IJMSBR
https://www.ijmsbr.com/
Impact Factor: 6.049
DOI: 10.5281/zenodo.10370423

Ownership Composition and the Management of Family-Owned Businesses in the South-East, Nigeria

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Abstract
This study examined ownership composition and the management of family-owned businesses in South-East, Nigeria. Descriptive survey method based on primary and secondary sources of data collection was adopted. Data was obtained from primary and secondary sources. Primary data was gathered through questionnaire while the secondary data was gathered from a review of several research publications, annual reports, articles, textbooks, unpublished thesis, journals and internet sources related family businesses. The study population consisted of 43,868 family-owned businesses. The sample size is 554 determined using Cochran (1963) statistical formula. Analyses were carried out using simple descriptive statistics organized and presented in tables, frequency and simple percentages. At the inferential level of statistical analyses, the hypothesis was subjected to double-test using Pearson Product Moment Correlation Coefficient and Simple Linear Regression. To establish whether an outcome is statistically significant, the researcher set up a 5% significance level while a 95% confidence level was applied and tested at 5% (p-value ≤ 0.05) alpha level. All analyses were carried out in SPSS 20.0. The study found that the nature of ownership composition on the management in family-owned businesses has a significant relationship with a coefficient of 0.957 which is statistically significant with t = 4.723. The study concludes that the nature of ownership composition significantly affects the management of family-owned businesses in the South-East, Nigeria. The study recommends a separation of ownership and management so that experienced and professionals can be injected to manage the businesses to success.
Keywords: *Ownership Composition, Management and Family-owned Business*

Introduction: Ownership composition describes the different interest and stakes in business entities. In the family-owned business, each person in the family is a member of both the business and the family. Each person wears three hats: family, business and personal. Thus, the ownership and the management are sometimes fused. Studies on the effect of ownership composition on the management of firms are practically limited and this makes this study a timely intervention. There is little or no empirical evidence in Nigeria and in the South-East in particular yet on whether or not any family-owned business successes or failures could be attributed to the influence of the ownership on the management. Hence, the main objective of this study is to examine the effect of ownership composition on the management of family-owned businesses in the South-East, Nigeria. To achieve the research objective, one research question was formulated for the study: 'To what extent does ownership composition affect the management of family-owned businesses in the South-East, Nigeria?' In the same vein, a research hypothesis was formulated in line with the objectives of the study and research questions that states 'nature of ownership composition significantly affects management in family-owned businesses in the South-East, Nigeria.'

Literature Review:

Family ownership and family management may have separate, and even opposite effects on performance (Block, Jaskiewicz & Miller 2011; Alfredo, Kotlar, Giovanna & Lucio). Ownership composition gives a fair idea of the percentages of share held by the promoters, public, directors, private companies, institutional investors, government bodies and the foreign institutional investors in a firm. It also reveals the ownership pattern of the firm (Bijalwan & Madan, 2017). Berle and Means (1932) were the first authors to examine how ownership structure impacts decision making in the modern firm that is characterised by ownership dispersion (Juan & Jorge, 2015; Pervan, Pervan & Todoric, 2012). Also, Studies have shown that dominant family shareholders are common in many countries, both developed (Faccio & Lang, 2002; Holderness, 2009), developing (Claessens et al., 2002) and that firm's ownership structure has an important but ambiguous governance role (Shleifer & Vishny, 1997; Arcot & Bruno, 2012). The family business capital structure has been previously studied by Randy and Goel (2000); Kets de Vries, (1993); Leland and Toft, (1996) and many others. Evidence shows that the level of equity held by the firm's management does influence the firm's efficiency, profitability and capital structure and therefore its value (McConaughy et. al., 2001; Saravanan, 2009).

a. Categories of Ownership Composition

i. Concentrated Ownership: A family-owned firm which has more than 50% and above of its shares or by an individual shareholder, family or group is known as a firm with concentrated ownership. Many studies have simply dichotomized ownership concentration by characterising firms as manager-controlled or owner-controlled. Managerial control is inferred when the concentration of ownership is low so that the largest shareholder holds between four or five per cent (Berle & Means 1932; Salancik & Pfeffer 1980) to as high as 20% (Burch 1972; Kang & Sorensen, 1999). A study that distinguished among owner-controlled, manager-controlled, and owner managed firms found that owner-controlled and owner-managed firms produced significantly higher rates of return on investment than did manager-controlled firms (McEachern 1975; Kang & Sorensen, 1999). However, most studies using ownership thresholds indicate little or no difference, either in profit margin rate or rate of return to stockholders or between owner-controlled and manager-controlled firms (Kamerschen 1968, Monsen et a1 1968, Lewellen 1969, Larner 1970, Hindley 1970, Palmer 1973; Kang & Sorensen, 1999).

ii. Diversified Ownership: A family-owned business in which none of the stakeholders owns more than 25% share is known as diversified ownership structure.

iii. Block Holdings Ownership: A family-owned business with more than one individual family member holding above 25% or where more than one stakeholder holds between 25% to50% shares in the business is known as block holding ownership pattern.

b. Models of Family Business Ownership

Josh and Rob (2016) state that the lack of awareness that family business ownership requires a set of choices is perhaps the greatest and most harmful misconception in the field of family business. Thus, the authors posit that a failure to understand ownership options can ultimately cripple family business operations causing it to lose its competitive advantage. Thus, adopting an ownership model can help owners unlock a family business that's become very stuck. It can also be the one thing that can keep the family together. The different ways of owning family businesses though there can be hybrids of ownership are:

i. Owner/Operator Model: This is the simplest model which replicates the role of the founder and it keeps ownership control in one person or couple. For the owner/operator model to work, families need to find a means for deciding who gets to be the owner-successor that is perceived to be fair.

ii. Partnership Model: Partnership is unique in that leader in the business can be owners and benefit financially from it. For instance, in a massive shipping company run by five brothers as partners, the sons or heirs of the founders can expand the business they inherited from their father into a multi-billion Naira company. Their partnership will work because the brothers or heirs contributed more or less equally to the business's success and drew the same salaries and profit distributions. In this model, trouble can break out if the third generation of the four brothers invites their sons to enter the business with one of the brothers with just a daughter thereby creating a dilemma if she was not considered as a potential business partner, an exclusion that would cost her millions of Naira. Her father may give his brothers an ultimatum: either they admit his daughter, or he would exclude or ban their sons from entering the partnership.

iii. Distributed Model: This is the model where ownership is passed down to most or all descendants, whether or not they work in the company. The distributed model is the default position in most family-owned businesses. Parents usually want all their children to inherit equally and, besides, most assets are wrapped up in the company. The challenge with this model is that family members working in the business often disagree with those outside the business, differing, for example, on compensation and distribution policies.

iv. Nested Model: Various family branches can agree to own some assets jointly and others separately. This model believes that smaller family ownership groups can sit inside larger ones particularly if conflict or differences in preferences would interfere with decision-making on shared assets. However, for the nested model to work, the family must run the core business of the family as a profit-making venture and distributes relatively large dividends to the branches, which then uses the money to create their own business portfolios. The nested model can effectively reduce tension among branches while keeping the family together as a whole. The risk, however, is the underfunding of the core business in order to finance the outside investments.

v. Public Model: The public model is where at least a portion of the shares is publicly traded or where a family business behaves like a public company even though it remains privately held. Whether shares are publicly traded, or not, the business is run by professional managers, and the owners play a minimal role, usually limited to electing board members. Otherwise, they either support the direction of management or sell their shares. This model works well when the business requires a significant infusion of outside capital, or when owners are too numerous, dispersed, or disinterested to be engaged actively in decision-making. The key question then becomes how the family owners can maintain control when they play such a limited role in making decisions about the business.

Theoretical Framework

The theory guiding this study is the agency theory. An agency relationship is one where a "principal" delegates authority to an "agent" to perform some service for the principal. These relations may occur in a variety of social contexts involving the delegation of authority, including clients and service providers such as lawyers, citizens and politicians, political party members and party leaders, rulers and state officials, employers and employees, and stockholders and managers of corporations (Kiser 1998; Kang & Sorensen, 1999). Agency theory thus is defined as the relationship between two parties, the agent and the principal, the agent is delegated with some authority to make a decision on behalf of principals (Jensen & Meckling, 1976; Tuuli, 2014). The shareholder's delegate decision-making to the management on behalf of the shareholders, the decision should maximise the shareholder value. This relationship exists because of the separation of ownership and control in the company, the separation of the residual claimants and the decision maker in the company (Fama & Jensen, 1983). However, if both principals and agents have different objectives, the agents will not always act in the best interest of the principals (Jensen & Meckling, 1976; Tuuli, 2014). Hence, information adversely will affect the ability of the principals to effectively monitor the agent's behaviour. Self-seeking managers will maximise their own interest at the expense of the shareholder, and this is called a moral hazard. Another agency problem is an adverse selection that occurs when the principals do not have access to the information at the time agents make the decision on behalf of the principals (Adams, 1994). In the family business context, agency theory aims at the minimization of potential costs (Tuuli, 2014). Agency theory focuses on the principals (owners) and agents (managers) of a company. Agency theory has been used in compensation theory to explain the steps that the owner (i.e., the principal) can take to bring the interests of managers (i.e., agents) into alignment

(Welbourne & Gomez-Mejia, 1995). Steier (2003) applied agency theory to the family firm as follows. Since the owner (or principal) and manager (or agent) are typically part of the same family, monitoring, contracts or other coordination between the two should be more efficient and thus less expensive. If the owner and manager are one and the same, monitoring (of oneself) is obviously not even necessary, saving on agency costs. Randoy and Goel (2003) used this logic to assert that family firms may use more informal practices successfully to reduce costs and improve profitability.

Empirical Review:

Caixe and Krauter (2013) examined the influence of the ownership and control structure on corporate market value in Brazil. The study observed that Brazilian model of corporate governance is characterized by a highly concentrated ownership structure, which usually culminates in an overlap between ownership and management. Thus, the study aimed at testing whether ownership and control concentration influences corporate market value. An unbalanced panel was used for the period from 2001 to 2010, composed of 237 Brazilian non-financial publicly traded companies, totaling 1,199 observations. Dynamic regression models were used, estimated by the System Generalized Method of Moments (Sys-GMM), to mitigate possible sources of endogeneity, such as the omission of variables, the feedback effect, and the simultaneity. The study found a quadratic relationship between cash flow rights of the largest shareholder and firm market value. These are: ownership and control concentration affects market value of shares; Return on Equity (ROE) positively affected the market value of companies; the debt level positively influenced the market value of firms and that large corporations can be subject to greater agency problems and therefore higher monitoring costs, thereby reducing their market values.

Sciascia and Mazzola (2008) carried out a cross-sectional study on the family involvement in ownership and management using nonlinear effect on performance. Data was sourced from 620 privately held family firms in Italy. Two hypotheses on the relationships between family involvement in ownership and family involvement in management were tested on company performance using regression analyses. The study found a negative quadratic relationship between family involvement in management and performance. The study concludes that in privately held firms, the positive effects that previous literature associated with the presence of family managers do not appear strong enough to compensate for the disadvantages nor do they compensate for the costs deriving from the need to solve conflicts between family managers and the impossibility of enlarging the company’s social and intellectual capital through the employment of nonfamily managers. The study recommends that the managerial teams be to open up to non-family members especially in those cases where family involvement in management is high.

Arshad and Safdar (2009) explored the relationship between corporate governance and capital structure of listed companies in an emerging equity market, Pakistan from 2002 to 2005. Data for this study were sourced from 58 randomly selected non-financial listed companies from the Karachi Stock Exchange and was examined using multivariate regression analysis under the fixed effect model approach. Measures of corporate governance employed are board size, board composition and CEO/Chair duality. The impact of shareholding on financing decisions was also examined using managerial shareholding and institutional shareholding. The study found that board size and managerial shareholding was significantly negatively correlated with debt to equity ratio. However, corporate’s financing behaviour was not of found significantly influenced by CEO/Chair duality and the presence of non-executive directors on the board. Control variables such as firm size and return on assets were found to have a significant effect on capital structure. Debt to equity ratio was significantly affected by Size of the firm and an increase in size increase the tendency of the firm to exercise the mode of debt financing. The study concludes that corporate governance and ownership structure has important implications for the financing decisions.

Martin-Reyna and Duran-Encalada (2015) examined the relationship between ownership structure and performance of public firms in Mexico, considering debt and the structure of the board of directors as contextual and institutional factors. This study sought to explain the mixed results about the relationship between ownership and performance presented by other relevant studies in family and non-family businesses, mainly in emerging countries. The study sample comprised of 75 companies whose annual reports and financial information was collected from Economatica and ISI Emerging Markets. The study found a positive association between family ownership concentration and performance using Tobin's Q. However, the association of these variables with performance shows a contrasting effect in the case of the family as compared to non-family businesses.

Methodology:

The design adopted for this study is a descriptive survey method based on primary and secondary sources of data collection. The data for this study was obtained from primary sources otherwise known as field survey and secondary sources otherwise called desk survey. Primary data was gathered through a structured questionnaire. The objective was to gather related, rich, detailed and specific information used in the analyses and to confirm, corroborate, dispute, reject or establish new facts or truth. The secondary data was gathered from a review of several research publications, annual reports, articles, textbooks, unpublished thesis, journals and internet sources related to organization structure and family businesses. The study population consist of registered and unregistered family-owned businesses in Abia, Anambra, Ebonyi, Enugu and the Imo States. A pilot study conducted by the researcher indicates there are about 43,868 family-owned businesses in the South-East. Cochran (1963) statistical formula was used to determine the sample size that gives 554.To ensure that the sample size determined above truly represent each State, a stratified random sampling technique was adopted using Bowley's proportional allocation statistical technique. The survey instrument was developed on the basis of information required to examine the research objectives of the study and composed of structured questionnaire divided into two parts namely Part A and Part B. Part A provides general information about the respondents while Part B focuses on the research questions broken into item questions to elicit responses from the respondents about their businesses. Likert scale grading format was used in designing the questionnaire. To ascertain the validity of the research instrument, the researcher subjected the instrument to face, construct, contents and response validations. To test the reliability of the research instrument, a pilot study was carried out to ensure that the items in the questionnaire were stated in clear terms without ambiguity with the same meaning to all the respondents. In order to measure internal consistency, Spearman' Rank Correlation Coefficient (r) was used to test the reliability of responses by the 25 respondents. The result shows that the Cronbach's Alpha of $0.84 > 0.70$ was achieved. This implies that the reliability of the test instrument was very high and reliable too. The study analyses made using simple descriptive statistics organized and presented in tables, frequency and simple percentages to calculate, analyse, show and summarize the responses of the respondents and the research question in a meaningful way. At the inferential level of statistical analyses, the hypothesis was subjected to double-test using Pearson Product Moment Correlation Coefficient and Simple Linear Regression to determine their statistical significance or otherwise. To establish whether an outcome is statistically significant, the researcher set up a 5% significance level. This implies that the researcher accepted a statistical significance occurring 5 times out of 100 (5/100) by chance. Thus, a 95% confidence level was applied and tested at 5% (p-value ≤ 0.05) alpha level. The maximum acceptable risk of making type 1 error (rejecting the null hypotheses (H0) when it should have been accepted) is 5%. Hence, the decision rule adopted in this study is to reject the null hypotheses where the calculated p-value at 5% significance level with the respective degrees of freedom is greater than the critical or table value, otherwise, the null hypotheses should be accepted. However, using the probability value (p-value) produced from the SPSS software, the decision rule was to reject the null hypotheses if the probability value was less than the chosen 5% alpha level otherwise, accepted.

Data Presentation and Analysis

Table 1: Administration and Return of Questionnaire

Valid	Returned (R)	536	96.8	96.8	96.8
	Not Returned (NR)	18	3.2	3.2	100.0
	Total	554	100.0	100.0	

Source: IBM SPSS Statistics 20.0 Version.

The table 1 above shows that a total of five hundred and fifty-four (554) questionnaire was printed and administered to the respondents by the researcher. The breakdown shows that five hundred and thirty-six (536) representing a response rate of 96.8% were returned while eighteen (18) questionnaire representing a non-response rate of 3.2% were not returned.

Table 2: Abia State Questionnaire Administration and Return

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Returned (R)	137	95.1	95.1	95.1
	Not Returned (NR)	6	4.2	4.2	99.3
	Not Properly Filled	1	.7	.7	100.0
	Total	144	100.0	100.0	

Source: IBM SPSS Statistics 20.0 Version.

The table 2 above shows a total of one hundred and forty-four (144) questionnaire distributed to respondents in Abia State, South-East, Nigeria. The table also shows the breakdown of a questionnaire distributed and collected. A look at the table shows that one hundred and thirty-eight (138) questionnaire were returned out of one hundred and forty-four (144) distributed. This represents a 96.7% response rate. It further shows that one hundred and thirty-seven (137) were adjudged good for analyses representing 95.1%, one questionnaire was not properly filled representing 0.7% while six (6) questionnaire was not returned representing 4.2%.

Table 3: Anambra State Questionnaire Administration and Return

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Returned (R)	126	96.9	96.9	96.9
	Not Returned (NR)	3	2.3	2.3	99.2
	Not Properly Filled	1	.8	.8	100.0
	Total	130	100.0	100.0	

Source: IBM SPSS Statistics 20.0 Version.

The table 3 above shows that a total of one hundred and thirty (130) questionnaire were distributed to respondents in Anambra State, South-East, Nigeria. It shows the breakdown of a questionnaire distributed and collected. A look at the table shows that one hundred and twenty-seven (127) questionnaire were returned out of one hundred and thirty (130) distributed. This represents a 98.6% response rate. A further breakdown shows that one hundred and twenty-six (126) were adjudged good for analyses representing 96.9%, one questionnaire was not properly filled representing 0.8% while two (2) questionnaire was not returned representing 2.3%.

Table 4: Ebonyi State Questionnaire Administration and Return

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Returned (R)	93	98.9	98.9	98.9
	Not Returned (NR)	1	1.1	1.1	100.0
	Total	94	100.0	100.0	

Source: IBM SPSS Statistics 20.0 Version

The table 4 above shows that a total of ninety-four (94) questionnaire were distributed to respondents in Ebonyi State, South-East, Nigeria. A look at the table above shows the breakdown of the questionnaire distributed and collected in Ebonyi State. The table shows that all the ninety-four (94) questionnaire distributed were returned.

This represents 100.0% response rate. A further breakdown shows that ninety-three (93) was adjudged good for analyses representing 98.9% and one questionnaire was not properly filled representing 1.1%.

Table 5: Enugu State Questionnaire Administration and Return

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Returned (R)	83	97.6	97.6	97.6
	Not Returned (NR)	1	1.2	1.2	98.8
	Not Properly Filled	1	1.2	1.2	100.0
	Total	85	100.0	100.0	

Source: IBM SPSS Statistics 20.0 Version.

The table 5 above shows that a total of eighty-five (85) questionnaire were distributed to respondents in Enugu State, South-East, Nigeria. The table equally shows the breakdown of a questionnaire distributed and collected in Enugu State. It shows that eighty-four (84) out of eighty-five (85) questionnaire distributed were returned. This represents a 99.0% response rate. A further breakdown shows that eighty-three (83) were adjudged good for analyses representing 97.6%, one questionnaire was not properly filled representing 1.2% and one questionnaire was not properly filled representing 1.2% respectively.

Table 6: Imo State Questionnaire Administration and Return

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Returned (R)	97	96.0	96.0	96.0
	Not Returned (NR)	2	2.0	2.0	98.0
	Not Properly Filled	2	2.0	2.0	100.0
	Total	101	100.0	100.0	

Source: IBM SPSS Statistics 20.0 Version.

The table 6 above shows that a total of one hundred and one (101) questionnaire were distributed to respondents in Imo State, South-East, Nigeria. A look at the table above shows the breakdown of a questionnaire distributed and collected in Imo State. The table shows that the ninety-nine (99) questionnaire distributed were returned. This represents a 98.0% response rate. A further breakdown shows that ninety-seven (97) was adjudged good for analyses representing 96.0% and two questionnaires were not properly filled representing 2.0% while another two were not returned representing 2.0% respectively.

Analyses of Research Objective

How does ownership composition influence the management of family-owned businesses in South-East, Nigeria?

Coded responses on To what extent do you agree or disagree that ownership composition influences the management of family-owned businesses?

Table 7: Descriptive Statistics

	N	Sum	Mean	Std. Deviation
The influence of ownership composition on the management of family-owned businesses are finance, control, staffing, directing, planning and organizing	533	2064.0	3.872	1.2364
The management of family-owned businesses often lack the requisite knowledge, skills, ambitions, experience and expertise to manage to success	533	2034.0	3.816	1.2876
The management of family-owned businesses has a duty to ensure efficiency and effective utilization of material and manpower resources	533	2232.0	4.188	1.0684
Ownership composition in family business comprised of the founder(s) and members of his/her family as shareholders	533	1993.0	3.739	1.2867

The nature of a structure that unites the management and ownership in the family-owned business significantly and negatively affects the performance of the business	533	2073.0	3.889	1.3068
Valid N (listwise)	533			

Source: IBM SPSS Statistics 20.0 Version.

The table 7 above shows the mean score of each item question in the research question one. A calculation of the all the mean shows a grand total of 19.504 in all. A further breakdown shows a grand mean score of 3.9. Thus, given that the acceptance point is 3.0, the grand mean value of 3.9 as calculated from the descriptive table above indicates that the nature of ownership composition significantly affects management in family-owned businesses.

Table 8: The influence of ownership composition on the management of family-owned businesses are finance, control, staffing, directing, planning and organizing

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	21	3.9	3.9	3.9
	Disagree	101	18.9	18.9	22.9
	Undecided	16	3.0	3.0	25.9
	Agree	182	34.1	34.1	60.0
	Strongly Agree	213	40.0	40.0	100.0
	Total	533	100.0	100.0	

Source: IBM SPSS Statistics 20.0 Version.

As shown in table 8 above, the item question one in research question one seeks to examine the extent to which ownership composition influence the management of family-owned businesses. The result of the analyses based on the responses of the respondents shows a response frequency of five hundred and thirty-three (533). The observed response rate of strongly disagree is twenty-one (21) representing 3.9%, one hundred and one (101) respondents of disagreeing represent 18.9% and sixteen (16) of undecided representing 3.0%. Meanwhile, one hundred and eighty-two (182) respondents agree to represent 34.1% and two hundred and thirteen (213) respondents strongly agree to represent 40.0%. This implies that 22.8% of the respondents disagree/strongly disagree that the influence of ownership composition on the management of family-owned businesses is finance, control, staffing, directing, planning and organizing. Similarly, 74.1% of the respondents agree/strongly agree that the influence of ownership composition on the management of family-owned businesses are finance, control, staffing, directing, planning and organizing while 3.0% were indifferent. Thus, given that the acceptance point is 3.0, the mean value of 3.872 as shown in the descriptive table above indicates that the influence of ownership composition on the management of family-owned businesses is finance, control, staffing, directing, planning and organizing.

Table 9: The management of family-owned businesses often lack the requisite knowledge, skills, ambitions, experience and expertise to manage to success

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	44	8.3	8.3	8.3
	Disagree	72	13.5	13.5	21.8
	Undecided	19	3.6	3.6	25.3
	Agree	201	37.7	37.7	63.0
	Strongly Agree	197	37.0	37.0	100.0
	Total	533	100.0	100.0	

Source: IBM SPSS Statistics 20.0 Version.

Table 9 above, the item question two in research question one seeks to examine the extent to which ownership composition influence the management of family-owned businesses. The result of the analyses based on the responses of the respondents shows a response frequency of five hundred and thirty-three (533). The observed response rate of strongly disagree is forty-four (44) representing 8.3%, seventy-two (72) respondents of disagreeing represent 13.5% and nineteen (19) of undecided representing 3.6%. Meanwhile, two hundred and one (201) respondents agree to represent 37.7% and one hundred and ninety-seven (197) respondents strongly agree to represent 37.0%. This implies that 21.8% of the respondents disagree/strongly disagree that the management of family-owned businesses often lacks the requisite knowledge, skills, ambitions, experience and expertise to manage to succeed. Similarly, 74.7% of the respondents agree/strongly agree that the management of family-owned businesses often lack the requisite knowledge, skills, ambitions, experience and expertise to manage to success while 3.6% were indifferent. Given that the acceptance point is 3.0, the grand mean value of 3.816 as shown in the descriptive table earlier presented indicates that the management of family-owned businesses often lacks requisite knowledge, skills, ambitions, experience and expertise to manage their businesses to success.

Table 10: The management of family-owned businesses has a duty to ensure efficiency and effective utilization of material and manpower resources

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	28	5.3	5.3	5.3
	Disagree	30	5.6	5.6	10.9
	Undecided	5	.9	.9	11.8
	Agree	221	41.5	41.5	53.3
	Strongly Agree	249	46.7	46.7	100.0
	Total	533	100.0	100.0	

Source: IBM SPSS Statistics 20.0 Version.

Table 10 above presents the item question three in research question one which seeks to examine the extent to which ownership composition influence the management of family-owned businesses. The result of the analyses based on the responses of the respondents shows a response frequency of five hundred and thirty-three (533). The observed response rate of strongly disagree is twenty-eight (28) representing 5.3%, thirty (30) respondents of disagreeing represent 5.6% and five (5) of undecided representing 0.9%. Meanwhile, two hundred and twenty-one (221) respondents agree to represent 41.5% and two hundred and forty-nine (249) respondents strongly agree to represent 46.7%. This implies that 10.9% of the respondents disagree/strongly disagree that the management of family-owned businesses has a duty to ensure efficiency and effective utilization of material and manpower resources. Similarly, 88.2% of the respondents agree/strongly agree that the management of family-owned businesses has a duty to ensure efficiency and effective utilization of material and manpower resources while 0.9% were indifferent. Thus, given that the acceptance point is 3.0, the grand mean value of 4.188 as shown in the descriptive table indicates that the management of family-owned businesses has a duty to ensure efficiency and effective utilization of material and manpower resources.

Table 11: Ownership composition in family business comprised of the founder(s) and members of his/her family as shareholders

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	31	5.8	5.8	5.8
	Disagree	110	20.6	20.6	26.5
	Undecided	12	2.3	2.3	28.7
	Agree	194	36.4	36.4	65.1
	Strongly Agree	186	34.9	34.9	100.0
	Total	533	100.0	100.0	

Source: IBM SPSS Statistics 20.0 Version.

Table 11 above displays the item question four responses from the respondents in research question that one seeks to examine the extent to which ownership composition influence the management of family-owned businesses. The result of the analyses based on the responses of the respondents shows a response frequency of five hundred and thirty-three (533). The observed response rate of strongly disagree is thirty-one (31) representing 5.8%, one hundred and ten (110) respondents of disagreeing represent 20.6% and twelve (12) of undecided representing 2.3%. Meanwhile, one hundred and ninety-four (194) respondents agree to represent 36.4% and one hundred and eighty-six (186) respondents strongly agree to represent 34.9%. By implication, 26.4% of the respondents disagree/strongly disagree that ownership composition in family business comprises of the founder(s) and members of his/her family as shareholders. Similarly, 71.3% of the respondents agree/strongly agree that ownership composition in family business comprises of the founder(s) and members of his/her family as shareholders while 2.3% were indifferent. Hence, given that the acceptance point is 3.0, the grand mean value of 3.739 as shown in the descriptive table presented earlier indicates that ownership composition in family business comprises of the founder(s) and members of his/her family as shareholders.

Table 12: The nature of the structure that unites the management and ownership in the family-owned business significantly and negatively affects the performance of the business

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	16	3.0	3.0	3.0
	Disagree	129	24.2	24.2	27.2
	Undecided	4	.8	.8	28.0
	Agree	133	25.0	25.0	52.9
	Strongly Agree	251	47.1	47.1	100.0
	Total	533	100.0	100.0	

Source: IBM SPSS Statistics 20.0 Version.

The table 12 above present results of responses of item question five in research question one that seeks to examine the extent to which ownership composition influence the management of family-owned businesses. The result of the analyses based on the responses of the respondents shows a response frequency of five hundred and thirty-three (533). The observed response rate of strongly disagree is sixteen (16) representing 3.0%, one hundred and twenty-nine (129) respondents of disagreeing represent 24.2% and four (4) of undecided representing 0.8%. However, one hundred and thirty-three (133) respondents agree to represent 25.0% and two hundred and fifty-one (251) respondents strongly agree to represent 47.1%. This implies that 27.2% of the respondents disagree/strongly disagree that the nature of the structure that unites the management and ownership in the family-owned business significantly and negatively affects the performance of the business. Similarly, 72.1% of the respondents agree/strongly agree that the nature of structure that unites the management and ownership in family-owned business significantly and negatively affects the performance of the business while 0.8% were indifferent. Therefore, given that the acceptance point is 3.0, the grand mean value of 3.889 as shown in the descriptive table indicates that the nature of structure that unites the management and ownership in family-owned business significantly and negatively affects the performance of the business.

Test of Hypothesis

H_0: Nature of ownership composition does not affect management in family-owned businesses

H_1: Nature of ownership composition significantly affects management in family-owned businesses

Table 13: Descriptive Statistics

	N	Mean	Std. Deviation
Ownership composition in family-owned businesses	533	3.739	1.2867
The management of family-owned businesses	533	3.816	1.2876
Valid N (listwise)	533		

Source: IBM SPSS Statistics 20.0 Version.

Table 14: Correlations

		Ownership composition in a family-owned business	The management of family-owned businesses
Ownership composition in family-owned businesses	Pearson Correlation	1	.957**
	Sig. (2-tailed)		.000
	N	533	533
The management of family-owned businesses	Pearson Correlation	.957**	1
	Sig. (2-tailed)	.000	
	N	533	533

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

Source: IBM SPSS Statistics 20.0 Version.

Table 15: Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.957[a]	.916	.916	.3740	.916	5775.157	1	531	.000	.103

a. Predictors: (Constant), Ownership composition in the family business

b. Dependent Variable: The management of family-owned businesses

Source: IBM SPSS Statistics 20.0 Version.

Table 16: ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	807.715	1	807.715	5775.157	.000[b]
	Residual	74.266	531	.140		
	Total	881.981	532			

a. Dependent Variable: The management of family-owned businesses

b. Predictors: (Constant), Ownership composition in the family business

Source: IBM SPSS Statistics 20.0 Version.

Table 17: Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.	95.0% Confidence Interval for B	
		B	Std. Error	Beta			Lower Bound	Upper Bound
1	(Constant)	.235	.050		4.723	.000	.137	.333
	Ownership composition in the family business	.958	.013	.957	75.994	.000	.933	.982

a. Dependent Variable: The management of family-owned businesses

Source: IBM SPSS Statistics 20.0 Version.

R = 0.957
R^2 = 0.916
F = 5775.157
T = 4.723
DW = 0.103

Interpretation and Decision:

Table 7 shows the descriptive statistics of the relationship between ownership and management in family-owned businesses. Ownership composition has a mean score of 3.739 and standard deviation of 1.2867 while management has a mean score of 3.816 and a standard deviation of 1.2876. A close observation of the standard deviation values reveals that there is almost the same variability of data points amongst the dependent and the independent variables. This implies that ownership composition constitutes about the same percentage of variables that significantly affect the management of family-owned businesses in the South-East, Nigeria. Table 16 shows the regression sum of squares (807.715) which is greater than the residual sum of squares (74.266). This indicates that more of the variation in the dependent variable is not explained by the model. The significance value of the F statistic (0.00) is less than 0.05 which means that the variation explained by the model is not due to chance.

R, the correlation coefficient which has a value of 0.957 indicate that there is a significant relationship between the nature of ownership composition and the management of family-owned businesses in the South-East, Nigeria. R square, the coefficient of determination shows that 91.6% of the variation in the management of family-owned businesses is explained by the model. With the linear regression model, the error of estimate is low with a value of 0.3740. The Durbin Watson statistic of 0.103 which is less than 2 indicates that there is no autocorrelation. The nature of ownership composition on the management in family-owned businesses coefficient of 0.957 indicates a significant relationship between ownership composition and the management which is statistically significant with t = 4.723. Hence, the null hypothesis is rejected and the alternate hypothesis accepted. Therefore, we conclude based on the results above that the nature of ownership composition significantly affects the management of family-owned businesses in the South-East, Nigeria.

Discussion of Results

The consequence to the objective of the study to assess the effect of ownership composition on the management of family-owned businesses, the result of the analyses of research question one as earlier presented revealed that ownership composition had a significant effect on the management of family-owned businesses. The computed mean of the observed responses was 3.90 higher than the expected mean of 3.00 suggests that ownership composition in family-owned business made up of the founder and members of his/her family positively and significantly affected the management of the business. The subjecting of hypothesis one test using both Pearson Moment Correlation Coefficient and Simple Linear Regression to assess the effect of ownership composition on the management of family-owned businesses led to the rejection of null hypothesis and acceptance of the alternate hypothesis. Thus, the study concludes that the nature of ownership composition positively and significantly affected the management of family-owned businesses in the South-East, Nigeria ($r = 0.957$, $t = 4.723$, $F = 5775.157$ $p < 0.05$).

The above finding agrees with the study carried out by Bart-Jan (2014) who investigated the determinants of firm performance in family businesses and found that family ownership and governance caused superior firm performance just as Martin-Reyna and Duran-Encalada (2015) who examined the relationship between ownership structure and performance of public firms in Mexico. Herrera, Larran and Sánchez (2011) who also examined the effects of family ownership on SME performance found no differences in the efficiency of family-owned SME's. On the contrary, the findings of the study are at variance with Sciascia and Mazzola

(2008) who carried out a cross-sectional study on the family involvement in ownership and management using nonlinear effect on performance and found a negative quadratic relationship between family involvement in management and performance.

Findings: Pertinent findings of this study include the following:

i. That the influence of ownership composition on the management of family-owned businesses is finance, control, staffing, directing, planning and organizing.
ii. That the management of family-owned businesses often lacks the requisite knowledge, skills, ambitions, experience and expertise to manage their businesses to success.
iii. That the management of family-owned businesses has a duty to ensure efficiency and effective utilization of material and manpower resources.
iv. That ownership composition in family business comprised of the founder(s) and members of his/her family as shareholders
v. That the nature of the structure that unites the management and ownership in the family-owned business significantly and negatively affects the performance of the business.

Conclusion and Recommendation: This study concludes that the nature of ownership composition in family-owned businesses significantly affects management. The study recommends a separation of ownership and management so that experienced and professionals can be injected to manage the businesses to success.

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APPENDIX

Questionnaire

Instruction: The options to select are in the following scale. Please, indicate your opinion by shading below the number which matches your opinion in the table below:

5 = Strongly Agree (SA)
4 = Agree (A)
3 = Undecided (U)
2 = Disagree (D)
1 = Strongly Disagree (SD

To assess the influence of ownership composition on the management of family-owned businesses					
Questions	SA	A	U	D	SD
a. The influence of ownership composition on the management of family-owned businesses are finance, control, staffing, directing, planning and organizing					
b. The management of family-owned businesses often lack the requisite knowledge, skills, ambitions, experience and expertise to manage to success					
c. The management of family-owned businesses has a duty to ensure efficiency and effective utilization of material and manpower resources					
d. Ownership composition in family business comprised of the founder(s) and members of his/her family as shareholders					
e. The nature ofstructure that unites the management and ownership in family-owned business significantly and negatively affects the performance of the business					