-term success of family-owned businesses. In south-east Nigeria, Okeke (2021) researched the sustainability and future of a few selected family enterprises. The effects of mentoring, training, and communication were shown to be positive. According to the report, founders should establish mentoring and training programs, maintain open communication with family members about succession plans, and enhance the technical and managerial competency of the successor to prepare him for potential future succession. Similarly, a study by De Massis et al. (2014) on Italian family firms revealed that heirs with well-

rounded preparedness were more likely to implement innovative strategies and maintain competitive advantages, leading to enhanced business sustainability.

Conversely, other studies have highlighted the potential challenges associated with highly educated heirs. Chirico and Salvato (2008) observed that overly educated successors may be prone to overlook the importance of family values and traditions, leading to conflicts with other family members and compromising socioemotional wealth. These conflicting findings underscore the complex interplay between education and family business sustainability, warranting further investigation within the Nigerian context.

### 2.4. Conceptual Framework



**Fig. 1** Conceptual Framework  
 Source: Researcher 2023

### 3. METHODOLOGY

The research used a deductive methodology because it gathered quantitative data for analysis. A cross-sectional survey was used in the study as its methodology. Since the data was unique and at the variable observation level, the cross-sectional strategy was chosen since it was well accepted, well-liked, and reliable. However, this was not the most important factor.

SMEDAN (2021) estimates that the sample for the study consists of 7,026 family-owned enterprises operating in the state. It was decided to limit the study's geographic scope to Lagos State since it occupies a special position in Nigeria as the nation's commercial hub (Adeosun & Owolabi, 2021).

A sample of 379 was adjudged the minimum response required using the formulas from Yamane (1967). However, in order to account for a low response rate, we grossed up this number using Saunders Lewis, and Thornhill (2012) to 446, while only 388 were filled and returned. A multistage sampling approach was used in this investigation. Data for the study were gathered using a standardized questionnaire. The questionnaire's five-

point Likert type rating scale served as its structure. It is split into two sections. The first section contained a range of items that assessed various socio-demographic aspects. The research instrument and measures were adapted from existing studies to measure the dependent and independent variables. For instance, the work of Huang et al. (2020) was adapted to measure education (5-item construct). The measurement items for experience were adapted from a study conducted by Gumel and Bardai, (2023), a 5-item construct. Mentorship was measured using a scale adapted from Okeke (2021), a 5-item construct. The scale developed by Keeble et al. (2003), a 4-item construct, was used to measure the dependent variable, sustainability. Specifically, four key sustainable development scales were adapted from Keeble et al. (2003) to measure sustainability by subjecting the 69 indicators to scale-elimination using Cronbach alpha test, the four items that contributed to the reliability coefficient the most were selected and adapted for this study. The scales were originally grouped into 37 Sub Criteria under 15 Criteria headings and through scale analysis, we obtained four scale items that contributed the most to the reliability coefficient to represent the four key sustainable scale of Economic, Social, Environmental and Natural Resources. All measures are based on 5-point Likert scale, with strongly disagree being the minimum (1) while strongly agree is the highest (5). In order to validate the data collection tool, face and content measurements were used. The reliability of the instrument was assessed using Cronbach Alpha Reliability (see table 1). 388 of the 451 copies of the questionnaires that were distributed were truthfully returned and analyzed. Regression, using SPSS was utilized in the data analysis to evaluate the study's hypotheses at the 5% level of significance.

**Table 1** Variables and Cronbach Alpha Coefficients

S/N	Variables	Measure	Cronbach Alpha
1	Education	5-item Construct	0.81
2	Experience	5-item Construct	0.78
3	Mentorship	5-item Construct	0.88
4	Sustainability	4-item Construct	0.81

*Source: Researcher 2023*

#### 4. RESULT/STATISTICAL ANALYSIS

Analyses were conducted using SPSS version 25.

##### 4.1. Factor Analysis

**Table 2** Mean, Standard Deviation and Correlation

	Mean	SD	1	2	3	4
EDU	4.648	.4321	1			
EXP	4.673	.4265	.729**	1		
MEN	4.646	.4003	.626**	.667**	1	
SUS	4.643	.4643	.735**	.709**	.681**	1

\*\*Correlation is significant at the 0.01 level (2-tailed); SD: Standard Deviation

EDU: Heir Apparent Level of Education; EXP: Heir Apparent Experience; MEN: Quality of Mentorship received by Heir Apparent; SUS: Sustainability of Family Business

*Source: Survey Data 2023*



To find out whether the study variables listed in Table 2 had any relationships, a correlation analysis was conducted. The results of the analysis showed a strong positive relationship between Heir Apparent Level of Education and Sustainability ( $r = .735$ ;  $p < 0.01$ ); Heir Apparent Experience and sustainability ( $r = .709$ ;  $p < 0.01$ ); Quality of Mentorship received by Heir Apparent and sustainability ( $r = .681$ ;  $p < 0.01$ ).

**4.2. Regression**

**Table 3** Regression Results

	R	R <sup>2</sup>	Adj.R <sup>2</sup>	ANOVA		Unstandardized Coefficient		T	Sig
				F	Sig	B	Std. error		
1	.802 <sup>a</sup>	.643	.641	230.99	0.000 <sup>b</sup>				
Constant						-.009	.179	-.051	.959
Heir Apparent Level of Education						.411	.050	.382	8.258
Heir Apparent Experience						.267	.053	.245	5.060
Quality of Mentorship Received by heir Apparent						.322	.049	.278	6.537

Predictors: (Constant); Quality of Mentorship Received by Heir Apparent; Heir Apparent Level of Education; Heir Apparent Experience. Dependent Variable: Sustainability of Family Business

Source: Survey Data 2023

From table 3 above, the coefficient for Heir Apparent Level of Education is 0.411. The standardized coefficient ( $B = 0.382$ ,  $p < 0.05$ ). The positive coefficient suggests that for every one-unit increase in Heir Apparent Level of Education, the predicted sustainability of selected family businesses in Lagos State increases by 0.411 units. The standardized coefficient ( $\beta$ ) of 0.382 indicates that Heir Apparent Level of Education has a moderate positive effect on family business sustainability. The p-value is less than 0.05, indicating that Heir Apparent Level of Education has a statistically significant positive impact on family business sustainability in Lagos State. Therefore, we accept  $H_{A1}$ , which states that Heir Apparent Level of Education significantly influences the sustainability of selected family businesses in Lagos State, Nigeria.

From table 3 above, the coefficient for Heir Apparent Experience is 0.267. The standardized coefficient ( $B$ ) is 0.245. The positive coefficient suggests that for every one-unit increase in Heir Apparent Experience, the predicted sustainability of selected family businesses in Lagos State increases by 0.267 units. The standardized coefficient ( $\beta$ ) of 0.245 indicates that Heir Apparent Experience has a moderate positive effect on family business sustainability and with significant level ( $Sig.$ ) of 0.000 where  $p$  is significant at  $p < 0.05$ . Therefore, we accept  $H_{A2}$ , which states that Heir Apparent Experience significantly impacts the sustainability of selected family businesses in Lagos State, Nigeria.

From table 3 above the coefficient for Quality of Mentorship Received by Heir Apparent is 0.322 with a standard error of 0.049. The positive coefficient suggests that for every one-unit increase in the Quality of Mentorship Received by Heir Apparent, the predicted sustainability of selected family businesses in Lagos State increases by 0.322 units. The standardized coefficient ( $\beta$ ) is 0.278. The p-value for the coefficient is less than 0.05; this indicates that the Quality of Mentorship has a moderate positive effect on family business sustainability. Where  $p = 0.00$ , and  $p$  is significant at  $p < 0.05$  indicate that the Quality of Mentorship Received by Heir Apparent has a statistically significant positive impact on family business sustainability in Lagos State. Therefore, we accept

H<sub>A3</sub> which states that there is a significant relationship between the quality of mentorship received by the heir apparent and the sustainability of selected family businesses in Lagos State, Nigeria.

From table 3 above, the model's R-square (adjusted) is 0.641, indicating that 64.1% of the variability in family business sustainability can be explained by the joint effect of Heir Apparent Level of Education, Heir Apparent Experience, and Quality of Mentorship Received by Heir Apparent. The ANOVA table shows that the regression model is statistically significant (Sig. = 0.000), indicating that the joint effect of Heir Apparent Preparedness is a significant predictor of family business sustainability in Lagos State. The individual coefficients for Heir Apparent Level of Education, Heir Apparent Experience, and Quality of Mentorship Received by Heir Apparent are all statistically significant with p-values less than 0.05. We therefore accept H<sub>A4</sub> that the joint effect of heir apparent preparedness (heir apparent education, quality of mentorship, and heir apparent experience) significantly influences the sustainability of family business in Lagos State, Nigeria.

#### 4.3. Discussion of Findings

The result of the first hypothesis shows significant positive relationship between Heir Apparent Level of Education and family business sustainability; this result aligns with the findings of previous research (Huang et al., 2020; Astrachan & Shanker, 2003). A higher level of education equips the Heir Apparent with the necessary knowledge, analytical skills, and critical thinking abilities to address complex business challenges and identify growth opportunities (Ward, 2016). This enhanced capacity for strategic decision-making and innovative practices contributes to the long-term sustainability of the family business.

The regression result for hypothesis two shows that there is significant positive impact of Heir Apparent Experience on family business sustainability. This result is consistent with prior studies (Chalus-Sauvannet et al., 2016; Gumel & Bardai, 2023). Accumulating diverse experience within different departments and roles of the family business enhances the successor's understanding of the enterprise's functioning and interconnections between various business functions.

Quality of Mentorship Received by Heir Apparent was found to significantly influence Sustainability of Family Businesses. The significant positive relationship between the Quality of Mentorship Received by Heir Apparent and family business sustainability corroborates previous research findings (Gomez-Mejia et al., 2007; Chirico & Salvato, 2008). Effective mentorship instills a sense of continuity and commitment to the family legacy, fostering emotional attachment and a long-term vision for the business. A strong mentor-mentee relationship based on mutual trust and open communication supports the development of the Heir Apparent's leadership capabilities.

Testing the hypothesis four using regression model, the joint Effect of Heir Apparent Preparedness on Family Business Sustainability was found to significantly influence the sustainability of family business. The joint effect of Heir Apparent Preparedness, encompassing Heir Apparent Level of Education, Heir Apparent Experience, and Quality of Mentorship Received by Heir Apparent, significantly influences family business sustainability. This underscores the importance of a holistic approach to Heir Apparent Preparedness in ensuring the continuity and long-term success of family-owned enterprises in Lagos State, Nigeria. This result is corroborated by the opinion of Austin (2000) who elucidated that it is essential to acknowledge that education alone may not guarantee Heir

Apparent Preparedness. Family businesses are multifaceted entities that often require a combination of academic knowledge, hands-on experience and a good mentoring program to thrive.

## 5. CONCLUSION AND RECOMMENDATION

### 5.1. Conclusion

The study investigated the relationship between heir apparent preparedness and the sustainability of selected family-owned businesses in Lagos State, Nigeria. The analysis of the data revealed significant positive relationships between heir apparent level of education, heir apparent experience, and quality of mentorship received by heir apparent, with family business sustainability. Additionally, the joint effect of heir apparent preparedness significantly influenced family business sustainability, indicating the importance of a holistic approach to preparing successors for leadership roles. The study underscores the critical role of Heir Apparent Preparedness in ensuring the continuity and long-term success of family-owned enterprises. A higher level of education equips the Heir Apparent with the necessary knowledge and skills for strategic decision-making and innovation. Accumulating diverse experience within the family business enables the successor to understand its functioning comprehensively and navigate challenges with agility. Quality mentorship fosters a strong emotional attachment to the family legacy and enhances the successor's strategic thinking and decision-making abilities. The study thereby provides recommendations to enhance family business sustainability in the dynamic and fast paced environment.

### 5.2. Recommendations

Based on the research findings, the following recommendations are proposed to enhance the sustainability of family-owned businesses in Lagos State, Nigeria:

Family businesses should prioritize investing in the formal education and continuous professional development of the Heir Apparent. Providing opportunities for higher education, specialized training, and industry certifications will equip successors with the knowledge and analytical skills needed to drive business growth and innovation.

Family businesses should encourage the Heir Apparent to gain hands-on experience by working in diverse roles and departments within the family business. Rotational programs and exposure to different operational aspects will contribute to a holistic understanding of the enterprise and prepare successors to address multifaceted business challenges.

The business leaders should implement a structured mentorship program that pairs the Heir Apparent with experienced family members, industry experts, or external advisors. Quality mentorship will instill a sense of commitment to the family legacy, offer guidance on strategic decision-making, and provide exposure to diverse perspectives.

Quality mentorship will instill a sense of commitment to the family legacy, offer guidance on strategic decision-making, and provide exposure to diverse perspectives.

Family businesses should develop a comprehensive succession plan that outlines the criteria and process for selecting the Heir Apparent. The plan should consider both preparedness factors (education, experience, and mentorship) and family values to ensure a seamless generational transition.

Continuously Assess Heir Apparent Preparedness: Regularly assess the Heir Apparent's preparedness using performance evaluations, feedback sessions, and developmental plans. This ongoing assessment will help identify areas for improvement and tailor development initiatives accordingly.

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## **SPREMNOST NASLEDNIKA I ODRŽIVNOST ODABRANIH PORODIČNIH KOMPANIJA U LAGOSU, NIGERIJA**

*Porodične kompanije su izuzetno važne u ekonomiji Nigerije, stvarajući poslove, generišući prihode, i pomažući porast BDP-a u zemlji. Međutim, spremnost naslednika da preuzme odgovornost vođstva predstavlja pretnju njihovoj održivosti. Postoji mnoštvo istraživanja o porodičnim kompanijama i njihovoj održivosti, ali mali broj se bavi naslednicima akao faktorom održivosti. Analiziranjem odnosa između spremnosti naslednika i održivosti odabranih porodičnih kompanija u Lagosu u Nigeriji, ovo istraživanje ima za cilj da prevaziđe ovaj nedostatak u literaturi. Oslanjajući se na deduktivnu metodologiju, studija koristi anketu poprečnog preseka za prikupljanje kvantitativnih podataka. Sakupljeno je 388 odgovora od porodičnih kompanija uz pomoć upitnika. Podaci su analizirani uz pomoć SPSS paketa, verzija 25. Nalazi pokazuju značajnu pozitivnu vezu između nivoa obrazovanja naslednika, iskustva naslednika i kvaliteta mentorstva pruženog nasledniku i njihovog skupnog efekta na održivost porodičnog biznisa. Stoga je zaključeno da nivo spremnosti naslednika utiče na održivost porodičnog biznisa u Lagosu. Studija preporučuje stavljanje prioriteta na formalno obrazovanje, obezbeđivanje različitih iskustvenih prilika za učenje i uspostavljanje jakih mentorskih programa da bi se povećala održivost porodičnih kompanija.*

*Ključne reči: spremnost naslednika, obrazovanje, iskustvo, mentorstvo, porodične kompanije, održivost*