



Post- Covid-19: Mitigating Unemployment Rate through Family Owned Businesses in South - East, Nigeria

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Abstract

The absence of a well-developed transition has resulted in the closure of many family-owned businesses in Nigeria leading to unemployment of the young family owners and adverse consequence on Economic growth. The study was conducted to examine the extent of the relationship between family owned businesses and unemployment rate in South- East, Nigeria. The study employed a survey research design on the two family-owned enterprises and used Taro Yamme formula to determine a sample size of 334 from a population of 2057. Descriptive Statistics of mean, Standard Deviation and regression analyses was used for data analyses and test of hypotheses. Result shows that family owned businesses have positive significant effect on unemployment rate in South- East, Nigeria. Recommendations include that government, organizations and owners of businesses should provide an enabling environment for apprenticeship programme to enhance skills development of youth economically, socially and psychologically to reduce unemployment rate. The study conclude that family-owned businesses significantly has a strong relationship with unemployment rate in South-East, Nigeria.

Keywords: Business, Unemployment, Family, Succession, Apprenticeship

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I. Introduction

In only a few months, the Coronavirus (Covid-19) pandemic has disrupted livelihoods for millions of people and family's education and training opportunities for youths have also been interrupted, creating long-term implications for Post - Covid recovery worldwide. (Robinson, Sani & Aminu, 2020). From time to time, organizations, owners and managers of family owned businesses have continued to search for various options to reduce unemployment through achieving entrepreneurial sustainability in their enterprises. One of the strategies they have found that can reduce unemployment is mitigating unemployment through apprenticeship (Obialor, 2021).

Family business remains the oldest and most common type of business enterprise and source of employment through apprenticeship in developed and developing economies. Transition is germane to the continuance of any family owned enterprise. A well-structured transition plan ensures a hitch-free transition in ownership as well as management of the family enterprise (Nwuke, 2017). The absence of a well-developed transition has resulted in the closure of many family-owned businesses in Nigeria leading to unemployment of the young family owners and adverse consequence on Economic growth.

Apprenticeship experience and succession planning are critical issues for family-owned enterprises. A large fraction of family-owned businesses transfer ownership and control to family members or relatives, but in most cases, family members put in charge of the business lack the requisite skills needed in managing the business. Merwe (2009) assert that only few family-owned businesses succeed after transition. The failure of family-owned businesses could be attributed to various factors but the most important factors is the lack of apprenticeship experience supposed to have gain before transition.

According to Adedayo, Olanipekun & Ojo, (2016) most founders of family-owned businesses do not find it good to talk about death, ageing, retirement, etc. and yet fail in their responsibility to prepare a successor through apprenticeship training. As pointed out by Ogundele (2012), most founders' fail to retire from their

business or transit leadership to another person in the family till they pass away. Family businesses continue function efficiently after the demise of the founders. The syndrome is pervasive in Nigeria, like any developing nation. The mortality of family-owned businesses and consequently, the major problem bedeviling family-business in Nigeria is lack of adequate preparation of successor(s) in becoming entrepreneurial through apprenticeship skill acquisition in most of these firms.

The idea of apprenticeship necessarily focuses attention on the specific nature of the activity involved, as well as on its relation to practices and institutions of the community in which it occurs economically. Similarly, Cantor & Danbury (1993) define apprenticeship training to mean where the employer agrees to provide structured and formal training in a specific field(s) or trade over a defined period of time. The apprenticeship programme is for skills development of youth as artisans who later find use for them and eventually, gets participants empowered economically, socially and psychologically.

Unemployment as describe by Akewushola, Olateju, & Adeyemi (2014) consists of all persons who during the reference period, were not working but who were seeking work for pay or profit, including those who never worked before. Hence considering the high level of unemployment in Nigeria, there is urgent need to orientate the youths by inculcating in the youths, self-empowerment and entrepreneurship through apprenticeship training programmes to prepare them for intervention before transition (Nkechi 2012). However, apprenticeship that could lead to sustainable entrepreneurship is such that refers to the discovering, creation and exploitation of entrepreneurial opportunities that contribute to sustainability by generating social environmental gains for others in the society (Florian, 2020 cited in Obialor, 2021).

Statement of the problem

Apprenticeship experience or succession planning is a critical issue for most family-owned enterprises. Most family-owned businesses transfer ownership and control to family members (or relatives) but in most cases, family members put in charge of the business lack the requisite skills needed in managing the business. Consequently, the absence of these skills results in the closure of the business. Similarly, most founders fail to retire from their business or transit leadership to another person in the family till they pass away. The study therefore is faced with the challenge of examining the influence of family-owned businesses on mitigating unemployment rate in Nigeria through apprenticeship.

Objectives of the study

The main objective of the study is to examine the influence of family-owned businesses on mitigating unemployment rate in Nigeria through apprenticeship. Specifically, the study is to:

1. examine how transition plan influence unemployment rate.
2. determine how apprenticeship affects unemployment rate.

Research questions

1. What is the influence of transition plan on unemployment rate?
2. What is the effect of apprenticeship on unemployment rate?

Research Hypotheses

1. Transition plan have no significant influence on unemployment rate.
2. Apprenticeship have no significant effect on unemployment rate.

II. Literature Review

Family Business: Succession and Employment Creation.

Adedayo, etal (2016) posit that family business is a form of business organization where people who are associated by blood and marriage possess control of ownership and thus management of the enterprises. Hatak (2015) sees family business as a source of employment and livelihood in which family members own majority of the firm's shareholdings and occupy top management positions. Entrepreneurship creates employment, produces creativity and innovation, and increases the total production of a country to promote economic growth and wealth creation (Shane 2003 cited in Obialor & Ayandele, 2022).

In some developed economies of the world, entrepreneurship has contributed immensely in reducing the extent of unemployment among the youths. Similarly, in the developing nations such as Nigeria, unemployment has become a recurrent ailment that desire urgent cure. Globally, entrepreneurship programs introduced into educational institutions were meant to provide the level of education or knowledge needed to exploit entrepreneurial opportunity which could help the economic development of such countries (Dabo, 2018 cited in Obialor & Ayandele, 2022). Hence, entrepreneurship through entrepreneurship skill acquisition is the most critical factor in the utilization of entrepreneurship opportunities for self-employment (Ekpe, Razak, & Mat, 2012 cited in Obialor & Ayandele, 2022).

However, resistance to succession of family business could possibly reflect at four interrelated levels namely; individual-founder interpersonal group-family members, organization-non-family members and environmental factors (Yan & Sorenson 2012). In most cases, resistance to succession emanates from the reluctance of founders to transfer the management position to very potential successors. Transition of control and management of the enterprise should be based on skills, competences, capabilities, and personal disposition acquired by potential successors. Transition and management of the family business, thus provides source of livelihood by way of creating permanent employment for the family members.

Theoretical Review

The Theory of Planned Behaviour (TPB)

The theory of planned behaviour (TPB) has emerged as one of the most dominant popular conceptual frame-work for the study of human action. The adaptation of the theory of planned behaviour builds upon the theory of reasoned action (TRA) (Fishbein & Ajzen,175) which add the additional variable of control. This takes in consideration factors that are outside of one's own control. The theory planned behaviour consists of seven measurable variables and the eight factor. Actual behavioural control as of now is unmeasured due to the nature of the internal factors that can change unexpectedly thus stopping the intended performance of a behaviour.

Intention is the closet deterrent to the actual behaviour. Attitude toward the behaviour, subjective norms, and perceived behavioural control are antecedents to intention. The remaining variables are beliefs; behavioural beliefs, normative beliefs, and control beliefs. Beliefs play a central role in the theory of planned behaviour. They are assumed to provide the cognitive and affective foundations for attitudes, subjective norms, and perceptions of behavioural control (Ajzen 2002). The central construct of the TPB is the individual's intention to perform a given behaviour (Ajzen 2001).

Transformational Leadership Theory

The theory of transformational leadership concentrates on raising and nurturing followers (potential successors) towards having uniform goals and objectives. The theory focuses on training potential successors on the acquisition of relevant skills and competences needed to achieve the goal of the business. Four elements of transformational leadership according to Mc Cleskey (2014) includes; keenness of followers/successors to imitate their leader, demonstration of appropriate behaviour by the leaders question the rationale of follower's decisions, leaders coach and acts as role models to their followers.

Most family businesses find difficulty in surviving in post-transition period and thus need effective leadership style that motivates employees to get committed into the future goals of leadership theory which provides the kind of leadership that would enable family businesses survive after transition from founding generations.

III. Methodology

The study employed a survey research design on the two family- owned enterprises, Denco Stores Nigeria limited and Iwuoha farms Nigeria limited in Owerri and Enugu, South- East Nigeria, with an error margin of 0.05%, having a total population of 2057 and a sample size of 334.88 determined using Taro Yamme formula:

$$n = \frac{N}{1 + N(e)^2}$$

Where n = Sample size

N= Population size

e = Error margin (0.05 significance level)

IV. Results and Discussion of Findings

Research Question 1

To answer the question on the influence of transition plan on unemployment rate, four (4) questions were designed in the questionnaire and their responses given in table.1 revealed that the expected response frequency was 2028, with response rate of "very large influence" 1683 (83%), 223 (11%), of "very low influence and low influence" and 122(6%) of undecided. This reports that 83% of the respondents were in agreement that transition plan have significant influence on unemployment rate, while 223(11%) did not agree and 122 were indifferent. (See appendix).

Test of Hypothesis One

H0₁: Transition plan have no significant influence on unemployment rate.

Fisher's exact value test at 0.05 was used to test for statistical significance = 348.6, P<0.05. This reveals that the association of two variables is significant and the regression sum of squares (8.27) which is greater than the mean squares (1.37) means that there is significant relationship between the dependent and independent

variables. Also the value of F-ratio $(0.00) < (0.05)$, therefore rejects the null hypothesis and accept the alternative which states that transition plan have a significant influence on unemployment rate in South- East Nigeria. (See table 4).

Research Question.2

To answer question on the what is the effect of apprenticeship on unemployment rate, five questions were designed to give answers to the effect of apprenticeship on unemployment rate in South-East, Nigeria. The result of the analysis based on the cumulative response showed the expected response frequency of 2535, while the observed response of strongly agree/agree was 2494 (98.4%), 38(1.5%) of strongly disagree and disagree and 3(0.1%) rate of undecided. This implied that 98.4% of the respondents agreed that the failure of family-owned businesses could be attributed to various factors but the most important factors is the lack of apprenticeship experience supposed to have gain before transition, while 1.5% disagreed to the assertion, only 0.1% were indifferent. (See Appendix 2).

Test of Hypothesis Two

H0₂: Apprenticeship have no significant effect on unemployment rate. Fisher's exact value test at 0.05 level of significance = 29.82, $P < 0.05$ with a mean score of 4.35 and a standard deviation of 0.54. The regression sum of squares (8.27) is greater than the mean squares (1.37). This means that the relationship between the dependent and independent variable was significant. Because also that F-ratio $0.00 < 0.05$ level of significance and a T-test value of 1.0000, the null hypothesis was rejected and the alternative accepted, which states that Apprenticeship have positive significant effect on unemployment rate. (See appendix table .8)

V. Recommendations

- i. Managers of family-owned business should provide cognitive and affective foundations for attitudes, subjective norms, and perceptions of behavioural control to encourage apprenticeship and succession of family-owned businesses to reduce unemployment rate.
- ii. Government, organizations and owners of businesses should provide an enabling environment for apprenticeship programme to enhance skills development of youth economically, socially and psychologically to reduce unemployment rate.

VI. Conclusion

To evaluate the influence of transition plan on unemployment rate, the result of the analysis reports that 83% of the respondents agreed that transition plan have a significant influence on unemployment rate in South-East Nigeria. Fisher's Exact Value = 348.6, $P < 0.05$, also proved that there is significant positive relationship between transition plan and unemployment rate in South- East Nigeria. The result of the hypothesis test led to the rejection of the null and acceptance of the alternative hypothesis.

In analyzing the second research question, result showed that 98.4% of the respondents agreed that failure of family-owned businesses could be attributed to various factors but the most important factors is the lack of apprenticeship experience supposed to have gain before transition. The hypothesis test using fisher's exact test value reports that 29.82, $P < 0.05$, indicating that apprenticeship have positive significant effect on unemployment rate, thus, reject null hypothesis and accept the alternative. The study concluded that family-owned businesses significantly has a strong relationship with unemployment rate in South-East, Nigeria, having critically analyzed the two hypotheses of the study.

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APPENDIX
Table 1. Coded Response for Question 1

Question: whatis the influence of family-owned business on unemployment rate?	VLE/LE		VLOE/LE		UD	TOTAL
	5	4	3	2		
A: Transition and management of the family business, provides source of livelihood by way of creating permanent employment for the family members.	477 (94.1%)		23 (4.5%)		7 (1.4%)	507
B: The failure of family-owned businesses could be attributed to various factors but the most important factors is the lack of apprenticeship experience supposed to have gain before transition.	433 (85.4%)		50 (9.9%)		24 (4.7%)	507
C. Transition of control and management of the enterprise should be based on skills, competences, capabilities, and personal disposition acquired by potential successors.	395 (77.9%)		72 (14.2%)		40 (7.9%)	507
D: Most founders’ fail to retire from their business or transit leadership to another person in the family till they pass away.	378 (74.6%)		78 (15.4%)		51 (10%)	507
Grand Total	1683		223		122	2028
Percentage	83%		11%		6%	100%

Table.2 Descriptive Statistics

Variable : Influence of family-owned Business on Unemployment rate?	Count	Mean	Std.Dev.	Minimum	Maximum
	53	4.53	o.39	3.5	5

Table.3 Regression Coefficients T- Test

Independent Variable	Regression Coefficient	Std Error	Std Coeff.	T- Statistic	Prob.	Reject H ₀ at 5%	Power of Test at 5%
Influence of Family-owned Business on Unemployment rate.	1.0000	0					

Table.4 Analysis of Variance

Source	DF	R ²	Sum of Squares	Mean of Squares	F-Ratio	Prob. level	Power at 5%
Intercept	1		1091.779	1091.779			
Model	6	1.0000	8.27	1.37	0.000	1.000	0.0500
Error	46	0.0000	0	0	0		
Total	52	1.0000	0	0.15			

Table.5 Coded Response for Question .2

Question: What is the effect of apprenticeship on unemployment rate?

	5	4	3	2	1
A. Most founders of family-owned businesses do not find it good to talk about death, ageing, retirement, etc. and yet fail in their responsibility to prepare a successor through apprenticeship training.	498 (98.2%)	9 (1.8%)	-	-	507 -
B. Family businesses continue function efficiently after the demise of the founders.	500 (98.6%)	6 (1.2%)	1 (0.2%)	-	507 -
C. Resistance to succession emanates from the reluctance of founders to transfer the management position to very potential successors.	504 (99.4%)	3 (0.6%)	-	-	507 -
D. Failure of family-owned businesses could be attributed to various factors but the most important factors is the lack of apprenticeship experience supposed to have gain before transition.	507 (100%)	-	-	-	507 -
E. Only few family-owned businesses succeed after transition.	485 (95.7%)	20 (3.9%)	2 (0.4%)	-	507 -
Grand Total	2494	38	3		
Percentage	98.4%	1.5%	0.1%		100

Table.6 Descriptive statistics

Variable	Count	Mean	Std Dev.	Minimum	Maximum
Effect of apprenticeship on unemployment rate	53	4.35	0.54	3.4	5

Table.7 Regression coefficients T-Test

Independent Variable	Regression Coeff.	Std. Error	Std. Coeff.	T-statistics to Test H ₀ :(1) =0	Prob. level Ho: at 5%	Reject at 5%	Power test at 5%
Apprenticeship on unemployment rate	1	0	1.000				

Table.8 Analysis of variable detail

Source	DF	R ²	Sum of Squares	Mean Square	F-Ratio level	Prob	Power at 5%
Intercept.1	1		1.091.779	1091.779			
Model	4	1.000	8.27	1.37	0.000	1.000	0.0500
Question.1	1	0.000	0	0	0		
Normality	1.0000	0.000	8.27	0.15	0	-	-
