

Family Business Ownership and Inheritance in an Age of Globalization: A Study of Some Transport Companies of Igbo Entrepreneurs in Nigeria

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Abstract

This study examined the family business ownership and inheritance in an age of globalization, focusing on some transport companies of Igbo entrepreneurs in Nigeria. The study was carried out using qualitative approach. The data were collected from purposively selected staff in the identified transport companies, and it involved the use of in-depth interview questions. The qualitative data were analyzed by comprehensively discussing the interviews gathered from the respondents in line with the aim of the study. The study discovers that the entrepreneurs who have taken over from the originators have added much value and expansion to the business. This however, is as a result of their global exposure, education, training, and innovations. Furthermore, the study discovers two perspectives of globalization by the respondents, namely local and global, that is, internal and external. By local, globalization is meant venturing into nationwide transportation activities with contemporary demands. On the other hand, global or external perspective involves operating outside Nigeria, especially venturing into the west Coast of Africa and taking cargo to Europe, North America, and some other parts of the globe. However, based on its findings, the study recommends: succession planning by the founders of transport business of Igboland; proper educational and entrepreneurial exposure and training given to the prospective successors of transport business, among others.

Keywords: Family Business, Ownership, Inheritance, Globalization, Entrepreneurship, Transport Companies

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I. Introduction

This study is an about family business ownership and inheritance of some transport companies of Igbo entrepreneurs in the Southeastern part of Nigeria. The success of Igbo transport business cannot be distanced from the sacrifices made by the entrepreneurs. Aside from hard work, diligence and courage in the face of risk, the entrepreneurs were not to eat their future or spend what was meant for the future. They did not eat with their ten fingers, as it were. The wealth they accumulated was to serve as the springboard on which their heirs were to take off and consolidate. They imbibed totally what Max Webber (Coser, 1977) referred to as Protestant Ethic, which is the value attached to hard work, thrift, frugality, and efficiency, in one's chosen profession or vocation. The success of any business is based on the availability of capital (Mason & Brown, 2013). The capitalists and the multinationals are so referred because of access to capital or seed money deployed to doing business. The role of capital in business has been eulogized by Weber who identified natural relationship between business and capital.

One strong point on inheritance is that it is necessary within the framework of an economy of individual property to guarantee the continuity of enterprise, without which long range economic activity could not flourish (Rheinstein & Glendon, 2023). However, it renders possible the acquisition of wealth without work and because it is regarded as a principal source of economic inequality (Rheinstein & Glendon, 2023).

1.1 Challenges Facing Transportation Business

Transport business is a challenging one. From passenger handling, cargo and luggage handling, acquisition of vehicles to repairs, servicing and maintenance of vehicles, there are challenging moments. Surmounting the challenges means continuity of business; otherwise, the business goes under. A transport company should choose vehicle type and make depending on the distance and terrain it plys. Maintaining vehicles can be very expensive. Spare parts can be both scarce and expensive. There can also exist fake and

substandard parts. Fake and substandard lubricants abound too. Some motor engineers and mechanics may not have the required know-how, knowledge and skill to identify damaged parts and to fix same. The implication of all these however, is that motor transport companies must have good engineers, qualified mechanics; and must source their spare parts from shops that have reputation. This will minimize incidences of breakdown of vehicles.

Passenger and cargo handling is also another challenging area of motor transportation (Onokala, & Olajide, 2020). Passenger satisfaction can be an uphill task. Most passengers are temperamental, making them touchy. They can be quarrelsome. Transport workers can be disrespectful, infringing on the rights and dignity of passengers. Cargo may damage or missing. Transport business therefore requires expertise, diligence, and patience.

1.2 The Concept of Entrepreneurship

According to Cooney (2012), an entrepreneur is one who uses his skill to discover hidden business opportunity and exploits it for profit. He is engaged in entrepreneurship, that is, man's efforts at producing better goods and services and in improving his standard of living from creation of the world to the present.

The entrepreneur is always consumed by his entrepreneurial spirit as he pursues his entrepreneurship skills (Licht, 2007). Entrepreneurship is a dynamic process of creating incremental wealth (Mokaya, Namusonge, & Sikalieh, 2012). A process of creating something new with value by devoting the necessary time and effort, assuming the accompanying financial, psychic, and social risks, and receiving the resulting rewards of monetary and personal satisfaction and independence financially (Buzza & Mosca, 2009). For Emmanuel (2011), entrepreneurship is the identification of gaps and business opportunities in one's immediate environment and bringing together the necessary resources in an innovative way.

1.3 Family Business and Ownership

Researchers have traditionally started their definition of a family business by looking at three areas of involvement in a business: ownership, management, and succession from one generation to the next (Hoover & Lombard-Hoover, 1999; Davis & Tagiuri, 1989). A family business is owned, governed, and managed with the intention of shaping and pursuing a vision of the business as one that lasts across generations of one or more families. One important and descriptive feature of a family business is that the entrepreneur or, in later generations, the CEO, and one or more members of his or her family play an influential role in the firm. This influence can take the form of participation, ownership, control, strategic preferences, and/or the culture and values imparted to the enterprise. Family members can be involved in the enterprise as members of the management team, board members, shareholders, or members supporting a family foundation.

Family firms are an important source of economic development and growth; they create value through product, process, and service innovations that fuel growth and lead to prosperity (Rautiainen, 2012). The long-term nature of ownership in family firms allows them to dedicate the required resources to innovation and risk taking, thereby fostering entrepreneurship (Zahra, Hayton, & Salvato, 2004). The kinship ties unique to family firms have a positive effect on entrepreneurial opportunity recognition (Barney, Clark, & Alvarez, 2002).

Aldrich and Cliff (2003) suggest that families help founders establish ventures and lend support to ensure their founding and survival over time. They argue that families and their businesses are inextricably intertwined. Changes within the family have implications for the emergence of new business opportunities, opportunity recognition, business start-up decisions, and the resource mobilization process. Aldrich and Cliff (2003) also suggest that entrepreneurship scholars would benefit from a family embeddedness perspective on new venture creation.

According to Dunn (1999), ensuring the long-term survival of a family business means preparing it for the personal and organizational development tasks it will face in the future, by considering people, families, and businesses as dynamic entities undergoing clinical processes of birth, growth, and decline. Family businesses are unique; no other type of business enterprise has this structural form (Rautiainen, 2012). This explains the complexity that goes with having a family system, a business system, and an ownership system linked together through wealth, legal structures, employment structures, and emotional or relational bonds (Rautiainen, 2012).

Long-lived family businesses face particular challenges as the family and business grow older and larger over time (Rautiainen, 2012). Family ownership may be seen as an opportunity or a threat, depending on a variety of factors (Rautiainen, 2012). Family-internal management-ownership interactions can produce significant adaptive capacity and competitive advantage, or alternately can be a source of significant vulnerability in the face of generational or competitive change (Rautiainen, 2012). As ownership is dispersed, control over the business becomes harder to exercise (Schulze, Lubatkin, & Dino, 2003). Firms develop from family-owned business into managerially controlled enterprises with broadly shared ownership (Franks, Mayer, Volpin, & Wagner, 2010). Ownership in a family business is not seen as a liquid asset, but as property that is built and developed by the family over generations (Rautiainen, 2012). Family businesses do not only thrive,

many are also expanding. With this expansion in size and scope, the family business comes up against limits in management capacity, financial capacity, and the human and technical resources that the family can offer (Rautiainen, 2012). When a family business expands in scope into industries requiring greater amounts of capital, such as manufacturing, the family often needs to obtain the capital externally (Rautiainen, 2012).

1.4 The Concept of Globalization

It is a process by which goods, services and capital move across borders, and of course the transaction of ideas and values (International Monetary Fund, 2008). For Nnadozie (2007), the world is a global village. Owing to great advances in science and technology, it is now possible for people across countries and continents to communicate in a matter of seconds. Different goods and services are rapidly and easily finding their way across national borders and continents in what is now today called global market (Paterson Institute for International Economics, 2022). For Asouzu (2004), globalization has helped to produce a new generation of national and international citizens who are more conscious of similarities among human beings and who endeavour to use this to facilitate higher form of self-actualization both for individual and for communities. Globalization with its implicit nationalization and internalization of human person has thus, proved a very advantageous idea since based on the ideals driving it, most regional and national issues easily assume international dimensions with the attendant urgent attention and positive responses they continue to receive (International Monetary Fund, 2002).

Nnadozie (2007) notes what he describes as the contradiction of globalization. On the one hand, for example, it offers major innovation and benefits, including gains in productivity, technological advances, and higher standards of living, more jobs, broader access to consumer products at lower cost, widespread dissemination of information and knowledge, reduction in poverty in some parts of the world, and a release from long standing stereo-types in many countries. But on the other hand and concurrently, so many communities, countries, regions and even continents are paying high prices for being integrated into or for sharing in the current global political economy.

Globalization under the current international political economy is certainly hurting rather than helping African states and economies (Nnadozie, 2007). This is because under the current state of their underdeveloped and disjointed economies, African states are not capable of participating positively and meaningfully in the globalization process and cannot derive any enduring and meaningful benefit from the process (Nnadozie, 2007).

II. Materials and Method

2.1 Area of Study

The study covers five (5) motor transport companies that meet the criteria of active participation by family members even when the founders are still alive and/or when they have retired, or have died. These companies include Ekene Dili Chukwu Transport Company, Young Shall Grow Motors Limited, Ifesinachi Motors, Peace Mass Transport Company (PMT), and GUO. These are motor transport companies that are founded by entrepreneurs, and at the demise of some of them, the business were taken over by their offspring.

2.2 Method Data Collection

The study was carried out using qualitative approach. Data were collected from purposively selected staff in the identified transport companies. This was done through in-depth interview questions. The questions were the same for all the transport companies. For all the selected companies, Administrative Heads and Inherited Owners of the selected transport companies were interviewed. However, the interviews were collated, transcribed, analyzed, and presented.

2.3 Method of Data Analysis

The qualitative data were analyzed by comprehensively discussing the interviews gathered from the respondents in line with the aim of the study.

III. Thematic Analysis and Discussion

At the end of the interaction and fact-finding exercise with the informants, the following themes were teased out from the questions. The probe gave birth to insights that have been captured in the following four themes: Inheritance and Growth of Transportation; Globalization and Igbo Transport Business; Experience as important for the survival of Transport Business; Environment of Business as critical, challenging and stimulating.

3.1 Inheritance and Growth of Transportation

Starting a business is not an easy business. It takes a resolved and brilliant entrepreneur to start and grow a business. Leaving business behind for forebears is therefore one of the best things that can happen to a family.

This is the reality of inherited business. Those who are currently in charge of the business never start it, but because they have taken over from their parents and/or relations, and for the reason that they are younger and are following current trends, are in a better position, given the growth of knowledge and exposure, to improve on what they inherited and expand the scope, operations, and passenger handling and vehicle maintenance. Today they can boast of many vehicles and many routes which they cover. What started in a small scale has today grown to be big business concern. Transportation business has created a situation where one can now choose either to go by air or go with the busses because the services has improved and the vehicles very attractive and well maintained even as they are in varieties. That the inherited transport business have endured and still thriving, expanding with innovations in tandem with contemporary global trends, strongly underscores the growth.

3.2 Globalization and Igbo Transport Business

Informants agreed totally that globalization is a trend that has come to stay. There is little one can do about it than to embrace it and meet with the challenges that come with it. Globalization, according to the informants, can be seen in two perspectives, namely local and global, that is, internal and external. By local, globalization is meant venturing into nationwide transportation activities with contemporary demands. They reasoned that the period their forebears operated transport business had changed, exposing them to new ways of doing things and new people, with new mindset and better education, to attend. Of course, global or external perspective involves operating outside Nigeria, especially venturing into the west Coast of Africa and taking cargo to Europe, North America, and some other parts of the globe. It also means a new way of doing things. The new way of doing things is what has been called global best practices. The growth of modern communication has brought the world together. Knowledge is now seconds away. This is a wakeup call for those in the transport industry to try new things, put on their thinking cap and think outside the box, as it were. Aside from the number of transport companies we have studied, it is noticed that there is growing number of companies springing in the transport subsector and are even venturing beyond the shores of Nigeria.

3.3 Experience as important for the survival of Transport Business

Informants admitted that the old saying that 'experience is the best teacher' and that 'experience is not bought with money' is apt in this scenario. Experience is not inherited, nor is it passed on as such. Experience is not genetic, nor familiar, and so does not run in the blood or in the family. It is something that one gets by practically being involved. Passenger handling, vehicle maintenance, route management, cargo handling, dispute settlement, all require experience. The informants said they had had various forms of training and retraining that gave them experience and improve their knowledge and understanding. For instance, many admitted starting with apprenticeship through regularly making themselves available and working with staff of the company especially experienced ones. This took them several years. This is what is referred to as 'on-the-job training'. They also added that they have constantly improved by going for further training and even going to acquire University education.

3.4 Environment of Business as Critical, Challenging and Stimulating

Every business has its environment. Understanding the terrain of business, that is, the environment of business is very important to the survival or otherwise of any business. Informants were of the agreement that the challenging nature of transport business, coupled with the ever changing, ever unpredictable nature of the Nigeria economy and policy, one who does not understand the business environment in Nigeria will rather close down operations. One major preparation in business is to understand the environment of business, be they social, religious, cultural, or political. Nigeria business environment seem to be the most challenging with high probability of unpredictability making forecast at time uninteresting. A good understanding of the way it works, including the fact that it is highly unpredictable and challenging, even the best of managers is an experience worth having. It is the key to success in the transported industry in Nigeria.

Inheriting transportation in the era of globalization is tasking, challenging, but also exciting and profitable. For one thing, it has exposed the operators to the outside world and the skills and knowledge required to do business in the transport sector. It has become so exciting that aside from human cargo, almost every other item can be transported. This has given rise to logistics section as a growing business. Every serious transport business has added logistics, some operating as another independent company.

IV. Conclusion and Recommendations

Most of the Igbo indigenes operating inherited business in the age of globalization are thriving. This study shows that they have survived the test of time. Doing business in Nigeria and elsewhere is not always easy given the unfriendly business environment. Inheriting business does not mean inheriting the acumen and the skills and competences required to carry on business. More challenging is doing business in the transport

subsector in an age of globalization; this is indeed a herculean task. However, success recorded in the transport subsector by the people of Igbo extract is encouraging. This can be attested by the increase in fleet and routes as well as luxury buses. Also to mention, is adding logistics section to the transport business to take care of cargo and parcels, thereby competing with cargo and courier companies. The success is as a result of taking business very seriously and understanding the environment of business. Although globalization may seem challenging, it also offers opportunity for success. It opens the way to new knowledge, new opportunities, innovations, and new horizon of business. Globalization is all about advantage if the business operators can take advantage of it. However, based on the findings, the study proposed the following recommendations:

- i. There should be a succession planning by the founders of transport business of Igbo extraction. This would enhance business continuity.
- ii. There should be proper exposure and training given to the prospective successors of transport business; they should have the needed academic and entrepreneurial exposure, be good with the global trend, and have good knowledge of ICT.
- iii. The staff should always be trained and retrained on globalization strategies, customer care and satisfaction.
- iv. Board members and shareholders should be instituted where it does not exist, and should be solidified where it already exists.
- v. Organizational legislation should be strictly followed, and whoever disobeys should be made to face disciplinary procedures, and if found guilty, should be punished accordingly.

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Appendix

**INTERVIEW QUESTIONS TO ELICIT INFORMATION IN RESPECT OF THE RESEARCH TITLE
“FAMILY BUSINESS OWNERSHIP AND INHERITANCE IN AN AGE OF GLOBALIZATION: A
STUDY OF SOME TRANSPORT COMPANIES OF IGBO ENTREPRENEURS IN NIGERIA”**

This interview is to ascertain the views of Administrative Heads and Inherited Owners of the selected transport companies regarding how ownership and inheritance of Igbo Transport Business affect the Globalization of the Business.

Please, how do you best describe yourself in this Company?

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1) We would like to know, from your experience in this Company, can you say that inheritance has contributed in any way to the growth of this business?

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2) Globalization, sometimes, does not treat us as expected. What can you say about this, with respect to transportation business?

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3) What is your stand on this claim that inheritance affects the level of interaction in transportation business?

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4) What can you say about inheritance and operational rules of transportation business?

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5) Considering your level of exposure in this business, can you say that there are strategies that need to be adopted or employed so as to globalize the business and enhance its contribution to economic growth.

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6) If I may ask you, what could be your rating regarding economic viability of globalization of Igbo family business?

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7) If you submit that inheritance has not weighed down transportation business in Igbo land, can I know from you, the extent to which this business has succeeded amidst economic ups and downs in the South-Eastern region and Nigeria at large?

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8) Irrespective of whatsoever, family business would continue to pass from generation unto generation. Therefore, can you please help us highlight some of the reasons for the interest and continuity especially with reference to transportation business in Igbo land?

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9) Since we look up to proffering solution, can you help us and point out some of the challenges of inherited Igbo transport business ownership in this global age?

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10) Inherited businesses suffer from lack of background knowledge and mentoring required for effective communication and trust, and to uphold the business rules and regulations, what can you say about this claim as it refers to your Company?

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