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LEADERSHIP SUCCESSION: A RECALCITRANT PROBLEM IN THE INDIGENISATION OF AFRICAN ECONOMIES

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Abstract
The greatest challenge facing the indigenisation of African economies is the problem of succession. African businesses have always died with their founders. This phenomenon is caused by failure by the business founders to properly plan for the succession. Drawing from a case study of 10 small-scale indigenous businesses in Zimbabwe and from literature on African indigenous businesses, this article discusses some of the factors that prevent smooth succession in indigenous African businesses.

INTRODUCTION
Every organisation must experience a leadership or managerial succession, the process by which key officials, especially the chief executive, are replaced by others (Grusky, 1961, 261). As leaders, like all human beings, are mortal, it is imperative for any organisation's long-term stability, survival and growth, to always look beyond the incumbent leader and develop strategies and create conditions for a smooth succession.

One of the earliest empirical studies on the effects of succession on the organisation was carried out by Gouldner in 1954. In a case study of a gypsum plant employing 225 people, Gouldner found that succession disrupted the operations of the organisation, led to an increase in tensions, the lowering of worker morale, and the general decline in productivity culminating in a wild-cat strike. Following Gouldner, Grusky (1961) argued that there are two reasons for the interest in the study of organisational succession, namely, that it is a universal phenomenon and that it tends to promote organisational instability. The universality of succession in formal business organisations and the tendency of the process to promote instability combines to make this phenomenon of crucial importance to organisational theory (Grusky, 1961, 115).

One of the greatest challenges facing indigenous African businesses today is the crisis of succession, that is, uncertainty about the future of the organisation beyond the founder. The success of the indigenisation of African economies will to a very large extent depend on the organisation, management practices and leadership styles of indigenous businesses.
This article is based on findings from a study of 10 indigenous Zimbabwean small- to medium-scale businesses in Harare which were studied over a period of two years using interviews and observation. The businesses were selected from a register of small-scale indigenous businesses obtained from the Indigenous Business Development Centre (IBDC). The study also draws from literature on the problem of succession in indigenous African businesses in general.

The businesses studied were selected through purposive sampling. A total of ten businesses were selected. In selecting the businesses, consideration was taken of such variables as main activity, size, and location of business. The list comprised of two businesses in the clothing manufacturing industry, one in business consultancy, one training institute (dress-making, cookery, secretarial and academic courses), one combined supermarket and bottle store, one general dealer shop, one business involved in bookbinding and trading in paper products, one hair dressing saloon, one spray-painting and panel-beating venture and one construction business which was also involved in supplying building materials supplies to other construction companies. The businesses belonged to the small- to medium-scale sector. For the purposes of this study, "small business" will be used to refer to an enterprise that employs less than 50 people, is owner-managed and controls a small share of the market. The businesses were relatively new and first generation businesses, as all of them were formed after independence.

ECONOMIC INDIGENISATION

The advent of political independence in Africa has given impetus to calls for economic indigenisation. This refers to the encouragement, development and strengthening of indigenous [Black] private enterprises at the expense of non-indigenous owned and controlled enterprises (Adedeji, 1981, 31).

Successive colonial governments instituted laws that effectively excluded Africans from engaging in meaningful business activity. As a result of this legacy most indigenous economic activity is concentrated in the informal, small and medium-scale sectors (Maphosa, 1996, 4). It is not surprising, therefore that economic indigenisation is often synonymous with the promotion of small- and medium-scale businesses.

Economic indigenisation through the promotion of small- and medium-scale businesses has both political and economic benefits (Apthorpe, 1970, 107). Politically, the proponents of indigenisation believe that enabling indigenous people to share in the ownership and control of their countries' resources creates conditions for the existence of peace and stability (Makoni, 1994, 1) and that true independence can only be realised through economic indipendence (Osaze, 1984, 169).
The most important economic benefit for small- and medium-scale businesses is employment creation. Employment creation is of high priority in economic policies of most African countries (Apthorpe, 1970, 107; World Bank, 1978, 5; Osaze, 1984, 169). High rates of population growth and the accompanying increases in the labour force have not been matched with corresponding increases in the creation of jobs. The civil service and the large multinational companies can only absorb a limited fraction of the labour force. Small enterprises generally use simple technologies and locally available raw materials. They therefore tend to be more labour-intensive than large-scale organisations, as they can create more jobs per unit capital invested than large businesses.

Other economic advantages of small- and medium-scale businesses include supplying dynamism (i.e., they contribute to the growth of the economy), contributing to economic competition, raising the level of popular participation in the economy and promoting growth with equity (World Bank, 1978, 6; Obi, 1991, 33).

Obi (1991, 33) argues that there is a wide consensus among development economists that small- and medium-scale, labour-intensive industries can enhance employment creation as well as advance a wide variety of other development goals like improved income distribution. The promotion of small- and medium-scale enterprises as a way of generating employment and stimulating general economic development is not unique to Africa. It has been tried with success in developed countries such as Britain and the United States of America. Burns (1989, 1) observes that the Western world is “in the middle of a love affair” with small businesses. It is now widely accepted that the only way to achieve a rapid creation of employment opportunities and a competitive economic environment is through the promotion of small- to medium-scale businesses. Asian countries like Singapore, Taiwan, and Hong-Kong have had success in stimulating economic development through the development of small- and medium-scale enterprises.

INDIGENOUS BUSINESSES BEYOND THEIR FOUNDERS

Indigenous African enterprises have very often died with their founders (Forrest, 1994, 237; Wild, 1997, 122). This problem is not peculiar to indigenous African enterprises as Tootellan and Gaedeke (1978, 223) argue that history is replete with business failures that result from poor succession policies. Forrest observes that although this situation is changing in Nigeria, it is doing so very slowly. In a recent study in Nigeria, Willer (1996) found that although many of the founders of the businesses she studied had reached an age where the question of succession arises, many of them still did not have clear succession plans. A study of ten
Zimbabwean indigenous small-scale businesses (Maphosa, 1996) indicated that succession had not yet become a serious issue for the business owners. Six out of the 10 businesses studied did not have a clear succession plan. While all the business-people knew the individuals whom they wanted to take over their businesses, only three of the business-people had actually appointed those people to positions that would enable them to exercise a substantial amount of authority and responsibility to prepare them to take over in the event of a sudden death or incapacitation of the founder.

The problem of the continuity of the business after the founder is not unique to Africa (Wilier, 1996, 3). The various explanations that have been given to account for this phenomenon are characterised by a dichotomy between a focus on the successor on the one hand, and a focus on the founder on the other (Wilier, 1996, 3). Those who focus on the successor have argued that businesses fail after the founder because the successor usually lacks the personality characteristics of the founder. Those who focus on the founder have argued that it is the founder's inability to plan for the succession plan that is responsible for many business failures after the founder. The following sections will deal with some of the explanations for the crisis of succession in small-scale businesses.

THE PROBLEM WITH ENTREPRENEURIAL LEADERSHIP

Economic dynamism has long been attributed to the activities of an entrepreneur (Mill, 1848; Schumpeter, 1934, 1947; MacLelland, 1961; Hagen, 1962). Scholars have over the years tried to identify the distinguishing characteristics of this agent of change. Mill (1848) defines an entrepreneur as an individual with a propensity to take risks. For Schumpeter (1947, 151) the defining characteristic of an entrepreneur is "... simply the doing of new things or the doing of things that are being done in a new way".

MacLelland (1961) considers an entrepreneur as one with the following characteristics: a liking for moderate risk taking; confidence in one's ability to succeed; energetic action directed towards one's self-advancement; the desire for freedom and individual responsibility; and individual success usually measured by the acquisition of wealth. The distinguishing characteristic of an entrepreneur is autonomy, the freedom to take decisions according to the individual's preferences.

Many organisations owe their existence to the individual efforts of entrepreneurs. New organisations are formed as entrepreneurs devote time and effort and assume personal financial, psychological, and social risks to introduce innovations. The formation and the survival of an
organisation during its formative stages might depend on the individual efforts and personality of its founder. The problem with entrepreneurial leadership, however, is that it is personalised. Entrepreneurs are visionaries who value the autonomy to make decisions as they see fit and to take personal responsibility for those decisions in order to realise their visions. As a result entrepreneurial leaders tend to maximise control and eschew delegation of authority and responsibility, preferring instead, to directly carry out or to supervise most of the day-to-day operations of their organisations themselves (Gorb et. al., 1981, 209; Perrigo, 1980, 215). This type of management, however, allows entrepreneurs to offer personalised service or attention to their clients thus giving them a competitive advantage over large enterprises.

Delegation is related to the expansion of the business. As the business expands, there is more division of labour and the entrepreneur has to be aware of the extent of the growth of the business so that division of labour and delegation can be properly planned.

The archetypal entrepreneur is the embodiment of the business, with his or her own personal welfare being closely intertwined with that of the enterprise. This close identification of the business with its owner prevents the development of businesses into corporate identities with interests which are distinct from those of their owners. The lack of separation between the individual owner's and organisational interests prevents the formation of partnerships with both relatives and non-relatives.

The fascination with this "economic hero" has often overlooked what Reich (1987, 81) refers to as collective entrepreneurship. This is a kind of entrepreneurship which involves participative decision-making and delegation of authority and responsibilities. The focus on collective entrepreneurship is based on the view that entrepreneurship is a capability and attitude that is diffused throughout the company. Collectivism is not novel to African economic involvement (Maphosa, 1998, 150). The problem, however, is that ideas about doing business in Africa have been very much influenced by Western values which glorify individualism at the expense of collectivism.

LACK OF JOINT OWNERSHIP

There is a general unwillingness among African business-people to form partnerships or to establish corporate forms of business involving the pooling of resources either between kin and non-relatives (Kennedy, 1988; Wild, 1997). Although some businesses may be registered as companies most African businesses do not involve core-ownership.
A partnership necessarily implies joint control and shared responsibilities and authority. It is easy for such an organisation to routinise its succession since the sharing of authority and responsibility starts with the inception of the organisation. The disinclination towards partnerships is embedded in a widespread feeling of mistrust of both relatives and non-relatives.

Mr. C, who owns a construction company reported that the business started as a partnership but he had to part ways with his partner because of "irreconcilable" differences. These differences resulted from, among other things, a suspicion that the other was involved in secret "deals" with his relatives at the expense of the company. The matter was taken to court but no money was recovered although the respondent still alleges that the company lost a lot of money as a result of these secret "deals". Since that time he has resolved to go it alone.

Mr. E. stated that he was still a sole owner because choosing a business partner was a complicated and delicate issue.

I am still looking for a reliable person with whom I can work. When choosing a business partner you have to be extra careful. You have to take your time because this is a complicated and delicate issue. It is very difficult to get reliable people to partner with in business.

Although Mrs. D. thought that there were some benefits in forming a partnership, she would rather go it alone because joint ownership would limit her freedom to make decisions. She stated:

I want to do my own thing, but as soon as I go into partnership I have to accommodate the views of my partner. That limits my freedom to take decisions as and when I feel like.

Similar sentiments were expressed by a businessman who asserted:

I decided to go into business because I wanted to be my own boss. I, and only I, know what I want to do. It is difficult to get someone who will share your vision.

The reasons for the unwillingness to form genuine family businesses or to go into joint ventures with relatives are similar to those for the reluctance to go into partnerships with non-relatives. These include failure to get relatives with requisite skills, requisite personalities, and requisite resources and the reluctance to share power and decision-making. Kennedy (1988) observes that in Africa genuine family business, in which members of the family pool capital and managerial skills, is a rare phenomenon. Where such enterprises occur, they tend to be confined to commerce — market trade, shop-keeping and wholesale activity. Marris and Somerset (1971: 145) observed, however, that even in businesses which do not need any specialised skills and large amounts of capital to start or run, like rural stores, there is a tendency to avoid joint ownership.
Mr I. feared that disagreement in business may negatively affect family relations possibly resulting in prolonged family feuds.

People always disagree in business. Sometimes these disagreements cannot be resolved amicably. It is possible for people who have once cooperated and worked together to die enemies. This happens all the time. . . Some people even resort to witchcraft in trying to get even with those whom they think have wronged them. It is better if such people are not related. I hate to see such things happening between relatives.

Comparing African businessmen with Indian businessmen in East Africa, Marris and Somerset argue that the explanation for this lies in the history of the two communities. They argue that the Indian immigrants who pioneered business in East Africa came from a commercial class in Gujarat where capital and skills necessary to start and operate a business could be obtained from within the family. In this community boys: . . . grew up in the shop: serving behind the counter as natural a part of their childhood as herding goats to an African boy'.

When the Asians immigrated into Africa, they were largely excluded from agriculture by the colonial administrations. This, as Marris and Somerset argue, meant that business was their only source of livelihood. This in turn made it possible for strict sanctions to be applied to business relations. The prospects of expulsion of an individual from the family business was enough to deter anyone from any behaviour that was not in the interests of the family such as cheating or stealing from the business. In contrast, Marris and Somerset argue that business has historically been a peripheral activity in African communities:

So unlike an Indian community, an African community does not identify its own welfare with the welfare of commerce, because commerce is marginal to landholding to which the family concentrates its concern (Marris and Somerset, 1971, 145).

AGE OF THE FOUNDER

The lack of attention to succession in indigenous businesses has in some cases been attributed to the age of the founders (Kennedy, 1988; Maphosa, 1996). Young, first generation business-people, are still too preoccupied with establishing and consolidating their businesses to think about succession. In the 10 Zimbabwean businesses studied, six of them did not have succession plans. Wilier (1996)'s study of indigenous firms in Nigeria found that in some instances, children were given the title of director at an early stage, even while still at school, but in 10 out of 13 cases, the potential successor did not act even as a mere assistant to the director. While all the business-people knew the individual whom they
wanted to take over their businesses, only three of the business-people had actually appointed those people to positions that would enable them to exercise a substantial amount of authority and responsibility to prepare them to take over in the event of a sudden death or incapacitation of the chief executive. Mrs J. stated:

...I am still young and my children are also still very young. It would be better for me to concentrate my efforts into making sure that this business is well established. I will do that when I am sure that I have achieved my purpose.

This does not mean that business-people were not aware of their mortality and the possibility of them being incapacitated. On the contrary, all the business-people interviewed indicated that they were aware of the ever present possibility of death and accidents that might permanently disable them. Mrs D. stated:

Well if God decides to take me early then that would be unfortunate. But you cannot always be thinking about death and accidents, otherwise you cannot do anything.

THE CHOICE OF SUCCESSOR

In six out of the ten businesses studied, the owners indicated that they preferred their spouses or children to take over their businesses. There is nothing wrong with the transference of wealth from a parent to an offspring through handing over ownership of a business as the cumulative effect of such a practice is the development of a capitalist class which might be a nucleus for economic development in the country. Tootelian and Gaedeke (1978) assert that there are many successful businesses, both large and small, where a parent has been succeeded by an offspring. Wild (1997) argues that in many capitalist countries, the family formed and still forms the structural nucleus of some businesses. Such businesses include Krupp, Thyssen and Siemens in Germany whose '...expansion and continuity... were and still are organised via the social networks of the family' (Wild, 1997, 120).

Forrest (1994) argues that successful transitions in family businesses can be achieved through bringing children early into the business and gradually giving them responsibilities and authority during the lifetime of the founder. Children who would have assumed authority in this manner would be likely to have sufficient authority at the death of the founder to deter and resist extended family pressures to subdivide the business's assets.

The problem with the choice of spouses and children as successors is most of these would-be successors often come too late into the business. Although spouses, especially wives of businessmen, may be registered as
partners, they often assume little or no authority or responsibility to meaningfully prepare them for succession. In cases where children are selected as successors, some of them would still be very young. This makes the future of the business very precarious in the event of the sudden death of the founder of the business. Most of the would-be successors in the study of Zimbabwean businesses were still at school or college. They had had little contact with their family businesses and therefore were not familiar with the operations of the businesses, making it uncertain if they would face up to the demands of the business if called upon to take over in the event of the owner’s departure from the business. Mrs J., who owns a bottle store, a superrette and a general dealer shop, has three children, two daughters and a son, all of whom are currently studying in England. The would-be successor, who is a daughter, is studying educational psychology at post-graduate level. Her mother says of her:

I hope she will come back, but not now because I still want to run my business. I hate to just sit without doing anything. I like working. I hope she will come back when the time comes because she is business minded.

In another case the eldest daughter, who was the heir to the business, was only ten years and in Grade Five at the time of the research. In the meantime no plans were in place about who would take over the business in the event of the sudden death or any form of incapacitation of the founder.

Bringing in children into the business during the lifetime of the founder is not in itself a guarantee for the business’s future long term survival and success. There is also the problem of uncertainty with whether or not the heir to the business would be interested in going into that type of business or any business at all. The heir should also have the willingness to run a business and be interested in that line of business if the continuity and expansion of the business is to be assured. Mrs H. was not certain whether or not her daughter, who wants to study law at the local university, would be interested in business at all let alone this type of business.

... But if she does not want to take over the business it’s alright. I will look for someone else.

In the event that the heir does not have the interest to run a business and that the founder dies before the successor is mature enough to take over the business, contingency measures ought to be put in place. That no such contingency measures were in place in some of the businesses studied renders their long term survival uncertain.
SELF-EMPLOYMENT AND PRESTIGE

Another reason for unsuccessful successions in indigenous African businesses identified by Wild (1997) is the low prestige accorded a career in business by second generations compared to professions like medicine and law. As a most important status symbol, the acquisition of formal education has always been the pursuit of many children of businesspeople as well as their parents. For instance, out of the 10 Zimbabwean businesspeople studied, two of them had children who were undertaking studies that had a direct relevance to business.

TRADITIONAL PRACTICES

Traditional practices that interfere with smooth succession in small-scale indigenous firms include those associated with polygamy and inheritance. At the death of a polygamous businessman, the tendency is towards the subdivision of the business’s assets among the many wives and children as well as other relatives. Even in monogamous families, the subdivision of the business’s assets among numerous relatives has often been inevitable. In many instances, at the death of a businessman: ‘... the relatives fell on the legacy and divided it against themselves and left the widow penniless’ (Wild, 1997, 122).

Tradition may influence the selection of the heir even if he or she is unsuitable for the position. The strength of the relations between the founder of a business and his or her relatives determines the latter’s influence on the selection of the successor to the founder. This is especially true in cases where the founder has received assistance from relatives especially initial capital to help set up the business.

Except for two, all the businesspeople interviewed were in Harare where, due to effects of urbanisation and other modernising influences, their relations with the extended family were weakening. All but one, however, reported that they still helped their relatives by either employing them or contributing to their various financial needs. Only one businessman received financial assistance from an uncle to start his business. The uncle still assisted the businessman financially when there was need. The other businesspeople preferred to seek financial assistance from their spouses or lending institutions. This made them less obligated to their relatives.

The receipt of financial assistance from relatives is likely to complicate the succession process. This results from the numerous demands on the organisations by relatives who might feel that they have a stake in the business because of the assistance they gave. These demands might include the appointment of a relative a successor even though he or she might not be the best qualified for the job.
Evidence from this study did not find extended family demands a threat to organisational succession of the indigenous businesses studied as all but one of the business-people started their businesses from scratch either on their own personal savings plus bank loans or assistance from their spouses. This financial independence from the extended family gave them independence to make decisions, including the decision to appoint a successor.

For inter-generational transfer of wealth to be successful, the appointment of the successor should not be based merely on sentimental reasons. It is important to ascertain that the successor should have both the ability and the inclination to go into business and the type of business he or she is called upon to take over. There is evidence, however, to suggest that the selection of some successors was influenced by traditional and sentimental factors. Older male children were the most preferred would-be successors. This is in line with traditional Shona custom where, for instance, ‘... the oldest son — provided he was of age — would, as the future head of the family, inherit the father’s fortune’ (Wild, 1997, 123).

DELEGATION AND SUCCESSION

Effective delegation is a necessary condition for a smooth succession. This is because delegating some of the chief executive’s powers and responsibilities to the possible successor prepares the latter and the subordinates for the eventual takeover. In large bureaucratic organisations, the succession process is generally routinised through the use of rules regulating retirement, rotation, and promotion of chief officials especially the chief executive (Grusky, 1961, 261).

In such organisations the succession event is less likely to be disruptive. This is because usually, well before the chief executive dies, retires or is incapacitated in any manner, a successor would have been chosen and prepared for the eventual takeover. Delegation of some of the chief executive’s powers and responsibilities becomes an indispensable condition for a smooth succession. Even in the event of a sudden death or incapacitation of the chief executive, an organisation which has been encouraging delegation of power and responsibilities to the chief executive’s subordinates is less likely to experience serious instability during succession than one which does not.

Indigenous businesses are generally small and unbureaucratic. These characteristics, coupled with the autocratic leadership characteristic of entrepreneurs, are likely to render the succession process in these organisations unpredictable and more likely to be disruptive.
CONCLUSION

A lot of existing literature on entrepreneurship and small business formation (Schumpeter, 1934; 1947; 1954; Mill, 1848; MacLelland, 1961) has often concentrated on the individual entrepreneurs. Such literature has often highlighted the requisite personal characteristics for the creation of a successful enterprise. This often over-romanticised role of the individual entrepreneur usually overlooks the collective nature of any organisation.

Regardless of how energetic and knowledgeable an individual entrepreneur can be, he or she needs the efforts and ideas of others in order for the vision to be fulfilled and to continue to exist. While in conditions of general stagnation (economic, political etc.) or incremental change the focus on individuals who introduce or have the potential to introduce innovation is justified, there is need to emphasise that the successful running and the continued survival of the organisation, once established, are issues that transcend the efforts of an individual. This calls for entrepreneurship training programmes that emphasise on collective entrepreneurship.

Developing a succession plan is much easier in an organisation which values participative decision-making and delegation of authority and responsibilities. Whether the founder wants to leave the business to his offsprings or to professional managers, it is important to bring the potential successor into the organisation as soon as possible. The tendency, however, is to leave the potential successor out of the business until it is too late. Small-scale businesses may not have resources to pay professional managers. Furthermore, if the firm's turnover has historically been poor, necessitating constant bail-outs from relatives, this would be a sufficient disincentive for any potential successor.

The future of Africa's economic development lies in the promotion of indigenous small and medium businesses alongside the multinational corporations. To encourage the setting up of small-scale indigenous businesses calls for the encouragement and promotion of entrepreneurship. The first step towards this goal is to realise that entrepreneurship is not a mystical and rare gift bestowed to only a few individuals by God's grace. Once we realise that entrepreneurship can be learned we can proceed to make it an integral part of our entrepreneurial development efforts.

The continuity of our business enterprises beyond the founder is possible if there is a well prepared succession plan before the founder goes. Leadership in many small-scale enterprises is personalised. This kind of leadership does not easily lend itself to delegation and makes planning for the succession very difficult. African entrepreneurial
development efforts have a challenge to develop entrepreneurship approaches that give primacy to the collectivity rather than the individual.

References


