The Challenges of Continuity in Family Businesses in Rwanda

Pierre Sindambiwe
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Acknowledgments

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Pierre SINDAMBIWE
Abstract

Focusing on a developing country, this study investigates how an owning family builds its business’ continuity. While scholars of family businesses tend to depict the continuity of a family firm in terms of family succession, preserving the family legacy, or the firm’s longevity, in the social context of a developing country that is dominated by instability and hostility, family firms are subject to day-by-day survival risks. My approach is viewing family businesses’ continuity as day-by-day survival for the sake of ensuring the long-term orientation of the family businesses in the context of a developing country. The family is situated in a broader social context, and therefore the business is embedded in the family’s social networks that cannot be detached from the country’s social context. The developing country context is important because of its culture, politics, and history that differ from a developed world.

In this thesis, the continuity of family businesses is understood as: (1) sustaining the family’s legacy coming of the founder’s achievements, (2) succession, sustaining the business beyond the founder’s tenure, and ensuring that both the family and business stay together, and (3) longevity, ensuring a long-term orientation which is a crucial characteristic of all family businesses. This last category is relevant to this thesis because long-term orientation is achieved through futurity, persistence, and continuity patterns. This thesis focuses on continuity as daily and short-term survival to ensure the long-term orientation of a family business. Different theoretical lenses including portfolio literature, socialization literature, and commitment literature were tried for in this thesis. Commitment literature was found binding both portfolio and socialization literature. And therefore, commitment literature was considered reliable for understanding the challenges of family businesses’ continuity. Using commitment literature, this study uses data collected from founder-led business families in Rwanda and investigates how the commitments of actors at multiple levels affects the day-by-day survival of family businesses.

The thesis follows a qualitative approach with multiple cases of research design. It uses data from six founder-led business families in Rwanda. It follows the interview approach and uses the INVIVO program to code the transcribed data. The phenomenon of how the family built its business’ continuity is investigated following a multi-level analysis, that is, how each level affected the continuity of the family business or individual, family, and business levels in a business family. The individual level has founders, next generation members, women, in-laws, and non-family employees (Sharma, 2004). It uses the grounded theory for elaborating on matters arising when investigating the continuity of family businesses (see Figure 6.1). A family business’ continuity model is built to map ‘how’ a family builds its business continuity as well as ‘what’ is the expected role played by each level (see Figure 7.1), and a day-by-day continuity model of the family business is crafted to understand the mechanisms behind its day-by-day continuity (see Figure 7.2).

The findings of this thesis show clearly that family businesses in Rwanda are focused on preserving their firms for retaining the family legacy, but unfortunately, they are unable to plan for a long-term legacy. I posit that short-term survival, repeatedly, will lead to long-term survival and, subsequently, to longevity. The
findings highlight the role of the specific context and associated cultural aspects of continuity in family businesses. The three aggregate dimensions developed present three main challenges to the continuity of family businesses in Rwanda. First, due to Rwandan cultural obligations of inheritance by the next generation, both the founding generation and the next generations are committed to family businesses’ continuity. Unfortunately, there is a detachment among generations in Rwanda, which is contrary to the cooperation expected in family businesses. Second, the uncertainties and inertia resulting from the absence of co-ownership and the inter-generational distance due to cultural aspects lead to separate and parallel planning for businesses’ continuity. Third, when it comes to the involvement in the management of family businesses, inter-generational conflicts and uncertainties result in weak family embeddedness that may push some family members away from the family businesses. This situation is a challenge because the absence of co-management between the incumbents and the next generation is abnormal since both parties, like dancing partners, need to manage the transition.

Ignoring the three challenges that they face, business families in Rwanda strive for continuity through (1) created and protected family legacy, (2) created inner cohesion among the next generation’s members, (3) in-laws and non-family members assimilated into the family business, (4) the family forming norms for succession, governance, and order-conflict processes, and (5) the family business’ resilience maintained for the family and community. Missing this mindset of planning for the long-term explains why many business families in Rwanda fail to continue after the founder’s tenure. There are many reasons for not planning for the long-term. In this thesis, the factors in a family business’ continuity are linked to (a) the family setting and the social capital of both direct and invisible members that ensures on-going activities of the family business; (b) the cultural setting related to inheritance management, heirship/legal ownership succession, family chieftaincy retention, and leadership succession, and (c) the institutional uncertainty and Ubuntu or a communitarianist nature of family firms as a way of living in a developing country making it difficult to plan for the long term.

This study contributes to an understanding of the heterogeneity of contexts in family business research. It will also assist owners and practitioners operating in changing environments to design informed continuity plans that have the potential to ensure the survival of family businesses in Rwanda. Theoretically, the study concludes that a commitment to continuing family businesses is shared by different levels in business families, but each level has one primary form of commitment and many forms of secondary commitment for the continuity of family businesses. There is a fluidity in commitment among multiple levels in business families.
# Table of Contents

Chapter 1: Introduction ............................................................................................................ 13
  Background of the research .................................................................................................. 13
  Research context ................................................................................................................... 15
  Family business as an empirical setting ............................................................................... 19
  Conceptual clarity about a family business’ continuity........................................................ 23
  Purpose and research question.............................................................................................. 25
  Significance and contributions ............................................................................................. 26
  Structure of the dissertation .................................................................................................. 28

Chapter 2: Literature review on the continuity of family businesses ....................................... 31
  Introduction .......................................................................................................................... 31
  An overview of literature on a family business’ continuity ................................................. 31
  A time dimension of a family business’ continuity .............................................................. 34
  Definition of a family business’ continuity .......................................................................... 36
  The components of a family business’ continuity ............................................................... 36
    Continuity of family involvement in ownership............................................................... 37
    Continuity of family involvement in the management ...................................................... 38
  Theoretical foundations of a family business’ continuity .................................................... 38
    Introduction ........................................................................................................................... 38
    Family portfolio literature ................................................................................................. 39
    Socialization literature ...................................................................................................... 40
    Commitment literature .................................................................................................... 42
      Affective commitment in family businesses .................................................................. 43
      Normative commitment in family businesses .............................................................. 43
      Continuance commitment in family businesses ............................................................ 43
    Commitment as a theoretical foundation of a family business’ continuity ....................... 44
      Individual commitment to a business’ continuity ......................................................... 44
        Founders’ affective commitment ................................................................................. 44
        Next generation family members’ normative commitment ....................................... 45
      Family commitment to a business’ continuity .............................................................. 46
        Organizational commitment for a family business’ continuity .................................. 47
  Concluding remarks .............................................................................................................. 49

Chapter 3: Contextualizing the Family Business in Rwanda ................................................... 50
  Introduction .......................................................................................................................... 50
  Developing country as a context of the study ....................................................................... 50
  Family businesses in sub-Saharan Africa ............................................................................. 51
  Contextualizing family businesses in Rwanda .................................................................... 53
    (1) The historical context of family businesses’ development in the Rwandan environment .......................................................................................................................... 54
      Family businesses in Rwanda from independence to the 1990-94 period of instability 54
      Family businesses in Rwanda in the post-instability period ......................................... 56
    (2) Social-cultural and demographic contexts of family businesses in Rwandan .......... 58
    (3) Institutional context, regulatory reforms, and family businesses in Rwanda .......... 60
  Concluding remarks .............................................................................................................. 63

Chapter 4: Methodology ........................................................................................................... 65
  Philosophical considerations ............................................................................................... 65
<table>
<thead>
<tr>
<th>Chapter 6: Findings</th>
<th>97</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chapter 5: An overview of the Cases</td>
<td>85</td>
</tr>
<tr>
<td>Introduction</td>
<td>85</td>
</tr>
<tr>
<td>Case one: BOZER</td>
<td>85</td>
</tr>
<tr>
<td>Case two: SMH</td>
<td>88</td>
</tr>
<tr>
<td>Case three: HJMIL</td>
<td>89</td>
</tr>
<tr>
<td>Case four: MZDCOW</td>
<td>90</td>
</tr>
<tr>
<td>Case five: DRENOB</td>
<td>92</td>
</tr>
<tr>
<td>Case six: NMG</td>
<td>94</td>
</tr>
<tr>
<td>Concluding remarks</td>
<td>95</td>
</tr>
</tbody>
</table>

| Theoretical dimension 1: Commitment to day-by-day continuity of the family business | 99 |
| Theme 1.A: Inheritance preservation as the founder’s affective commitment to the family and community | 99 |
| Theme 1.B: Familyhood as the next generation members’ normative commitment to continuing the family business | 103 |
| Theme 1.C: Family chieftaincy succession priority as a normative commitment to the family business’ continuity | 108 |
| Theme 1.D: Ubuntu, the communitarian nature of family businesses | 116 |
| Concluding remarks on theoretical dimension 1: Commitment to the day-by-day continuity of the family business | 124 |

| Theoretical dimension 2: Day-by-day continuity of the family business in terms of family ownership | 126 |
| Theme 2.A: Founder’s chieftaincy retention | 126 |
| Theme 2.B: Ownership development and initiation of the business spirit: Attracting and shaping the next generation’s members for ownership responsibilities | 132 |
| Theme 2.C: Heirship, equal co-ownership expectations, and legal succession preferences among the next generation’s members | 136 |
| Theme 2.D: Conflict awareness among co-owners at the family level | 138 |
| Concluding remarks on theoretical dimension 2: Day-by-day continuity of the family business in terms of family ownership | 141 |

| Theoretical dimension 3: Day-by-day continuity of the family business in terms of family management | 143 |
| Theme 3.A Gradual professionalization to ensure the continuity of a family business’ daily operations | 143 |
| Theme 3.B: The next generation’s members crafting a future management approach | 149 |
Theme 3.C: Building loyalty among in-laws, siblings, and non-family employees working in the family business

Theme 3.D: The family establishing governance and conflict management mechanisms

Concluding remarks on theoretical dimension 3: Day-by-day continuity of the family business in terms of family management

Chapter 7: A Discussion of the findings

Chapter 8: Conclusions and Contributions

References

Appendix

Appendix A1: Interview Guide

JIBS Dissertation Series
List of Figures

Figure 6.1. How a family builds its business’ continuity in the Rwandan context ................... 98
Figure 6.2. Theme 1.A: Inheritance preservation as the founder’s affective commitment to the family and community: A felt need ................................................................. 99
Figure 6.3. Theme 1.B: Familyhood as the next generation members’ normative commitment to continuing the family business ............................................................... 103
Figure 6.4. Theme 1.C: The family chieftaincy succession priority as a normative commitment to the family business’ continuity ............................................................... 108
Figure 6.5. Theme 2. A: Founder’s chieftaincy retention .............................................................................................................................. 126
Figure 6.6. Theme 2.B: Ownership development and initiation of the business spirit: Attracting and shaping the next generation’s members for ownership responsibilities ........................................... 132
Figure 6.7. Theme 2.C: Heirship, equal co-ownership expectations, and legal succession preferences among the next generation’s members ............................................................ 136
Figure 6.8. Theme 2.D: Conflict awareness among co-owners at the family level .................... 138
Figure 6.9. Theme 3.A Gradual professionalization to ensure the continuity of a family business’ daily operations .......................................................................................................................... 143
Figure 6.10. Theme 3.B: The next generation’s members crafting a future management approach ............................................................................................................................... 149
Figure 6.11. Theme 3.C: Building loyalty among in-laws, siblings, and non-family employees working in the family business .......................................................................................................................... 153
Figure 6.12. Theme 3.D: The family establishing governance and conflict management mechanisms ................................................................................................................................. 159
Figure 7.1. Family business’ continuity model: How the family builds its business’ continuity ........................................................................................................................................... 167
Figure 7.2. The day-by-day continuity model of a family business .............................................. 181
List of Tables

Table 4. 1. Key characteristics of the cases ................................................................. 72
Table 4. 2. Respondents ............................................................................................. 76
Table 6. 1. Felt need for inheritance for family and community: Selected evidence ...... 102
Table 6. 2. Moral obligation of the current generation’s family members towards the family business: Selected evidence ......................................................... 105
Table 6. 3. The next generation’s devotion to the business’ continuity: Selected evidence ... 107
Table 6. 4. Tension in the succession process, gender preferences, conflict, and priority in family leadership succession over business succession: Selected evidence ................. 112
Table 6. 5. The role of family hierarchy in the succession process: Selected evidence ...... 115
Table 6. 6. The felt need for keeping the business as a source of income, employment, and moral support for family members and community: Selected evidence ..................... 118
Table 6. 7. Mutual support and interdependence between the business and community: Selected evidence ........................................................................................................ 122
Table 6. 8. Business decisions and resource preferences for daily survival of the family and community: Selected evidence .............................................................................. 124
Table 6. 9. A founder’s retention of the chieftaincy for both the family and business to protect the family’s ownership of the business: Selected ........................................................................ 128
Table 6. 10. A founders’ concerns about protecting family ownership beyond their generation and worries about the next generation’s taking over abilities: Selected evidence ........................................................................................................ 131
Table 6. 11. Attracting and shaping the next generation’s members for ownership responsibilities: Selected evidence ........................................................................................................ 135
Table 6. 12. Equal and co-ownership creation and legal settlement preferences among family members: Selected evidence ........................................................................................................ 138
Table 6. 13. The necessity of creating and maintaining a governance structure for protecting family ownership: Selected evidence ........................................................................................................ 140
Table 6. 14. Gradual delegation of the founder’s functional roles, shaping the next generation members’ management abilities: Selected evidence ........................................................................................................ 146
Table 6. 15. Gradual change in the management involving non-family professional managers: Selected evidence ........................................................................................................ 148
Table 6. 16. Commitment to the family business’ daily activities and formulating a future management approach under the next generation’s tenure: Selected evidence ... 152
Table 6. 17. Building loyalty among in-laws, siblings, and non-family employees working in the family business: Selected evidence ........................................................................................................ 157
Table 6. 18. Non-interference between the next generation’s members and the founders managing the business: Selected evidence ........................................................................................................ 161
Table 6. 19. Rules and regulations for proper involvement in daily business activities and management: Selected evidence ........................................................................................................ 163
Chapter 1: Introduction

Background of the research

This study on the challenges of continuity in family businesses in Rwanda revisits the existing problems linked to the ability to pass a business to the next generations for many business families in sub-Saharan Africa in general. The study revisits the ongoing debate on family influence in business and how it affects business continuity patterns due to the inseparability that exists between the business and its owning family. In fact, every organization seeks continuity in many ways, and it is also the main characteristic of a family business (Lumpkin & Brigham, 2011). For any family-owned business, organizational efforts are influenced by family ownership (Villalonga & Amit, 2006). Hence, this thesis shifts attention from the organizational efforts for continuity to the owning family’s role. Using Rwanda as the context, this thesis investigates how a family builds its business’ continuity. It seeks to understand the role played by the family at different levels as also the family’s motives in continuing the family business. I am interested in understanding the roles and motives of family members in continuing the business because literature is divided on this issue. Some scholars like Ward (1997) argue that family businesses generally do not grow, and they stay small at the discretion of the owners. On the other hand, family businesses are believed to last longer as compared to non-family firms due to family ownerships (Collins & Porras, 1994; Miller & Le Breton-Miller, 2005 a). To understand the issue of longevity of family businesses, literature shows that their longevity is a mission for any family and the futurity characteristics of a family business are supplemented by persistence and continuity patterns (Lumpkin & Brigham, 2011). For me, the key player in a family business’ continuity is the owner or the family. Hence, this thesis shifts attention from the organization to the owning family and seeing how it builds this continuity pattern.

We know that the continuity of a family business is problematic, and the business continues to deteriorate (Ward, 2011). About 70 to 75 percent of the family businesses fail to pass to the second generation (Cater III, 2012; Lee, 2000; Ward, 1987, 2011) to the extent that only about 10 percent of the businesses reach the third generation (Lorandini, 2015). The survival of a family business from the first to the second generation had been estimated at 30 percent (Lee, 2000; Ward, 1987) for some decades but Ward (2011) shows that the rate of continuity has shifted down to a quarter of the businesses. This shows that the survivability of family businesses is continuing to deteriorate. A family business’ survival becomes more problematic during the founder’s generation since most of the failures (70 percent to 75 percent) occur during the first generation. Businesses that survive beyond the first generation, do not necessarily fail as such, but sometimes they embrace change and face a dilution of ownership (Lee, 2000) or they change and revise the core business and continue the business (Salvato, Chirico & Sharma, 2010). Therefore, understanding founder-led business families is essential for understanding the challenges that force a high percentage of family businesses to close during the transition period from one generation to the next without focusing on succession per se.
However, these statistics of family businesses’ continuity use theories and the socioeconomic environment that are only applicable to western societies and do not work in sub-Saharan Africa due to differences in family composition and many other factors in the developing world (Bewayo, 2009; Wright, Chrisman, Chua & Steier, 2014). The problem of survival and continuity of businesses in developing countries is essential but less studied.

Like Ward (1997), Venter (2008) and Bewayo (2009) also argue that family businesses in sub-Saharan Africa do not last long. There are many factors leading to their relatively shorter lifespans which differ from country to country but are less studied. The misconception that there might be few indigenous African family businesses doing well has been contradicted by Rosa (2019). With examples from Uganda, Rosa shows how the indigenous African family businesses grow into multiple enterprises following trial and error and climb up the entrepreneurial career ladders through apprenticeship or mentorship that is only available in sub-Saharan African traditions. Typical examples exist in Uganda like the Madhvanis family, the Sudhir family businesses, and the Wavamuno group. These few examples of business families in East Africa are documented by Rosa (2019), Rosa and Balunywa (2017), Khavul, Bruton & Wood (2009), and a few others. Unfortunately, family businesses are less documented in Rwanda, if at all.

By contextualizing this research in Rwanda, my goal is exploring the challenges that a specific context adds to the problems of failure or/and continuity of a business family. By doing so, I contribute to existing knowledge in family business literature by shedding light on how the context specificity can extend our understanding. Being a sub-Saharan African country, the similarities and uniqueness of the Rwandan context provides room for generalizations of the results to other countries in similar contexts either in the same region of East Africa or other parts of the developing world since countries ranging from far eastern Asia to Latin America passing by Africa share many similar characteristics (Austin, 2002, 2008).

The Rwandan context is particularly unique within Africa, as it has experienced periods of incomparable instability and genocide in which family business owners had to exhibit extreme resilience to survive. Yet, at the same time when peace has returned, they have grown fast, exploiting business opportunities following the need to reconstruct the nation. Some of them have experienced consequences but in general they have developed not as single businesses, but as business groups and multiple lines of companies. The selected Rwandan business families show some context-specific factors including but not limited to: (1) The high value placed on educating children means that successful families can educate their children for professional careers. This narrows the pool of potential successors. (2) The emphasis on succession after the owner passes away and the longevity of Rwandese lives means that it can be decades before children inherit the family businesses. By that time, many have alternative careers decreasing the incentives to re-join or take over the family business; they may also be geographically dispersed. (3) Culture and inheritance laws make it a legal and cultural requirement to pass on the inheritance to the children. Recent and multiple changes to inheritance laws provide room for equality of gender in inheriting and the discretion of the owner to distribute the business unequally which is contrary to culture. It is proven that acquiring a family business because of a situation like a
divorce or death is dangerous for the continuity of the business because successors get the family business with less commitment or they are unprepared (Sund, Almlöf & Haag, 2010). In such a situation in Rwanda, it is easy to accept inheritance with minimal involvement and treating the inherited businesses as a source of capital rather than as a longer-term asset requiring personal commitment. Hence, parents need special techniques and strategies if these businesses are to survive inter-generationally. Building commitment among potential successors becomes an overall strategy for continuity. The inclusion of women as potential successors helps increase the potential pool.

Like in many developing countries, the failure rate of businesses in Rwanda in general is alarming at around 80 to 85 percent (Harorimana, 2012). The difference is that in Rwanda the rate of failure of businesses in their first generation is covered by a larger number of start-ups doing business according to, among others, some World Bank reports (Mwanza, 2015). The Rwandan context is not an isolated case in sub-Saharan Africa in terms of family businesses’ continuity. I was intrigued by the phenomenon of continuity in family businesses in Rwanda because I observed a significant number of businesses closing not because they were underperforming but because the owning families failed to agree to continue the businesses. Emerging new actors, in the form of new business families, came in and previously famous business families collapsed or went down the path of closure. A similar problem is also observed in South Africa where 80 percent of the businesses are family-owned, and like elsewhere only a quarter of them continue to the second generation because family members choose to share household capital and separate instead of trying business succession (Gupta, Levenburg, Moore, Motwani & Schwarz, 2010). This was a typical observation in Rwanda during the same period that their study came out. The slow disappearance of famous business families raises the question of what went wrong? A similar and opposing intriguing question also comes to mind concerning those few (25 percent), of the family businesses that have continued. It raises the question of how differently things went for them so that they could manage the transition?

A suitable way of understanding this phenomenon is by learning from those few which survived to understand ‘how a family builds its business continuity’ using Rwanda as the context of the study. In the following section, the Rwandan context is discussed vis-à-vis sub-Saharan Africa’s context.

Research context

Welter (2011) and Zahra and Wright (2011) elaborate on how understanding a business needs to be put in the context of entrepreneurs, which is where the business is conducted. Context has different dimensions: social context, spatial context, institutional context, and business context (Welter, 2011). The last refers to the temporal context of a business (Zahra & Wright, 2011). Context provides different opportunities and boundaries which can be both assets and/or liabilities for entrepreneurs depending on which context one is referring to (Colli, 2012). The business context is composed of industry and market; the social context is composed of networks, households, and family; spatial context includes the geographic environment; and the institutional context is composed of culture and society, as well
as political and economic systems (Welter, 2011). The way each of these contexts affects a business is different and can be a direct or indirect influence. Like Nordqvist, Marzano, Brenes, Jiménez & Fonseca-Paredes (2011) who discuss family businesses in Latin America as being in turbulence for a developing environment, I shed light on the context of sub-Saharan Africa, specifically Rwanda, and the way this affects the continuity of family business. Both contexts share similarities of developing countries (Austin, 2002; 2008).

According to Gupta et al. (2010), the diversity of family business models suggests that we should look closely at the context in which family businesses dwell because of the intrinsic relationship among the owning family, its business, and the context because environmental hostility and uncertainty or external disruptions affect family firms both positively and negatively (Casillas, Moreno & Barbero, 2011; Cruz & Nordqvist, 2012; Colli, 2012; Stafford, Bhargava, Danes, Haynes & Brewton, 2010). An uncertain environment is more common in developing and transitional economies where turbulent social, economic, and political environments influence the nature and place of business and entrepreneurship (Smallbone & Welter, 2001) and laws, regulations, and rules that impede the development of the businesses. For example, weak institutional capacity in Ghana and South Africa (Abor & Quartey, 2010), affect the longevity of family firms negatively in general by reducing the length of their survival (Stafford et al., 2010).

This shifts attention to developing countries’ context which is motivated by the exchange between the developing world and the developed world (Walsh, 2015). It is important for both academicians and practitioners to understand this business environment which has been less studied so far (Austin, 2002, 2008; Hoskisson, Eden, Lau, & Wright, 2000; Walsh, 2015; Welter, 2011; Wright, Filatotchev, Hoskisson & Peng, 2005). Context differs from country to country (Wainaina, 2005; Wright et al., 2005, and there are many developing countries in Asia, Africa, and Latin America (Austin, 2002). Few existing studies describe Africa as one country or the dark continent (Wainaina, 2005) while it is a complex place, has a complex reality, and is a place of contrasting extremes with both suffering and positive economic forecasts (Walsh, 2015). The suffering is linked to acute poverty, informality, colonial history, and ethnic group identity (Rivera-Santos, Holt, Littlewood & Kolk, 2015). Market-based reforms, rapid urbanization, unemployment, landlessness, and poverty are leading to the creation of small-scale individual entrepreneurs or SIEs (Azmat & Samaratunge, 2009). It is important to look at both the negative and positive images of a developing country especially the way they effect the business environment (Chapter 3 discusses these aspects in more detail).

This thesis uses data from a developing world that is characterized by unstable political and socioeconomic conditions, rapid demographical changes, and government interventions (Austin, 2002, 2008; Collier, Hoeffler & Soderbom, 2007; Wright et al., 2005. In developing countries, political systems are likely to be military governments, single-party regimes, and multi-party democracies but the most crucial element is stability because instability and government interventions affect doing business (Austin, 2002; Smallbone & Welter, 2001; Welter, 2011). Cultural factors and cultural differences also exist, distinguishing family considerations between developing and developed economies. For example, the composition of the family and social capital
1 Introduction

are differently interpreted in North America or Western Europe compared to the informal economy in Africa (Bewayo, 2009; Khavul et al., 2009; Pontalti, 2018). Apart from cultural and economic factors, demographic factors also vary significantly between developed and developing countries and their effect on family businesses’ survival also differs. For instance, family demographic transitions like death and birth, divorce and marriage affect venture creation processes which impact a firm’s performance, success, and survival in general (Aldrich & Cliff, 2003), and extended families and communities accentuate that contrasting effect in sub-Saharan Africa (Bewayo, 2009; Khavul et al., 2009; Murithi, Vershinina & Rodgers, 2019).

As we will see in Chapter 3, family business continuity in sub-Saharan Africa cannot be disassociated from the socioeconomic and political environment of the region. Many family businesses started as proxies of the political elite and they did not last long as the regimes changed often. The remaining business families are affected by the social context, extended family, and community dependence as well as internal family problems.

Rwanda, as an East African country, is a good example where all these elements are reunited. It shares most of the characteristics discussed by Bewayo (2009) and Khavul et al. (2009) and its social and political transformation is worth paying attention to. Most of the business families in Rwanda are founder-led businesses, caring for both family members and communities.

According to the latest integrated household living conditions survey 5 (EICV 5) and official and regular three-year reports of the National Institute of Statistics of Rwanda (NISR, 2018), Rwanda is a country with most livelihood dimensions which is continuing to improve in demographics, housing conditions, economic activities, and access to electricity and technology compared to previous reports EICV3 and EICV4. The country had a GDP growing at 7.5 percent per year on average between 2007 and 2017 and a literacy rate among young people aged 15-24 years estimated at 86.5 percent in 2017. The population of Rwanda was estimated at 11.9 million in 2017, of which 52 percent were women with a very young population (43 percent below 15 years and 27 percent between 16 and 30 years) meaning that 70 percent of the population was young between 0 and 30 years against 30 percent being 31 years and above. Therefore, having Rwanda as this study’s context is relevant as it possesses most, if not all, the characteristics of a sub-Saharan country. Similar indicators in sub-Saharan countries include changes in the population and a high population growth rate due to a decline in infant mortality, migration, and urbanization, as well as favorable climate conditions (Austin, 2002; Wright et al., 2005). Statistics show that the population is generally young, and the level of development of family businesses in Rwanda shows that this sector is also still young and in transition from the first to the second generations.

This study focuses on founder-led family businesses to trace their path of continuity by examining how Rwanda’s historical, social, and institutional context affects this growth. Historically, understanding their path to continuity as seen in a few of them today, requires a deeper understanding of the recent sociopolitical dynamics in the country that led to the current situation of the country having a youth dominated society. Existing business families in Rwanda started their businesses as an alternative
mode of livelihood mostly due to political reasons during the 1960s to the 1990s (Golooba-Mutebi, 2013; Prunier, 1997a, 1997b).

Socially, Rwanda has a turbulent sociopolitical context because, on the one hand, the recent tragedy of the genocide meant that at least 73 percent of the Rwandans lost a close family member leaving a fragile society with a low level of trust (Tobias, Mair & Barbosa-Leiker, 2013). This is problematic when you see the trend in Rwandan society whereby two consecutive generations have different interests, and the later generations break away from tradition (Pontalti, 2018). Legal reforms have also accentuated social changes when, for instance, the next generation loses commitment due to legal revisions of expected traditional inheritance which may impact the family businesses’ succession processes. We know that it is a threat to a successful business if potential successors receive the business when they are not, or less committed or simply unprepared (Sund, Almlöf & Haag, 2010).

Lastly, political changes and legal reforms in the country during the reconstruction brought many challenges affecting both families and businesses in different ways. Rwanda, as a case, is also interesting because of its post-conflict nature. Not only did the reconstruction bring about many changes, but the country also underwent legal reforms. In the Rwanda in the post-conflict era, there were many changes in the doing business policy and they were introduced more often. For instance, within the last 12 years, over 777 reforms in the doing business legal environment have been introduced (The World Bank, 2017). This really revolutionized the business environment in Rwanda (Friederici, 2018; Ggombe & Newfarmer, 2017; Golooba-Mutebi & Booth, 2018; The World Bank, 2017). Several of the new or amended laws effect family businesses. For instance, the recent law No. 27/2016 of 08 July 2016, the law governing matrimonial regimes, donations, and successions changes the way families attribute business assets as an inheritance to successors which may diminish the degree of commitment to family businesses among the successors. Another law No. 39/2015 of 20 February 2015 relating to the management of abandoned property allowing the government to freeze the business if the owner resided abroad, is detrimental to the remaining family members’ possibility of continuing to manage the family business. Therefore, the continuity of businesses operating under challenging conditions for both families and businesses becomes a matter of day-to-day and short-term survival rather than multiple generations’ transition of business ownership as western literature assumes.

The situation described here is expected because the aftermath of the conflict did not lead to stable conditions in which businesses could flourish; instead some also declined (Brück et al., 2011, 2013; Collier et al., 2007; Games, 2011; Rodrik, 1988; Szayna, O’Mahony, Kavanagh, Watts, Frederick, Norlen & Voorhies, 2017; Tobias et al., 2013).

Like many African countries, family businesses in Rwanda started in the mid-1960s-1990s and they are continuing under challenging conditions as documented earlier (and in detail in Chapter 3). Existing family businesses are in transition from the first to the second generation. This is the reason this thesis is interested in understanding how founder-led business families manage the transition with these challenges affecting both the families and their businesses.
Family business as an empirical setting

Defining a family business follows four stages: distinguishing a family firm from a non-family firm; comparing family and firm systems by their differences in logic; family ownership; and management. This is also known as a cycle model defining family businesses by the type of family involvement and defining a family firm by identification, whether the owners see themselves as a family business or not (Zellweger, 2017).

Different studies including Lorna (2011) and Churchill and Hatten (1987, 1997) provide similar insights in their definitions using the involvement in ownership and/or management by the founder’s family members, existence of a family successor, and the willingness to transfer the ownership to the next generations. Handler (1989) argues that a family’s ownership and involvement in controlling the management of the business differentiates family firms from non-family firms. Family owners see their businesses as assets to be left to their descendants rather than as wealth to be consumed during their own lifetimes (Casson, 1999). I now identify four main characteristics that I base the definition of a family business in this thesis.

First, family ownership and control distinguish a family business from a non-family firm. This is primarily used for defining a family business based on the degree to which and the ways through which a family controls its firm, regardless of its size or whether it is private or public. Such influence on the ownership and management results in a transgenerational outlook and also controls the behavior of later generations on the family’s side as well as family entrepreneurship and philanthropic behavior on the firm’s side (Zellweger, 2017).

The circles model was established by Hoy and Verser (1994) and reconfigured by Gercisk, Davis, Hampton & Lansberg (1997) and Tagiuri and Davis (1996), extending their work of Churchill and Hatten (1987) (see also Habbershon, Williams & MacMillan, 2003). They all illustrate the interplay that exists between two competing systems of family and firm logic before adding the element of management that makes it a complex overlap of a three-circle model. In a two-circle model, the family logic focuses on the family’s traditional, emotional or rational behavior, nepotism, long-term perspective, and non-financial values as opposed to the firm’s renewal, rationale, meritocracy, short-term perspective, and financial values (Zellweger, 2017). The three-circles model of family, ownership, and management overlaps and has been used in literature to understand family businesses based on three elements of family, ownership, and management instead of looking at two unseparated but incompatible systems (Zellweger, 2017, pp.17-18). By combining these three elements, we get seven possibilities: (1) Family members who are neither shareholders nor business managers; (2) Shareholders who are neither family members nor managers; (3) Employees or managers who are neither family members nor shareholders; (4) Family members who hold shares but are not involved in the firm’s management; (5) Non-family managers holding shares; (6) Family members involved in the firm’s operations without shares; and (7) Family managers holding shares. It is possible that a majority of the ownership may not be achievable everywhere; 100 percent is ideal but if that is not the case, at least 20-25 percent voting rights qualify a firm as a family business (see also Anderson & Reeb, 2003; Villalonga & Amit, 2006). Management in terms of
involvement of the top management team (TMT) is possible in small firms, but if the business is large or publicly listed, it may not even be possible to appoint the chief executive officer (CEO) for distinguishing it from non-family firms. This is the reason why not having 100 percent ownership does not exclude a firm from being a family firm and managing and owning some shares does not necessarily make the firm a family firm. Instead, self-identification is also necessary, as we will see it later.

Second, besides the family’s involvement, the transgenerational focus is on an additional factor that defines a family business (Chua, Chrisman & Sharma, 1999). This criterion opens up control for later generations to fully qualify as a family business compared to founder-controlled companies or family firms founded by siblings or spousal teams with the intention of passing the businesses to subsequent generations. A widely used definition of a family firm given in Chua et al. (1999) is that “a family firm is a firm dominantly controlled by a family with the vision to potentially sustain family control across generation” (Zellweger, 2017, p. 22). Chua et al.’s (1999) definition has been widely used because it includes scenarios of family involvement, management, and ownership plus the transgenerational vision to extend the family business beyond the generation in control (Zellweger, 2017).

Additionally, the degree and the type of family involvement becomes a center for defining a family business. Chua et al.’s (1999) definition of a family business based on dominant control in the hands of the family as well as the transgenerational outlook goes beyond the family ownership and management criteria. Later scholars started questioning what type or amount of involvement, ownership, or management was required for a given outcome in a family business. Astrachan, Klein & Smyrnios (2002) came up with F-PEC model categorizing family influence under three dimensions: Power dimension (degree of ownership control, management control, and governance control by the family); Experience dimension (number of generations engaged in the business); and cultural dimension (degree of cultural overlap between family and business systems and values). According to Zellweger (2017), a further outcome is a family business’ assessment tool developed from the F-PEC, regrouping these three dimensions into five practical dimensions measuring the dimension of the owning family’s involvement. These dimensions are: (1) The amount of family control (percentage of family managers, percentage of family ownership, family in governance, or supervisory board); (2) The complexity of family control (number of family owners, number of family managers, and the configuration between owner-managers or cousin consortiums); (3) The setup of business activities (business philosophy between family business and business family, number of firms, and degree of diversification); (4) The family owner’s philosophy and goal (goal set based on either family or firm first philosophy); and (5) The stage of control in terms of the family’s history in the firm (first or later generations or as weak versus strong family internal succession intention) (Zellweger, 2017, pp. 8-16). All these dimensions bring opportunities or/challenges to a family business’ functionalities.

Lastly, defining the family business by family ownership and management or any other type of family involvement in management and ownership does not necessarily make a firm a family business. Self-identification is necessary for the owners to see themselves as a family business. Otherwise, some of them do not perceive themselves as a family, but just as businessmen or how they describe themselves as family firms.
depends on some benefits like protecting their image and seeking legitimacy in the community of stakeholders (Zellweger, 2017). Self-identification with the family firm is important. For instance, some firms deny that they are family businesses while others having similar attributes declare themselves as family businesses. According to Chua et al. (1999), there are cases for (A) family-owned and family-managed businesses; (B) family-owned but not family-managed businesses; and (C) family managed but not family-owned businesses. However, these possibilities of ownership and management (Handler, 1989), ownership transfer (Casson, 1999), and the existence of a family successor (Churchill & Hatten, 1987), alone do not distinguish a family business from a non-family business if it does not include the vision and intention to pass the business to the next generation (Chua et al., 1999; Habbershon & Pistrui, 2002; Miller & Le Breton-Miller, 2003).

Le Breton-Miller and Miller (2009) investigating different definitions and identified three characteristics of a family business: percentage in ownership, proven ability for succession to the second generation at least; and/or having multiple members of the owning family serving in the firm’s official and managerial roles. Handler (1989) and other scholars continue to define and redefine a family business without reaching a ‘widely accepted definition of a family business’ (Astrachan, Klein & Smyrnios, 2002).

In this thesis, two aspects, ownership and management, are kept and associated with the concept of the ‘continuity’ of a family business, that is, the concept of continuity of family involvement in ownership and/or management as it recurs in various definitions cited earlier. To investigate how the business family influences a business’ continuity (Astrachan, 2003; Le Breton-Miller, Miller & Lester, 2011), this thesis focuses on the family as the unit of analysis. It is important to focus on the family as the unit of analysis because, so far, we do not know how different members of a business family play their roles that lead to continuity, roles that facilitate or hamper the life of the business. It is important to understand the way family members influence a firm (Le Breton-Miller et al., 2011; Tagiuri & Davis, 1996). The ones who play pivotal roles among family members and how this affects the family business’ continuity are less understood in the context of founder-led business families. In fact, sub-groups in a family (Sharma, 2004) such as parents, siblings, relatives, spouses, and partners do not have the same interests and perceptions about the business (Nordqvist & Melin, 2010; Tagiuri & Davis, 1996). For this reason, this thesis focuses on the family rather than on the business; it also focuses on the contribution of each sub-group in the family at multiple levels and what each one brings to the family business’ continuity by either supporting or constraining it. The role of each sub-group at the individual level, group level, and organizational level is discussed. The attention of the thesis also shifts from the family business to the business family simply because focusing on the business family instead of the firm shows the family’s role as an institution, its influence on the entrepreneurial processes, and on business outcomes (Habbershon & Pistrui, 2002; Nordqvist & Melin, 2010). This is possible when the family is the unit of analysis, rather than the business entity (Habbershon & Pistrui, 2002). It is not the business’ capacity to achieve continuity. Instead, it is for individuals from the owning family to continue the business across generations.
The definition of family businesses in this thesis fits the selected cases and follows all the four criteria discussed earlier: (1) *Having a business and family control* are the primary criteria, (2) *family involvement in business management and ownership* is the second criteria, (3) *the degree and type of family involvement* proven by more than one generation in control is the third criteria (described in Chapter 5), and (4) *self-identification as a family business* is the fourth criteria which fits my case selection and definition of a family firm.

For a business family, I adopt the definition sometimes used interchangeably with an entrepreneurial family: “families that run one or more businesses, and that have an intent to grow these businesses with the family as the foundation” (Nordqvist & Melin, 2010, p.221). This definition is based on Habbershon and Pistrui (2002), who see the family as an engine for business activities, where family members have the ability to create transgenerational wealth and have a mindset for opting for wealth acceleration. A family and a business are also different.

A family in this definition is not viewed as a nuclear or extended family as such, but the family as “an institution, or social structure, that can both drive and constrain entrepreneurial activities” (Nordqvist & Melin, 2010, p.214) while the business is “family-influenced wealth creation” (Habbershon & Pistrui, 2002, p.224). In this thesis, defining a family business focusing on the family as the unit of analysis guided the selection of the cases during the fieldwork.
Conceptual clarity about a family business’ continuity

Many scholars of family business acknowledge the importance of continuity of a family business (Miller & Le Breton-Miller, 2005a) for ensuring the longevity of family enterprises (Sharma & Salvato, 2013). However, there is no unanimity among scholars regarding the meaning and attributes of a family business’ continuity. Literature is divided between survival after the succession and long-term survival using different terminologies equated with continuity including succession survival, long-term success, long-term survival, longevity, and sustainability (Casson, 1999; Chau et al., 1999; Sharma & Salvato, 2013; Ward, 2011). It is not clear whether succession, survival, and longevity really stand for continuity. To find middle ground, continuity is attributed to the willingness and ability to continue and transfer the ownership and management to the next generation after the founder’s retirement (Beckhard & Dyer, 1983b; Drozdow, 1998; Miller & Le Breton-Miller 2005a, b). Hope of continuing involvement in ownership and/or management of a family business characterizes all family firms (Casson, 1999; Churchill & Hatten, 1987, 1997). This means hope does not come necessarily during the first generation’s succession phase but starts with the early involvement of family members (Churchill & Hatten, 1987, 1997).

The first inter-generation succession phase is regarded as a bottleneck in survivability, which happens after approximately 24 years, coinciding with the founder’s tenure (Beckhard & Dyer, 1983a). Extant research focused on the succession phase of a family business as a bottleneck in a firm’s continuity with the critical period preceding the succession phase being under-looked. The period preparing for succession is an equally important phase containing vast information on processes and determinants explaining the continuity of the family firm because it permits planning for the succession and longevity of the family firm (Churchill & Hatten, 1987, 1997; Handler, 1994). This stage begins with the early involvement of family members expected to take over the firm to the next generation after the founder’s tenure. It is true that the succession phase is crucial for a family business’ continuity. If no family members are available to continue or none are interested in continuing the family’s involvement in the ownership, governance, and management of the business, then the family business loses not only its fundamental characteristics of a family business (Sharma & Salvato, 2013) but is also at risk of closure (Miller, Steier & Le Breton-Miller, 2003).

Literature on a family business’ continuity also considers continuity as a measure of achieving long-term survival strategies (Drozdow, 1998), longevity (Zellweger et al., 2010), or long-term orientation characteristics of any family business (Arz & Kuckertz, 2019; Cavicchioli, Bertoni & Pretolani, 2018; Chua et al., 1999; Lumpkin & Brigham, 2011). A family firm does not survive only because of succession but survives on a continuous basis during the period from early-stage survival to the stage of maturity (Beckhard and Dyer, 1983a; Ward, 1987). In the early stages, young family firms must survive liabilities of newness like many other small firms that lack capabilities, resources, routines, and legitimacy (Delmar & Shane, 2004, 2006; Wiklund, Baker, & Shepherd, 2010). In the later stages, when it comes to succession,
they must survive diverse problems of ownership transition preferences (Wiklund, Nordqvist, Hellerstedt & Bird, 2013), power, experience, and culture of the owning family’s members (Luis Meroño-Cerdan & José Carrasco Hernández, 2013) and many other factors. Generally, many businesses do not even celebrate the first generation but fail and close when they are very young and being managed by the first generation; some of them remain as living dead but continue anyway (Zahra & Wright, 2011).

A family business performs different things on a continuous basis to maintain a long-term orientation. The futurity, continuity, and perseverance are three main ingredients of the long-term orientation of any family business (Arz & Kuckertz, 2019; Lumpkin & Brigham, 2011, Lumpkin, Brigham & Moss (2010). This thesis focuses on continuity and not the futurity and perseverance. As it is understood from the position taken by Lumpkin and Brigham (2011) and Lumpkin et al. (2010), the term continuity used in this thesis is not succession survival or long-term survival, but constant and short-term survival and day-by-day survival that allows a family business to stay on the right path toward its long-term orientation. Continuity acts as a bridge between long-term orientation and futurity and perseverance.

Therefore, this thesis considers family business continuity as the day-by-day survival of a family firm to maintain the family business and ensure that the long-term mission of the family business is guaranteed.

According to Drozdow (1998), continuity is not an objective in itself, but a result of what had been going on that led to the actual status and a vision for the future. It is a result of strategies put in place by the business family on a daily basis, intending to survive diverse problems and maintaining the business. For understanding the factors of continuity, we need to understand the owners and not the firm itself. Yes, family businesses are owned by families, and therefore all attention needs to be focused on the owning family. Continuity of a family business is meant to preserve and perpetuate the founder’s image, memory, or legacy as pride for the founder’s family. It is sometimes achieved through unexpected ways, like an exit strategy of hybrid ownership (Wiklund et al., 2013) which is keeping the company partially without considering it a failure as such instead of letting the firm go and losing family ownership. Another way is changing the leadership and bringing about professionalism in its management by allowing in non-family managers (Beckhard & Dyer, 1983b; Dyer, 1988) or by diversifying its portfolio but continuing as a business family (Sharma & Salvato, 2013).

Unfortunately, existing research looks for explanations of continuity or its interchangeable concepts by its own components, focusing on the firm as a unit of analysis. However, the literature review in this thesis elaborates on what is being continued, how it is being done, and why it is achieved by distinct categories at various levels in the family. The literature review also shows that researchers need to investigate what a business family does differently that extends family ownership and management that ultimately extends the lifespan of a firm (Cano-Rubio, Fuentes-Lombardo & Vallejo-Martos, 2017) This is because the status of a family firm is a function of both the business’ success and family functionality (Davis et al., 1997). Therefore, it is equally important to investigate how people manage family-related practices and behaviors that lead to the survival and longevity of a family firm’s lifespan.
Purpose and research question

This thesis analyzes the problem of continuity from several angles. First, through a literature review the concept and meaning of continuity of family businesses is analyzed. The literature review about continuity shows that the common point in owning families is a ‘commitment to continuity.’ This commitment to continuity consists of a desire to extend the lifespan of a firm through continuing the family’s involvement in ownership and / or management. This is the reason why all family actors need to have the desire of continuing the business which is the essence of supporting both the family and the community. The family and community need to be supported in the Rwandan context of being a sub-Saharan country, where family and business logic do not compete but complement each other (Murithi et al., 2019). In this context everyone works in and for the business and the business exists not for the founders only, but for everyone in the extended family and community. However, the answer to the question of how they achieve it together is not well explored.

For answering the question of how the family business builds its continuity in the Rwandan context, different theoretical lenses were used for understanding the way business families build their business continuity. In the beginning, it was assumed that business families envisage continuity of family businesses through a proliferation and diversification of their businesses. For this portfolio literature was explored but it did not fit well because portfolio creation and management involved junior members getting managerial experience and entrepreneurial culture like that used by the original family business leading to a repetition of the acquired entrepreneurial spirit (Discua Cruz, Hamilton & Jack, 2012; Discua Cruz, Howorth & Hamilton, 2013). Such a holistic involvement of family actors is referred to as socialization. Socialization literature was explored as an option for understanding how business families built continuity, but it was not enough. It was not pursued because even if socialization literature can explain continuity through synergy between two generations, it requires commitment by both partners to the process (Handler, 1990).

It became clear that both portfolio creation and socialization of members towards the business depended on the commitment of all actors in the family. Therefore, commitment literature was identified as the main force guiding a family business’ continuity. Hence, commitment literature was analyzed at different levels. According to Sharma (2004), the groups in a family as a unit of analysis can be decomposed into four sub-groups affecting their business. Sub-groups are identified and arranged top-to-down at a societal level, firm-level, group level, and interpersonal level, which is the family and lastly, the individual level composed of founders, next-generation members, women and in-laws, and non-family employees. In this thesis, the societal level is not the focus. The literature review as well as other findings present the ‘commitment to continuity’ as a theoretical foundation, a shared reason why most of the sub-groups in business families pursue continuity of family businesses. We also need to pause a bit and ask ourselves about the contribution of each level in a business family and how it affects a family business’ continuity or how the commitment to continuity is manifested at each level. In other words, we need to know the role that everyone plays in this process of continuity and how they contribute either
individually or collectively to the continuity of the business. Therefore, the question this thesis asks is:

“How does the family build its business continuity in Rwanda’s context?”

Following the commitment construct as a theoretical foundation of business continuity, the purpose of this thesis is “investigating how a family builds its business continuity” by tracing the role of each key player in the family. To achieve this, the problem of continuity of a family business is investigated at different levels of analysis ranging from the individual, group, and organizational levels as discussed in Sharma (2004) and explained earlier. This thesis investigates the commitment of the founder, next-generation members, in-laws, the rest of the family members, and the surrounding community of employees, family, and the firm at large, in relation to the continuity of the family business. For the various levels there are the founders, family members and in-laws at the individual level; the family as a group at an interpersonal level; and the firm at the organizational level that sometimes links with the societal level at a higher level of analysis (Ashkanasy, 2003; Sharma, 2004).

Significance and contributions

For researchers of family businesses, this thesis contributes by tackling the issue of non-clarity about family businesses’ continuity in a developing country context. Vast literature on family businesses attributes the importance of business continuity for achieving a long-term orientation for a family business (Lumpkin & Brigham, 2011; Lumpkin et al, 2010), perseverance of family involvement in ownership and/or management, and a vision or futurity (see, for instance, Casson, 1999; Churchill & Hatten, 1997; Tagiuri & Davis, 1996). Focusing on the family as a unit of analysis helped understand each concept (ownership and management) and figure out how family members influenced the family business’ continuity. For instance, either the founders or the next-generation members have a role to play in family ownership’s continuity or management continuity, but this thesis investigated them separately for a better understanding.

When it comes to family business literature, this study responds to several calls to shift focus from the firm to the family as a unit of analysis for understanding the family business phenomenon. The family as a social institution in which the entrepreneur is embedded has been neglected in family business research. Elaborating on the family’s context and how it influences the business is studied in this thesis in response to calls by Aldrich and Cliff (2003), Le Breton-Miller and Miller (2009), Nordqvist and Melin (2010), and Welter (2011) that family context as a unit of analysis is less studied in management research. Focusing on family dimensions at different levels of research, from conceptualizing and modeling, sampling and analyzing, and interpretations and implications help connect the ‘unnaturally separated’ social institutions of family and business (Aldrich & Cliff, 2003, p.574). As there is no demarcation between the owning family and the firm (Beckhard & Dyer, 1983a; Sharma & Salvato, 2013; Wiklund et al., 2013), understanding the role of both stakeholders within the family and/or the firm is important (Wright et al., 2014). To
understand a family business’ continuity, it is necessary to navigate between the business, family, and stakeholders since there exist intrinsic relationships among the family and the family business and their contexts (Gupta et al., 2010; Wright et al., 2014).

The context in particular focuses on related circumstances, conditions, situations, or environments that enable or constrain the phenomenon under the study (Welter, 2011). Findings on a day-by-day continuity model developed from data in a developing country context contribute to an understanding of the context’s heterogeneity. This understanding has so far been dominated by findings drawn from the western world. Differences in cultures and practices show that applying family business theories drawn from the western context to the developing country context may not work in the same way. Hence, this thesis also responds to calls to understand the influence of a family’s perspective on business (Discua Cruz & Basco, 2017) as well as the differences in the context between the developed and developing world (Walsh, 2015).

Apart from context literature, this thesis also helps understand the concept of family business continuity in terms of theory. It uses the commitment construct to understand the motives for continuing a family business. It responds to different calls from academicians for understanding a business family's desire and commitment to keep their business over time (Jennings, Breitkreuz & James, 2013; Tucker, 2011). In the study of commitment to keep a business running over time, one of the key findings is the time dimension. The time dimension relates to when continuity happens. Literature divides the continuity concept into short-term and long-term survivability. In this thesis, a day-by-day continuity is at the center of the findings due to several reasons among which is day-by-day continuity navigating between both short-term and long-term survivability.

Figure 7.2 shows that an uncertain environment, the communitarianism nature of family businesses in Rwanda, the cultural background of Rwandan families, and the social capital of a family and other members in Rwandan culture influence the day-by-day continuity of family businesses in Rwanda. The decision to keep a family business running after the founder’s tenure is based on an affective commitment of the founder and his family, the normative commitment of family members and other invisible members, and the continuance commitment of the family firm. The day-by-day continuity model developed in this thesis responds to recent calls to link time and family business literature to understand the implications of the time horizon on a business family’s decisions in business (Drakopoulou Dodd, Anderson & Jack, 2013; Randerson, Bettinelli, Dosa & Fayolle, 2015; Seaman, 2015; Welter, 2011). Linking the commitment construct with a family business at different levels of analysis helps extend literature on commitment presented by Meyer and Allen (1991), Meyer and Herscovitch (2001), and Sharma and Irving (2005). Figure 7.2 shows that the types of commitment are not independent of one another but embedded in the family’s needs. It shows that people may possess an affective commitment and continuance commitment or normative commitment at the same time which makes them overlapping not mutually exclusive.

Besides theoretical contributions, this thesis also makes some practical contributions. Many cases of business disputes in courts of law exist in Rwanda because the current social context emphasizes a lot on the legal succession of a firm as
per tradition (family firm as an asset to be divided) instead of firm management succession. Consequently, many family firms end up in liquidation and asset sharing among their inheritors instead of a firm’s continuity. Figure 7.1 in this thesis shows a multi-level analysis of the role played by each part in a family business’ continuity that can serve as a guiding model for Rwandan family businesses in planning their family businesses’ continuity as well as dispute mitigation. By understanding the role played by each part in the family business, the findings in this research will benefit practitioners-owners operating in a context like that of Rwanda in drafting informed continuity plans and strategies focusing on long-term survivability instead of legal succession that may protect firms against possible disputes and speculations about a family firm’s liquidation.

As for policy contributions, this research informs policymakers about family ownership issues that may affect firms so far ignored in laws and policies. In fact, the high rate of business failure is covered at a macroeconomic level by a high start-up record of doing business and World Bank reports for developing countries’ business and economic growth. Policymakers prefer to cover the problem by reporting high start-up rates and avoid talking about the failure rates (Mwanza, 2015). Therefore, the problem of survival and continuity of a business in developing countries is important but is less discussed even though it is crucial for keeping businesses running for sustaining economic growth. There is a predominance of family businesses in most economies worldwide, particularly in Africa, where the percentage of family businesses is around 80 percent of the economy (Gupta et al., 2010). Therefore, family business continuity means the preservation of tax revenues as well as stable employment necessary for economic development. Ownership related problems that may result in liquidating a business that was benefiting hundreds and thousands of families like some cases in this thesis would be disastrous for the economy and profoundly affect a particular region. This thesis also discusses the communitarian nature of family businesses in sub-Saharan Africa. Therefore, this study informs policymakers about protecting businesses against discontinuing factors and frequent social practices (legal, cultural, etc.) for maintaining a conducive environment favorable for both start-ups and continuity of existing family businesses.

Structure of the dissertation

Chapter 1 gives an overview of the dissertation. It begins with the background of the research, which focuses on the topic, problem, what is known about the problem as well as what is missing thus highlighting the gaps in literature and providing a justification for the research. It introduces the research context, the context of developing countries and of Rwanda, explores the empirical context of family businesses, and briefly explains the concept of a family business’ continuity. It also discusses the purpose of the study and research question, significance, contributions, and the structure of the dissertation.

Chapter 2 understands the concept of family business continuity through a literature review. It explores the different meanings of continuity as well as different components of a family business’ continuity. After defining continuity and its components, it reviews the theoretical foundation to explain how business families
Introduction

continue their businesses. Portfolio proliferation and socialization or working together for family businesses’ continuity are identified as a means of achieving this continuity. Both (portfolio and socialization) constructs require a deep commitment from both founders and next generation members. The commitment construct is used as the theoretical lens binding both portfolio and socialization and guiding the phenomenon of continuity in this thesis. Using a multi-level scale, this thesis identifies commitment at the individual level (founders and family members), as well as at the family and business levels. Different forms of commitment, notably effective, normative, and continuance commitment, are observed at all levels in family business literature. Each level has one or many forms of commitment to the continuity of family businesses. This commitment to continuing a family business is shared by different levels in the business family.

Chapter 3 consists of a strengthened review of the context of the research. It brings a generalized description of developing a country context and of Africa. It also pays special attention to a detailed account of the Rwandan context that likely affects the continuity of family businesses. It details the Rwandan historical context of the business sector, the legal and institutional context, and the social context in relation to family business continuity. It also explores social change, particularly in new values and expectations of younger family members and the potential conflicts these bring.

In Chapter 4, the philosophical considerations and qualitative research design are described. After the philosophical stances of subjective, interpretive, and social constructionism, the chapter outlines the research strategy. The research strategy is centered on the qualitative case study design, conducted as an abductive process. This thesis adopts a multiple case study design. The chapter explains each strategy and its usefulness for achieving the purpose of this thesis. The chapter also discusses the context and case selection criteria and presents the key characteristics of the cases. For data, the chapter discusses interviews as a data collection tool, respondents’ profiles, the data analysis process, and the theory-building process. It ends with ethical considerations at different steps following the seven ethical principles and codes guiding case study researchers.

Chapters 5 and 6 give the empirical cases, descriptions, and findings, respectively. Chapter 5 describes six cases focusing on the history of the business family, business creation, and trajectory of the family business as well as the family business’ status and family involvement in both ownership and management. Chapter 6 discusses the findings. Three main findings or theoretical dimensions are grouped into one aggregate theoretical dimension labeled as family business’ day-by-day continuity. These three main findings or theoretical dimensions are: ‘commitment to the day-by-day continuity of the family business’ in terms of effective commitment for inheritance preservation, normative commitment for continuing the family business, and continuance commitment of communitarianism; the second is ‘day-by-day continuity of the family business in terms of family ownership’ in terms of leadership or chieftaincy retention, developing ownership responsibilities, legal succession issues, and conflict awareness among co-owners; and the third dimension is ‘day-by-day continuity of the family business in terms of family management’ in terms of professionalization; building the loyalty of non-family members, and establishing governance and conflict management mechanisms.
Chapters 7 and 8 present a discussion of the findings as well as the conclusions and contributions, respectively. The discussion and conclusions are presented according to the dimensions discussed earlier. These chapters also discuss the limitations of the thesis and provide suggestions for future research.
Chapter 2: Literature review on the continuity of family businesses

Introduction

This literature review provides clarity about concept of family business continuity, an overview of the dialogue on this subject among scholars, its definition, how family business continuity is maintained, and a possible theoretical foundation for continuing a family business.

The overview of family business continuity classifies literature into three streams of dialogue. The dialogue on the time dimension of a family business’ continuity situates these streams into a continuum of past, present, and future. The dialogue leads to the definition of a family business’ continuity as it is understood in this thesis.

The components of a family business’ continuity describe what is being continued in a family business or a family’s involvement in the ownership and management of the business.

Lastly, it elaborates on a theoretical foundation of a family business’ continuity. The chapter discusses possible explanations of why and how families continue their businesses. Portfolio literature explains how business families grow and diversify their businesses for continuity of family businesses. Socialization literature explains how founders and successors come together to sustain family businesses. Between both portfolio and socialization literature, a common ground is traced in commitment that founders, successors, the family, and the firm adopt for better continuity of their businesses. This chapter also does a multi-level analysis of family commitment. Therefore, the commitment construct remains the primary theoretical lens of a family business’ continuity in this thesis.

An overview of literature on a family business’ continuity

The review shows that the dialogue in family business literature about a family business’ continuity can be divided into three categories that characterize the aspirations of most family businesses: succession, past success, or the founder’s legacy, and ‘longevity’ or the long-term survival of the business. Therefore, continuity is referred to in literature as succession survival or sustaining the founder’s legacy or achieving long-term survival or longevity. According to Lumpkin and Brigham (2011) and Arz and Kuckertz (2019), continuity is one of three dimensions of a long-term orientation construct of the family business. 2 other dimensions of the long-term orientation construct are futurity and perseverance. This means that a family business not only has a long-lasting mission and sticks to that mission but importantly, it must survive any disruption that is encountered at particular moment(s) and continue to pursue its long-term mission continuously.
For family business researchers, the focus on the first generation’s succession, which happens after approximately 24 years of a business’ existence and coincides with the founder’s tenure, has been depicted as necessary for survival (Beckhard & Dyer, 1983a). This stage is preceded by starting the process of involving family members expected to take over the business to the next generation after the founder’s tenure, to qualify it as a family firm (Churchill & Hatten, 1987). However, succession survival alone cannot be equated with continuity. The process for succession is essential and requires initiation in involving family members. It is in this period that family members and potential successors get involved in a family firm’s activities (Churchill & Hatten, 1987, 1997).

The first category of studies appeared in the 1980s and 1990s, looking at ‘succession,’ that is, the successful succession from the founders’ generation to the second generation as survival. They were dominated by works by Beckhard and Dyer (1983a, 1983b) and Dyer (1988) who defined family business continuity in terms of ‘succession survival’ of the first generation or ‘possibility of the family business continuing to operate after the first generation’ coinciding with the presence of the founder. It is also referred to as a successful internal ownership transition to the next generation (Wiklund et al., 2013).

The second category of studies in the 1990s focused on past success as the ‘founder’s legacy.’ Scholars then were interested in a success story: the ‘achievements and historical successes.’ Scholars like Drozdow (1998), Lee (2000), Miller and others including Le Breton-Miller and Miller (2006), Miller and Le Breton-Miller (2003, 2005a, 2005b, 2006), During this phase, the dialogue changed from a short-term survival perspective to historical successful family businesses, focusing on success itself and the strategies used for achieving this success. People looked back to trace the family and business factors and characteristics that made a successful family business. This view is still strongly present in recent literature, for instance, the recent family imprinting perspective that theorizes how “the long-lasting legacy of previous family generations shapes different approaches to innovation and tradition depending on the content imprinted on the current family generation” Erdogan, Rondi & De Massis (2019, p.2).

The third category focuses on ‘longevity.’ While many scholars discuss the continuity of family businesses based on past success and current status, other scholars are interested in the long-term survival of family businesses. This category looks at family business continuity under several terms including longevity, sustainability, long-term orientation, inter-generational, and multigenerational family businesses. Recent developments are dominated by Zellweger, Mühlebach, and Sieger (2010), Ward (2011), Lumpkin and Brigham (2011), Salvato, Chirico, and Sharma (2010), Sharma and Salvato (2013), Nakaoka (2018) and many others interested in long-term orientation or entrepreneurial orientation needed for a family business’ continuity for longevity purposes. This also includes another perspective of long-term orientation or the family’s ‘transgenerational entrepreneurial orientation’ (Zellweger, Nason & Nordqvist, 2012) moving the discussion from a simple family enterprise to a business family (Aronoff & Ward, 2001; Sharma & Salvato, 2013) and an intergenerational business family (Zellweger, Mühlebach & Sieger, 2010). The later development of studying a business family’s long-term orientation is in line with this thesis. As the long-term orientation is made of futurity, continuity, and perseverance characteristics
of a family business, the focus of this thesis is only on the continuity part which will help understand how founder-led business families build their businesses continuity.

All these concepts dealing with family business continuity show the importance of maintaining the family business from its early stages through strategies making a business successful and eventually reaching the next generation. The aim is maintaining the family and firm both for a long time and through multiple generations as much as possible (Beckhard and Dyer, 1983a; Drozdow, 1998; Dyer, 1998; Salvato, Chirico & Sharma, 2010).

However, historical success, the succession of ownership to the next generation, or longevity through generations does not tell us where to trace the continuity. It is a status of success that can be reached during any generation. Most of the advantages and characteristics of a successful family firm like continuity are results, not objectives; results of a commitment (Drozdow, 1998). Therefore, there is a need for studying how family influences may have contributed to the status of continuity. Studying this effect can be done by looking at what a family firm under observation faces and paying attention to both internal and external contexts (Sharma, 2005).

Ensuring a family firm’s continuity is an essential strategy for success (Drozdow, 1998; Miller and Le Breton-Miller, 2005a; 2005b). However, as per Davidsson (2004), it would be wrong to define successful entrepreneurs based on their traits or characteristics rather than describing what they do and how they do it differently. Similarly, this thesis looks at how business families survive from an early stage. It investigates which aspects of a business are business families willing to continue and the antecedents making it possible to continue as business families.

To do so, this thesis did a systematic literature review of publications listed in Thomson Reuters, Web of Science, and Scopus. I merged papers from the databases to avoid duplication. I explored how family businesses strived for continuity. The search keywords in titles and summaries included interchanged and various synonyms for ‘continuity’ coupled with ‘family’ and/or ‘family firm’ or ‘family business’ or ‘family enterprise’ or ‘family company’ or ‘family venture’ or ‘family entrepreneurship.’ However, since some papers overlapped, the repetitions were eliminated after filtering the abstracts to check for the presence of the word ‘continuity.’ I selected only family business-related papers that treated continuity as an outcome, not antecedents because, according to Drozdow (1998), the continuity of a family business is not projected; it is a status resulting from what has been taking place. In total, 291 papers were selected during the last quarter of 2019, but some papers were removed because they considered outcomes as antecedents of other variables like long-term success (Zellweger et al., 2010) or longevity and some papers were not interested in continuity so the relevant papers reduced to 67 which were kept as the starting point for the analysis. The papers are from different areas of research that treat this topic and include articles, books, book chapters, papers presented at proceedings, and reviews. A few other papers and theses that were related to continuity were also added to support these selected papers.
A time dimension of a family business’ continuity

Looking at when continuity happens, literature is divided between continuity as living longer, the ability to survive the founder’s generation, and the on-going battle to keep the family business alive.

Three types of studies discuss the term ‘continuity’ in family business literature but rarely answer the question of when a desire and commitment for continuity occurs and when it is realized. The first category considers continuity when a family firm can live longer than a generation to sustain its past achievements. The second category sees continuity as the capacity to continue when the owner(s) leave the business. The third category considers continuity as sustaining the family’s past achievements or family pride. Therefore, the continuity of family businesses considers past, present, and future time dimensions.

The first considers continuity as longevity in terms of multigenerational ownership, that is, carrying past achievements of the family business and extend it as further as possible. Continuity is framed as long-term existence in terms of the number of generations that have controlled the family firm (Sharma & Salvato, 2013). Longevity becomes one of the characteristics of a family business and must be a concern for every member of the family (Arz & Kuckertz, 2019; Basly & Saunier, 2019; Razzak, Abu Bakar & Mustamil, 2019). For instance, when there are no men to continue a business, often women, wives, daughters, and relatives take over positions of leadership to extend the business as far as possible (Berghoff, 2006; Martinez Jimenez, 2009). Therefore, longevity is equated with continuity. Longevity “refers to the continuity of a family firm beyond the career span of its founder(s)” (Sharma and Salvato, 2013, p.34). The most important thing is a transgenerational succession from the first to the second generation. Here, inter-generational succession’s survival, longevity, and continuity have the same meaning.

The second sees the continuity of family firms as the possibility of continuing after the founder(s) or owner(s) have left the firm, and the remaining members take over the firm (see Salvato et al., 2010). It is essential that ‘a business continues beyond its founder’ (Drozdow, 1998, p.338). This short description does not differ from succession survival from the founder’s generation to the second generation (Beckhard and Dyer, 1983a; 983b; Dyer, 1998) or continuity of a family firm beyond the career span of its founder(s) (Sharma & Salvato, 2013, p.34) and the possibility of continuing after the founder(s) or owner(s) have left and the remaining members take over the firm (Salvato et al., 2010). In all these cases, when the founder leaves for various reasons like death, retirement, or simply a change of career, the remaining partners must agree between continuing or closing the business. Instead of selling, shutting down, or splitting the business, the remaining family members decide to maintain the firm with a desire for business renewal (Hirigoyen & Basly, 2018). Then one can talk about the continuity of family firms if they decide to retain the firms. In this case, exit through retaining the firms is equated with continuity. However, such a decision or event of the owners’ departing may happen many times during the same generation. For instance, if one partner who was more active in business leaves, let us say the husband or wife, the
remaining partners may decide to increase their level of involvement and maintain the firm till retirement and then passing it over to the next generation.

The third case is ensuring the continuity of the business' existence as a family achievement under its name. “The name of the firm must be continued” (Sharma & Salvato, 2013, p.35) to trace its history and roots or at least have a continuity of the family business’ history (Parada & Viladás, 2010). According to Sharma and Salvato (2013), whether the name of the firm includes the name of the family or not, the name that it continues with confirms the continued existence of the family firm both legally and in public minds, if it is still under family influence and involvement. Otherwise, it can continue but as an acquired firm and no longer be a family firm. Keeping tradition, history, and identity may be one of the reasons for a business’ continuity (Drozdow, 1998; Dyer, 1988) that can even motivate some strategic choices and resistance to change (Bruninge, 2005).

Considering that family members must take a decision to keep the firm alive over and over, the time dimension cannot be neglected when we talk of continuity because it reminds us of what took place that may have contributed to the status of the family business. For me, continuity has nothing to do with multiple generations’ survival, but only surviving a critical event that requires a decision to maintain or change the existence of a firm, that is, extending the lifespan of the firm within the family, continuing family involvement in ownership, and continuing family involvement in its management. Such critical events for survival may happen several times during a business’ lifetime. For reaching longevity, firms must strive for short-term survival, and this depends on what day-to-day decisions people take to reach longevity.

The time dimension of continuity is essential for differentiating longevity as long-term survival and continuity which is short time survival when a business crosses a critical event like the departure of the owner (s) or merely any decision in favor of maintaining the firm instead of selling or shutting it down mainly for socioemotional wealth motives (see Akhter, Sieger & Chirico, 2016; Chirico, Gómez-Mejia, Hellerstedt, Withers & Nordqvist, 2019).

In adopting day-by-day strategies for retaining a firm for the sake of continuing family ownership in the business, a passion that is common in founder-and descendant-led firms, we can find a middle ground that gives a time dimension to continuity bridging the past, present, and future of a family business. Veider and Kallmuenzer (2016) see a family firm’s continuity in terms of the long-term orientation of the family firm which also has roots in the past and present. This is in accordance with family business literature considering continuity in family firms as harbingers of strategies in past activities to extend and preserve the legacy and traditions that are useful for guiding time horizons of the family firm’s activities (Lumpkin & Brigham, 2011; Salvato et al., 2010) for both the family and the community of employees and partners (Veider & Kallmuenzer, 2016; Woodfield, Woods & Shepherd, 2017). Continuity, perseverance, and futurity are sometimes used interchangeably in narratives of the current generation that is in control, but they are an integral part of the three dimensions of the long-term orientation construct (Arz & Kuckertz, 2019).
Definition of a family business’ continuity

The time dimension discussed in the literature reviewed comes back to the necessity of having long-term orientation characteristics which are necessary for a business to qualify as a family business (Arz & Kuckertz, 2019; Cavicchioli, Bertoni & Pretolani, 2018; Chua et al., 1999; Lumpkin & Brigham, 2011, Lumpkin et al., 2010). However, a family business’ long-term orientation defined as “the tendency to prioritize the long-range implications and impact of decisions and actions that come to fruition after an extended time period” (Lumpkin, Brigham & Moss, 2010, p.241) is achieved through the futurity, continuity, and perseverance of the family business (Arz & Kuckertz, 2019). This thesis is interested in the continuity part only as a bridge between long-term orientation and futurity and perseverance. The central question of this thesis, understanding how founder-led business families build their businesses’ continuity, helps highlight the importance of continuity in achieving the long-term mission of a family business.

This thesis defines and uses family business continuity as: ‘the day-by-day survival of a family firm in maintaining the family business and ensuring that the long-term mission of the family business is guaranteed.’ It is short-term survival, day-by-day survival that accompanies the perseverance of family firms for their future aims. Or the continuity of a family business is a result of strategies put in place by the business family daily, intending to survive diverse problems and maintaining the business.

Continuity is essential for the long-term orientation of family firms, together with futurity and perseverance (Arz & Kuckertz, 2019; Lumpkin & Brigham, 2011). The reason for continuing a family business is that its current status has roots in past and present achievements (Veider & Kallmuenzer, 2016). Preserving and sustaining the legacy and tradition of the family as well as its past and present achievements leads to the continuity of a business (Lumpkin & Brigham, 2011; Salvato et al., 2010; Woodfield et al., 2017) without making continuity an objective in itself, but seeing it merely as a result of the strategies put in place for long-term orientation (Drozdow, 1998).

The components of a family business’ continuity

Future intentions, long-term orientation of the owners and/or managers, and next generation family members willing to take over the business form the essence of defining a family firm (Arz & Kuckertz, 2019; Cavicchioli et al., 2018; Chua et al., 1999; Lumpkin & Brigham, 2011). Authors have been using different constructs like multiple generations’ survival, intra-family succession, and the existence of family members being trained to take up a job in the business in a short period of time interchangeably referring to continuity or antecedents for continuity. However, a single criterion cannot be equated with the concept of continuity. Instead, these constructs are different in nature but reveal the desire for the business to continue as a family business. The desire for continuity becomes a coherent criterion that characterizes a family firm. It is closely related to other criteria of the owner’s long-term vision, transgenerational succession, the existence of potential successors, and many other aspects that are highlighted in different definitions of a firm to qualify as a family firm. Having the desire for a continuity construct instead of succession
or transgenerational survival in a business family or following an exit strategy (see other forms of exit, Akhter et al., 2016; Chirico et al., 2019; Jaskiewicz, Combs & Rau, 2015; Nordqvist and Zellweger, 2010) and the future and long-term orientation of both founder and next generation family members helps explain the concept of ‘continuity’ that stands alone as such. However, the question of clarifying what to continue in the business remains. The literature reviewed discusses continuing the family’s involvement in the ownership and management of the firm.

In fact, having the construct of ‘continuity’ as one of the characteristics of family firms, helps apply and/or combine ‘continuity’ with the remaining characteristics and binding them together into ‘ownership continuity’ and ‘management continuity.’ For instance, under difficulties, the quality of products and services may guarantee the continuation of a family business (Fernández-Roca & López-Manjón, 2019). Alternatively, products and services may be replaced, and the family will continue being in business as a business family, or the new generation may shift the core business but continue the business anyway (Salvato et al., 2010). In both the cases, business management and ownership continue with the family which continues its business.

Continuity of family involvement in ownership

The first thing that continues is ownership, that is, business ownership being shared by at least two generations of family members, which gives hope for passing it to the next generation (Yeung, 2000). The continuity of ownership is based on the idea that a family firm’s ownership has passed the stage of the first generation and is at least in the second generation (Casillas et al., 2010). This idea of ownership continuity focuses mainly on the possibility of a transgenerational succession process (Cano-Rubio et al., 2017, p.138). However, if the succession process is through inheritance or legal factors this determines the central tendency of continuity and longevity, tendency between divisive disputes or a continual harvesting, and sharing the interests of the firm among all inheriting family members (Barker & Ishizu, 2012; Carney, Gedajlovic & Strike, 2013; Carrillo Pozo, 2018; Sund & Bjuggren, 2007; Sund et al., 2010). Formal ownership reinforces continuity dimensions more than the other 4 Cs (continuity, command, community, and connections) as per Miller & Le Breton-Miller (2005a). Perceived ownership makes a family business committed to continuing the business. Business families are known for their need to transfer the business to the next generation and their determination to keep wealth within the family for the next generations, without losing control over the firm and the family’s independence (Berghoff, 2006; Gómez-Mejía, Haynes, Núñez-Nickel, Jacobson, & Moyano-Fuentes, 2007). Such behavior of transgenerational wealth creation, is also known as the socioemotional wealth (SEW) perception, which explains the longevity of family firms because family firms focus on the long-term rather than short-term performance targets without diluting ownership (König, Kammerlander & Enders, 2013). Moreover, family-owned companies are known for their flexibility to take decisions more quickly compared to non-family firms (König et al., 2013). Evidence from Germany shows that when owners abandon the family ownership model for a more capitalistic model to attract outside funds firms lose their continuity and longevity aspirations (Berghoff, 2006).
Continuity of family involvement in the management

The second thing to continue is the management of a family business, that is, having multiple generations in leadership positions (Zahra, 2003). The continuity of management, as framed by Cano-Rubio et al. (2017) and Yeung (2000) refers to the fact that the management is shared by at least two generations of family members, which gives hope for passing it on to the next generation, that is, at least one family member representing a different generational perspective as the CEO and/or owner is active in a firm’s primary business (Kansikas, Laakkonen, Sarpo & Kontinen, 2012). This ensures that after the current generation, the business will continue to be managed by family members. It guarantees the possibility of passing the family’s management of the business on to the next generation (Tsao & Lien, 2013). The main idea here is the presence of different generations in the business’ leadership who are capable of managing the business beyond the current generation.

Management succession is a significant factor for a firm’s long-run survival. Yacob (2012) shows that firms operating under challenging conditions of war and a hostile political climate for foreign owners strived to continue managerial succession to ensure the longevity of family businesses instead of ownership succession per se. This means that if family ownership is at risk, families strive for managerial continuity at least. Instead of shutting down and losing past investments, managerial continuity helps a business continue in the country where the owners may not be allowed to stay due to cultural and political hostilities. As Yacob (2012) continues, this was possible for Behn Meyer, a German firm working in India, Malaysia, and other Southeast Asian markets during two world wars and decolonization and post-colonization tensions where the British colonial administration in the areas imposed severe restrictions on German-owned businesses. Such a strategy of management succession was combined with adaptability to the environment and the ability to transform itself. Long-serving managers joined the board of directors and brought local knowledge and perspectives that guided decision making effectively.

Theoretical foundations of a family business’ continuity

Introduction

The literature review presented in the last section about family businesses’ continuity, its overview, definition, and the components of a family business’ continuity, showed that the continuity of family businesses is a day-by-day task. In many ways, literature has touched on the reasons for continuing, aiming at a long-term orientation of a family business. However, the way it is conducted is not elaborated in the previous section. Now the possible means and finding the main one that guides the reasoning in this thesis are elaborated. Different views are outlined: business families ensure the continuity of their businesses by growing and diversifying their portfolios; involving different actors in the family to like and participate in the family portfolio as a means of ensuring its viability beyond the current generation (socialization), and both portfolio creation and socialization of members towards the business; all these require the commitment of all actors in a family. In the following sections, portfolio,
socialization, and commitment literature is developed. In the end, commitment literature is identified as the main guiding force in family businesses’ continuity. The commitment construct is elaborated upon on a multi-level scale to show how different actors get committed to a family business’ continuity.

**Family portfolio literature**

Portfolio entrepreneurship literature states that founders or habitual entrepreneurs establish businesses and grow through creating or acquiring multiple ventures, hence owning at least two firms (Rosa, 1998). There are those who start multiple businesses, without doing so one at a time, hence forming a business group (Rosa, Rautiainen & Pihkala, 2019). In portfolio entrepreneurship literature, there is a need to differentiate between novice entrepreneurs, habitual entrepreneurs, portfolio founders, and serial entrepreneurs (Rosa, 1998; Rosa et al., 2019; Westhead & Wright, 1998). Portfolio entrepreneurs and habitual entrepreneurs are those entrepreneurs who create, inherit or buy another business; serial entrepreneurs are those who create and close/sell the original business but later inherit, establish, and/or purchase another business venture while novice entrepreneurs are those who have newly inherited, established, or purchased a single business (Rosa, 1998, p.43). Examples include the famous Norwegian religious Hans Nielsen Hauge (1771–1824), who established around 75 business units and assisted in the establishment of another 75 units based on proper stewardship (Grytten & Minde, 2019). Another example is Ryan Smith in Dublin city, Ireland (see Clinton, Nason & Sieger, 2013) who in 2000 was described by the Irish media as ‘one of the outstanding businessmen of his generation’ when he died in 1999. Based on resources and their reputation, entrepreneur continued the businesses through different expansions, starting with supplying construction materials in 1932, expanding overseas in 1961, expanding the businesses through mergers in 1970, abandoning and creating new firms in 1978.

Similar examples also exist in East Africa, the context of this thesis, but few if none are well documented in Rwanda. There are well-known cases in Uganda, where some portfolio family entrepreneurs have grown and supplied the region many things including the Madhvanis family, the Sudhir family businesses (Rosa, 2019), and the Wavamuno group among many who started small but grew into multiple enterprises operating in many sectors of the Ugandan economy. Besides these examples the story of Gloria Wavamuno, the daughter of another famous family business Goldon Wavamuno’s Wavamuno group owning a wide range of portfolios in Uganda, shows how portfolio entrepreneurs create the next generation of entrepreneurs ([https://www.sautitech.com/startups/gloria-wavamunno-hustle-story/](https://www.sautitech.com/startups/gloria-wavamunno-hustle-story/), retrieved on 04 December 2019).

In literature, portfolio entrepreneurship literature goes hand in hand with intra-family entrepreneurship with either an individual habitual entrepreneur or a team that has created or acquired at least two businesses (Discua Cruz et al., 2013). Therefore, moving from a single individual portfolio founder to a family portfolio, a family business is a group treated not as a single business, but as a federation of firms owned and controlled by diverse family members (Rosa, Howorth & Discua Cruz, 2014).

Portfolio entrepreneurship is essential for a family business’ growth and adaptation to different phases of development, as well as getting organized and well managed as a
conglomerate and diversified business group (Rosa & Pihkala, 2019). Portfolio entrepreneurship ensures a family business’ continuity because members of a family’s entrepreneurial team secure the long-term future of the family in the business not only by developing and diversifying its portfolio of businesses but also by transmitting managerial experience and the entrepreneurial culture necessary for family members to take over the business (Discua Cruz, Hamilton & Jack, 2012; Discua Cruz, Howorth & Hamilton, 2013). By bringing in the family as the unit of analysis, the family context is a social institution that shapes the values of its members (Rosa et al., 2014), and these shaped values influence the attitudes and behavioral choices of family members (Rosa et al., 2014; Sharma, Melin & Nordqvist, 2014, p.7). The founders play a significant role in creating and shaping the next generation members’ values necessary for business continuity (Erdem & Gül Başer, 2010).

Creating multiple firms is one way of continuing a family business. Another opposing way is creating satellite businesses which also works for business continuity, where the identity of a business pushes the decision of shutting down a satellite business rather than selling it, and it helps sustain the remaining portfolios in crisis (Akhter et al., 2016).

Portfolio entrepreneurship in family businesses is important because junior members involved in family entrepreneurial teams get managerial experience and entrepreneurial culture similar to what is used in the original family business leading to the creation or acquisition of additional ventures (Discua Cruz et al., 2012, 2013). This does not differ much from socialization that is explained in the following section. In fact, family businesses’ founders or habitual entrepreneurs not only creates business empires but also give an opportunity to family members to learn from them thus igniting their responsibilities since the entire business cannot depend on a single person (Plate, Schiede & von Schlippe, 2010). Another issue is that portfolio entrepreneurship is not a means of survival but a growth strategy (Rosa, 2019, p.139). Hence, portfolio literature is not enough for explaining the continuity of family businesses. Portfolio literature leads to socialization literature as the way people in which a growing family business works together to sustain the family portfolio. The following section introduces socialization literature and family business continuity.

Socialization literature

Socialization literature on organization studies sees the continuity of an organization like a dance (Bieschke, 2006) where one partner is sometimes replaced by a new one without losing the beat and without interrupting the flow. Notably, in family businesses there is a dance-like succession between two generations interacting during the intergenerational succession phase (Handler, 1990), even though the founders and successors seem to be dancing to different tunes (Lam, 2011). On the founder’s side, the family business’ continuity requires raising and accompanying potential successors (García-Álvarez, López-Sintas, & Saldaña Gonzalvo, 2002). That socialization duty is important for the founders and the business’ continuity because “failure to engage the next-generation could put the family business continuity at risk” (Garcia, Sharma, De Massis, Wright & Scholes, 2019, p.238). Failure is likely in family farms where next generation members prefer better jobs than farming which reduces the chances of continuity of family farms (Cavicchioli et al., 2018; Ramboarison-Lalao, Lwango &
2 Literature review on the continuity of family businesses

Lenoir, 2018). Another failure may come from the lack of the next generation’s ability and willingness to cooperate (Merchant, Kumar & Mallik, 2018). During this co-management between the founder and successors, the progression of the dance is the transference of leadership, experience, authority, decision making powers, and equity (Handler, 1990, p. 43).

Socialization by the founder can be in the form of values and beliefs (Carr & Sequeira, 2007; Erdem & Gül Başer, 2010) or value and family capital (Oudah, Jabeen & Dixon, 2018). The value transmission and training sometimes are for all the founder’s descendants or it may be reserved only for the founder’s potential successors (García-Álvarez et al., 2002, p. 189). In general, socialization results in higher levels of identification, involvement, and loyalty among employees, which in turn, results in organizational commitment (Vallejo & Langa, 2010). For next generation family members, socialization is important in their early involvement in a family business (Pipatanantakurn & Racham, 2016) because it influences the involvement and belongingness of the dependents in a family business (Lozano-Posso & Urbano, 2017). This is the time that the successors make their choices between following their own occupations or learning and socializing with the organization culture before becoming part of it and taking over (Kidwell, Eddleston & Kellermanns, 2018; Lubinski, 2011; Nordqvist, Marzano, Brenes, Jimenez & Fonseca-Paredes, 2011). During this period of transition, family members involved in the family business get managerial experience (Discua Cruz et al., 2013) and entrepreneurial culture from the founders of the family business (Discua Cruz et al., 2012).

However, if the successor is a female, the socialization will depend on the leadership style of the father, favoring boys or both boys and girls (Cesaroni & Sentuti, 2018; Dumas, 1988, 1989; Haberman & Danes, 2007). As we see it later in this chapter in the section on normative commitments in family businesses, the next generation socializes to the business because of a feeling of obligation to align themselves with the family business (Meyer & Herscovitch, 2001). That is the socialization this thesis discusses. In fact, the next generation’s engagement in the family firm is a cognitive response of beliefs, competencies, and attitudes towards the family firm that develops thanks to perceived parental support and guidance acquired through parent-child socialization (Garcia et al., 2019).

The next generation category is not an isolated group. It works with the previous generation to ensure the smooth transition of the business. Different scholars have emphasized on the conjoint or separate roles of both owners and other family members like next generation family members in the continuity, where the current generation is characterized by unusual devotion to the continuity of the company acting as a steward for the next generation (Miller, Breton-Miller & Scholnick, 2008). However, the continuity of a family business rests on the qualities of family members, including “owners’ discretion, knowledge and incentives, and their stewardship over the mission, core capabilities, people, and external relationships of the firm (Miller & Le Breton-Miller, 2006, p.215). It is in this stewardship that parents/owners create in their children’s mindset as an individual normative commitment (Dawson, Sharma, Irving, Marcus & Chirico, 2015) that is transformed into an effective commitment towards the family business during the new generation’s tenure (Dawson, Irving, Sharma, Chirico & Marcus, 2014).
Socialization literature explains continuity through synergy between two generations. However, since socialization literature leads us to the commitment of both partners in the dance, especially their normative commitment, I now move to a review of commitment literature. Another issue with socialization literature is that it deals mostly with the succession process or a succession dance (Handler, 1990), while this thesis deals with continuity strategies that occur any time for the sake of attaining long-term orientation and perseverance of family businesses. The continuity construct together with futurity and perseverance constructs form the long-term orientation of family businesses as outlined by Lumpkin and Brigham (2011) and Arz and Kuckertz (2019). Therefore, for these reasons, this thesis does not use socialization literature as a theoretical framework because it does not focus on continuity as succession survival and instead focuses on day-by-day survival.

Commitment literature

In organizational commitment literature, the term commitment refers to “a force that binds an individual to a course of action of relevance for one or more targets” (Meyer & Herscovitch, 2001, p.301). The core essence of commitment is “the essence of being bound to a course of action of relevance to a particular target” is the mindset, a mindset that can reflect the “desire,” a “felt obligation,” or a “perceived cost” (Meyer & Herscovitch, 2001, p. 317). Therefore, based on these three essences of commitment, three bases for commitment are developed: ‘affective commitment’ coming from desire, ‘normative commitment’ coming from obligations, and ‘continuance commitment’ coming from perceived cost avoidance (Meyer & Herscovitch, 2001). As an outcome of this commitment construct, “commitment will lead to focal behavior relevant to a defined target, which is the focus of the commitment, and potentially to discretionary behavior, which can be understood as behavior above and beyond the call of duty.” (Otten-Pappas, 2013, p. 10).

The bases for commitment literature in family business research

According to a literature review of family business continuity, three logics seem to push business families to hold on to their businesses. It is a kind of ‘I want to continue it’ or ‘I have to continue it’ or ‘what if I do not continue it?’ approaches. Different reasons given in the reviewed literature reflect the motives around these three essences of commitment. Organizational commitment has been extensively documented in the context of family businesses. Literature on family businesses looks at the motives for a family business’ continuity commitment at both individual and family levels. Initially, Sharma and Irving (2005) opened a dialogue on commitment literature in family businesses. They looked at antecedents and outcomes of successors' commitment and building from Meyer and Herscovitch’s (2001) general model of commitment and proposed four bases of commitment: affective commitment, normative commitment, calculative commitment, and imperative commitment. Later, the discussion was extended by a larger team of researchers in this area like Dawson et al. (2014, 2015); Basly and Saunier (2019); Garcia et al. (2019); and Razzak et al. (2019). However, the last two types of commitment calculative and imperative commitment from Sharma and Irving (2005) were again merged into one construct of continuance commitment which had been developed and applied before by Allen and
Meyer (1990), Meyer and Allen (1991), Meyer and Herscovitch (2001), and Herscovitch and Meyer (2002). In this thesis, I use three forms of commitment: affective commitment, normative commitment, and continuance commitment. In the following paragraphs, I reflect on the three forms of commitment as well as the way they are incorporated in family business literature.

Affective commitment in family businesses

In affective commitment or desire-based commitment, the binding force is desire, a desire developed based on identity-relevance, shared values, and the personnel’s involvement (Meyer & Herscovitch, 2001). In an organization, for example, the affective component of organizational commitment of an employee refers to his/her emotional attachment to, identification with, and involvement in the organization (Allen & Meyer, 1990). “It is a psychological state that binds the individual to the organization” (Allen & Meyer, 1990, p.14). Similarly, in family business research, Dawson et al. (2015) conclude that individuals experience affective commitment mostly when these individuals’ identity and career interests are aligned with their family enterprises. This is simply because these individuals view the firm as an extension of themselves and their family name.

Normative commitment in family businesses

In normative commitment or obligation-based commitment, the binding force is obligations developed based on benefits and reciprocity norms, internalization norms (socialization), and psychological contracts (Meyer & Herscovitch, 2001). In an organization, for example, the normative component of an employee’s organizational commitment refers to his/her feelings of obligation to remain with the organization (Allen & Meyer, 1990). Similarly, in family business research, Dawson et al. (2015) identified the family’s expectations as the main factor for individuals to stay with the family enterprise due to pressure from parents to take over the family business but also because the latter expect reciprocal support from the family. In this study, the next generation family members’ normative commitment is viewed as a result of ownership development in family members through initiation into the business as well as gradual professionalization that gives family members a certain feeling of obligation to take over and continue the founder’s initiatives.

Continuance commitment in family businesses

In continuance commitment or cost avoidance-based commitment, the binding force is the cost; a cost sensitivity developed based on investments or side bets, as well as lack of alternatives (Meyer & Herscovitch, 2001). In an organization, for example, the continuance component of an employee’s organizational commitment refers to his/her commitment based on the costs that he/she associates with leaving the organization (Allen & Meyer, 1990, p.1). Similarly, in family business research, this type of commitment is divided into calculative commitment or opportunity cost-based commitment and imperative commitment or need-based commitment when it comes to
a successor’s commitment (Sharma & Irving, 2005). But in subsequent research, these two types of commitments, calculative and imperative, are treated as one type of continuance commitment as used earlier by Allen and Meyer (1990). In this reasoning, Dawson et al. (2015) argue that individuals stay with the family enterprise due to their concerns about losing inherited financial wealth and a limited or lack of alternative career paths.

Commitment as a theoretical foundation of a family business’ continuity

In family business commitment literature, the definition of commitment developed and elaborated by Allen and Meyer (1990), Meyer and Allen (1991), Meyer and Herscovitch (2001), and Herscovitch and Meyer (2002) has been adopted to explore commitment to family businesses (see, for example Otten-Pappas, 2013; Sharma & Irving, 2005). In this thesis, commitment is extended from successors that has been widely explored among all other actors in a family, observed at a multi-level from an individual to the family and business levels. In fact, commitment is proven as a binder for all family actors in the continuity of a family business through the identification and attachment to the family firm that indirectly influences the continuity intention among family members (Basly & Saunier, 2019). “High family influence on the firm implies a high commitment of family members to the firm and thus a high desire to sustain the family firm in the long run” (Basly & Saunier, 2019, p.1).

Different antecedents are identified in literature. The antecedents of a family business’ continuity outline different forms of commitment affective, normative, and continuance commitment. These are observed at all levels in family business literature. Each level has one or many forms of commitment for the continuity of a family business. This commitment to continuing the family business is shared by different levels in business families as follows. It includes family members’ commitment and the family and business’ commitment to continue in the interests of both the family and the community. The following sections investigate how commitment potentially affects a family business’ continuity and which form of commitment is likely to be attributed to each level.

Individual commitment to a business’ continuity

Founders’ affective commitment

The founders exhibit a particular affective commitment to the continuity of family businesses as active partners for their families and the community. Dawson et al. (2015) stressed the role of parents in creating an obligation towards the business in the children’s mindset that creates a normative commitment. Dawson et al. (2014) also found that successors with such a normative commitment inherited from the parents created an affective commitment towards their family firms and exhibited leadership and engagement behavior in undertaking initiatives going beyond the job description which contributed to organizational performance. As this thesis focuses on founder-led business families, here the parent is also the founder.

It is imperative that we reflect on why a family needs to continue as a business family. The desire for continuity and affective commitment, has been put at the center
in all family business definitions either implicitly or explicitly (Asaba, 2013; Miller & Le Breton-Miller, 2005a; Ward, 2011). According to Ward (2011), strategy formulation in family continuity reflects the desire for continuity, which is personal to the owners. Such a desire for continuity makes family owners continue with passive and aggressive investments as well as re-investments as would happen in non-family firms (Asaba, 2013). Founders feel a need for continuity due to the desire of a persistent presence as a family firm for family members and also for the community of stakeholders (Kallmuenzer, 2016). Instead of selling the land, for instance, in the case of non-successors, buyers or lessees are carefully chosen to preserve the interests of the community, especially in rural areas (Grubbström & Eriksson, 2018). This is why they transfer this sense of commitment to their successors. For instance, less-interested family members are brought out to safeguard the founder’s vision when it is noticed that some people may become obstacles in the continuity of the business or if they no longer adhere to the vision and values of the family, things that family members believe must be protected at all costs (Ward, 2011). This is mostly the role of the leaders, in our case of founder-led business families.

**Next generation family members’ normative commitment**

This section addresses the question of whether members of business families are motivated and/or committed towards family businesses’ continuity? Family members are brought together according to three categories (Sharma, 2004): successors, their spouses or in-laws, and as non-family members working in a family business. Sharma (2004) elaborates on the role of each cluster in family businesses in the form of multi-level embeddedness ranging from the founder, family members, women or in-laws and siblings, and non-family employees.

At the individual level, Dawson et al. (2015) examined the antecedents of commitment and the intentions to stay in the business for current or later generation member working in family firms. All these forms of commitment are observable. Affective commitment is observed mostly when individuals’ identity and career interests are aligned; normative commitment is observed when they expect absolute reciprocity between their support to the family and the family’s expectations; and continuance commitment is observed when they are concerned about losing inherited financial wealth and losing career paths when there are limited alternatives.

Apart from the current generation and the parents’ commitment at the individual level, Otten-Pappas (2013) also found that normative commitment is observed in female successors when no other successors are available. A similar study found that female successors also adopted an affective or continuance commitment when they chose a career path in a family business.

Besides female successors, Werbel and Danes (2010) and Van Auken and Werbel (2006) observed spousal commitment as crucial for the creation of a new venture and the survival of a family business. Such a commitment from spouses requires a shared dependence on the business, analytical abilities, and a shared vision about the goals, risks, and rewards from the business (Van Auken & Werbel, 2006, p.49).

Commitment is also observed among non-family employees. Their commitment positively and significantly affects the profitability and survival or continuity of the owned businesses (Vallejo, 2009). Such intrinsic motivation is described as
transcendental motivation that is shown in more personal and integrated relationships among all members of a family business and is based on the altruistic behavior of family firms that bring together both family and non-family members. These qualitative and emotional aspects allow a business to remain within the family.

There are several reasons why current generation family members show a commitment to the family business’ continuity. Building on a combination of evolutionary psychology and socio-emotional wealth (SEW) perspective, Gutiérrez-Broncano, Jiménez-Estévez & del Carmen Zabala-Baños (2017) explain why family businesses use different practices to increase the level of commitment among family members. Concerning social-emotional aspects, their study found that family members’ intrinsic motivation and non-financial motives were the source of commitment and these were beneficial for continuing the business rather than extrinsic motivation or financial motives.

Lozano and Urbano (2010) followed cases of first full-time jobs that the descendants of family businesses had in their family businesses and identified two main factors of satisfaction and commitment as contributing to the extension and continuity of family businesses. According to Gutiérrez-Broncano et al. (2017), harmonizing the internal relations among family beneficiaries guaranteed the continuity of family businesses both in the present and the future.

Family commitment to a business’ continuity

At the family level, literature on family business continuity shows a combination of both continuance and affective commitment. Collective family members’ aspirations regarding the future performance of the family business to ensure their individual and collective well-being represent key factors underlying a commitment to continue with the business, rather than a past-oriented attitude and emotions associated with past performance (Mahto, Davis & Khanin, 2014). This continuance commitment is characterized by a vision and long-term plans. Continuance commitment in connection with family characteristics like family cohesion influence family members to believe in their businesses and remain determined in their continuity (Lybaert & Steijvers, 2015). They become capable of deciding to keep it simple because the ultimate vision is to stay as a business family (Ward, 2011).

At the family level, there is a need for a collective desire and commitment to continue the family business, a need to agree and decide together about the passion, best practices, and enthusiasm for the family business’ continuity and growth (Berghoff, 2006; Ward, 1997). These collective aspirations of family members also constitute an affective commitment to the aim of achieving the continuity of business families. That desire for achieving continuity becomes a common characteristic of families and successful family-owned businesses putting it in their mission statements under different terminologies (Miller & Le Breton-Miller, 2005a, 2005b). That is like “we intend to keep the business in top shape for later generations of the family”, or “we manage the company for the long-run” (Miller & Le Breton-Miller, 2005b: p. 518) A member from the first generation said: “These businesses are designed to outlast their founders and to be passed on to succeeding generations. Leadership succession is restricted to the family. Normally, sons succeed their fathers, but the management can also be handed over to brothers, cousins, sons-in-law, and, in a minority of cases, to wives and daughters” (Berghoff, 2006,
This passage shows how the continuity of the family business is a primary and unspoken goal. And, more than 50 percent of the firms did not engage in any kind of succession or continuity planning (Lybaert & Steijvers, 2015, p.240), but it happens as a result of that unspoken goal. The business was sustained through a social process of the personal development of the next generation (Barbera, Bernhard, Nacht & McCann, 2015), creating awareness (Lybaert & Steijvers, 2015), and learning and knowledge co-constructing about family businesses in a specific family context (Konopaski, Jack & Hamilton, 2015).

Apart from succession, a family business’ continuity is a decision and a choice of family members to smooth-down the governance processes, to maintain a constant process of renewal, or to split the family firm (Maamari & Jannoun, 2017; Nueno, 2011). What leads to a business’ continuity is maintaining that process in a positive way that characterizes “correct governance” that “facilitates the continuity of entrepreneurial drive over generations” (Nueno, 2011, p.97). At the family level, governance issues, dispute management, and succession issues are also highlighted as antecedents leading to a family business’ continuity. In fact, pruning the family tree by dealing with conflicts and developing a family protocol and a succession plan are additional ingredients in a family business’ continuity (Lambrecht & Lievens, 2008; Matias & Franco, 2018), it is a kind of secret of a lasting family firm beyond the third generation in China (Zheng & Wong, 2016). Governance practices at the family level help avoid business segmentation and disintegration, which pave a stable path for the continuity of family businesses. It is also believed that the continuity of family businesses is a result of an on-going developmental process of governance, a process involving the interplay of systems, leadership, accountability, transparency, and remuneration among family members (Maamari & Jannoun, 2017).

The last ingredient of a family business’ continuity at the family level is exit decision taking. Using planned behavior lenses, Leroy, Manigart, Meuleman & Collewaert (2015) argue that the continuity of a family firm is a decision of continuing the business when the entrepreneur leaves the firm. Such a decision to exit by closing or selling is guided by the family’s attitude, perceptions, experience, number of employees that will be impacted by the decision, and the number of generations that have joint control of the firm who decide. Such a decision, therefore, depends on the choice of family members to maintain a constant process of renewal (Nueno, 2011), or to smooth-down the governance processes, or to split the family firm (Maamari & Jannoun, 2017), or decide to sell parts or satellites of the family business or shut them down as the exit decision to make sure no one else exploits their venture if they cannot keep it (Akhter et al., 2016; Chirico et al., 2019). The decision to stay together or fall apart is a function of several factors, but the level of family embeddedness mostly influences family members choosing to go for their own ventures rather than internal succession or vice versa (Pittino, Visintin & Lauto, 2018).

Organizational commitment for a family business’ continuity

This section addresses the question of how business families orient their families and businesses for the present and the future. Although it is not restricted to family businesses, in this thesis the literature review and the available data shows a certain behavior in decision taking at the organizational level, where family businesses create
values through mutual commitment to and for the family and community. A combination of affective commitment and continuance commitment towards the owning family and the community rather than a firm’s performance per se. At the organizational level, commitment goes hand in hand with decision making. Decisions about the financial or non-financial goals of a family business are determined by the owning family’s business commitments to its community, both the internal community of employees and the external community of partners.

According to Basco (2017), a family business’ goals influence the firm’s decision making and these family business goals and related decisions are the antecedents of the business’ continuity among other outcomes. Other family business outcomes include the family firm’s behavior, performance, competitiveness, best practices, and sustainability (Tobak, Nagy, Pető, Fenyves & Nábrádi, 2018). A family business’ goals are divided into different dualities that a family must balance when taking important decisions. The concept of family business goals is “a multidimensional concept formed by economic and social aspects that combines two scales: economic versus non-economic orientation and family versus business orientation” (Basco, 2017, p.28). Each orientation follows a certain logic, between family logic and business logic, and therefore each goal is important either for the family or the firm. The nature of a family business’ goals and its decision-making process make the family firm more oriented to utility maximization than profit maximization. Using a similar way of analyzing, Yu (2013) identified the dimensions of family business decisions that follow a family versus business dimension but also a short-term versus long-term dimension. Paradoxically, business families place the family’s needs before the business and this orientation promotes continuity in family businesses (Ward, 2011). Business families are characterized by their “continuity and persistence in pursuing a substantive rather than a financial mission” (Miller & Le Breton-Miller, 2007, p.27). Therefore, I conclude that a family business’ goals follow three dimensions of family versus business (Basco, 2017; Yu, 2013), the economic versus non-economic dimension (Basco, 2017), and the short-term versus long-term dimension (Yu, 2013).

These goals and related decision making characterize the commitment of a family business towards its owning family and its internal as well as external communities. Any continuity related decision that is taken has to be beneficial for these categories and not merely for the firm. In fact, among other reasons, business families aim for continuity because of their external community (Woodfield, Woods & Shepherd, 2017) due to the “felt need to not only persist as a business but also as an active partner of the region, as well as responsibility toward employees and residents” (Veider & Kallmuenzer, 2016, p.15). Holm, Eriksson, and Johanson (1999) identified a need for mutual commitment and mutual dependence in the relationship among businesses and partners in a family business.

Besides the external community, another reason for the continuity of a family business is its exceptional care of its internal community of employees (Miller & Le Breton-Miller, 2007). A continued vision and value for the family (Berghoff, 2006) makes the family draft a strategy that reflects its desire to continue as a business family, for the family itself and for the community. The owning family’s commitment to its firm is found to be positively associated with the family’s business strategic flexibility for new opportunities and against threats in the environment (Zahra, Hayton, Neubaum, Dibrell & Craig, 2008).
Concluding remarks

This chapter discussed the concept of family businesses’ continuity through a literature review. In addition, the chapter reviewed the theoretical foundation of this concept, to explain how business families continue their businesses.

Regarding the continuity of a family business, this chapter classified the on-going debate into three reasons why family businesses’ continuity is important. One category of scholars considers that continuing a family business is vital for sustaining past achievements of the founder or a kind of keeping the family legacy. Keeping the legacy alive is the focus of these proponents. The second group of scholars believes that it is crucial to sustain a business beyond the founder’s tenure and ensure that both the family and business stay together. Succession is the focus of these proponents. The third group of scholars considers continuity for achieving a long-term orientation, a key characteristic of all family businesses. Longevity is the focus of these proponents.

This thesis adopts the reasoning of the third group and defines a family business’ continuity as:

“day-by-day survival of a family firm for maintaining the family business and ensuring that the long-term mission of the family business is guaranteed.”

Based on the literature review, I posit that short-term survival repeatedly would lead to long-term survival and longevity. Therefore, I focus on the day-by-day survival as a synonym of continuity in this thesis.

Another observation from the literature review is the regular use of certain terms in family business literature. Having the desire for continuity is not enough without knowing what to do about it. In literature, it is clear that business families continue their involvement in the ownership and management of their firms. A family may change its core business, but it continues its business ownership (through portfolio diversification) and involvement in its management (through socialization).

The last finding of this chapter is the theoretical lenses of family business continuity. Portfolio proliferation and socialization or working altogether for a family business’ continuity are identified as the means of achieving continuity. Both constructs (portfolio and socialization) require a deep commitment from both the founders and next generation members. The commitment construct appeared as a robust theoretical lens binding both portfolio and socialization concepts and guiding the phenomenon of continuity as used in this thesis. On a multi-level scale, I identified commitment at the individual level (founders and family members), as well as family and business levels. Different forms of commitment, notably affective, normative, and continuance commitment, are observed at all levels in family business literature. The findings of this review show which type of commitment is associated with each level of a family business.
Chapter 3: Contextualizing the Family Business in Rwanda

Introduction

This chapter discusses the context of research. After a generalized description of a developing country context and of Africa, it pays special attention to a detailed account of the Rwandan context, that is, the Rwandan historical context of the business sector, the legal and institutional context, the social context, and an account of social change, particularly in new values and expectations of younger family members and the potential conflict that these bring.

Mainly, the chapter sheds light on how the post-independence period in the 1960s opened up new opportunities for the emergence of family businesses and groups; how the periods of instability of the 1990s resulted in the collapse of emerging large family businesses; how the period of post-instability also had waves of new high growth entrepreneur-led family-owned businesses taking advantage of the restructuring; and how these remaining family-owned businesses are worth inheriting as well as the succession issues during this phase.

Developing country as a context of the study

Literature attributes a family business’ continuity to the intertwined family and business systems (Beckhard and Dyer, 1983a; Sharma & Salvato, 2013), but both the family and firm are embedded within a social context that may influence a business’ survival. Therefore, to understand the phenomenon of a firm’s survival, it is important to include the context in the research variables (Zahra, 2007), but again, the world has various contexts (Wright et al., 2014). For instance, countries in the developing world ranging from Asia, Africa to Latin America have many similarities and differences in terms of their geographical attributes, sociocultural characteristics, levels of economic growth and development, industrial structures and resource endowments, political and economic stability, and quality of life (Austin, 2002, 2008). Therefore, the context of a family firm in this thesis is examined by limiting the study to the developing country context which is characterized by unstable socioeconomic conditions, rapid demographical changes, and government interventions (Austin, 2002, 2008; Collier et al., 2007; Wright et al., 2005). This is because literature uses data from the developed world (Walsh, 2015) and lacks an understanding of the different characteristics in the context of developing countries and how these affect businesses (Wright et al., 2005). Given the fact that what happens in developing countries does not stay within these countries but also reaches developed countries due to exchanges and globalization (Walsh, 2015), it is crucial for both academicians and practitioners to understand the business environment in developing countries which has been less studied so far (Austin, 2002, 2008; Hoskisson et al., 2000; Walsh, 2015; Welter, 2011; Wright et al., 2005). These countries should not just be included to provide tests for existing
theories. They have a different market that needs theoretical and empirical understanding for business management (Hoskisson et al., 2000; Wright et al., 2005). This chapter starts with the general situation of African family businesses before coming to the Rwandan situation and how it affects family businesses.

Family businesses in sub-Saharan Africa

This section focuses on the issue of how indigenous African families become entrepreneurs and why they do not resist changes in regimes in sub-Saharan Africa (Bewayo, 2009). On the one side, the imprints of the colonial legacy of bureaucratic, authoritarian, pervasive hierarchical political patronage, a dominating patriarchal society, and a complex ethnic dialectic of assimilation, fragmentation, and competition (Berman, 1998, p.305) influenced the emergence of family businesses in African in the post-independence era (Berman, 1998; Khavul et al., 2009; Murithi et al., 2019). Such a colonial legacy resulted in negative institutional imprints of corruption, high transaction costs, taxes, constraints in doing business, and financial access which pushed business families to adopt malpractices to protect their wealth (Murithi et al., 2019). Unfortunately, such malpractices and other illegal trade are not considered immoral in countries like Nigeria (Fadahunsi & Rosa, 2002) and many other sub-Saharan countries, but this is something that is less documented.

As per Rosa (2019) and Rosa and Balunywa (2017), entrepreneurship in Africa started little by little during urbanization in the colonial period when shops opened following the formation of cities and trading between rural areas and cities to respond to the needs created by new lifestyles in the cities. As these authors discuss, these businesses grew differently in the mid-1960s after colonialization, adapting to and facing many colonial licensing and regulation laws limiting indigenous businesses’ participation in larger-scale enterprises, laws that were not entirely lifted by the time of independence. That business sector in Africa got better in the late 1980s (Bewayo, 2009) when the governments stopped owning companies because of two reasons: the collapse of the Soviet Union and state capitalism which made the governments abandon the socialist philosophy prevalent in some states and own the means of production, plus pressure from sponsors forcing the governments to liberalize their economies and privatize state-owned companies. Still, early family entrepreneurs buying privatized firms were still closed to the ruling elite. It is known that family businesses have resilience during times of political instability (Venter, 2008), but these proxies of the ruling elite did not last long as the regimes changed rapidly due to political instability and many coup-d’êtats in the mid-1960s-1990s in sub-Saharan Africa during the Cold War. Besides these proxies and politically supported entrepreneurs, a few family entrepreneurs existed since independence in the 1960s but on a lower scale. These few elites were exposed to businesses with a connection to foreign businesses operating in Africa, mostly Indians, Arabs, and Europeans (Rosa, 2019; Rosa & Balunywa, 2017; Sindambiwe, 2017). Therefore, the rise and continuity of family businesses in Africa can be partly analyzed from that economic and political angle.

Another angle that can be analyzed is the way and reasons why business families in sub-Saharan Africa emerge and/or last in business. For this, one needs to look at the
social and cultural aspects accompanying the concept of the family system and family business in Africa. The family system in Africa is male-dominated (patriarchal) in some countries like Uganda and Kenya as compared to Rwanda. In some African countries, even “when married women start businesses, such businesses are generally viewed as the property of their husbands” (Khavul et al., 2009, p.1230) to the extent that the husband or his family have a say in the business and can chase away the woman from her business any time. In the African mindset, where business exists for the interests of the family at large, the family business system is composed of four layers: the founder, immediate family members, extended family, and social networks but due to the African family system, the business is centered on the founder’s influence in managing the business without sharing or competing with anyone in the family (Bewayo, 2009, p. 178). In defining a family, a nuclear family as known in western literature cannot fit in the African setting where a broader set of individuals are a part of a family, ranging from the nuclear family or immediate family members to extended family members and it is not easy to demarcate between them (Bewayo, 2009; Khavul et al., 2009; Smith, 2009).

In situating the family in family business literature, Bewayo (2009) points out that while it is widely believed that people going into business are motivated by a desire for achievement and searching for independence and autonomy, the emergence of family businesses in sub-Saharan Africa is motivated by family situations that lead to businesses remaining small. Family businesses in Africa are locally embedded due to respect for the elderly and the ancestors that make them remain in one region (Gupta et al., 2010). Family businesses in Africa are “influenced by an extensive network of social obligations that commonly characterize African cultures” (Bewayo, 2009, pp.176-177). These social networks are suitable for businesses in the African context in terms of social capital where active and strong family and community ties help establish a business, but again these family and community ties become social obligations that suck financial resources from the business (Bewayo, 2009; Khavul et al., 2009). This community and family interplay in sub-Saharan African countries prevents family and business logic to compete with each other and instead they complement each other for benefit of both the business families and the community (Murithi et al., 2019). For instance, business funds must be used for paying neighbors and extended family members’ school fees; there is an obligation to provide jobs to all (unqualified) siblings even when the financial position of the business does not allow it to do so; and regardless of the difficulties because of rivalry between siblings and many other complications like polygamy, the founder has to distribute the business’ assets and retire or abandon the business (Bewayo, 2009). A few successful business families prefer to move away searching for independence from the extended family and community as noticed by some researches in Tanzania and Ghana (Bewayo, 2009), but still, in Rwanda, Kenya, and many other African countries, anyone moving away in search for income carries the responsibility of financially supporting his extended family back home through constant remittances (Khavul et al., 2009; MuruthiWatkins, Mccoey, Muruthi & Kiprono, 2017).

This communalistic and altruistic character of business families towards extended families and the community in sub-Saharan African countries is perceived as mutual assistance and as a usual way of living shared by everyone in the community (Bewayo,
3 Contextualizing the Family Business in Rwanda

2009; Khavul et al., 2009). This is commonly referred to as the ‘Ubuntu’ concept in literature. Ubuntu is a common term in most sub-Saharan African countries which is also referred to as ‘Harambee’ in Kenya or ‘Ujamaa’ in Tanzania, but they have the same thing in common, that is, going beyond the familiar reciprocity and incorporating more comprehensive community benefits (Murithi et al., 2019, p.11). It means ‘humanity.’ The term Ubuntu has the same meaning in South Africa up to Rwanda, Congo, Uganda, and in many other sub-Saharan African countries. Ubuntu in the family business context means that individuals and families enrich themselves in a way that enables the community around them to improve in the sense of social responsibility, but also as the primary responsibility of the family to care of the community around it (Lwango, 2016; Venter, 2008). The family's influence on the firm in the African context embraces the family embeddedness perspective at all levels. At the individual level, the founders play a more significant role. At the group level, the nuclear and extended families pull the financial resources of the firm. At the firm level, the business is there for the family first and must assist both the family and the community. And at a societal level, the community supports the business, but again, the community’s expectations from the firms in Africa exceed the social capital, which do not make family businesses in sub-Saharan Africa long lasting as is expected in other parts of the world.

Contextualizing family businesses in Rwanda

Contrary to developed countries, environmental factors for businesses in developing countries are very different. Looking at a contextual analysis of the business or historical context of the industry, social context, institutional context, and spatial context (Welter, 2011), this chapter explores how Rwanda’s context as a country affects family businesses positively or negatively. In fact, these factors are not only different across countries (Wright et al., 2005) but their similarities too help in coming up with a generalized concept of a developing country’s business environment which differs from country to country (Austin, 2002, 2008). Therefore, narrowing down to a specific country context is needed. This thesis uses Rwanda’s context to understand how its environmental factors affect family businesses’ continuity. To do so, I first introduce the Rwandan historical context and family businesses to show how the historical context affects family businesses’ continuity in Rwanda, that is, the post-independence period with new opportunities, periods of instability, and collapse of emerging large family businesses; period of post-instability associated with high growth, as well as how surviving family businesses are worth inheriting and some succession issues during this stage. Second, I investigate how Rwandan legal reforms and its institutional context affect family businesses’ continuity, and lastly, how the Rwandan social-cultural, demographic context, family businesses, and an account of social change, particularly in new values and expectations of younger family members and the potential conflict these bring affect family businesses.
(1) The historical context of family businesses’ development in the Rwandan environment

Welter (2011) frames the context of a business in its temporal context. To understand a business’ context one needs to see it from a temporal perspective. The way the historical context affects family businesses’ continuity in Rwanda illustrates how family businesses in a developing country operate in a post-conflict situation surviving different challenges over their lifespans. My interest is seeing how the Rwandan context affects family businesses’ survival because family businesses adopt different strategies like social and political-strategic networks while facing competition where it takes time for fair competition to be guaranteed (Sindambiwe, 2017). Historically, I examine the emergence of family businesses in Rwanda and the role of the post-independence era and its associated challenges and opportunities. Knowing the recent instability that the country experienced of a liberation war and the concurrent genocide that led to the collapse of emerging large family businesses, a period of post-instability and associated reconstruction and the status of surviving family businesses are also the focus of attention.

Family businesses in Rwanda from independence to the 1990-94 period of instability

The post-independence era in the 1960s opened up new opportunities for the emergence of family businesses and groups. Understanding business families’ paths to continuity as we see them today requires going back to their emergence. The existing Rwandan family businesses evolved through oppressed families undertaking businesses as the last alternative due to ethnic and regional persecutions in the post-independence period in Rwanda between the 1960s and 1990s (Golooba-Mutebi, 2013; Prunier, 1997a, 1997b). Between the 1960s and 1990s, a group of people became second class citizens in their own country which encouraged them to open businesses as a last resort. The Tutsi population and people from the central and south regions in general regardless of their ethnicity, were excluded from political or administrative jobs, public functions, and educational and military jobs. People who were removed from their jobs and their assets or had their land confiscated, were unable to recover land and were also blocked from buying land by government restrictions, leaving them with business as the last option (Prunier, 1997a). The harassment of the Tutsis declined but their discrimination continued and only a few of them managed to find a way into the private sector and government (Porter, Miller, McCreless, Carlsson, Hudson & Sheldahl-Thomason, 2006). Surprisingly, the Tutsi minority dominated the business sector up to 70 percent countrywide (Carney, 2007). According to Alluri (2014), in 1990, a similar group of marginalized people most of whom had been exiled with the Tutsis and who had been refused Rwandan identity, started a civil war to claim their homeland. Despite the efforts of the Arusha peace agreement, war resumed several times until the rebels won. As a response to the invasion(s), organized hate against Tutsis inside the country increased and systematic extermination of Tutsis took place during war time from 1990, especially after the shooting down of the then president of the republic in April 1994. In the aftermath of
the civil war and genocide, peace was relative, and insurgency and destabilization of the north-ouest region of the country was due to the temptation of the former military regime and militia to come back to power by force (Serneels & Verpoorten, 2015). This is the conflict I refer to several times when civil war and genocide took place concurrently. After the genocide against the Tutsi, up to 73 percent of the Rwandans were affected by the conflict (Tobias et al., 2013). Actually, at least 25 percent of the Rwandans have their grandparents who are from both Hutu and Tutsi ethnicities (Porter et al., 2006) which makes it hard to understand the complexity of the ethnic paradox in the Rwandan conflict, where ordinary people came to commit genocide against their fellow neighbors (Fujii, 2008). On the other side, it explains why many people harmed their neighbors and relatives, and many people were affected because many people were relatives even though they did not share the same ethnicity.

By the year 1994, the country was left with a devastated economy (Booth & Golooba-Mutebi, 2012; Golooba-Mutebi, 2013; Serneels & Verpoorten, 2015) with a decreased GDP, leaving an estimated gap of 17 years to reach again the same level of the economy of 1994 (Hodler, 2018).

As we will see later, unfortunately these changes in regimes did not guarantee stability in business for every businessman (Venter, 2008). To illustrate this phenomenon in the Rwandan context, let us take the case of retired businessman Sisi Evariste as he narrated in an interview available online (see https://www.youtube.com/watch?v=0nYeTp2CbeA, retrieved on 23 October 2019). In his testimony, like many Tutsi students, he had to discontinue his education due to the on-going turmoil in the country chasing the Tutsi from power that sent most of them abroad as refugees. Using his network, he got a job in a national bank as an accountant in 1964. In 1966, due to multiple military attacks by the Tutsi refugees, most of Tutsis working in public jobs were removed, imprisoned, and a new law forbade their reintegration or any other recruitment in public jobs. Evariste was evicted from his job and refused reintegration so he started as a freelance accountant, then representing foreign investors, and grew big in the printing industry through bidding and getting big contracts. From the independence period of 1962, the economy had been booming, and growing a business was easy. In an example that Evariste cites, the famous and rich Felician Kabuga owned a small shop in his own town in Byumba and was among the top importers in the country by 1990. Felician Kabuga was the right hand of the government, and when there was a change in government, he fled the justice system because he was accused of financing the genocidaire government and his family could not revive the family business. Unfortunately for Evariste, as he was Tutsi he had to face imprisonment several times. In 1973, during the regime change, trouble, and coup d’état, he was imprisoned with many Tutsis in Bugesera. Again in 1990, during the RPF military attack, Evariste was imprisoned with many Tutsis for four months and then released. It was clear that every imprisonment was linked to his business even though the reason was generalized that he was a Tutsi which indirectly meant he was a relative and accomplice of the rebels. He decided to flee the country until the victory of the former rebellion RPF. During the genocide, he lost all his family members except one sibling. After his return, he was on good terms with the new government and became a member of parliament, but soon confronted the same menace in business and politics and fled once for all and lost most of his businesses.
The periods of instability resulted in the collapse of society that had consequences for emerging large family businesses too. Evariste was not an isolated case. To understand the business families’ path to continuity as we see a few of them today requires a deep understanding of the recent sociopolitical dynamics of the country that left a traumatic society in the post-conflict era (Tobias et al., 2013). It is a country where “cohabitation remains a matter of necessity” (Finnstrom, 2014, p.375), where “people speak of cohabitation rather than reconciliation” (Wedgwood & Jacobson, 2001, p.5).

Basically, Rwandans are generally shy, courteous, and risk-averse in their communication, which slows the adoption of some entrepreneurial innovations (Friederici, 2018). In fact, during period of instability in Rwanda made at least 73 percent of the Rwandans lost a close family member during the 1994 genocide against the Tutsi. In the post-genocide period, the government’s efforts to remove ethnicity from identity cards in 1995 to establish a new Rwandan identity not based on ethnicity (Porter et al., 2006) and punishing any ethnic reference or open discussion on ethnic ideology, society, and people’s relationships remained fragile with low levels of trust (Tobias et al., 2013, p.773).

Family businesses in Rwanda in the post-instability period

Apart from a traumatized society, the post-instability period came with waves of new high growth entrepreneur-led family-owned businesses taking advantage of the restructuring taking place in the country. It is in this a context that many business families had to manage the post-instability period and its consequences, but there were also opportunities related to reconstruction. Understanding this context can provide a good lesson in how it offered family businesses both possibilities to prosper and/or to decline like Evariste and many others whom I met during the data collection. Business opportunities in a post-conflict country cannot be dissociated from past conflicts that led to traumatic situations for businesses (Tobias et al., 2013). The post-conflict period can bring either positive consequences to businesses, especially in the booming reconstruction business environment or harmful consequences of loss of assets and human capital (Brück et al., 2011, 2013; Kang & Meernik, 2005; Rodrik, 1988). In fact, 80 percent of the world’s poorest countries suffered a significant war in the mid-1980s (Szayna et al., 2017). Among them, more than 28 African countries have been involved in war since 1980, and most of these countries in Africa are still in conflict, sporadic conflict, or post-conflict situations (Games, 2011). This post-conflict period is fragile because for instance from 1949 to 2002, countries which emerged from conflict had a 40 percent risk of returning to violence within a decade (Collier et al., 2007) as is the case of the Central Africa Republic, Burundi and South Sudan, just to name a few countries in Africa. On the other hand, opportunities help countries achieve a higher growth rate. For instance, recent developments on the African continent have brought out many economic success stories of businesses. There are cases of rapid developing states like Rwanda, Uganda, Mozambique, and Angola growing soon after recovering from a devastating war to the extent that some are already middle income countries or will “likely be middle income by 2025” categories (Ernst & Young, 2013).
As the opportunities and paradoxes in Africa are different for all African countries (Wainaina, 2005), this raises the need to look at specific country contexts separately and Rwanda is an illustrative case study combining many of the dimensions of Africa, a developing country, and a post-conflict country.

Rwanda is characterized by rapid positive changes in political, macroeconomic, demographic, and cultural factors while the past divisionism and conflicts meant that at least 73 percent of the Rwandans lost a close family member (Tobias et al., 2013). Surviving business families suffer both within the family and suffer because of the country’s context. Therefore, the investigated family businesses are operating in a transition within a changing environment and this helps shed light on how the remaining family-owned businesses are worth inheriting as well as succession issues taking place during this stage.

Business families surviving the conflict must overcome the family context where the family has been devastated by the recent conflicts or the businesses will be forced to close. For instance, some popular big businesses in the 1980s and 1990s collapsed during the genocide like the famous food processing company EseUkwizagira Gaspard. Some other businesses survived and continued after the death of the owners’ families, like Hotel Chez-Lando, where the siblings maintained its operations successfully. Similarly, several companies stopped operating as family businesses where siblings did not continue managing the business due to legal constraints when the owners were no longer available as a consequence of war crimes pushing them into exile or prison, or they had no potential successors as no one survived. As we will see later, the institutional changes accompanying the conflict prevented surviving family members from continuing their businesses. For example, recent law No. 39/2015 of 20 February 2015 relating to the management of abandoned property allows the state to seize and manage all assets and businesses of anyone going into exile. Even though its purpose was protecting absent people’s belongings, this may limit siblings from having control over businesses in the absence of the founders.

Besides the country’s situation, the existing business families are now in transition to the second generation. They existed before 1990 when the war in the country started till the genocide against the Tutsi in 1994. Afterwards Rwanda struggled for reconstruction after the genocide against the Tutsi in 1994.

Using Evariste and some respondents’ examples, these changes in the business environment and family situations because of the recent history of the country, have led to some business families finding it hard to continue their businesses because the period of war had different effects on their businesses with some flourishing and others declining as it happens in many similar cases (Brück et al., 2011, 2013; Collier et al., 2007; Games, 2011; Rodrik, 1988; Szayna et al., 2017; Tobias et al., 2013). In Rwanda’s case, the conflict had direct and negative consequences for the Rwandan business sector (Alluri, Leicher, Palme & Joras, 2014; Serneels & Verpoorten, 2015) as well as human capital, where skilled people, urban and educated people, adults, especially males were most likely to die (De Walque & Verwimp, 2010). Consequently, the survivors were mostly females and kid-orphans. Some business families are facing extinction or displacement. Existing business families that existed even before 1990, have not only demonstrated resilience against the country’s
instability and its associated risks to businesses but also qualify as continuing cases included in this research.

(2) Social-cultural and demographic contexts of family businesses in Rwandan

This section investigates the social-cultural and demographic contexts of family businesses in Rwanda and gives an account of social change, particularly in new values and expectations of younger family members and the potential conflict these bring to family businesses’ continuity. Social-cultural factors include the social structure and dynamics, human nature, time and space, religion, gender roles, language, and demographic factors (Austin, 2002; Boyacigiller, 1991). Cultural diversity in developing countries dictates appropriate strategies for managing people taking into consideration religious norms, social classes, and language among groups and areas within the country. Social context inherited from the former colonizers dictating their behavior towards doing business, but coupled with local traditions, like religious beliefs, this influences business customs especially in Islamic countries and tribal systems and customs; it also influences the social, political, and economic structures in African countries (Berman, 1998; Khavul et al., 2009; Murithi et al., 2019; Smallbone & Welter, 2001). A typical example is the malpractices adopted to protect family businesses in sub-Saharan Africa (Murithi et al., 2019) as illegality in trading is frequent without being condemned (Fadahunsi & Rosa, 2002).

Apart from the social-cultural differences, there is a change in demographic conditions in developing countries in terms of the size of the population, population growth with a higher average birth rate due to decline in infant mortality, migration, degree of urbanization, and geographical location and climatology (Austin, 2002; Wright et al., 2005). Such changes in demographic conditions are very significant for family businesses’ survival. Family demographic transitions like death and birth, divorce and marriage not only effect venture creation processes which have an impact on venture creation (Aldrich & Cliff, 2003) but also effect family businesses’ survival in eastern Africa where extended family ties bring changes and have a pervasive effect of the family’s influence on the business (Khavul et al., 2009).

There are many cultural differences in sub-Saharan Africa as compared to western societies and their implications for family businesses differ. The composition of the family is differently interpreted in developed and developing countries. A broader set of individuals are included under the rubric ‘family’ in developing countries than in a corresponding definition of the family in North America or Western Europe where family firms operate with formal ownership, right to property and right to sell, trade, or transfer to other generations compared to the informal economy in Africa (Khavul et al., 2009). Social capital is measured in terms of networks at the individual level in the west, while it is all about the community and family networks in the sub-Saharan African context (Murithi et al., 2019). To understand how a country’s culture, as well as changes in this culture, affect local family businesses, the following section narrows down to Rwanda as the context of this study.
3 Contextualizing the Family Business in Rwanda

The Rwandan social-cultural and demographic contexts are not isolated from sub-Saharan African societies. Rwanda is a landlocked country located in Eastern Africa, between the Democratic Republic of Congo, Burundi, Uganda, and Tanzania. The country has four official languages: Kinyarwanda, French, English, and Swahili, with a population that is mainly Christian, 50 percent are Catholics, 27 percent are Protestants, 12 percent are Adventists and 2 percent are Muslims, with the rest believed to follow a traditional religion (Porter et al., 2006) or only not practicing any religion. Rwanda had one of the highest growing populations at 2.7 percent in 2013 and the highest population density in Africa, with 407 people per square kilometer (Elkuch, Brunner & Marxt, 2013). It is a country dominated by a high-density population, living mainly on traditional farming, with a fertility rate mainly depending on the size of the farm and overgrowing since the post-colonial period of the 1960s like many other sub-Saharan countries (Clay & Johnson, 1992). The population is mainly young, where 70 percent of the population is below 30 years old against 30 percent being 31 years and above as per NISR (2018).

These indicators are important for this thesis when you consider the shift in relationships and expectations between two consecutive generations in Rwanda (Pontalti, 2018), which help reflect on the relationships and expectations in business families on the verge of the succession phase as well as the resulting consequences of the changes in expectations from the businesses.

Going back in history, changes in Rwandan society left worries for the future of business families. Rwanda is a country characterized by rapid social and demographic changes. In fact, the 1960s independence and the 1994 genocide against the Tutsi mark historical events that changed society whereby every rhetoric and system must refer to the period before or after independence, before or after the genocide, or in between. According to Pontalti (2018), every two consecutive generations belong to two different blocks, either the colonial period, first and second republics, or the post-genocide period, but also the later generations are more dissatisfied than the previous ones due to land scarcity and political violence. With the historical evolution of the country’s system of kinship, with children and their family members belonging to two closer but different generations, with totally different historical and institutional conditions, the new generations found themselves caught between traditional and modern rule systems and had to find a way to respond to this pressure. There were two different rule systems, society was changing, and consequently, “when young people, living at the interface of multiple rule systems, actively and opportunistically engaged with both kinship and modern institutions, they changed and reproduced kinship rules, roles, and responsibilities” (Pontalti, 2018, p.184). As a result, the new generation in Rwanda was able to navigate their changing environment opportunistically, either “by continuing to invest in long-term, reciprocal relationships of care with kin” or, “if the lack for family support in their actions, they act covertly, alone or with the help of others” (Pontalti, 2018, p.184). However, the change in the kin system in Rwanda is not an evolutionary transformation from tradition to modernity; instead, it is a reordering in response to the convergence of two institutional systems, ‘traditional’ and ‘modern’ (Pontalti, 2018, p.184). This change is important for understanding the topic of continuity of family businesses in Rwanda. It is hard to predict the future of family businesses if most of the young generation changes its expectations and opts for self-employment and leaves families and family businesses. In fact, as seen in Rwanda’s historical and later in the
institutional context, this problem is aggravated by changes in regulations that break away from the tradition of obligatory inheritance, which reinforces the ties between two generations to continue family businesses (Barker & Ishizu, 2012). In such a context, the next generation might it interesting to help themselves with their own ventures or following a different career path instead of that sustaining the family businesses.

(3) Institutional context, regulatory reforms, and family businesses in Rwanda

Developing countries have diverse political systems that businesses must cope with in different ways as compared to the developed world. In developing countries, political systems are likely to be military governments, single-party regimes, and weak multi-party democracies so the instability of the regime, as well as government intervention measures, affect doing business (Austin, 2002; Smallbone & Welter, 2001; Welter, 2011). Public policy implementation, along with the government being an economic actor itself by owning some firms, makes the government’s involvement in business impact and regulate both industry and firm level operations and other functional areas of management (Austin, 2008; Boyacigiller, 1991). The government seems to be everywhere in the business sector much more in emerging economies as compared to developed economies (Hoskisson et al., 2000; Wright et al., 2005). In developing countries, governments are known for owning parastatals or being engaged in other forms of public-private-partnerships (PPP), controlling prices and foreign exchange, restraining raw material imports, providing credit, buying finished products, and regulating expansion, entry, and exit of businesses (Austin, 2008). Consequently, formal and informal legitimacy, uncertainty, and turbulence in the institutional environment in emerging and transition economies push businesses to adopt informal structures (Lang, Fink & Kibler, 2014) which explains partly why in sub-Saharan Africa, most of the family businesses are engaged in informal entrepreneurship (Murithi et al., 2019). It should also be noted that the informal sector accounts for 60 percent of the African economy (Khavul et al., 2009).

This general scenario in developing countries characterizes the problem of family businesses’ evolving in the Rwandan context as well. The Rwandan post-conflict period of the 1990s and 2000s was a somewhat hostile environment for some businesses while being favorable to others (Brück et al., 2011, 2013; Rodrik, 1988). Rwanda is a country where state, military, and ruling parties have a stake in the country’s business environment (Booth & Golooba-Mutebi, 2012; Golooba-Mutebi, 2013) which clearly illustrates what is described earlier for entrepreneurship research. The problem of existing family businesses in Rwanda’s post-conflict context is not the competition brought by the opportunities now available for starting and growing businesses in general. Instead, the challenge is families’ abilities to organize and maintain themselves and compete with high levels of entry of new and well-established businesses, including those by the ruling party and the national army (Golooba-Mutebi, 2013) that come with different capacities. Both the ruling party and the national army’s entry into the business sector sought to sustain itself and also to stimulate the business environment by filling the gap because of devastating
Consequences of the war and genocide where both human capital and infrastructure needed replenishment (Booth & Golooba-Mutebi, 2012; Golooba-Mutebi, 2013). At the same time, their entry into the business environment gave a hard time to business families like Evariste’s which did not fear to show their anger when their contracts were terminated without proper evaluation and given to these new companies to harvest what they did not sow. This sheds light on how the continuity of businesses operating in changing regimes is a matter of day-by-day and short-time survival rather than transitions of business ownership over multiple generations as western literature assumes it to be.

In such a situation of institutional void, it is family logic that complements business logic leading a family business to do better than a non-family business in emerging markets and in sub-Saharan countries as also their benefiting from such an institutional void (Ge, Carney & Kellermanns, 2019; Murithi et al., 2019). Business families are in an excellent position to navigate and overcome challenges in the existing institutional void through their embeddedness within the sub-Saharan collectivist social-cultural system of extended family and community (Murithi et al., 2019). In fact, family businesses in many developing countries play around and substitute family ties for political ties to compensate for the institutional gap in emerging markets (Ge et al., 2019) or channeling resources among business groups to compensate for the institutional void (Tajeddin & Carney, 2019).

On the legal and regulatory side, during the post-conflict era the country introduced many laws and amended existing ones for various reasons. The constitution was changed twice, in 2003 and 2015, and by 2019, more than 1,000 outdated laws belonging to the colonial period were suppressed, most of them concerning social and land issues as well as colonial interests. Rwanda adopted a hybrid system, a mixed system of common law and civil law to fit in both blocks of the commonwealth that Rwanda adheres to and the French system inherited from the colonial regime (Leno, 2015). Such adoption of laws from different sides, as is the case in Rwanda, Ireland, and Canada (Munyangabe, 2012), comes with difficulties in multilingual text translations, which leads to problems in their interpretation.

The Ministry of Trade and Industry’s (MINICOM) website gives a long list of laws related to business. All of them are recent and continue to be amended whenever a need for change arises. If you look at the year of publication, all of them were not older than 12 years in 2019, as if the business sector is that young. Rwanda’s legal sector is in continuous reforms. These series of legal reforms in general affect doing business in Rwanda while others have a direct effect on family businesses in particular. This is the case of the following few laws selected from many other laws governing doing business in Rwanda appearing on MINICOM’s website: Law N° 005/2008 of 14 February 2008 on arbitration and conciliation in commercial matters to be adopted to resolve commercial disputes; Law N°01/2011 of 10 February 2011 regulating capital markets in Rwanda; company law N°07/2009 of 27 April 2009 relating to companies, their registration, responsibilities of company directors, rights of shareholders, and other related matters; Insolvency law N°12/2009 of 26 May 2009 relating to commercial recovery and settling of issues arising from insolvency; Small business orders: Law N°01/09/MINICOM of 08 May 2009 ministerial order determining a small private limited company and Law No. 02/09/MINICOM of 08
May 2009 ministerial order relating to the business of a low income setting the maximum annual turnover for a company to be considered a small private limited company for the purposes of the Companies Law, and determining the modalities of registration, the nature and organization of businesses whose income is less than RWF10,000 per day, for the purposes of the Companies Law; Commercial courts law N° 56/2007 of 13 December 2007 modifying and complementing the Organic Law n° 07/2004 of 25 April 2004 determining the organization, functioning, and jurisdiction of a court: Gikondo Industrial Park instructions I & II, Instructions of the Minister of Trade and Industry No. 15/2012 Of 23 April 2012 related to the relocation of factories and other facilities located in the Gikondo Industrial Park.

There have been many positive results of these reforms. The country has secured a way of opening and doing business. It was praised for this in different success stories as an emerging economy which climbed to 3rd and 2nd ranks among African nations in 2013 and 2014 respectively in the World Bank’s Doing Business ranking (Friederici, 2018, p.6). Eventually, 777 of the 2,900 regulatory reforms were informed by doing business reports between 2003 and 2017 (The World Bank, 2017, p.21). These reforms were necessary for the country to achieve its development strategies aimed at moving the country from a low-income economy to a lower-middle-income economy by 2020 (The World Bank, 2017). Rwanda has proven this with an outstanding growing economy from devastation (Ggombe & Newfarmer, 2017; Golooba-Mutebi & Booth, 2018).

Many business-related notions do not exist legally in Rwandan laws or get scattered and dispersed in some branches of laws such as tax, anti-trust, employment, banking, and finance laws (Nzafashwanayo, 2016). Such ambiguity leads to difficulties in studying business-related concepts like business insolvency declaration (Leno, 2015), legal responses to money laundering (Dusabe, 2016), and defining corporate groups as compared to traditional corporate law with business as a separate legal entry independent of the owners (Nzafashwanayo, 2016) leaving the stakeholders insecure. This is the case, for instance, of a family business’ definition and categorization that are unregulated in Rwandan business-related laws. For issues related to family businesses like sharing property in case of a divorce or death or transferring the ownership in such an unregulated context, one needs to check both company laws or matrimonial laws that are sometimes not reconciled, with details varying from country to country (Haag & Sund, 2016; Sund & Bjuggren, 2007; Sund et al., 2010). This situation is unique to family businesses because in limited companies, the ownership and management are separated (Sund et al., 2010).

Some other new laws have a direct effect on family businesses’ continuity. For instance, traditionally inheritance was an obligation for any parent and a right of any male descendants. This was later legalized. The law governing matrimonial regimes, donations, and successions changed twice, once in 1998 to give equal rights to females to claim inheritance like their brothers and second in 2016 to give parents discretion while distributing the inheritance. The latest law No. 27/2016 of 08 July 2016, the law governing matrimonial regimes, donations, and successions diluted the way families distribute their business assets as inheritance unequally among the successors. This resulted in changes in expectations for later generations which may diminish their degree of commitment to family businesses or their willingness to take over on behalf
of the rest of the family members, simply because it comes as an unexpected or unwanted acquisition due to divorce or an unexpected death and can threaten a successful business (Sund et al., 2010, p.101).

Another example is law No. 39/2015 of 20 February 2015 relating to the management of abandoned property, allowing the government to take and manage the business if the owner resides abroad. The intention and narrative are not bad as it considers abandoned properties as something to be safeguarded on behalf of the owners, but it does not consider the possibility of the remaining family members’ continuing to manage the family businesses if the founders have left the country for various personal reasons.

Concluding remarks

This chapter aimed at presenting in detail the context of the study. From a broad description of a developing country context and Africa, it described the Rwandan context that likely affects the continuity of family businesses. The Rwandan historical context of the business sector, the legal and institutional context, and the social context of the Rwandan business environment were detailed in relation to family businesses’ continuity.

As for the historical context, the chapter shed light on how post-independence in the 1960s opened new opportunities for the emergence of family businesses and groups. The chapter also showed that there were opportunities for some people while excluding others which explains why in sub-Saharan Africa, successful businessmen did not survive changes in regimes because to some extent they operated as proxies of politicians (Venter, 2008). The chapter also pointed out how the post-instability period had waves of new high growth entrepreneur-led family-owned businesses taking advantage of restructuring while, at the same time, this period resulted in the collapse of emerging large family businesses. In fact, the exploitation of business opportunities in the aftermath of regime changes and reconstruction phases also marked a rotation in business actors, where some businesses flourished while others declined (Brück et al., 2011 & 2013; Collier et al., 2007; Games, 2011; Rodrik, 1988; Szayna et al., 2017).

The illustrative case from Rwanda showed all these elements, where a family business started due to political exclusion, navigated different regimes, and ended up collapsing due to tampering by the later regime.

As for the social context, Rwanda is characterized by rapid changes. Every two consecutive generations in Rwanda belong to two different blocks with totally different historical and institutional conditions. The later generation is more dissatisfied than the previous one due to land scarcity and political violence in either the decolonization period, the first and second republics, or during the 1990-94 war and genocide (Pontalti, 2018). This shift in society breaks ties between generations and prevents the later generation from relying on its parents’ generation, which leads to the problem of succession in a family business. It defies the Rwandan traditional male-dominated (patriarchal) society like in many African societies (Khavul et al., 2009) where the fortune was in the hands of the head of the family (Bewayo, 2009) and the later generations were financed by the previous one in the form of obligatory inheritance. Actually, the later generation received a family business through
inheritance and sustained it the same way, and this created a going concern in family businesses (Barker & Ishizu, 2012). Now it is the other way round, where the later generations must strive for their survival. It also puts at risk the decline of traditional communitarian family businesses where family businesses were for the entire community (Bewayo, 2009).

As for the institutional environment and reforms, due to the unstable environment, business families in sub-Saharan countries exploit the weaknesses in the political and institutional environment, they create wealth through informal activities, and leverage the economic and social-cultural environment to navigate either formal or informal institutions (Murithi et al., 2019). Besides informal activities, family businesses navigate and compensate for institutional gaps by substituting family ties by political ties (Ge et al., 2019) or channeling resources among business groups (Rosa, 2019; Tajeddin & Carney, 2019). A closer examination was done in Rwanda (Sindambiwe, 2017), where political ties strengthen the continuity of family businesses better in an environment characterized by rapid changes in doing business accompanied by many legal reforms (The World Bank, 2017) and having a ruling party that is openly involved in business.

Putting all this together, changes in the later generations’ expectations due to the on-going changes in the social setting in Rwanda (Pontalti, 2018) as well as the on-going legal reforms affect inheritance and doing business in Rwanda and this explains the possible diminishing degree of commitment to family businesses putting at risk family businesses’ succession. The chapter also discussed how this succession due to a change in expectations can threaten successful businesses (Sund et al., 2010).
Chapter 4: Methodology

Philosophical considerations

Subjective ontology

Different schools of thought emerged at different times, informing us how knowledge is reached and perceived. Initially, positivists started as skeptics against religion, and that all forms of authority were not justified by science and material evidence (Nihilism). This school of thought assumed that using established theories to make deductions and predictions about observable facts was the right way to arrive at reality. This thinking faced criticism regarding the human neutrality of the researcher as an observer in reproducing what he saw from his observations. Without preference for one method over others, between deduction and induction, the claim of objectivity and the value neutrality of scientific methods was questionable (Maréchal, 2009) and it was hard to be too close or too detached from what was being investigated (Nagel, 1989).

The concept of reality obtained through the mediation of a researcher’s human functions and his ability to interpret (attunement) gave rise to subjectivity. In fact, the philosophy of science is divided into two main opposing viewpoints -- objective and subjective ontologies (Burrel & Morgan, 1979). The objective approach looks at nature and aims at predicting changes, validating theoretical constructs, focusing on ‘mean’ behavior, testing assumptions and hypotheses, and constructing most likely future scenarios. On the other hand, the subjective approach aims at understanding dynamics, robustness, emergence, and resilience by focus on individual behavior for constructing alternative futures (Dudovisky, 2013).

This thesis follows the subjective ontology in considering the research questions and the purpose of the thesis.

Subjective ontology questions the distinction between an object to be known and the knowing subject, and it is against existing realism’s claim of the existence of an external world and social reality independent of any human knowledge, action, and activity (Maréchal, 2009, p. 220). For Feyerabend (1978, 1991), knowledge and principles change from one period to another and people’s minds provide the ability to perceive and interpret things differently and come up with an explanation of social reality. For me, a human interpretation is the foundation of my philosophical inclination or subjectivity. Therefore, I align myself with the views that we need to consider in the role of human interpretation instead of concentrating on observable objects.

This ontological stance seeks to understand how social reality is created through human nature as a reality creator, that is, viewing the reality as socially constructed and understanding what meanings people give to reality through interpretations.
Interpretive paradigm

Philosophies analyzing subjective ontology such as historical relativism, social constructivism, post-modernism, critical theory, and hermeneutics try to break away from the positivist assumption that scientific knowledge is a cumulative, unmediated, and complete representation of reality (Van de Ven, 2007, p. 47).

As a subjective ontological stance, the interpretive approach sees reality as a social construction, assuming man to be a social constructor, which is the creator and recreator of social reality (Berger & Luckmann, 1966).

Yanow and Ybema’s (2009) story about elephants and blind people illustrates perceptions and social reality. Blind people were sent to observe an elephant, to touch, feel, and come back and describe what an elephant is. The story is not clear whether they were blind, or they were made to do this when it was dark, but none of them was able to see the elephant with their eyes. Without seeing it clearly, each blind person gave a description of the only part he or she was able to touch, and their versions were very different. They touched either the elephant’s big feet, big ear, tusk, or trunk and then described only the big feet and said this is what an elephant is like. One described it as a brick wall; another touched the ear and said it must be a large leaf; and the ones who touched only the leg said it must be the trunk of a tree. After telling different stories about the same thing, people listening to them failed to grasp what an elephant really looks like. It soon became evident that people did not see the same thing in the same data or using the same instruments. Similarly, researchers show how different interpretations we give to unknown nature are based on our own perceptions about social reality.

Researchers play a role of ‘worldmaking’ by creating sense during fieldwork, desk work, and text work out of the settings, events, and actors that they study through their interpretations according to their human meaning and understanding (Ybema, Yanow, Wels & Kamsteeg, 2010, p. 349).

Similarly, Nordqvist, Hall & Melin (2009) suggest using an interpretive approach in family business research focusing on three central concepts: interpretation, meaning, and understanding.

Understanding is ‘seeing something’ like an organizational phenomenon ‘as something else.’ By doing so, one sees things in a new way or ‘assigns to something a new meaning.’ Such an exercise by a researcher/man is literal ‘interpreting.’ Interpreting is seeing something in a new way and detecting or assigning meaning to it (DiCenso, 1990; Palmer, 1969; Ricoeur, 2002). As a creator of social reality, interpretive researchers create knowledge through the individual experiences of the actors who are directly involved in the social processes under study (Nordqvist et al., 2009) which gives the interpretive approach a subjectivity. The interpretive approach is subjective in nature due to the role of the researcher in the production and co-creation of knowledge and social reality through a negotiated meaning (Alvesson & Sköldberg, 2009). This is what is known as attunement in the philosophy of science, which is obtaining social reality through the mediation of the researcher’s human functions and his ability to interpret.

Theory development is the goal of every interpretivist. Based on organizational paradigms as established by Burrel and Morgan (1979), functionalist, interpretive, and radical humanists as well as radical structuralism paradigms, Gioia and Pitre (1990)
elaborate on how the organizational structure is viewed differently, and theory building is done differently in these four different paradigms. Organizational structure is viewed as objectively stable as seen from a functionalist perspective; socially constructed in the interpretive paradigm; subjectively constructed in a radical humanist perspective that requires to be exposed and to be changed; or, missing from a radical structuralist perspective an objective reality that requires examination and radical change. As I situate myself in the interpretive paradigm, I now discuss theory development in this paradigm. According to Gioia and Pitre (1990), theory development in the interpretive paradigm is viewed as a socially and symbolically constructed, on-going process of accomplishment. It aims at generating “descriptions, insights, and explanations of events so that the system of interpretations and meaning, and the structuring and organizing processes, are revealed” (Gioia & Pitre, 1990, p. 588).

As an outcome of social construction as a theoretical concern, theory building following the interpretive approach yields the discovery through a ‘code analysis’ (Gioia & Pitre, 1990). A code analysis is discussed later in this chapter.

Social constructionist philosophy

As described earlier, interpretivism, together with radical humanism are both sociological paradigms of subjective ontology (Burrel & Morgan, 1979; Gioia & Pitre, 1990). Examples of these include historical relativism, social constructivism, post-modernism, critical theory, and hermeneutics; each has its own particularity depending on the way social reality is viewed. They are all grouped under constructionism or constructivism, terms which are used interchangeably (Maréchal, 2009) but mean a view breaking away from the positivist assumption that scientific knowledge is a cumulative, unmediated, and complete representation of reality (Maréchal, 2009; Van de Ven, 2007). Each paradigm has its own features, but in this thesis, I follow the interpretive paradigm. Interpretivism is comprised of different philosophies analyzing the subjective ontology.

Constructionism and hermeneutics are two major philosophical lenses among few others which are suitable for studying organizations in the interpretive paradigm. They both view reality as socially constructed and seek to understand what meanings people give to reality through interpretation (Burrel & Morgan, 1979; Gioia & Pitre, 1990; Yanow & Ybema, 2009). On the one hand, hermeneutics help establish relationships between artifacts of language or texts to understand the underlying meaning behind the text that aims at interpreting or translating, clarifying, or making less obscure the obscure in text or language (Hope & LeCoure, 2009). On the other hand, constructionism considers scientific knowledge as socially constructed, socially negotiated and agreed upon depending on the mental processes, technology, and linguistic and social practices (Maréchal, 2009). This social construction is achieved through description, explanation, and analysis (Burrel & Morgan, 1979; Gioia & Pitre, 1990).

“Social constructionism reconsiders the problem of meaning-making and theorizing from an intersubjective, social, and discursive point of view, focusing on conversational, rhetorical, and representational activities” (Maréchal, 2009, p.223).
Research strategy

This part of the methodology discusses what was done before, during, and after the data collection inspired by Foss and Waters (2007) and Yin (2009). Given the nature of the question that this thesis proposes to address, the process was abductive, pluralist, contextual, and processual in nature. The methodology used was qualitative and multiple case studies.

Abduction process

As a research process, I do not adopt a purely inductive approach in this thesis, but adopt an abduction approach. I choose the abductive approach because both extremes of the epistemological stances, inductive or deductive, are difficult for producing impartial reality in social science (Nagel, 1989; Van de Ven, 2007). On the one hand, the deductive approach alone is limited in the sense that the judgments, perceptions, and conceptualization faculties of pragmatists and realists as human beings are questionable and therefore it is impossible to have a pure, unmediated observation of empirical facts. On the other hand, meanings and interpretations in the induction approach are questionable due to human biases when they are not guided by any knowledge or theory which inductive methods assume. Yet, induction is useful for finding patterns from observations and developing explanations based on these patterns to generate theory from data as it is traditionally believed (Eisenhardt, Graebner & Sonenshein, 2016; Ghauri, 2004). However, this is not always true because the “induction serves not to initiate theory but rather to test it” (Van de Ven, 2007, p.64). Therefore, for me, using a purely inductive approach without any knowledge of theory would be too simplistic an approach. Instead, it is recommended to use an abductive or hypothetical inference approach if one seeks to initiate theory-building, that is, an iterative approach between existing theory, empirical material, and theory development (Nordqvist, Hall & Melin, 2009; Suddaby 2006; Van de Ven, 2007).

Abductive approach is known to be theory-free from the beginning, but it does not prevent a researcher from using existing theory when formulating research questions and the objectives to be explored (Dudovisky, 2013; Ghauri, 2004). A process of abduction is important because of the subjectivity of the human being involved in interpreting the observed data. According to Van de Ven (2007), the abduction or hypothetical inferences are an appropriate process for initiating a theory or a process, which represents a new plausible alternative for explaining a given phenomenon while acknowledging and building on acquired theory and experience. He explains abduction as reproductive reasoning, “starting from a set of facts and infers the most likely hypothesis to explain the phenomenon” (Van de Ven, 2007, p.298), that is, modeling something from the past. Patterns are extracted and premises are observed from observations or tests to reach conclusions or for generating a theory.

As for theory development, under the interpretive approach in this thesis, building theory was possible using the abductive process as a crucial alternative. Abduction is iteration between the empirical material and theory and prior conceptual and practical understanding, which is not an epistemology but a process of conducting interpretive research (Nordqvist et al., 2009; Suddaby 2006). The abductive approach is an
iterative way of analyzing in which one goes back and forth between empirical observations and theory which consists of an iterative way of collecting and analyzing empirical observations while checking theory to adjust the theory to fit the empirical material observed, if necessary, or the other way round, seeking observations relevant to the emerging theory (Emerson, 2006; Nordqvist et al., 2009). Theory development in an interpretive approach is more inductive in nature (Gioia & Pitre, 1990), but in this thesis, I use the abductive process simply because I believe that theory development requires a researcher’s prior knowledge about theory and the data observed without falling into theory-testing like in a deductive approach (Van de Ven, 2007) and also without necessarily being theory-free as assumed in the inductive process (Dudovisky, 2013; Foss & Waters, 2007; Ghauri, 2004).

In line with this, after defining the problem and research question, as well as the needed data, in my fieldwork and interpretations I started with case visiting and proceeded with interviews in four rounds, once a year. After each visit and coding, a new understanding emerged and guided me to subsequent interviews, and I narrowed down to more meaningful themes and an understanding of the phenomenon of continuity in family businesses.

A qualitative case study design

The use of qualitative methods in this thesis is not meant to oppose the existing and dominant quantitative methods used in social sciences. Like social construction seeks to go beyond realism, in this study I choose the qualitative methods to dig deeper and understand the social reality of how families built their businesses continuity because continuity is a result of something the family businesses aims for, or is a result of what they have been doing (Drozdow, 1998). Daft (1983), Morgan and Smircich (1980), Siggelkow (2007), and many others suggest the qualitative approach as an alternative when it comes to studying social phenomena. The qualitative method has the capacity to capture social reality using subjective, instead of objective methods which dominated past research. The objectivist view of the social world emphasizes the importance of studying the nature of relationships among elements constituting a structure, while the subjectivist’s view of the social world emphasizes the importance of understanding the process through which human beings concretize their relationships with their world and their external environments.

In this line of thinking, scientists need to change from being external observers (objectivity) to being investigators from within the subject of the study (subjectivity) and employ an appropriate research approach to that process, that is, the qualitative approach. I choose qualitative methods because qualitative research is concerned with the meaning of organizational phenomena rather than their measurement (as is the case in quantitative research) and it assumes that organizational realities are not concrete, but the projection of human imagination (Daft, 1983). Therefore, direct involvement in an organization and the use of human senses to interpret organizational phenomena are necessary for a qualitative research process. As there are many research designs under qualitative methods, in this thesis, I follow a case study design.

Case studies are subjective rather than objective (Glover & Reay, 2013, p. 167). The use of a qualitative case study approach (Eisenhardt, 1989b) in this thesis is aimed at understanding how a family built its business’ continuity as an iterative process.
According to Yin (2009) and Aberdeen (2013), case study research is linear, in the sense that it requires planning, designing, preparing, collecting, analyzing, and sharing, but it is also iterative, in the sense that each step requires a review and a re-examination of former decisions. To do so, I spent four years (2015-18), studying selected cases in Rwanda, visiting and interviewing them at least once a year. Apart from gaining insights and rich details of cases in the study, according to Orum, Feagin, and Sjoberg (1991), there are four advantages of case studies: “First, they permit the grounding of observations and concepts about social action and structures by studying actors’ day-to-day activities at close hand in their natural settings. Second, they provide information from a number of sources and over an extended period of time, thus allowing for a study of complex social processes and meanings. Third, they highlight the dimensions of time and history to the study of social life. In that way, a researcher can examine continuity and change in ‘life-world patterns. Finally, case studies encourage and facilitate theoretical and conceptual development.” (Nordqvist & Zellweger, 2010, p. 42). It is because of these four reasons that I opted for a case study design for my thesis.

For different reasons related to the phenomenon under investigation, there can be single or multiple cases (Eisenhardt, 1989b; Patton, 2002; Stake, 1995; Yin, 1994). However, under both single or multiple case studies, the selection of the cases is crucial.

In this thesis, I prefer multiple cases instead of a single case study and this choice depends on my research interest. According to Stake (1995), people choose a single case study when they are interested in that particular case, that is an intrinsic case study or if the case is used for understanding something other than the case, and, that is an instrumental case study. However, if the research interest pushes a researcher to elaborate more and compare the phenomenon case by case, several cases are used for studying the phenomenon rather than just studying one case.

In family business research, a single case study helps family business researchers to understand the phenomenon of interest within the real-life setting of the selected case (Gómez Betancourt, Botero, Bernardo Betancourt Ramirez & Piedad López Vergara, 2014; Michael-Tsabari, Labaki & Zachary, 2014); it is used for illustrative purposes for the given phenomenon of interest (Brines, Shepherd & Woods, 2013; Michael-Tsabari et al., 2014) or it helps perform a holistic analysis (Pagliarussi & Rapozo, 2011) of possible options for dealing with issues of unexpected family business phenomena (Pratt, 2014). In contrast, multiple studies are used in family business research because a multi-case study allows the researcher to understand the phenomenon under different, variant contexts or from an extreme and contrasting case (Glover, 2010). For instance, Michael-Tsabari et al. (2014) illustrate how a family business provides an opportunity to observe how a phenomenon changes over time. Such change can also be observed under different cases that fulfill the researcher’s theoretically relevant dimensions (Salvato & Corbetta, 2013) or theoretical categories (Glover, 2010).

Secondly, the multiple case study in family business research is used as a data saturation strategy by Eisenhardt (1989a, 1989b) for increasing and maximizing the level of external validity by looking for as many cases as possible based on the diversity of the cases studied until data saturation is achieved (Glover & Reay, 2013; Santiago, 2011). This shows how the field of family businesses is rich with so many possible variations of a given phenomenon.
The most important elements in single versus multiple case selections are theoretical relevance and access to rich data since the aim is understanding the phenomenon (Eisenhardt, 1989a, 1989b; Strike, 2013; Yin, 1989). According to Pettigrew (1990, 2012), the data to be collected needs to be *processual* (an emphasis on action as well as structure over time); *comparative* (a range of studies in various sectors); *pluralist* (describing and analyzing the often competing versions of reality seen by actors in change processes); *historical* (taking into account the historical evolution of ideas and actions for change as well as the constraints within which decision-makers operate); and *contextual* (examining the reciprocal relations between the process and contexts at different levels of the analysis).

To collect such rich data, case selection should follow a process of both purposeful and theoretical sampling (Glaser & Strauss, 1967; Patton, 1990, 2002; Yin, 2003, 2014) to get a case rich in the manifestation of the researcher’s central theoretical concepts (Knapp, Smith, Kreiner, Sundaramurthy & Barton, 2013; Pagliarussi & Rapozo, 2011). In the same way, Johnson, Langley, Melin & Whittington (2007) show how the choice of the case must be purposeful rather than probabilistic or random, that the case that will provide exceptional insights and maximum variations facilitating the comparison. This is what was referred to earlier as theoretical sampling, rather than random sampling. Regardless of the approach followed, the core interest of a theoretical sampling of the cases is “enabling meaningful comparisons that lead to better theory” (Eisenhardt et al., 2016, p.1114). As stated earlier, the case study approach has multiple advantages (Orum et al., 1991), and the theoretical sampling of the case study has several advantages which are ideal for this qualitative research. Eisenhardt et al. (2016) show that: (1) Researchers can use the case study approach for enhancing the focal phenomenon by eliminating or accounting for extraneous variations, (2) For creating opportunities for comparison such as through matched pairs, polar, or racing designs, (3) It can help enhance theoretical generalizability by sampling across relevant categories, (4) Boost the robustness of the emergent theory, and (5) It can also be used to adjust the sample on the fly as new insights or opportunities emerge.

**Context and case selection**

In line with what is described earlier regarding the quality of the needed cases, after defining the problem and research question, the second step was designing the research in terms of data, where to find the data, and how to record the data as expected by Gioia & Pitre (1990, p.593). Hence, I started preparing for the fieldwork. Before entering the field, I had consultations with different policymakers at the country and district levels. These experts came from the Ministries of Commerce (MINICOM), the Rwanda Development Board (an institution in charge of registering companies, promoting tourism, investments, and exports), and a Private sector federation (equivalent of the Chamber of Commerce in Rwanda). Based on a list of all firms, including family businesses in the country, I consulted district officers in charge of business development to discuss and identify which active medium and big companies were held by families. The meetings focused on family businesses and/or well-established family businesses which could be included in the sample selection.
During fieldwork, I met all district business officers of these institutions except where the statistics showed no medium or big companies which could be identified as family businesses. Using the list of all registered companies and in consultation with district officers in charge of business, I chose those family firms which had characteristics which would help me understand the topic under investigation.

Table 4.1 gives the main essential characteristics of businesses used in the study. Names have been changed because of ethical concerns, and some information that can reveal the identity of the case is less detailed.

Table 4.1. Key characteristics of the cases

<table>
<thead>
<tr>
<th>Case number</th>
<th>Name of the business</th>
<th>Industry</th>
<th>Number of firms held</th>
<th>Generation in control</th>
<th>Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>BOZER</td>
<td>Accommodation &amp; hotel industry (1 hotel, 1 motel, hostels, bars and night club, buildings: offices, small shops, coffee shops, restaurants)</td>
<td>3</td>
<td>1st &amp; 2nd generations: (founding couple and 3 active sons)</td>
<td>urban</td>
</tr>
<tr>
<td>2</td>
<td>SMH</td>
<td>Manufacturing, Accommodation &amp; hotel industry, Construction and estate industry</td>
<td>4</td>
<td>1st &amp; 2nd generations: (founding couple and 1 active son 1 active daughter-in-law)</td>
<td>urban</td>
</tr>
<tr>
<td>3</td>
<td>HJMIL</td>
<td>Farming, Food-processing, Distribution shops</td>
<td>1</td>
<td>1st generation: (founding couple)</td>
<td>Rural and Urban/Shops</td>
</tr>
<tr>
<td>4</td>
<td>MZDCO W</td>
<td>Construction and estate industry</td>
<td>1</td>
<td>1st &amp; 2nd generations: (founder and 1 active daughter)</td>
<td>urban</td>
</tr>
<tr>
<td>5</td>
<td>DRENOB</td>
<td>Accommodation &amp; hotel industry</td>
<td>3</td>
<td>2nd generation: (3 active brothers + 1 active sister)</td>
<td>semi-urban and urban</td>
</tr>
<tr>
<td>6</td>
<td>NMG</td>
<td>Farming, Food-processing, Distribution shops, Construction industry, Accommodation &amp; hotel industry</td>
<td>4</td>
<td>1st generation: (founding couple)</td>
<td>Rural and Urban/Shops</td>
</tr>
</tbody>
</table>
Methodology

I chose different cases from different regions, namely rural, semi-urban, and urban areas, having different generations in control and belonging to different industries. Such diverse cases bring diverse and complementary information helping design a strong theory (Eisenhardt, 1989b; Glover & Reay, 2013; Pettigrew, 1990). I selected six business families having one or multiple companies belonging to manufacturing firms, the hotel industry, the food-processing industry, distribution shops, and the construction and estate industry. One case is in capital Kigali, another one in the eastern province, one is located in the northern province, and three others are located in the southern province. In terms of industry, they are not mutually exclusive; in some cases, the firms belong to a similar industry. Two cases are involved in food production and food processing, but one of them has firms in manufacturing and food processing and also runs different businesses in the hotel and tourism industries and also has construction companies. Another case has a firm in construction but is transitioning to real estate. Two other cases are engaged in the hotel industry, both having more than three hotels that are operating. The last case is in the estate industry and also has a wood factory as a primary business.

The selection was done continually until saturation of the data collected was reached in the sense that any additional case did not add anything significant to the data collected. That is why I stopped at six cases. Usually, the multiple case study approach in family business research is used as a data saturation strategy (Eisenhardt, 1989b) through increasing and maximizing the level of polarity (Pettigrew, 1990). A kind of external validity in case study (Yin 2004) is achieved by looking for as many cases as possible based on the diversity of the cases studied until data saturation is achieved (Glover & Reay, 2013; Santiago, 2011). This shows how the field of family businesses is rich with so many possible variations of a given phenomenon.

In most cases selected for this thesis, an additional case was in a similar industry or had different companies belonging to the industries cited earlier, or the additional case shared a similar history with the other cases. So, I stopped at six business families as cases and did not consider at six firms, since each business family had one or many firms. I targeted business families which were in the second generation or were transitioning to the second generation, and they were identified by picking those which existed before 1990 when the war in the country started. This period was taken as an event, helping situate businesses in time because many businessmen had been in business but not as established business families. The period was also chosen as an indicator of survivability, that is, a business family existed before the civil war started in 1990 up to the genocide against the Tutsi of 1994. The chosen country context did not differ much from what characterizes the heterogeneity between developed and developing countries. It is unique due to its changing social-political context making some family businesses quit or redefine their business models. In fact, Rwanda struggled in its reconstruction after the genocide against the Tutsi. Past divisions and conflict made at least 73 percent of the Rwandans lose a close family member during the conflicts (Tobias et al., 2013).

Rwanda is also characterized by rapid positive changes in political, macroeconomic, demographic, and cultural factors. Rwanda is used as an illustrative case of the resilience of family businesses during their transition in a changing environment. The selected cases qualify as family businesses as per the definition in terms of the
possibility of their continuing to the second generation when you count the number of years of their existence (25 years plus) (Beckhard & Dyer, 1983a), if they existed before 1990 and were still operational during the fieldwork. Without such a time dimension, researchers may face a risk of confusing family businesses with start-ups or small businesses (Davis et al., 1997).

For the theory development process, the qualitative case design under the interpretive approach was the right choice for this thesis for many reasons. Given that family businesses represent a specific context of research, in-depth qualitative research is an ideal method for generating insights, characteristics, and challenges specific to all family businesses and how they unfold over time (Nordqvist & Zellweger, 2010; Nordqvist et al., 2009). I applied qualitative case study research to investigate how continuity was built over time in founder-led business families in Rwanda because continuity is seen as status, a result of what the business has been doing (Drozdow, 1998). So, looking back at how it was built necessitates the use of the qualitative case study design. In fact, qualitative researchers should emphasize on “the emergence of theory from data, rather than simply on a type of data” (Eisenhardt et al., 2016, p.1114). To increase the chances of making a strong theory, a multiple case approach is appropriate as it includes extreme or polar cases which allow the researcher to figure out the underlying common processual logic (Eisenhardt, 1989b; Glover & Reay, 2013; Pettigrew, 1990; Yin, 2003).

This process is in line with the theory developed in this thesis in the sense that in my fieldwork and interpretations, I went deeper into cases instead of describing or comparing them only. Eventually, the case study and qualitative research design helped me to better understand the challenges of continuity in family businesses in Rwanda and how the families built their businesses’ continuity. As an outcome of using the qualitative case study design, I built a day-by-day model out of the process. I used abduction as a simultaneous interpretive approach in work that consists of data collection, interpretation, and iteration between theory and empirical material.

After the data analysis, I found commitment as a driving motive, and I used this aspect which led to the process and outcome of continuity. Therefore, the theory informed the data collection, the obtained data was organized according to the theory, and the outcome helped develop a new explanation of continuity as a phenomenon in family businesses.

Interviews

When it comes to tools for collecting data, I checked different methods like those used by Trish and Zhang (2014) and Johnson et al. (2007) including ethnography, regular focus group discussions with research subjects over time, interviews, narratives, diary technique, using documents or archival material, and observations and participant observations. Considering my research question and my cases, I chose interviews to get information from the storytellers and also used documents or archival material for avoiding the common mistake of relying only on the interviews as a single form of data collection (Suddaby, 2006). My interest was not in the stories collected during the interviews but on “information on the social situation under examination” (Suddaby, 2006, p. 635). For triangulation purposes, besides interviews, publicly-available or private
documents including websites and fliers that described the businesses were also consulted. However, the consulted documents, archival material, or information on websites was used only for case and product descriptions, and they were not coded like the interviews were. Therefore, in the following section, I only describe the interview process.

According to Gubrium, Holstein, Marvasti & McKinney (2012), an interview is not just getting information from the interviewees but a complex process of seeking and processing information about the other’s thoughts, feelings, and actions. Interviews as an exchange between two people are a usual conversation, an old way of obtaining systematic knowledge and exchange with “the purpose of obtaining descriptions of the life world of the interviewee with respect to interpreting the meaning of the described phenomena” (Kvale & Brinkmann, 2007, p.8). Traditionally, the interviewer solicits information, and the interviewee gives the information he or she is ready to share. In qualitative research, interviewing is not as neutral as asking questions and getting answers, but a systematic way of getting the other’s thoughts, feelings, and actions in the right way that requires asking the right questions, triggering the interviewee to open up and discuss the desired responses (Gubrium et al., 2012).

The role of the interviewer is preponderant, which is in line with the interpretive process and the social construction philosophical stance of this thesis. It is a co-created production of knowledge (Nordqvist et al., 2009) in the sense that it is a result of a collaborative, dynamic, and meaning-making occasion of an interview (Barlow, 2009). “The qualitative research interview is a construction site for knowledge” (Kvale & Brinkmann, 2007, p.8). That site can be face-to-face, over telephone, online, or via email, which can be audio or video recorded for further transcribing and analysis (Barlow, 2009). Transcribing and interpreting the interviews are inspiring for the researcher who interprets a well-known phenomenon and can also add substantial new knowledge to the field being studied (Kvale & Brinkmann, 2007).

Interviews were conducted during field visits and the process was as productive as expected. Twenty-nine interviews were conducted with respondents over a period of four years (2015-18), plus three interviews were conducted before with three representatives of heads of government institutions and institutional policymakers described earlier, that is, the Registrar of Companies (RDB), the Chamber of Commerce (PSF), and the Ministry of Commerce (MINICOM) (case profiles are given in Chapter 5). In some cases, I interviewed only the head of the business family; in other cases, I also interviewed siblings working as managers and in unofficial capacities who were potential successors. Most interviews lasted between 30 minutes and 2 hours of recording, without counting casual talking in between. Questions started with the journey of the family business which was followed by a proper dialogue about the status and future of the family business as well as the role played by different actors in the family.

Reflecting on the research question regarding how the family built its business’ continuity helped. Interviews were recorded in most of the cases except one case that refused to have the interview recorded. In this case, an assistant was hired to take the minutes of our conversation.

Questions in the interview guide (attached in the Appendix A1) were inspired by the research question as well as concepts from the literature review like commitment,
ownership, management, and continuity. There were also follow-up questions inspired by the previous interviews or answers given during the interview.

Table 4.2 describes the persons interviewed for each case study as well as their status, the length of the interviews, and when the interviews were conducted. For ethical reasons, the names have been changed. Different people in the same case where more members were involved in the business’ management were also interviewed to get as much information as possible about the case.

<table>
<thead>
<tr>
<th>Case number</th>
<th>Name of the business family</th>
<th>Person interviewed</th>
<th>Function of the interviewee</th>
<th>Period of interview</th>
<th>Number of interviews</th>
<th>Length of the interview</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>BOZER</td>
<td>BOSCO SBK-BOZER</td>
<td>Founder</td>
<td>2015, 16, 17, &amp; 18</td>
<td>4</td>
<td>40-120 minutes</td>
</tr>
<tr>
<td></td>
<td></td>
<td>CHRIS CYS-BOZER</td>
<td>Son, manager</td>
<td>2017, 18</td>
<td>2</td>
<td>60-100 minutes</td>
</tr>
<tr>
<td></td>
<td></td>
<td>PETERSON SRG-BOZER</td>
<td>Son, manager</td>
<td>2017</td>
<td>1</td>
<td>90 minutes</td>
</tr>
<tr>
<td></td>
<td></td>
<td>MIHAEL MCO-BOZER</td>
<td>Son, manager</td>
<td>2017</td>
<td>1</td>
<td>45 minutes</td>
</tr>
<tr>
<td>2</td>
<td>SMH</td>
<td>SMITH SMH</td>
<td>Founder</td>
<td>2015, 16, 17, &amp; 18</td>
<td>4</td>
<td>60-90 minutes</td>
</tr>
<tr>
<td>3</td>
<td>HJAMIL</td>
<td>HERMAN HJAMIL</td>
<td>Founder</td>
<td>2015, 16, 17, &amp; 18</td>
<td>4</td>
<td>80-100 minutes</td>
</tr>
<tr>
<td>4</td>
<td>MZDCOW</td>
<td>JOHN MZDCOW</td>
<td>Founder</td>
<td>2015, 16, 17, &amp; 18</td>
<td>4</td>
<td>100-120 minutes</td>
</tr>
<tr>
<td>5</td>
<td>DRENOB</td>
<td>MALTHUS’ DR ENOB</td>
<td>Son, overall CEO</td>
<td>2015, 16, 17, &amp; 18</td>
<td>4</td>
<td>90-12 minutes</td>
</tr>
<tr>
<td></td>
<td></td>
<td>JULIUS DRENOB</td>
<td>Son, manager</td>
<td>2018</td>
<td>1</td>
<td>80 minutes</td>
</tr>
<tr>
<td>6</td>
<td>NMG</td>
<td>GEORGE NMG</td>
<td>Founder</td>
<td>2015, 16, 17, &amp; 18</td>
<td>4</td>
<td>30-60 minutes</td>
</tr>
</tbody>
</table>

| TOTAL       |                             |                    |                             |                    | 29                   |                         |

After each interview, I went through the minutes and recording to check for consistency. This exercise of going through the recording immediately after the conversation helped reflect and examine immediate impressions of the interviewee to make sense of the meaning being communicated in the interview before an analysis of the transcripts was done later (Kvale & Brinkmann, 2009a).
Data analysis

After transcribing the interviews into readable text, the steps taken including coding, mostly referred to as open coding; formulating conjectures also known as axial coding to identify the relations between concepts at the first level or across levels of abstraction; evaluating conjectures to validate with the informants through new data collection; formulating theory through an identification of the emerging concepts and relationships and reviewing literature to identify what was known about the formulated theory before final theory building that showed how it all fit together (Gioia & Pitre, 1990, p. 593). This is an iterative way of interpretive and abductive approaches. Data collection was a continuous process during data analysis and data was also analyzed during data collection. To reach the final stage of theory development, several back and forth steps were taken between the data and theory and field visits at different layers. “The interpretive researcher collects data that are relevant to the informants and attempts to preserve their unique representations. The analysis begins during data collection and typically uses coding procedures to discern patterns in the (usually) qualitative data so that descriptive codes, categories, taxonomies, or interpretive schemes that are adequate at the level of meaning of the informants can be established. Thereafter, analysis, theory generation, and further data collection go hand in hand. Thus, the theory generation process is typically iterative, cyclical, and nonlinear, [...] revisions and modifications are likely to occur before a grounded, substantive, mid-range theory is proposed” (Gioia & Pitre, 1990, p.588).

Before discussing these steps and how I went through them during an analysis of the transcribed interviews, I need to point out the unit of analysis as well as the level of analysis that I was looking at because different people may find different things in the same analyzed material. As Ybema et al.’s (2010) story about the elephant and blind people shows that people do not see the same thing using the same data or using the same instruments. What they see depends on what they are searching for as well as where the focus is, that is, the unit and level of analysis before coming to their own interpretations and perceptions about social reality.

Concerning the unit of analysis, even if I followed multiple cases, my focus was on a business family as a case, not a firm, simply because shifting attention from a family firm to the owning family is important when you consider the theoretical relevance, the central theme of the research or guiding theory. In fact, the owning family’s heterogeneous structure and its involvement in its business make a family business a better case for illustrating the business phenomenon that comes from family ownership (Distelberg & Blow, 2011; Gómez Betancourt et al., 2014; Marques, Presas & Simón, 2014; Santiago, 2011; Strike, 2013). The focus of the owning family is also motivated by the intertwined nature of the family and business (Bettinelli, Fayolle & Randerson, 2014) as it is always hard to isolate a family firm from its owning-family. “The family system must be recognized along with the business system complexities [...] both the family system and business system endure and change over time with varying degrees of interdependence, resulting in a vibrant and complex configuration of the family firm over time” (Michael-Tsabari, Labaki & Zachary, 2014, p. 182). Therefore, given my interest in investigating the social context of family businesses, and given that both the family and firm are inseparable, my unit of analysis is the family and not the firm, that is, my area of interest is investigating the challenges of continuity in family businesses in Rwanda and also how the families built their businesses’ continuity and this is better traceable from the family rather than
the firm. So, in my conversations and reading of the transcripts, I focused on what the family did to build its business’ continuity. Specifically, the continuity of ‘family ownership’ and ‘family management’ were central in our discussions. The role of each actor in the family was also discussed for a better understanding of the research question of how the family built its business’ continuity.

Coming to the levels of analysis, I situate the phenomenon at multiple levels -- individual level, group level going up to the organizational level. A cross-case analysis can follow Burgelman (2011) and compare cases at both the organizational and intra-organizational levels. However, as I am engaged in a thematic analysis, I follow Jarzabkowski, Balogun & Seidl (2007) and Jarzabkowski and Spee’s (2009) advice for researchers and I did analyze the cases at different levels, I looked at individuals working at all organizational levels including inter-personal levels. With regard to the steps described in Gioia & Pitre (1990), the following activities were conducted during the data analysis:

- **Interview transcription:** after the fieldwork, since the interviews were conducted in Kinyarwanda, the language of the interviewees, they were transcribed in a way that was loyal to their oral statements. They could not be verbatim as I had to translate them into English. Translating rendered them into a readable, written textual form ready for analysis, but again, the translation involved usual human biases like in any interpretation (Suddaby, 2006) since this is also part of the interpretative process. According to Kvale and Brinkmann (2009b), transcription was earlier neglected and treated as simple clerical task, while it is also part of the interpretative process.

- **Coding:** According to Gioia & Pitre (1990, p.593), coding in the interpretive paradigm consists of providing descriptions at the first level and sometimes the second level of abstraction. Various coding was done one step after another to reach a theory development stage: open, axial, and selective coding (Price, 2009a).

  **Open coding:** This is the initial process of any theory building in qualitative research that consists of identifying concepts and patterns from raw data. “Open coding refers to the initial interpretive process by which raw research data are first systematically analyzed and categorized” (Price, 2009a, p.155).

  Initially, labels or identifiers are attached to passages or excerpts of the interviews immediately after each interview; a sense of these is made during the transcribing (Kvale & Brinkmann, 2009b) and in the first readings of the transcripts. At this stage, I gave labels or identifiers to different passages based on both theory and the level of analysis. For instance, I named a passage according to its meaning in terms of continuity of ownership, continuity of management, or type of commitment. Then a meaning was attached to the passage. Again, naming was clear about whether the action could be traced to the individual level, group level, or organizational level. Afterwards, similar labels were grouped under one name or code. That was the initial coding. However, this was done with different interviews with one respondent and repeated for the next respondent. The reconciliation of all similar or close meanings was done for checking similarities and closeness in the codes across
Methodology

At this stage, a table was drafted to check and compare the emergence of similar codes in different cases, that is, a database was created according to categories of data representing a unit of information. The categorization of codes is the final stage of open coding. At this level, “events, actions, and interactions are grouped together to form categories and sub-categories” (Price, 2009a, pp. 155-156). Since this process was performed several times after each interview, it helped me to return to the field with a more focused mind and reformulated questions, a situation that is described as a conversation between the researcher and the data (Price, 2009a). Through this conversation, at this stage I grouped similar codes into categories, also known as first-order category ready to be re-examined for further analysis.

**Axial coding**: axial coding or formulating conjectures consist of identifying the relations between concepts at the first-level or across levels of the abstraction (Gioia & Pitre, 1990). It is a process of relating categories to their sub-categories by assembling and disaggregating data to check for relationships between and within categories (Price, 2009a; Wicks, 2009). This means the central characteristics or phenomenon around which differences in properties or dimensions exist (Wicks, 2009). The term axial comes from “the axis of a category, its properties, and dimensions” (Wicks, 2009, p.164). As the open code consists of identifying concepts and their properties, a breakdown of the concepts into their sub-categories based on the particulars of when, where, why, and how a process of relating these concepts and their sub-categories is needed, which is axial coding (Wicks, 2009). Similarly, at this stage, I revisited my categories created during open coding (first-order category), are then re-grouped them into a more robust category also known as second-order themes that have more meaning for the phenomenon under study at a higher level of abstraction. At this stage, any collected data needs a systematic analysis not only for identifying specific concepts that are at play but also how they relate to each other with the aim of producing a particular outcome (Wicks, 2009).

Eventually I adopted Shepherd and Williams’ (2014, p.961) format that includes the ‘outcome’ in theory development under the fourth stage (aggregated dimension) coming after the usual three stages (see, for example, Gioia et al., 2013) of first-order category, second-order theme, and dimension.

**Selective coding**: selective coding is the final stage of coding concentrating on theoretical development (Price, 2009b). It consists of “unifying relevant categories into a core category that represents the central phenomenon of the study” (Price, 2009a, p. 156). At this stage, similar second-order themes are brought together into dimensions, and where possible, similar dimensions are brought together into aggregated dimensions. An aggregate dimension represents the theory developed in the thesis. As described earlier in the introductory paragraph of the analysis, conjectures or axes obtained during axial coding are validated with informants through new data collection to grasp more meaning from the findings (Gioia & Pitre, 1990) that is the iterative aspect of the interpretive approach of going back to data, theory, and the field again for the researcher to do a final search for data related to the core codes previously developed (Price, 2009b). “During the selective coding, previously identified discrete concepts and categories
are further defined, developed, and refined and then brought together to tell a larger story’’ (Price, 2009b, p.157). This stage is about making sense and a story from the previous open and axial coding done for a better understanding of how the theory was developed (in Chapter 7 on findings and discussion, I revisit these concepts, categories, and themes to better describe and understand them).

Theory building during the analysis

According to Eisenhardt et al. (2016), qualitative methods rely on a theory-building process. This thesis adopted the abductive and interpretive approaches along with the iterative way of dealing with the empirical material with theory for developing explanations (theory) for the phenomenon under investigation. Theory generation is a result of multiple and comparative cases. They help in a comparison of the cases “enable theory building through grounding-theory inspired analysis, which focuses on mapping common patterns and properties across several cases” (Eriksson & Kovalainen, 2009, p.98). Data is coded into raw data which is coded into first-order codes or measures; these are raised to a more abstract level through second-order themes or constructs; and constant comparisons between emergent theory and data and other tactics are used for generating creative insights and dimensions (Eisenhardt et al., 2016, p.1114).

To achieve this in this thesis, I used the qualitative data analysis technology, the NVIVO program to arrange the coded material. However, this does not replace the researcher. The researcher’s analysis and interpretations involve the usual concerns of human bias or subjectivity. “What you observe is a function of both who you are and what you hope to see” (Suddaby, 2006, p.635). Seizing the middle ground requires an iterative analysis of extant theory and observed data. It is an iterative process of gathering raw data, producing progressively better-defined and grounded higher-order concepts through constant comparisons and mind-expanding techniques, and creating underlying theoretical arguments that connect the constructs (Eisenhardt et al., 2016, p.1114). Abduction was a useful process for doing all this.

The outcome of the coding is given in Figure 6.1, a horizontal display of the first-order category, second-order themes, dimensions, and aggregate dimensions following Shepherd and Williams (2014). This horizontal analysis of the themes was initially coded into categories and sub-categories during the NVIVO analysis of the transcripts. Theory development then followed a detailed description of the dimensions and themes. The first-order concepts were supported by quotes from the respondents, while the second-order themes reflected the researcher’s interpretations (Gioia et al., 2013). This was followed by a discussion and conclusions. At this level, literature was reviewed to identify what is known about the theory as formulated earlier. A final theory was developed as ‘day-by-day continuity’ to show how it all fit together (please see figure 7.1 & 7.2).
Ethical issues

According to DeRoche & DeRoche (2009), besides ethical clearances that are bureaucratic, there are seven basic practices regarding ethical principles and codes guiding the case study approach followed by researchers: “(1) Do not harm participants. (2) Maintain their privacy. (3) Bring them available benefits. (4) Inform them about the research. (5) Involve them only voluntarily. (6) Ensure research of good quality. (7) Be honest with data and reporting” (DeRoche & DeRoche, 2009, p. 537). In the same way, after getting the approval for this research from both the supervisors and my university, the respondents were contacted for interviews, and these issues were addressed as:

**Thematizing:** During the design, point (6), ‘ensure the research of good quality’ was followed. It was made clear to the respondents that the purpose of the interview was academic, not personal. The research question and interview guide were meant to address a phenomenon, not to satisfy my personal curiosity.

**Designing:** Points (4) and (5) were brought together before starting the interviews. Voluntary participation and being informed about the research were taken care of during the design. I started by politely contacting the respondents to get their acceptance to participate. It is during this process that I promised confidentiality, and we talked about the possible consequences of my study and the publication of their stories for the subjects. We reached an agreement on anonymity. No written informed consent of the subjects to participate in the study was taken and they only asked for an introductory letter which was presented to verify my intentions of doing this research as well as giving them an idea about the topic under investigation.

**Interview situation:** During the interviews, point (1), ‘not harming the participants,’ was respected. During the interviews, respondents were met at a place of their convenience, and after a proper introduction, they were given the floor to express themselves about the research topic before doing the interview. Some anecdotes were not recorded on the request of the respondents.

**Transcription:** As described in the section on interview transcription, during this exercise, point (2), ‘maintaining their privacy,’ was observed. The readability of transcripts, anonymity, and loyalty to the respondents’ expressions and wishes were respected. As confidentiality was guaranteed before the interviews, it was maintained during the transcriptions.

**Analysis and reporting:** During the analysis and discussion, point (7), ‘being honest with data and reporting,’ was kept in my mind. The analysis and reporting of an interview and the results were merged into a story to be told to the readers. This involved an ethical issue of how the interviews were analyzed and of whether the subjects should have a say in how their statements were interpreted. The iterative process and multiple interviews helped embed the views of the interviewees in the analysis.

**Verification:** Point (3), ‘bring them available benefit,’ was not ignored. The research was not only about getting information. In fact, it is important for the research to remain available to the interviewees to get feedback from it. I promised to be available for quality improvements in their businesses after the research. I promised to give back in the form of knowledge sharing if it helped improve the conditions of the respondents and their businesses. Keeping in touch with the respondents makes it easier for a third party to verify the interviews, or part of their content. This is
continuous checking that can even be done during dissemination when verification seems necessary. It did not pose any problems as I promised to stay in touch with the respondents.

Research evaluation

As noted by Yin (2014), the evaluation criteria of the case study approach in general, includes the construct’s validity, internal validity, external validity, and reliability. However, such an evaluation using validity and reliability in their positivistic meaning is quite challenging in interpretive research and must be avoided (Nordqvist et al., 2009). The criteria of validity and reliability must be avoided in because adopting a case study approach is due to an interest in the phenomenon, which is not a general tendency among the cases (Stake, 1995). Cases can represent a certain intrinsic interest and attract the researcher to use it as an instrumental and single case study, if not, the researcher chooses several cases to compare and understand the phenomenon of interest better rather than the case itself (Stake, 1995). Since the interpretivism use the researcher’s own or subjective process of establishing the meaning, in understanding the phenomenon, instead of studying the reality out there, therefore, the evaluative criteria of validity and reliability cannot fit into an interpretive case study (Nordqvist et al., 2009). Instead, a proper interpretive process should be assessed in light of three criteria of directing attention, organizing experience, and enabling useful responses because the aim is all about “establishing its newness, trustworthiness, and usefulness with regard to understanding a particular family business phenomenon” (Nordqvist et al., 2009, p. 303).

In terms of newness or novel value of the interpretive approach in relation to understanding a particular family business phenomenon, there must be the “insight development, and problematization of established ways of thinking that cast ‘new light on something that earlier has either escaped serious attention or been understood in a conventional and thus partly conservative way” (Alvesson & Sköldberg 2000, p. 152 as cited by Nordqvist et al., 2009, p. 303).

For trustworthiness and credibility in interpretive research in relation to an understanding of a particular family business phenomenon, the relevance and conviction of transparency is a must (Nordqvist et al., 2009); transparency about the research process, writing and presenting the empirical material, and interpreting these.

To achieve such transparency in the methodology and its underlying assumptions, Alvesson and Sköldberg (2000, p. 61) as cited in Nordqvist et al. (2009, p. 303), assert that trustworthy interpretations should:

i) Be internally consistent: they should lack logical contradictions and provide an interpretive system where their parts are linked to a larger whole.

ii) Be externally consistent: either they should agree with other theories or give plausible reasons and arguments for not doing so.

iii) Combine closeness and distance: make individual details of the empirical material more understandable, while at the same time making broader themes and conclusions that emerge from the empirical material clear.

iv) Put it into a more holistic understanding: elevated above the common-sense level, by yielding a deeper understanding of the empirical material through linking it to
For *usefulness*, it is important to assess how interpretive research leads to an understanding of a particular family business phenomenon, and such an assessment should focus on its capacity of improving that understanding. Such capacity to produce useful conclusions must be based on clear arguments and honesty and clarity of the chosen direction (Nordqvist et al., 2009). Useful conclusions come from a trustworthy research process, a flexible and creative way of doing research supporting creativity, and continuous iteration in the research process including the amount and quality of the empirical material, the process through which the material is collected, and the overall thoroughness as well as the comprehensiveness of the research work (Nordqvist et al., 2009). As an expected outcome of newness or the novel value of the interpretive research achieved through a transparent, trustworthy, and credible research process as described earlier, “new research questions can emerge, conceptual frameworks may change and new theory be brought in as patterns and themes emerge and call for interpretation” (Nordqvist et al., 2009, p. 304).

Transferability and generalization of the interpretations and conclusions are equally important and, together with replication and reproducibility, become concerns in many disciplines (Open Science Collaboration, 2012, 2015). Besides the other evaluation criteria of novelty and trustworthiness, results from interpretive research must also be useful in their ability to be transferable and generalized beyond the specific context in which the data was generated (Nordqvist, 2005).

Transferability, “refers to the extent to which the results and conclusions can encourage reflexivity” (Nordqvist, 2005, p. 89). Data for this thesis, conceptual models, ideas, and interpretations generated from the data can stimulate others’ understanding and thinking about the phenomenon under study, offer new insights, and provide another way of seeing something as something (Nordqvist, 2005).

For *generalizability*, there is a positivistic tendency of expecting results to be valid for the whole population from which the sample cases investigated in the study were selected which is not necessarily the case in interpretive research (Nordqvist, 2005; Nordqvist et al., 2009; Stake, 1995). Generalizability is not a worrying issue in the case study approach because the real concern of a case study is ‘particularization,’ not generalization (Stake, 1995). Generalization can occur within similar cases and is called ‘petite generalization’ (Stake, 1995) or when the findings repeatedly occur in other cases, not necessarily identical cases (called ‘grand generalization’). This is also an analytical or theoretical generalization, which concerns existing theory, rather than the whole population (Stake, 1995).

The findings and conclusions of this thesis can be assessed in terms of various aspects. Concerning newness, following Whetten (1989), I believe that the results of this thesis make theoretical contributions by answering the what, how, why, who, where, and when of the phenomenon of a family business. Different practices for continuing family businesses in the Rwandan context, as well as the concept of day-by-day continuity, are generated in this thesis. The family context as a unit of analysis is less studied in management research, and due to the heterogeneity of contexts, the findings of family businesses’ practices in the Rwandan context extend our understanding in this area on how continuity is envisaged differently. The process of
attaining the results is trustful. Following Gioia et al. (2013) and Price (2009a, 2009b) data was grouped into categories and then into sub-categories for coding. First-order categories fed the second-order categories and similarly the second-order themes formed the dimensions for arriving at an aggregated dimension. Iteratively, these concepts were inspired by the literature review on the phenomenon of family businesses’ continuity. In terms of usefulness, transferability, and generalization, I believe that showing the three theoretical dimensions, as well as their twists in figures 7.1 and 7.2, provide a different way of seeing continuity in Rwanda’s context as a sub-Saharan African country. The findings of this thesis will stimulate other researchers in family business to study context and theory. The data in this thesis highlights the particularity of Rwanda’s context. It shows the role of the specific context and its associated culture on the continuity of family businesses. Not only can the findings be compared to similar cases in Rwanda, but also to similar sub-Saharan countries.
Chapter 5: An overview of the Cases

Introduction

This chapter discusses the path that family businesses in Rwanda moved on and their current situation regarding family ownership and management. It describes the historical background of each case. For the sake of anonymity, the cases and respondents’ names are used as abbreviations and their actual identities are only known to the author.

The six cases in this thesis have different backgrounds. Geographically, they are located in both rural and urban settings, in the capital city as well as the south, east, and north-west parts of the country. In terms of industry, they are in food processing, hotel, and tourism industries, manufacturing, and service and real estate industries. The cases are different because of their historical foundations. In fact, two belong to the hotel industry, two to the agro-processing industry, one to the manufacturing industry, and the last one to the real estate industry. They are highly heterogeneous and all of them are among pioneers which are still operational, with at least more than 30 years of experience since the business sector is not very old in the country. They have different generations in control. Three of them belong to both first and second generations with the founder-managers still active, and another one is entirely run by members of the second generation.

Diversity in cases is essential because heterogeneity in terms of processes, comparisons, plurality, history, and contexts helps capture diverse and complementary information useful for developing a stronger theory (Eisenhardt, 1989b; Glover & Reay, 2015; Pettigrew, 1990).

Case one: BOZER

History of the business family

BOZER was founded in the 1980s. It is composed of BOSCO SBK- BOZER’s business family and is located in the southern province of Rwanda. The business has one hotel, one motel, coffee shops, restaurants, small shops, and offices. It is in a growth phase and will include bars and nightclubs as well as student hostels. The family involved in the business is composed of the founder who primarily runs the hotel and oversees all activities. His wife, the co-founder, runs the motel and three sons of the seven children, CHRIS CYS- BOZER, PETERSON SRG- BOZER, and MICHAEL MCO- BOZER assist their parents part-time in their business and also run their own small businesses and they are also the respondents in this research. The family has other members not involved in the business for various reasons.

BOZER was started by BOSCO SBK- BOZER. He completed primary school and passed the Primary National Examination successfully and was admitted to a boarding school in Kabgayi. At that time, there were very few boarding schools in Rwanda. When he was in Kabgayi, he wished to become a priest and made a lot of efforts to achieve this. He was brilliant and all the brothers who run the school were proud of his
efforts and achievements in handling languages. Suddenly, despite being among the top in the class, an unexpected group dismissal happened without any reason or explanation given.

However, when BOSCO SBK-BOZER was dismissed, the religious brothers who were his former teachers in Kabgayi School, continued supporting him and advised him not to lose faith and not to go home with his toolbox; they promised to look for another school for him. Later, they took him to another Brothers’ academy to study woodcarving and he specialized in carving church statues and learnt a bit of French, English, and Latin. It was a woodcarving school, a kind of alternative to formal education. This was not what BOSCO SBK-BOZER expected. He was trained to carve statues and paint pictures, but not to become a priest as he wanted to, and this was not a boarding school like the previous one that he had attended. After three years of studies and a successful internship, he became good at woodcarving. He became a woodcarver but tried to re-join formal education under the pretext of becoming a Josephite-Brother, since he had failed to become a priest. But he had to go back to school for further education. He impressed the brothers with his new skills of carving statues. He made the ‘saint Peter Antoine de Padua statue.’ After making that statue, he was admitted to the novitiate of the Josephite-Brothers, but his intention then was to continue formal studies and not to become a religious brother. After completing three more years required for the program, he and two Rwandan candidates passed the test to continue in an art school at Leopard-Ville, Kinshasa where he mastered different arts, and then he started making a living from his art work; he had a salary and was also selling his art objects.

On his return to Rwanda in 1957, the Congregation of Fathers of the Christian Schools started an art school at Nyundo in Rwanda. They wanted to add woodcarving studies. During the 1959 war, they searched and recruited him. He started working as a teacher of woodcarving. He carved statues and did paintings and sold them. He had a career that he could count on to make a living: selling statues.

BOSCO SBK-BOZER’s work at the woodcarving school in Nyundo, was supervised by the initiators of the school, a congregation of brothers based in Kinshasa. They made the school known at the national level, and in 1963 it was raised to the high school level and became the Nyundo art school, also known as ‘Ecole des arts de Nyundo.’ BOSCO SBK-BOZER was appointed as the school principal. Later, he was transferred to the university, northern campus. Due to hostilities in regional divisions, he was relocated to the southern campus. He was introduced to the President of the Republic by Bishop Bigirimwami, then Rugamba, the director in the Ministry of Education asked him to go to IPN (School at the National University, in charge of education) to train teachers to draw images which they may use as didactic material while teaching.

In the beginning, BOSCO SBK-BOZER sold his art objects while he was teaching at the Nyundo art school. He continued to do the same thing at the School of Education-IPN and at the National University. Rugamba, the director of culture at the Ministry of Education, allowed him to use the facilities available in the faculty, and he continued producing art objects. He opened gallery shops in local hotels while attending different exhibitions. He created BOZER Motel that provided him the means for starting BOZER Hotel. Today BOZER Hotel is giving birth to a new extension.
This is a tourist destination city and these products are really making money. His art career continues to be part of the family business. The buildings and interior design of all family hotels and motels as well as offices, are unique and spectacular and characterized by his art designs. His art talent has been transmitted to some of his descendants.

**Family involvement in ownership**

The ownership at BOZER is not defined. According to the law, parents can decide to distribute their business or not. In the case of a non-decision, the descendants have equal rights to succession. They will receive an equal inheritance, and the firm as a residual to manage together. According to the founder, unfortunately two of his sons, the firstborn and last born, are not strong enough to lead the business compared to the two others. They are the kind of people who do not think about the future and are used to asking for money to buy alcohol. They are the type of people who may destroy the businesses, and their involvement is limited. There are two sons who are able and responsible. There are also two daughters who are abroad; they are also responsible. That is how the family members assist the founding couple in their business. According to the founder, even if his descendants are dispersed across the world, they are still the future owners of the business till they decide to allow external investors. This decision belongs to the next generation but is not shared by the founding couple. The founder is against the option of dividing the family’s assets among the descendants in the form of inheritance. Again, a decision to continue common ownership among the next generation will depend on the behavior of a few members who are nearby. They may choose to continue agency or stewardship behavior vis-à-vis their co-owners living abroad. Their wish is to coordinate and continue together as future co-owners. So far, everyone is doing their own ventures and the founder is still managing the family business until further developments and he is yet to decide between continuing it as a family business and having shares for co-owner descendants, or dividing the second generation by dividing business and managing their inheritance separately.

Both the founder and his family members know that if the founder does not define the ownership and responsibilities for family members, then they must wait for legal succession after the founder’s death. However, the founder has many worries regarding future collaborations and possible conflicts among the next generation’s members as it is a trend in many business families in Rwanda. Thinking about the ventures sinking is a considerable concern for the founder who is about to retire.
Family involvement in management

The founder is assisted by his family at an informal level. One son, PETERSON SRG-BOZER, does marketing for the family business but he is also running his own business of spare parts. He sometimes finds some customers for the family business. If he searches for or gets some business idea or other support that may develop the business, he informs his father. Even CHRIS CYS-BOZER, the other son, does the same in assisting his father in some activities but is not fully employed in the family business. They are both used to communicating and following what is going on in the business. The third son, MICHAEL MCO-BOZER, is also around and involved in several activities of the family business. The overall management is mainly under the founder as he is able to manage but he gets assistance from family members. The only problem is that the family members are dispersed, so the owner has some meetings and gets assistance from those few who are available. These meetings and information sharing make the family members aware of the situation of the family business and do not disturb it in any way. The founder acknowledges the assistance of his family members and informal information sharing between the founder-managers and family members.

Since the ownership is not yet defined, those closer to the founder-managers are involved without any formal agenda. Their involvement is voluntary and partial since they do not know who will inherit what and how much. Meanwhile, they must struggle in own ventures waiting for the founder’s decision about any formal role for them in the business, if any. Any contribution by family members is rewarded. The founder is satisfied that they can make it, as they have started their ventures, which keeps them busy and not fighting for the family business. He wants to assist them in sustaining their small businesses because it can be beneficial for the family business when each member has his own business and does not depend on the family business for income and employment. Their incomes from the family business will become dividends or inheritance that will come as additional money if the family members have their own businesses.

Case two: SMH

History of the business

SMH started business operations in 1978. The founder of SMH, SMITH SMH started out as an employee in a carpentry factory belonging to the Catholic diocese. He worked there as a woodworker for ten years, from 1967 to 1977. In 1978, he initiated his own enterprise in a town other than Kigali city. He started this in a place borrowed from a friend and then set up a small woodwork factory. In 1982, he built his first factory and started growing his business using his own place and not in a rented property. It was a good time for doing business due to the construction of roads during that period. The company got many tenders for supplying wood material needed to make bridges. The company primarily worked on a project called ‘Spie Batignolles.’ It was a road construction project making an international road linking Kigali to Burundi. Funds secured from these tenders since 1978 allowed SMITH SMH to buy enough machines and improve financially. Unfortunately, after the genocide
5 An overview of the Cases

everything was stolen, all machines and even small tools were taken. He had to restart his business slowly and achieved the current status as a big company in woodwork and owning several houses, complexes, and a motel.

Family involvement in ownership

The family is composed of parents and five children, three of whom are married while two are still single. Like in many business families, the business ownership lies with the founding couple, and the successors are waiting for legal succession after both parents’ death or waiting for a testament, if any. In the SMH case, the founder is 68 years old and still believes he has 10 more years before drawing the testament or family constitution because he has little confidence in his descendants and wishes to keep his business intact.

Family involvement in management

The founder manages the factory; the most educated son manages the buildings and assists his father in the factory while the mother manages the motel. The other sons have their own businesses but benefit from free rent in family complexes. All businesses are still managed together under the direction of the founder.

Case three: HJMIL

History of the business

HJMIL is a business family located in an semi-urban region in Rwanda, which specializes in food, milk, and fruit processing and retailing. It started with fruits and vegetables. It grew into a small restaurant, and later it focused on the milk industry as its principal activity. Being in contact with a rural area ensures supply of milk. The geographical location on the international road linking Kigali to another country, helped the business capture the market quickly. It is an expanding business but has its headquarters in one district. According to the founder, improved service leads to an automatic expansion of the business’ size. The family business opened a branch in another rural district. The business benefits from the region where it is based simply because every time someone talks about that region, the name of the company comes to mind. This region is the primary source of supply, especially of milk because the region has a significant number of cattle as compared to other regions. The family is composed of both parents and six children.

Family involvement in ownership and management

Like many other family firms in Rwanda, HJMIL does not have a formal written ownership. Since most of the couples are married and a common matrimonial regime means that the partners and family members are equal legal successors. Hence, the family has not adopted any family document establishing the rules and internal regulations. The founder believes that legal succession must prevail in case of a conflict. However, low involvement his wife at the beginning inspired him to create
ownership for family members through their initiation into the family business’ management. The strategy resulted into full participation of his wife who was resisting before. The founder opened up space for everyone to work and feel the necessity of working for the family and not for the salary. Since the founding couple is still relatively young, in their mid-50s, they expect to lead the next generation’s family members towards full training in all branches so that each one can work comfortably in a self-sustained branch with residential areas as it is now happening for two branches of the family business operating in 2 regions.

The family’s involvement started with the co-owner’s resistance but paved the way for the involvement of family members. It came as a warning sign, and appropriate measures for integrating everyone were adopted. When the founder was doing the business alone, his wife resisted joining the business. It was difficult for him to convince his wife to get involved in the business. He was helped by some other friends and relatives to convince her. Some people encouraged her by telling her that it was a good idea to work together for the future of the family. Others discouraged her, but she started getting involved slowly. To avoid such resistance, the founder got an idea of initiating their children to get involved in the business very early by letting them work as cashiers where they could count money. The young members found this exciting and it built ownership among family members.

**Family involvement in management**

Coming to the family’s involvement in the management, the family business is mainly managed by the parents who are assisted by the two firstborns studying in university. After classes, they both come to the office, manage the cash and supplies, and sometimes other kids join the daily activities. Being in a position to manage cash promotes family members’ responsibilities. It is also a learning approach for the younger family members who are sometimes given the freedom to decide on the supplies and activities when they are alone or when they replace the elders since the firm operates in branches. In the absence of their parents, they manage the two operative branches. As the family business grows and plans to open more branches, each kid will manage at least one branch.

**Case four: MZDCOW**

**History of the business**

MZDCOW was influenced by the founder’s life. He did not get a chance to continue formal education and only did training in woodcarving. In 1963, he was a member and employee of the Presbyterian Church, working as a low-level constructor and carpenter. However, as this position was not given to many people it was a well-respected career. He got promoted and became a supervisor of small teams of carpenters, woodworkers, plumbers, and other workers. He had some training and had skills in all these domains.

With trust and excellent collaboration with the missionary, he attended many training courses and was able to improve his career. From 1967 to 1973, he was appreciated and promoted and then transferred to Nyange and Kirinda respectively in
the western province as the team leader to build a Presbytery and renovate the existing church and for building nursing schools in cooperation with sponsors from a Netherlands church. In 1973 he bought his own pick-up car. That car became another income-generating activity.

The church multiplied the contracts for JOHN MZDCOW, and using his own car helped him save and make more money. Contracts and savings changed his attitude and now started thinking of starting his own business. Using his own car in contracts was already making a lot of money and multiplying his income. A well-built network within the church was also an advantage.

However, with instability in 1972-73 due to the war that ended in a coup d’etat, the situation started declining. At that time JOHN MZDCOW felt that he was in danger. Losing his job and usual contracts and then becoming unemployed was inevitable for him and his team. They were just winding up and closing the projects due to the country’s situation, when he changed his mind and created his own firm, and continued church activities under contracts. He started with his team as manpower and got financial assistance from the church. The church and other sponsors helped him to get raw materials on loan.

Over time, the contracts from the church decreased and he was able to bid for other contracts outside the church. He started competing in bids and was ready to do business. He decided to shift to the capital city, where he was able to get more contracts. After coming to Kigali, he bought two more cars and built a commercial house located in a commercial area, and his business started expanding. He got an offer from the government to go back to Kibuye, in the western province for renovating and expanding the Kibuye guest house. He already had a competitive advantage over other applicants because he had worked in Kibuye. Concurrently, he continued getting contracts from the church to build secondary schools and teachers’ houses as well as the Rubengera market thanks to his network with the church and Netherlands’ cooperation through the church at that time. Other projects were financed by Finland or UNDP.

However, running the business in such a turbulent country was not easy. His business attracted many political and military high-level personalities. An alternative of dealing with this situation was operating as a private company. The owner created a family firm called MZDCOW to show it belonged to many partners, but in reality, it belongs to his family members. It was a front company name to be hidden behind in case anything personal arose. It worked as a company instead of working as a single person. Hiding behind the company name, he survived ethnic exclusion and other individual injustices of the regime.

With the creation of the first company and using company name as a shield for the business, MZDCOW became active as a company, and many people thought that there were some influential military officers behind it as protectors. During this regime, the business was controlled by high level people, and many businessmen were just proxies for the government or military officials. The regime practiced a quota system aimed at tracking and reducing the minority Tutsi to 15 percent in employment everywhere; JOHN MZDCOW’s business was not an exception but it did a lot to protect them.

The political climate was challenging. At one time, JOHN MZDCOW knew that it was a matter of time as sooner or later he would be exiled because of the political
instability and possible change in regime. He started saving for a possible life abroad, and every cheque paid in was immediately deposited in international banks.

In 1990, they arrested him in a so-called ‘ibyitso’, or ‘accomplices’ cases. Once released, he left for Europe to live in exile. Later he came back, and in 1994 went back to living in exile. Finally, the RPF (former rebels) won the war, and he came back to the country. He found that his things had been stolen and others had been destroyed and he tried to restart his companies.

However, the change of regime came with different partners, different systems, and more disturbances shaking the business more than the previous regime. Unfortunately, he was hurt, had no wife and his kids had been killed. He admitted that he was not mentally fit. He restarted work, but he had difficulties in working with a new manpower. Many of his employees had been killed too. Government officials in positions to negotiate contracts were all new to him. There were also new companies or new entrants which pushed the competition higher than before, and, consequently, the business started declining. He faced a situation of many contracts getting canceled unfairly and threatening the business. The country's situation pushed JOHN MZDCOW to leave his core business. In 2007, he decided to close the first company he had created in the 1970s and moved to real estate, just to consolidate the remaining businesses into fixed assets. After many difficulties, the billionaire businessman tried to come back to business. He decided to change the business model and he invested in real estate. Real estate is easily manageable by family members and it stays in business without many problems faced by other operational businesses.

Family involvement in ownership and management

The MZDCOW family business is owned by the founder and will be shared by his kids from his four different wives during different periods. All his wives are dead. Most of the potential successors are married and living abroad except one son who is less trusted to be accepted in the business. His daughters are living in Belgium, Canada, and the UK.

In managing the business JOHN MZDCOW was assisted by his last-born daughter who was married to an Italian during the time of this research, and will probably live in Italy. The future management of the family business lies in the siblings’ coordinated efforts across different continents. The family is in the process of finalizing the family constitution as a model for the continuity of the business.

Case five: DRENOB

Historical background

DRENOB was started by one of the few educated persons in the 1980s, an agricultural engineer. He liked traveling and was very aware. He was likely to get a state official mission in a foreign country. Trips abroad opened his mind and he decided to go into business in the tourism and hotel industries. However, as we will see later, the founding couple died when the business was young, but the kids took over and improved the business.
This business is run by the second generation as the parents passed away when the business was still young. The family opens different hotels and motels under different names as a strategy to maximize market coverage and bid as different firms to increase their chances of winning the bids. Motels are opened near the hotels to provide alternatives to customers with lesser means; in the end, all coins go into the same hands. This approach discourages potential competitors wanting to open similar businesses near them.

Historically, the business project started in 1985. Two years after starting the construction of the hotel building, the initiator died before the official launch of the hotel. His wife continued the project and completed it one year later, in 1988. The development bank delayed loan disbursements because the contact person was dead. But she started the business by using the family’s savings, and she finally secured a loan.

Its geographical location allows an excellent opportunity for business. The family business is located near the main road linking capital Kigali to two different countries. Its location allows finding tourism opportunities in the region. Not only is the business near the main road, but it also targets customers from the National Park. In fact, those were the main reasons for going into business, investing in the hotel business, and choosing the business location.

This case does not follow the rule of a founder-led business in this thesis because of the death of both the founders within 10 years of starting the business, which led the elder successor to take over the role of the manager before time. After the death of his mother in 1998, after only 10 years in business, the elder son realized that the children had no alternative but to take over the business. They revised the model and expanded the business, not relying on tourism as the main business. They and their relatives sat together, rethought, and decided to reorient the business towards seminars and local customers instead of targeting tourists only. Therefore, this case is unique which survived and expanded after the founders died abruptly, which gives the image of the path other founder-led business families go through as well as the possibility of successful succession that is still uncertain in many cases in this thesis.

Two years after starting the business, when the war started in 1990, the hotel was bombarded and shut down by the government accusing it of aiding rebels. Soon they proved this was wrong and re-opened it. When they re-opened, they were offered a good contract with the UN to accommodate the United Nations staff and peacekeepers called UNAMIR, the United Nations Mission for Rwanda. That contract helped the business grow during the period of war that ended in 1994.

**Family involvement in ownership and management**

Family members are specialized in the same services, accommodation, and networks. The business employs all kinds of members, including in-laws. All of them work in harmony under the governance of the elder brother, the firstborn who took the responsibility early when his parents passed away. Each new hotel opened is managed by a family member together with a non-family manager, and the elder brother serves as the overall CEO of all of them. All family members (except one) are engaged in the management of the business at different levels. As the business grew and each family
member managed at least one firm, each member also engaged in his or her own businesses.

In DRENOB, the ownership is equally divided among family members. They sat together and agreed on more significant decisions, and then they all went back to the firms they managed. Rights and responsibilities were made clear to all the members to avoid any kind of conflict since the business is not divided into shares. Instead, they all consider themselves as co-owners and all members get salaries for their devotion and work for the family business.

Case six: NMG

Historical background

NMG started in 1983 based on the business opportunities found in rural settings. Its location is in a strategic area in a rural setting on the international road where passengers need a break before continuing their journey to the rising hills. Its real name comes from the feelings people have after using their encouraging products. In 1983, the founder started it as a bar-restaurant, famous for the soup it served to travelers which was a beef stew prepared following the traditional method of boiling. Later the business expanded into agriculture and food processing. It then opened a bakery around 1985 before being registered officially as a business in 1993 after 10 years of operations and expansion. After the liberation war and genocide of 1990-94, the company diversified its products from restaurants and a bakery to agro products during 1996-99. The company became a leader in agribusiness in Rwanda producing, processing, and exporting organic fruits and vegetables to the world. Later, the business started philanthropic activities aimed at developing the region. Besides employing many local people, the geographical position makes NMG a rural business providing the population with the possibility of learning farming and supplying the crops to the firm which multiplies the role that the business plays in its locality. The owner gives seeds and animals to poor neighbors and the population in need. In exchange, people sell their products to the firm and are employed by the company. The enterprise supports thousands of local farmers by providing a ready market for their agricultural products used as raw material for its daily business operations.

Family involvement in ownership and management

The business belongs to the family, but as in many other cases the founding couple are the owners. All the powers in managing and taking decisions are still in the hands of the owners. The family has four kids as potential legal successors. However, extended family members work in the family business as well and the business takes care of many family members for their education. Besides the formal ownership, psychological ownership is progressively created for the community through the business’ philanthropic projects for neighbors. The ownership is in the hands of the owner, and he tries to make everyone responsible, both family and non-family members, who work there since the company means everything to the whole village and is the pride of the rural district. The company means everything to the surrounding society and society means everything to the company. The management of the
enterprise ensures active participation and involvement of the local people and ensures equal benefit sharing. The business employs mostly local labor which benefits over 3,000 families. In addition to employment, the revenues generated are re-invested in more environmental projects, which too contribute to the economic development of the area and benefit the local community.

Concluding remarks

Reflecting on earlier details in this thesis and the cases, several conclusions can be drawn:

First, educational rejection created a need to survive and reorient to a potential business career. Today we have several family businesses which started out of necessity. In fact, there were different forms of social-political rejections, both during the colonial period and in the post-colonial period. In the case of BOZER, it was school rejection during the colonial period in the mid-1940s while in the case of MZDCOW, it was the aftermath of independence in the 1960s. So, both political regimes, the colonial regime and the post-colonial regime, influenced the way the businesses started. This is in accordance with previous findings that social rejections in Rwanda led some people to get into business as a last resort when they did not find any other employment (Sindambiwe, 2017).

Second, individual careers and local business opportunities are another source of doing business in Rwanda. People exploited their geographical locations, like being on the road joining the country with neighboring countries. SMH and DRENOB started their businesses exploiting the on-going development in their regions, while HJMIL and NMG positioned their businesses on their presence on international roads.

Third, both necessity-based family businesses and opportunity-based family businesses have something in common: concentration of ownership but the management style differs in the sense that those created as a necessity tend to have an informal management style because the owner-founders do not involve the next generation in the management of the businesses but want them to look for other careers that suit their choices, contrary to those creating businesses based on opportunities who training their children siblings to continue the businesses. This is in line with Dumas (1989) who stressed the role of the founder and family embeddedness (Pittino, Visintin & Lauto, 2018) to motivate the offspring to stay in the family business or continue their careers outside the family business.

Fourth, all family businesses have been subjected to the turbulent business environment of Rwandan politics, which can be good or bad, depending on the circumstances (Collier, Hoeffler & Soderbom, 2007). For instance, DRENOB faced the consequences but also took advantage of the circumstances to expand its business while MZDCOW is still facing consequences that forced it to change its core business. The period of conflict is characterized by high competition due to a booming and reconstruction business environment (Harris, 1999; Brück, Naoudé & Verwimp, 2011, 2013). Rordik’s (1988) analysis of the market structure in developing countries shows that in a wide range of manufacturing sectors, a few firms tend to dominate, and one assumes that they make liberal use of their market power and therefore imperfect
competition is in fact more pervasive in the industrial sectors in developing countries than in the industrial sectors in developed countries.
Chapter 6: Findings

Introduction

Figure 6.1 gives the first-order categories, second-order themes, dimensions, and aggregate dimensions. The figure is an outcome of the coding process. The chapter follows the breakdown given in this figure. In this chapter, all first-order categories are backed by quotes which are put together to narrate stories that explain the phenomenon under study. The first-order concepts are supported by quotes from the respondents. During the NVIVO analysis of transcripts, data was initially coded into categories and sub-categories to arrive at the codes, grouped into first-order categories. The second-order categories in Figure 6.1 reflect the researcher’s interpretation (Gioia et al., 2013) grouped from the first-order categories. Similar second-order themes are brought together as dimensions, and similar dimensions are grouped into aggregated dimensions that represent the central phenomenon of the study (Price, 2009a, 2009b). In this thesis, dimensions for making frameworks were inspired by concepts from the literature review, that is, commitment, ownership, management, and continuity, while the second-order categories, and the aggregated dimension were invented by me. Therefore, this chapter is centered on second-order categories invented by me, themes that describe the phenomenon of challenges to family businesses’ continuity in Rwanda. The second-order categories developed are: Inheritance preservation as the founder’s affective commitment towards the family and community; moral obligation for the next generation’s members towards the family business; the family’s normative commitment of chieftaincy succession for the family business’ continuity; Ubuntu, the communitarianism of the family business; the founder’s chieftaincy retention; ownership development and initiation of a business spirit; the heirship, equal co-ownership expectations, and legal succession preferences among the next generation members; conflict awareness among co-owners at the family level; gradual professionalization to ensure the continuity of daily operations; next generation members crafting future management approaches; building loyalty among in-laws, siblings, and non-family employees working in the family business; and the family establishing governance and conflict management mechanisms.

Figure 6.1 horizontally visualizes theory development from the first-order categories, second-order themes, and dimensions to the aggregate dimension.
Figure 6.1. How a family builds its business’ continuity in the Rwandan context

<table>
<thead>
<tr>
<th>First-Order Category</th>
<th>Second-Order Theme</th>
<th>Theoretical Dimension</th>
<th>Aggregated Theoretical Dimension</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.A.1 Felt need for inheritance for family and community</td>
<td>1.A Inheritance preservation as the founder’s affective commitment towards the family and community</td>
<td>Commitment to the day-by-day continuity of the family business</td>
<td></td>
</tr>
<tr>
<td>1.B.1 Moral obligation of the current generation’s family members towards the family business</td>
<td>1.B Familyhood as the next generation members’ normative commitment to continuing the family business</td>
<td>Day-by-day continuity of the family business in terms of family ownership</td>
<td></td>
</tr>
<tr>
<td>1.C.1 Tension in the succession process, gender preferences, conflicts and priority for family leadership succession over business succession</td>
<td>1.C The family chieftaincy succession priority as a normative commitment towards the family business’ continuity</td>
<td>Day-by-day continuity of the family business in terms of family management</td>
<td></td>
</tr>
<tr>
<td>1.C.2 The role of family hierarchy in the succession process</td>
<td>1.d Ubuntu, the communitarianism of the family business</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.D.1 Felt need for keeping the business as source of income, employment, and moral support for family members and neighbors</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.D.2 Mutual support and interdependence between the business and the community</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.D.3 Business decision making and financial goals for daily survivability of the family and community</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>1.A Inheritance preservation as the founder’s affective commitment towards the family and community</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.B.1 Attracting and shaping the next generation members for ownership responsibility</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.A.1 Founder’s retention of the chieftaincy for both the family and the business to protect the family’s ownership of the business</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.A.2 Founders’ concerns for protecting the family ownership beyond their generation: worries about the next generation’s take-over abilities</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.B.1 Equal and co-ownership creation among family members</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>2.C.1 Legal settlement and legal ownership succession preferences over family mediation</td>
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<tr>
<td>2.D.1 Necessity for creating and maintaining a governance structure for protecting family ownership</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>2.A Gradual professionalization to ensure the continuity of family business’ daily operations</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.A.1 Gradual delegation of the founder’s functional roles shaping the next generation members’ management abilities</td>
<td>3.A Gradual delegation of the founder’s functional roles shaping the next generation members’ management abilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.A.2 Gradual change in the management involving non-family managers</td>
<td>3.A Gradual delegation of the founder’s functional roles shaping the next generation members’ management abilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.B.1 The next generation raising concerns about commitment to the family business’ daily activities</td>
<td>3.A Gradual delegation of the founder’s functional roles shaping the next generation members’ management abilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.B.2 Formalizing the future management approach for the continuity of the family control of business under the next generation members’ tenure</td>
<td>3.A Gradual delegation of the founder’s functional roles shaping the next generation members’ management abilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.C.1 In-laws and siblings are present in several activities that they can perform;</td>
<td>3.C Building loyalty among in-laws, siblings, and non-family employees working in the family business</td>
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<td></td>
</tr>
<tr>
<td>3.C.2 In-laws and siblings working in a family business become catalysts guiding new employees and new leaders;</td>
<td>3.C Building loyalty among in-laws, siblings, and non-family employees working in the family business</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.C.3 Unintegrated in-laws and siblings are likely to destabilize team spirit and deviate co-owners which is detrimental for the family business</td>
<td>3.C Building loyalty among in-laws, siblings, and non-family employees working in the family business</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.D.1 Non-interference between the next generation members with the founders managing the business</td>
<td>3.D Family establishing governance and conflict management mechanisms</td>
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<td></td>
</tr>
<tr>
<td>3.D.2 Rules and regulations for proper involvement in daily business activities and management</td>
<td>3.D Family establishing governance and conflict management mechanisms</td>
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</tbody>
</table>
Theoretical dimension 1: Commitment to day-by-day continuity of the family business

Theme 1.A: Inheritance preservation as the founder’s affective commitment to the family and community

Felt need for the inheritance for family and community

The continuity of the business in the family is ideal, but it has an antecedent. Most respondents interviewed felt obliged obligation to continue the business, not for themselves but for the family at large and for the extended community of neighbors supplying or working for the family business. Founders did their businesses and continued them for ensuring a source of income as well as employment for family members and neighbors in the community. They also expressed the need to secure future incomes for their descendants.

“I have my own reasons for sustaining these businesses. The first reason is that my family members find work in them; secondly, we have employed more than 200 people in our businesses, in DRENOB’s three businesses. We contribute a lot to Rwandan society's development. For example, a young man has an income to sustain his family. He has a wife and three kids. This means that there are between 1,000 and 2,000 people whose lives depend on these businesses. So, for that reason, I may say that our dream is to sustain these businesses for their wider benefits rather than money. We want them to exist for as long as possible to continue serving the people working in them” (MALTHUS DRENOB, son).
Income for the family is not the only motive to continue a family business in the Rwandan context. In fact, it is a personal commitment to leave behind a substantial legacy that is called yours. It is a legacy to be transferred to the kids, to show them how much you worked for them.

“You know it is in a tradition among Rwandan parents to plan for their kids’ future and I think this is the main reason for starting a business” (MALTHUS DRENOB, son).

Securing a substantial legacy is also a way of self-glorification. To have that inner satisfaction that you did not waste your efforts. At the time of retirement, parents make it a challenge for their sons, a kind of benchmark for them to receive and multiply for the family and their descendants.

“You see that I gave my name to my building. It proves that I have worked hard. In the future, anyone may come to this city and say that the SMITH SMH family owns that house, I know them.... it is their address; you will find them there. This business is a kind of heritage to be left to my children; I have five children, three are married and two are still single. As you can see, it is a tangible accomplishment. We have a few years to finish paying back the entire loan. If we finish paying the loan, those new buildings in the City Market complex will be another part of the heritage I am talking about” (SMITH SMH, founder).

Failure to secure an inheritance can be disastrous for the parents. By tradition, once kids, especially sons, are adults, they are used to turning to their parents to request for their part of the family assets considered as an inheritance. If the parents look too poor to leave an inheritance, then the sons become less concerned about the family affairs. If the family has any assets, then the sons have a legal provision to request their part of the inheritance. Parents are very anxious about this and fear harmful consequences of their lack of ability to give to each kid his part of the inheritance. Therefore, continuing the family business becomes a cultural and moral obligation to leave an inheritance for the family and its descendants.

“I know by experience that this affects family businesses very badly. Many families get devastated. Family members can assault their parents, especially boys. It is terrible; a boy can ask his father to give him financial assistance by force just because he is the one who gave birth to him” (BOZER, founder).

This motive to sustain a substantial legacy forces the founders to come up with strategies to keep their businesses alive. The legacy is left for the family and community. One strategy is diversifying the business’ activities by all means, including taking loans.

“Today, the art products are not as profitable as they were earlier, so I was forced to change and get into real estate. You know construction always requires transformation and extension; hence I am always dealing with loans” (BOZER, founder).
Another strategy is deciding about the distribution of the inheritance or co-managing it as a family business.

“It will be challenging. I have already started thinking about this question which you also asked three years ago, and it is a difficult one. I am wondering how the family business can continue surviving and developing from there; I also tried to talk to different lawyers to get advice from them. Some of them advised me to expand the business into a public company. When you convert a family business into a company, it is no longer a family business, it does not have a family name, and they cannot propose such ideas for a family business. I think I must decide on inheritance matters before dying.” (JOHN MZDCOW, founder).

Like the MZDCOW family, the future of the business and its legacy is at the heart of BOZER. However, its members do not buy the idea of completely dividing the business and distributing it among everyone because this does not guarantee the future of the descendants. Both BOZER and MZDCOW, as well as other families, envisage a specific hybrid strategy, which consists of combining the distribution of a particular part of the business for everyone in the family to feel comfortable, but also keeping the family business as a shared asset for all, to be managed together. This hybrid model of inheritance can help support family members individually while keeping the family business alive for providing incomes and employment for both family members and the community at large.

“In my opinion, distributing the family’s assets among the children is a wrong approach because if any of them squanders his or her part of the inheritance and later comes back to be a burden on the family’s relatives who managed their inherited assets well then what happens? For instance, if there are five children, let’s say two of them can make it, work well, and others fail and become a burden on the family. In my opinion, to prevent the family from facing such a problem with their kids who may become a burden, it would be better if I distribute a part of the family assets to the children and keep the rest as a common business. This is because that portion of inheritance will allow the one who already has his or her business to improve it. The one who does not work hard will not succeed in managing his/her assets for sure, then he/she can get support from that common family business in the form of a dividend. I think that is better than distributing all family properties as inheritance to the children because they may all fail completely and the family business may completely disappear” (BOZER, founder).

This hybrid model was shared by the founders of both MZDCOW and BOZER family businesses.

“I think I will gather them soon, and I will give each child his/her inheritance. As I said, if the house I give to one is 60 million FRW in value, I will add 40 million FRW. So, they will be treated equally. For example, I have already given a house worth 70 million FRW to my son, and I gave him 30 million FRW in
I have already given my house in Nairobi to my daughter. It has a value of 50 million FRW and I told her to sell it and I will add some money and buy another house in England for her because she is married in England. This is how I will do it, and I have already started. The problem lies in the remaining properties, for example, this house will not be included in what I distribute. This house has a value of more than 4 billion FRW and I have other assets like plots with a value of more than 2 billion FRW to be managed by the family together” (JOHN MZDCOW, founder).

All in all, the founders left it to the next generation’s members to ensure the future continuity in all aspects by keeping it together as a family business.

“For my successor, it will depend on how he or she will behave in society. Perhaps, one may work in my businesses and work better than me, because he or she is still young. People of my generation are no longer working well today; it is hard for us to work today. People in society are young. If he goes and talks to another young guy, he can handle the business very well. When I was young, I used to do that, but today most of my age mates have died. The remaining ones do not have jobs. They are too old. If you are smart enough, you can be a good worker and you can work. You learn to look for customers and deal with everything. I used to tell them that it is their responsibility to look for their own networks because I am out of society now. I get into the office and I meet only young people. It is their responsibility to deal with young clients” (SMITH SMH, founder)

Table 6.1. Felt need for inheritance for family and community: Selected evidence

<table>
<thead>
<tr>
<th>Case</th>
<th>Representative quotes</th>
</tr>
</thead>
<tbody>
<tr>
<td>NMG</td>
<td>“Our primary goal is a profitable business for our self-sustainability and for the future generation” (NMG, founder)</td>
</tr>
<tr>
<td>NMG</td>
<td>“The second goal is creating employment for my family and the extended family in this region” (NMG, founder)</td>
</tr>
<tr>
<td>NMG</td>
<td>“Another idea that drove me to start the business in my native area is my personal commitment to being useful for my neighboring community. I wanted to see my family and neighbors moving out of poverty by using things that are locally available to us” (NMG, founder)</td>
</tr>
<tr>
<td>NMG</td>
<td>“It then grows: every owner commits himself and works hard for the firm’s stability, for the family and, it is the same for me as the owner of this business” (NMG, founder)</td>
</tr>
<tr>
<td>NMG</td>
<td>“For a better future for my family now that the family is getting bigger and I already have children. As a father I work hard to have property which I can leave for my children and their kids. That is my personal objective to leave my firm to my family as heritage but on the condition that they will not sell it, I will talk to my lawyers about how to frame the succession plan and protect against the separation or misuse by some members that may ruin the firm” (NMG, founder)</td>
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<tr>
<td>NMG</td>
<td>“As the promoter of this business, I look for solutions to prevent all kinds of losses because any loss can negatively affect the entire local community” (NMG, founder)</td>
</tr>
<tr>
<td>DRENOB</td>
<td>“As the owner of the business, you should think of how your family will be in the future and what is the legacy that you will leave behind. Hence, you need to be committed” (MALTHUS DRENOB, son)</td>
</tr>
<tr>
<td>DRENOB</td>
<td>“Briefly, it was in our parents’ tradition to think for the future of their kids and their family in general” (MALTHUS DRENOB, son)</td>
</tr>
</tbody>
</table>
| MZDCOW | “In the case of my family, I started thinking that I would give to every child assets
that will belong to them, such as a house with a value of a 100 million FRW or
equivalent cash to get started in life. And that property can be considered as a gift
to my children when I am still alive. Otherwise, they will have to wait for their
inheritance, and this is acceptable by law. Then I can continue managing the
property till they reach adulthood. I would like to give equally to all my children”
(JOHN M2DCOW, founder)

BOZER

“I think that if all parents apply my dad’s approach, to make all kids responsible,
where every kid grows up with that attitude of looking for his/her own source of
income and considering their parents’ properties as an additional source of income
then family businesses will not fail when the parents are not around” (CHRIS CYSA
BOZER, son)

Theme 1.B: Familyhood as the next generation members’ normative
commitment to continuing the family business

<table>
<thead>
<tr>
<th>First-Order Category</th>
<th>Second-Order Theme</th>
<th>Theoretical Dimension</th>
</tr>
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<tbody>
<tr>
<td>1.B.1: Moral obligation of the current generation’s family members towards the family business</td>
<td>1.B Familyhood as the next generation members’ normative commitment to continuing the family business</td>
<td>1. Commitment to the day-by-day continuity of the family business</td>
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<tr>
<td>1.B.2 Next generation’s devotion to the business’ continuity</td>
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Figure 6.3. Theme 1.B: Familyhood as the next generation members’ normative commitment to continuing the family business

1.B.1 Moral obligation of the current generation’s family members towards the family business

Next generation family members feel and express a kind of obligation as family
members to continue the family business as taking pride in the family and their
parents. As seen earlier, this feeling comes from the prevalent culture. When the
parents build and leave assets for the family, they use them to challenge potential
successors that they will be considered failures if they cannot raise the same amount
of assets or perhaps even more. Similarly, the next generation family members who
responded in this thesis said that a feeling of eagerness to receive the family
business from retiring or those founders who had passed away and sustaining it.

“After the death of our mother in 1998, I realized that I have to struggle and
continue, we could not keep relying on tourism as the main business. My
relatives and I sat down, we rethought the strategy of the business, and we
decided to redefine and reorient our business towards seminars and local
customers instead of targeting tourists only. In the beginning our parents were targeting tourists from the National Park, and then challenges arose. We had no choice but to continue the business, but we had to revise the strategy. Therefore, my brothers and I thought that we could build a conference hall and increase the number of rooms. Because we were receiving increasing demand for conference halls and we did not have them. So, we decided to look for a bigger loan to expand the hotel and build bigger rooms” (MALTHUS DRENOB, son)

However, as next generation members are not like one founder-manager, they prefer a kind of council since they are many replacing one founder-manager. The wish and will are there, but these require sitting down and agreeing upon what to do and how to do it.

“We want to continue and keep this business as it is, we wish to continue this business even after our father passes away by accident. We must sit down and take a decision about appointing the leader of the family, then the remaining family members will support him in running our father's business. We want to make our father's business name unforgettable” (CHRIS CYS-BOZER, son)

This is because people need to agree on many things.

“Regarding keeping the family business under the family name, I have never thought about it. I will first be required to first ask for everyone's point of view about the future of our father's business. I have not taken the time to think about keeping it under the family name. I want it too, but that does not mean that everyone else wishes the same. I want the family name to always be there. As he gets some artistic products, we can take them and put them in our family business so that his descendants will see them. Briefly, I want his name to exist forever. However, I do not know yet what other people think about it” (CHRIS CYS-BOZER, son)

The reason why managing the continuity of a family business requires involving all family members is a sign that all members may not be at the same level of willingness so a compromise is needed.

“There are a few people who do not want the continuity of good practices in the family business even if they generate profits from them and those who are fighting for the success of the business no matter what it takes” (MALTHUS DRENOB, son)

Internal cohesion is needed before anything else.

“Another thing is that the success or failure of the business or even the family itself will basically depend on its members. It is owners who destroy their businesses because they have many reasons to do so. I do not know why. Do not think that external individuals lead to the failure of businesses. Don’t think that someone else may destroy our family business. The failure will come from our midst in mismanagement by me or my brothers. Yes, it is possible that someone else may kill our business indirectly by influencing one of us. That is possible. For instance, someone may negatively influence me, but if other members of my family still have that trust in me, they will advise me and I will reject his/her bad ideas” (MALTHUS DRENOB, son)
As mentioned earlier, the next generation family members are eager to continue the business just to benchmark themselves against their parents, to show that they are capable too. They want to show that they can take over the family business and are eager to do better than the founder.

“If the founder retires, we can keep running the business well, because we know how it is run. We know all its components, we are his advisers because when he faces any management challenge, he consults us. So, in his absence we can keep running it. For instance, recently he was sick for almost a month, but the business continued running well. He only gave us the right to use his bank account, so that we could withdraw some money to run it. We did that and it worked. On his return, we gave him a full report, he appreciated what we had done, and he continued running his business himself” (CHRIS CYS-BOZER, son)

So far, the problem has been that parents do not allow their kids to take over earlier for a proper transition in the business’ succession.

“Our family business can continue doing well, first, if our father allows his children to be involved in his business, one after another. There will be no worry should the day arrive when god takes him back. The children will continue to run their inherited businesses because they know everything. Secondly, the family business can continue running well, if our parent has taken the initiative of guiding his children during that transition of passing on the responsibility to them. It is well understood that children may never have that chance of learning about the family business during the transition. But we will manage” (CHRIS CYS-BOZER, son)

Table 6.2. Moral obligation of the current generation’s family members towards the family business: Selected evidence

<table>
<thead>
<tr>
<th>Case</th>
<th>Representative quotations</th>
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</thead>
<tbody>
<tr>
<td>MALTHUS DRENOB</td>
<td>“I feel like achieving our parents’ wish was like a debt that I had to pay” (JULIUS DRENOB, son)</td>
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<tr>
<td>MALTHUS DRENOB</td>
<td>“If I remember right, the business that we run today was started in the 1990s. Since my childhood, I have been observing our parents, and I remember how much they suffered to make it work. I remember the entire struggle. We acknowledge all that. Now, it is as if we have a moral obligation to continue it for them, on their behalf” (JULIUS DRENOB, son)</td>
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<tr>
<td>MALTHUS DRENOB</td>
<td>“After my father’s death, my mother was determined not to fail and had the objective of taking the image of the family to the next level” (MALTHUS DRENOB, son)</td>
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<tr>
<td>BOZER</td>
<td>“I personally want the family to stay together and to run the family businesses as a family, and then we will look at how we can manage and develop them. That is my wish, I think you talked to every one of us, but I do not know what is in their minds” (CHRIS CYS-BOZER, son)</td>
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<tr>
<td>BOZER</td>
<td>“Children can perform better than him (founder) because there are many children. I have many contacts in Kigali, PETERSON SRG-BOZER has many contacts, MICHAEL MCO-BOZER has many contacts, and our two sisters have many contacts everywhere. If those businesses were in our hands and we managed them well, we could develop them faster” (CHRIS CYS-BOZER, son)</td>
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1.B.2 The next generation’s devotion to the business’ continuity

Next generation family members feel obliged (normative commitment) to keep the business they inherit from their parents and pass it on to subsequent generations if possible. Such an accomplishment would give particular pride to the current generation if they can keep the business for their descendants, a pride that they are able to fulfill the moral obligation of not losing the family heritage.

“Look, when you are still young, you work hard to make your business operate well, and you must also think about your retirement. Now, what we look for is having businesses that are established for the long term, businesses that can go on with or without us, me, my generation, and keep growing as they are supposed to. Our dream is to make our enterprises very strong that can last like Serena and Mercedes which are all family businesses. To be honest, I am proud of these businesses” (MALTHUS DRENOB, son).

On the other hand, parents also do something even if they do not give the business to the next generation; the founder checks the abilities and the possibility of next generation members managing the business.

“There are family members and non-family members committed to sustaining this firm after my tenure ends. From the beginning, I was supported by family members working in the firm as employees and they are ready to take over” (NMG, founder)

Such openness among the founders allows potential successor family members to feel closer to the business, and they are able to take care of it when the founder is no longer there.

“Of course, this increases the family value, because it is done between the father and his sons. There is connectivity, so no one can say that daddy is doing everything alone. We don't know what he is doing. In case of a loss, we will not know where to start again; restarting it will be like starting from scratch. We are always updated about what is going on in his business; we talk about it on a daily basis” (CHRIS CYS-BOZER, son)

Such a commitment built in the next generation family members enables them open to eventualities that will make it possible to continue running the business. Family members discuss the possible requirements like a change in the management and rotating the management’s responsibilities.

“What we must do is to sit down as a family and see, revise, and look back at what our father did. We will realize that there is no reason to get involved in family conflicts and breaking his businesses. We must discuss and agree on how we should keep the family business and recruit a manager. The manager should provide us with reports, anyone who engages in any spending will pay back at the end of the year. We have to clarify all that. Let’s say If BOZER Hotel generates interest and you get 2 million FRW as your annual dividend at the end of the year, ‘Hey! listen, you consumed 1 million FRW so you take 5,00,000 FRW as your annual dividend.’ Those are clearly justified in the manager's accounting. The audit proves that too. The dividend will be paid after deducting the amount of money spent or of someone has exceeded his annual dividends, he
will owe that amount of money to the business. It is that easy!” (CHRIS CYS-BOZER, son).

Other options suggested by the next generation family members include changing the ownership structure and accepting non-family shareholders in the future and ownership dilution as long as it allows the family to retain control over the business.

“You know it is normal that a person works, gets old, and his/her strength gets reduced, this will happen to all of us. Today, our main desire is to continue this business as a family business, but with current developments it may remain as a family business supported by new partners who are not part of the family, I mean shareholders who are not our family members. A little bit of change is possible in the future” (JULIUS DRENOB, son).

Table 6. 3. The next generation’s devotion to the business’ continuity: Selected evidence

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<th>Case</th>
<th>Representative quotes</th>
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<tbody>
<tr>
<td>MALTHUS DRENOB</td>
<td>“Our main goal is self-sustainability and living free of needs; our aim is to generate profits from the legacy built by our predecessor to provide a significant legacy for our children” (MALTHUS DRENOB, son)</td>
</tr>
<tr>
<td>MALTHUS DRENOB</td>
<td>“The family members progressively became the human capital, and we trust each other” (MALTHUS DRENOB, son)</td>
</tr>
<tr>
<td>DRENOB</td>
<td>“In fact, we act as a family business, but as time passes, it may change into a non-family business” (JULIUS DRENOB, son)</td>
</tr>
<tr>
<td>DRENOB</td>
<td>“The family may reserve its majority holding shares and keep being the main shareholder. Sometimes, a person may need more support. If you are lucky to get some other good business partners, they can join your business, and the business keeps growing as a family business” (JULIUS DRENOB, son)</td>
</tr>
</tbody>
</table>
Theme 1.C: Family chieftaincy succession priority as a normative commitment to the family business’ continuity

This is something the family must do. Everyone’s preoccupation in the family is “who will replace the founder?” and “what expectations await the new leader?” As per tradition, most of the respondents in this thesis mentioned the necessity of revealing who will be the next leader of the family, also known as the “chief of the family.” In Rwanda, and in many African families, they call the leader of the family, “the chief” of the family. This is where the terminology “chieftaincy” comes from. Two things involved in this section are: one, both the founders and successors agree that the family leadership succession is vital for the business to continue, but at the same time no party wants to do it. Or there is inertia because the expectations are high, and no part wants to be responsible for any mess. Each part avoids and prefers the succession to be initiated by the other part. The next generation family members want the founder to initiate changes and directions in the family leadership and the succession process. The founders, on the other hand, leave it to the family members to do this to avoid being the source of conflict if they prefer one sibling over the others. However, by avoiding conflict, the founder creates tension and conflict.

1.C.1 Tension in the succession process, gender preferences, conflict, and priority of family leadership succession over business succession

Succession in Rwandan culture is treated as taboo when it is discussed before the death of the one to be succeeded. The next generation family members think that it is the responsibility of the founder to establish the future of the business by removing ambiguity about family leadership and succession issues, but the cultural
element makes founders avoid taking these decisions. Anything related to inheritance or the direction of the family and business is kept unclear.

“When you have six children, they will never be equal in terms of wealth, and as we were saying, a family’s relatives in Rwanda are mostly poor so you may be in charge of helping your uncle’s family, have to pay school fees for your sister, there are old female relatives, kids from other relatives’ families who were raised at home, then you as the father of the family decides to give the inheritance only to your six children, and you do not even give it to them equally. When you die, no one will attend your burial ceremony, the only people who will be there, are two people who have inherited your property. When you do that, those people you were supporting before will start wishing for you premature death, and this is regrettable. No Rwandese talks about the testament; they wait for death and a proper burial. People attend one’s burial ceremony only when they do not have anything to blame him/her for. Later, the one who keeps the testament left by the father of the family gathers all the family members to tell them what is written in the testament. Some of them appreciate that testament while others do not” (PETERSON SRG- BOZER, son).

To solve this dilemma, most of the parents propose a succession plan having a testament but avoid making it public. As per tradition, the parent gives the document, or an oral message, to one of the family friends who makes it public after the burial of the parent. This is the same practice in most of the business families too. Founders who participated in this study acknowledged this and regretted their inability to initiate a succession process.

“An accidental death can happen I know. Even we sometimes meet and advise each other, and we never discuss how our businesses might be run after my death. We only discuss the actual business situation. I think in case of my unexpected death, my businesses will be destroyed as there is no succession plan. Till today, I have done nothing serious to prevent this and I regret this every day. It may happen. As I regret it so much, death may come to me accidentally” (BOZER, founder)

Similar concerns were raised by another founder, but he was more worried about the capacity of the appointed leaders to work in an exemplary manner for all family members. The founder saw the necessity of appointing a new leader and argued that this was the best approach. Founders avoided being associated with the next leader’s status or the conflict that may be linked to the appointment of the successor. If this happens to be disastrous, then it also involves the one who appointed them him.

“As a parent, you choose the child whom you consider to be more responsible than the others. Can you imagine a situation where you give some money to a child, and the next day, he tells you that he is insolvent? Do you think such kids will be able to manage any business? Once I appoint someone to lead the firm after me, I mean, if you are already deceased and have written a testament, they must respect your will and respect you. If they understand one another, they can work together. On the other hand, the child who is appointed also has to work transparently. In that case, this approach can work, but if he starts looking after
his own interests, there is going to be a conflict, then they will resort to arbitration in the courts of justice. It is good to prepare an inheritance testament and the legatees have to respect it. That is why I was asking myself whether there is no legal way to make that inheritance testament has to be respected not changed so that it can be useful in case conflicts arise” (SMITH SMH, founder)

Founders hesitated in taking initiating the succession process and left it to those who were concerned with it. This was done either after the death of the founder or in a family meeting to avoid any biases that could be attributed to the parent. Still, no one seemed able to call such a meeting. The founders used the excuse that they were still able to manage their businesses.

“Not yet. I am still feeling fit, but even if I am still healthy, I am making a mistake. We should have already started drafting the agreement regulating the family business” (BOZER, founder)

Rather imprecisely they also said that succession was like opening a black box, and family members could continue with elections and other significant decisions like inheritance.

“It is possible that they will select their leader, or I can appoint one of them as their leader if I am still alive. I may appoint one to lead them, but in the family meetings, we have to have a general agreement on the leader as well as for how long his mandate will be. It may be one year or a given number of years. I do not know. Then after that period, they can vote themselves” (BOZER, founder).

For the appointment of the next leader, the founders tried to be more neutral about gender or any kind of hierarchy like the first-born. For them, the choice of a leader had to be rational and objective as far as possible to avoid any jealousy or conflict among family members who were equal candidates.

“It is not necessary to appoint the first-born as the leader, you can appoint anyone” (SMITH SMH, founder)

Parents usually gave priority to boys, designated them as being as responsible for their sisters during the succession process, but again they avoided favoritism and preferred not to impose a leader on the next generation’s members. They thought it better to leave it open for them to decide.

“That is a problem which exists. Every one of them is confident that he or she will be able to run the businesses. First, those who are married already have families and my two daughters also have their own families. They have kids and no husbands. I need one of them to come and do the accounting for my businesses. She lives in England. This is what she did in her studies. My question is whether her siblings will accept her? I fear that there will be havoc in my family” (BOZER, founder)

All in all, the founders avoided appointing a leader as they worried how the siblings would and might come in conflict with each other. This was not the only source of parents’ worries, as they also worried about the abilities of potential successors in general. If any conflict or failure arose, parents preferred not to be part of it. That is why they pretended to be neutral.
“I do not know how they will handle the businesses after me. But as long as you perform a job, you keep gaining experience. If they are smart, they will make good networks and friends. The opposite is also possible if they are not smart. It will depend on the appointed leader’s and the rationality or criteria which you use while selecting her/him. In fact, it is him or her who will grow or ruin the family businesses. This means that they can ruin the business under their leadership and in the following term the businesses will be taken over by another sibling who is serious and wise. Things will get better again. Otherwise the businesses may ruin completely if they vote for someone who just duplicates the things done by the former leader” (BOZER, founder)

Unfortunately, succession sometimes faced another problem of lack of appropriate successor in Rwanda because of the country's situation. Families might have their own internal issues, but again some families, if not all, lived with the consequences of the country that had impeded the continuity of family businesses in terms of succession. The country experienced a war in which ended in 1994 with the genocide perpetrated against the minority Tutsis, which left many families devastated. In some cases, families were faced with the problem of finding appropriate successors or cadres who had been in business before the war.

“The main and only problem I had at that time was that I was in exile without my family. My kids and wife were killed. I had four daughters who were in Nairobi and a son who was in Canada. I was alone with a lot of money. You understand that. In the war period my children were still at school. My son had already finished high school. He is the one who survived the genocide. Others were still in high school. The second child was in Grade 4 in Ecole Belge. Others were also at school. They were all killed. I remained with my young daughters. I stayed with them in exile in Nairobi. Their mothers were killed in 1994. My wife and the wife whom I had divorced were both killed. I remarried after that. I remained with these four children and son who was in Canada. It is well understood that by the time I came back to the country, I was with those kids and my son also came back to Rwanda, but he was not willing to do what I had been doing. I tried to help him start his own business, but he failed. This meant that I kept working alone, with the difficulty of losing my people and contracts. Then I started thinking about whether I should keep working or leave the business (JOHN MZDCOW, founder)

In such a situation, some families ended up changing their core businesses because of instability in the country. Families decided to close their existing businesses and change their core businesses because of difficulties in succession management as one of the many consequences of the war and genocide and instead decided to focus on real estate that was easily manageable. Therefore, as an unstable society, Rwanda forced the founders of some family businesses to change their core businesses.

“After closing MZDCOW, I invested in a mortgage which I will give to them as a fixed asset when I am not around. In fact, I don’t want to restart my usual business MZDCOW because I do not have a successor who can replace me and continue the business. But a mortgage business is manageable. One can manage..."
one building and the other can manage another building and so on. My strategy is to stop those businesses which are difficult to manage and run manageable businesses only, which my children can manage easily” (JOHN MZDCOW, founder).

Table 6. 4. Tension in the succession process, gender preferences, conflict, and priority in family leadership succession over business succession: Selected evidence

<table>
<thead>
<tr>
<th>Case</th>
<th>Representative quotations</th>
</tr>
</thead>
<tbody>
<tr>
<td>MZDCOW</td>
<td>“It is a common mistake made by parents who do not specify how things will be managed and this situation becomes a source of conflict” (JOHN MZDCOW, founder)</td>
</tr>
<tr>
<td>BOZER</td>
<td>“One day, it will happen. I will tell them to sit and determine who can lead the businesses. Frankly speaking, I want my businesses to be managed by one of my daughters who is abroad, as CEO but not as head of the family. I do not mean that she will become head of the family, but she will come to manage my businesses. She can make a good CEO. But if they do not like it, then we may go for the option of voting for another leader for a determined period like one year, and then they will have to vote every year. In that case, I will vote too. As a parent, appointing one of your children to manage your businesses creates conflicts, but when the parent is still alive, it does not. If you appoint a child who is competent, it will not create conflict. The problem arises in case the parent appoints someone who is not able to fulfill that responsibility. In case of conflict in leadership, if someone is voted for a mandate, people will have to wait until the mandate gets over and vote for another one. That is the method I prefer for my family” (BOZER, founder).</td>
</tr>
<tr>
<td>DRENODB</td>
<td>“I would also like to tell you another vital point which I didn’t understand before and never considered in the past, ‘the importance of a leader,’ the person to be appointed as the leader. The one who plays the role of a leader or is supposed to be the leader, s/he is the critical source of all solutions or the source of problems that may arise […] Something else, the parents can train you to be a leader, especially if you are a boy. In Rwandese tradition, parents are used to training their sons to be leaders and others have to respect that” (MALTHUS DRENODB, son)</td>
</tr>
<tr>
<td>BOZER</td>
<td>“The problem arises when the parent appoints a leader in place of his children. Then there is jealousy that the elected one has been imposed on them, which is not true. So, it is better for them to choose their leader from among themselves” (BOZER, founder)</td>
</tr>
<tr>
<td>BOZER</td>
<td>“Today, that old approach of appointing the leader is fruitless because people have become wicked and unfaithful. Do you remember the evangelic story of Joseph? That is a good and complete example. If a parent appoints one to be the leader, it is like creating jealousy among the others and telling them to kill him or her” (CHRIS CY-S BOZER, son)</td>
</tr>
<tr>
<td>SMH</td>
<td>“They will choose their leader, or I will choose the one to manage it on their behalf. In writing, there is the inheritance testament, I may appoint the one who will manage this; this will be managed by whom, and so on. The biggest challenge that parents face it is choosing who will replace them. I will choose one among my children to manage the business on their behalf. There are already some who have worked with me and managed my businesses” (SMITH SMH, founder)</td>
</tr>
<tr>
<td>MZDCOW</td>
<td>“It is not easy to run a family business, it requires children, and raising them and working with them so that you can leave them with the ability and the experience to continue running the business well. In our view, as genocide survivors, my kids were killed during the genocide. The time my son was killed, he was about to finish his high school studies. He would be more than 35 years old now. The one I remain with is not mentally stable; he is not interested in the business. This is the negative effect of the war; we will always face this challenge” (JOHN MZDCOW, founder)</td>
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1.C. 2 The role of family hierarchy in the succession process

Family members accepted the tenure of the founder without any interference. As per tradition, they respected the elderly, looked up to the leader, the founder, and waited for him to guide any change that led to the continuity of the family business. That is how they respected the current leader and expected him to guide the succession process. This is where inertia was manifested by both the sides: parents avoided appointing any leader forcing the next generation’s family members to make their own choices and on its part the next generation also avoided doing this saying it was the responsibility of the founder.

“Yes, we as his kids can initiate ourselves into the businesses but gradually. In my view, since he is still healthy he can keep managing the businesses the way he wishes to according to his low energy levels today. The time will come, and he will start failing to perform some activities and his businesses will start decreasing. Of course, it may not happen like that, maybe the time will come and he will call us to discuss who is going to manage and arrange everything. Then things can move on” (CHRIS CYS- BOZER, son)

This shows how the succession process in Rwandan business families is not transparent. In most cases, family members assigned this role and this responsibility to the founder as well as to the family hierarchy. They believed that the founder must guide the succession process.

“In every family you will find that there is a traditional hierarchy among family members. You know that a family should have a leader. I can give an example in my father’s family. I am the second born. My sister is one year older than me, but because of that traditional element that favors boys over girls, I was appointed as the leader which gave me the right to lead the rest. Apart from that, I was closer to my parents as far as the business was concerned than her. Sometimes it comes instantly because the parents believe that a boy remains in the family as a family member while a daughter gets married and goes to stay with her husband in another family” (MALTHUS DRENOB, son)

To give an example of a few successful transgenerational successions in family businesses in Rwanda, most of the respondents mentioned the family of Bihira. In this family, second generation members manage the businesses left by the founder. However, the role of the founder in managing the to the process of succession was stressed by the respondents.

“I do not know. I can say that it depends on the family. For instance, the Bihira family business is well managed, even if we do not know the real situation inside, but from the outside the business continues and it keeps growing. Even if people say that there are family conflicts in the business from the outside, what we can see is that it is a family business that is working well. Many people do not understand the reason why his business keeps running well after the owner’s death. His business keeps running well because in his last days Bihira took the time to ensure the transition. In fact, he was not the one who was managing all his businesses. One of his children managed Bihira’s businesses in Kigali, another managed the family businesses based in Butare. They made reports, and
those reports were handed to a third party which analyzed and handed them to
their father and they discussed all the details at home. At that time, his children
learned by trial and error and came back home and were taught by their father.
Obviously, that time brought their inputs to their family businesses. I really
appreciate that transition, because with an abrupt change, stuff gets damaged.
The best model is where the parent gets involved in the transition of moving the
responsibility to his children” (CHRIS CYC-BOZER, son)

This example gives proof of the expectations that family members have of the
founder to initiate and guide the succession process.

“To avoid the business winding up, will depend on our father's willingness to
prepare a true testament. If he prepares a bad testament saying that this business
will be 100 percent managed by this son, we may respect his decision. We will
also not respect that in case there is a disagreement and some disputes arising
between us. Then, this business will go through a bad situation. Such things will
be discussed in the future. To prevent the business from winding up today, our
father tries to teach us to love each other, to get along with each other. We visit
each other, we meet our father and he tells us how everything is going, and we
return to our own businesses. In case he is not around, no one can explain what
will happen because there are many people who leave behind good testaments
before passing away, and at the end of the day, those testaments are not
respected. I think I can't explain that” (CHRIS CYC-BOZER,)

Family members believed that it was the responsibility of the founder to establish
the future of the business and avoiding any ambiguity about leadership. If the
founder failed to do so there was conflict among the family members and the
responsibility came back to the founder, who had failed to guide the succession
process.

“It is my wish that the company continues as a family business, but it is difficult
for me to say anything because I am working in a family firm as a family member
and the future is in the hands and plans of our parent, the founder. After his
retirement, the businesses can continue running as well but if all the children get
mutual consent concerning how to run the businesses. I think parents need to
build family unity by appointing the head manager who must be respected by the
others. S/he should not be necessarily the first-born in the family; s/he can even
be the last-born child. What is necessary are the management abilities that s/he
has. It is a parent’s responsibility to appoint the head manager of a family
business. Normally, a parent knows his children. He knows them from their birth.
He knows how they think, how they consider information, how they interpret a
situation, and how they manage the few things they possess so it is up to him
alone to choose the person who will succeed him as the head manager. That is
his responsibility. We are waiting for him to start the succession process; we do
not know. We may even die before him, but who knows? As children, we are just
there, set aside as I told you. We are all waiting for him to appoint the managers
and the head of the family. We are all candidates and anyone, if appointed, can
run the businesses on behalf of the others. If he needs help, he can ask, and we
6 Findings

can help. He must avoid favoring anyone among us. Till today, there is no one”
(CHRIS CYS-BOZER, son)

Table 6.5. The role of family hierarchy in the succession process: Selected evidence

<table>
<thead>
<tr>
<th>Case</th>
<th>Representative quotations</th>
</tr>
</thead>
<tbody>
<tr>
<td>DRENOB</td>
<td>“The eldest is the key candidate as the leader who can settle conflicts. He is the one who can address all problems once and for all or can spoil everything. I am giving you an example in my case. There is a certain way in which the wives of my young brothers consider me, compared to how my family treated me earlier” (MALTHUS DRENOB, son)</td>
</tr>
<tr>
<td>DRENOB</td>
<td>“Normally, a parent does not wake up one day and get to know that one child is better at leadership than the others, there is something special that a leader has and others do not have. I never agreed that leadership capacity was natural, but today I agree. Such respect does not come like that. It comes as a result of something special that one has, and others do not have or because of more sacrifices that you are making or more responsibilities that you are taking” (MALTHUS DRENOB, son)</td>
</tr>
<tr>
<td>DRENOB</td>
<td>“The leader should maintain an attitude so that his brothers or sisters can trust him; otherwise, they become disrespectful towards him which they weren’t earlier. According to my experience, when people get married, when people have kids, when people get old, the situation keeps changing, then as a leader, you should also change your leadership style” (MALTHUS DRENOB, son)</td>
</tr>
<tr>
<td>BOZER</td>
<td>“That is not my way of thinking. I do not think that every first-born child should be a leader. It is a parent’s responsibility to see and choose a child with intellectual and leading capacities. Normally a parent wants his businesses to keep growing, he normally wants his businesses to keep supporting his children, to prevent his kids from starving as this was his main objective when starting his businesses. Briefly, it is a parent’s responsibility to pave the way for the business’ management after his death” (CHRIS CYS-BOZER, son)</td>
</tr>
<tr>
<td>BOZER</td>
<td>“In fact, the business remains our father’s property and only give some help in case he needs it, and he keeps running his business. I think till today he has not chosen the one who will manage his business after him. He may confirm this himself. He will tell you the same thing” (CHRIS CYS-BOZER, son)</td>
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Theme 1.D: Ubuntu, the communitarian nature of family businesses

1.D.1 Felt need for keeping the business as a source of income, employment, and moral support for family members and the community

By defining a family business, both founders and family members indicated the business’ character and raison-d’être, of being a source of income and employment for all family members even including neighbors and community members. The purpose of the family business being a source of income and employment for family members and others.

“I can say that a family business is a group of people who come from the same family, direct family members or relatives who come together to create their own jobs. It is like finding your own solutions through creating a business. To differentiate a family business from others, if it works well it is like an association or cooperative that becomes successful because it is composed of siblings who come together with the same objectives, who understand each other, and who work together, but if it collapses, it is like any other association or cooperative that collapses. The only difference is that it is composed of family members” (JULIUS DRENOS, son)

Family business owners believed that the business was created for future employment opportunities for family members and neighbors from the community. This point was common to many business families.

“I can tell you that all family firms are created for generating employment and revenue for family members” (MALTHUS DRENOS, son)

This idea was also shared by NMG.
The goal is creating employment for my family and extended family in this region” (NMG, founder)

Therefore, a family firm should continue to serve as a source of income for family members and other dependents. The family business was there to support family members and became the reason and necessity for their survivability. This made family members come together and work as social capital committed towards the family business’ continuity for the interests of family members first, that is, a desire to continue the family business for the benefit of family members by creating jobs for family members and income creation for the family at large. Means and mechanisms were proposed to prevent a business from collapsing including but not limited to creating a governance mechanism determining revenue and its equal distribution among family members.

“The future statutes, laws, and regulations of the company should determine the salary of a family member who works in the company. A family member, who does not work in the company, can continue his business separately and at the end of the year, like any other company, we can conduct an audit too. That audit will show us the company cash inflows and outflows. Then the remaining annual income can be shared equally by the family members. That is a good approach but, in most cases, it is not implemented” (CHRIS CYS-BOZER, son)

However, even when the business was not big enough to accommodate all members in terms of employment the business’ revenue had be shared by everyone.

“Till today, I do not have businesses that can accommodate in-laws as employees. Today, I prefer that everyone keeps trying to make a success of his/her own business, then that annual income from the family business will come as additional income. I do not want them to fight over my businesses. They will earn annual dividends, and the one who works in those businesses will act and get paid as an employee” (BOZER, founder)

Supporting the extended family and descendants was a concern for many respondents. All family members did not work in the family business, but they shared the same feelings about the role of the business and the necessity of continuing it not only for the current generation but also for the family at large. They wanted the business to serve as a source of income for future generation family members inheriting the family business as well as their descendants and dependents. Such a collective responsibility for maintaining the business became a shared concern and a condition for the next generation receiving the family business to invest themselves fully in if they were assured that the same business will continue to take care of their families and descendants.

“We may manage all these businesses as common assets of all family members. But what will ensure that our businesses are kept by our children and descendants? I need that assurance. The only condition I can invest myself fully in is the creation of a company where we all have equal shares as descendants. Then every year, my known account receives cash from the company. Hence, my
kids and descendants can use it to meet their needs. In the creation of that company, we clarify the obligations and the rights of every shareholder. Thus, when I am still alive, I get that money in my account and I keep running my business and satisfying my kids’ needs, after my death, that account will be renamed CHRIS CYS- BOZER succession and taken over by one of my children. He will have the right to withdraw the money and distribute it among the other children. You can also use a bank by indicating how money from the CHRIS CYS- BOZER succession account should be distributed among his descendants” (CHRIS CYS- BOZER, son)

Table 6.6. The felt need for keeping the business as a source of income, employment, and moral support for family members and community: Selected evidence

<table>
<thead>
<tr>
<th>Case</th>
<th>Representative quotations</th>
</tr>
</thead>
<tbody>
<tr>
<td>MALTHUS DRENOB</td>
<td>“This business gives employment to family members, relatives, and non-family members” (MALTHUS DRENOB, son)</td>
</tr>
<tr>
<td>MZDCOW</td>
<td>“Better to continue together so that the children who do not engage in business get supplemented by those who are very active for everyone’s benefit” (JOHN MZDCOW, founder)</td>
</tr>
<tr>
<td>BOZER</td>
<td>“First, I want my businesses to keep running as they are now and managed as common family businesses, then my children can share every annual benefit, dividends” (BOZER, founder)</td>
</tr>
<tr>
<td>BOZER</td>
<td>“In my view, children, extended family members, and descendants should earn that annual dividend from the shares that they have inherited from their parents” (BOZER, founder)</td>
</tr>
</tbody>
</table>

1.D.2. Mutual support and interdependence between the business and community

Mutual support to and from the community
Apart from existing for helping extended family members and the community in terms of income and employment, another point explaining the communitarian nature of family businesses in the Rwandan context is mutual support to and from the community. A family business needs the community to function, but it is also vital for the community to have that family business based in their area. They benefit from each other and support each other, and this gives a particular responsibility to the family business to look after the community as a supporter. To understand this, I tried to imagine a situation where a family business was not in the district or region where it is located now. It is essential to imagine what would be the alternative both for the family and for the region.

“This business has a partnership with this district. We actively participate in district events as a partner. Something else we do is collect milk from local producers, we are a market for them. That is also an economic benefit for this district. We employ many people here in our business. You see those people who are digging down there? There are some others also down there. There are
others who are constructing houses elsewhere. All these people get employment from my business. Whatever they earn from here, they go home and share with their family members. Those are this district's benefits from our business. There are too many benefits and I cannot enumerate all of them that people and the region get from this business alone. This means that if this business closes, all these citizens will lose all these benefits. Even this district office will miss my services. This district is lucky because my business office is here. That is a great benefit to this district. On the other hand, my revenues may decline if I move my business to another region.” (HERMAN HJMIL, founder)

Removing the business would be hard for the local beneficiaries because they might find it difficult to find alternative offers. The cost of not having the family business in their locality is also high for employees and also for the local government.

“Yes there is support for the community. We do many things. We have restaurants for students; without us, it would not be easy for students to find a place to eat. Again, it will not be easy for someone else to invest in such student restaurants because he would need to build houses. Students may have serious problems but we have restaurants, student residences, milk shops etc. To replace our businesses will require more investments than what we used in establishing these businesses” (CHRIS CYS-BOZER, son)

Getting support for the family business from the community

The mutual support between the family business and the local community is identified in two interplaying directions. On the one hand, the business gets support from the community, and on the other hand, the community’s loyalty and support lead the family business to have a backward attachment with society in the form of support that can also be seen as corporate social responsibility.

“Let me give you another example of how the community supports us in our business. You can’t work without security; the neighbors become our customers. We support them, they support us and vice versa and we all gain from the good relationship that we have” (JULIUS DRENOB, son)

Direct support from the community to the family business makes the family business stronger. The family business will also suffer if it moves from the region in which it is operating. The local community provides a family business with opportunities and vital resources.

“This extended family and people in this community are my source of labor. We find employees in the community, and they value the presence of this enterprise. The business is built on close collaborations and trust between everyone. People, family members, and non-family members work hard keeping in mind that they are working for themselves because together with our neighbors we form a wider family” (NMG, founder)

The local community not only provides a market and business opportunities to the family business but also encouragement and psychological support for continuing.

“Our mother got a lot of support after our father’s death. My parents were very social and Christian. In starting the business, my mother relied on her family and friends to get advice on whether to continue the business after losing her
husband. Some people gave her advice, a few were scared of taking a loan, but others encouraged her telling her something like ‘it is possible,’ ‘you can do it,’ and ‘don’t worry about the loan, you can manage it’ (MALTHUS DRENOB, son)

Encouragement and psychological support from the community are also manifested in a friendly manner as it prefers the business over other options.

“For instance, a neighbor may need to sell a plot, and it is his right to sell it to anyone but he will first look at us and ask us whether we want it or not. They do not want to disturb the activities” (MALTHUS DRENOB, son)

The family business’ support to the community: Giving back

This becomes a vicious circle. Family businesses help the community and make it an objective of their firms; they get more support from the community, which pushes a family business to benefit the community in return and also to secure future supplies. For instance, in one case the business benefitted not only the family but also the entire community and region. The extended family and community were a source of permanent supply for the crops that the business needed.

“But for a long time we have gained a lot from hard work and advice from our extended family and the community at large; to get more from the extended family, we will keep providing more training to build their capacities” (NMG, founder).

The business got raw material from the neighbors which was used for its products and that is the reason why the business reinvested there.

“Since the beginning my idea was to educate my neighbors by giving them seeds and domestic animals for free for improving their standard of living but most importantly to multiply and bring back the crops” (NMG, founder)

This giving back to the community as a family responsibility should not be confused with the usual corporate social responsibility. It is a family responsibility to continue not for itself, but also for the community at large.

“Our business basically promotes partnership with the local community. As our suppliers [...] we partner with our local community in many activities and then we share the benefits we get from the firm [...] for instance, besides the local primary school financed by my foundation, I started agricultural and technical schools that will provide us with qualified local personnel. I strongly believe that it will provide for us, the country, and the local community many skilled employees and technicians who will help the local community to develop their agricultural practices” (NMG, founder).

Apart from caring for family members and descendants, taking care of the community is another reason and motivation for business families to continue. In fact, the responsibility for helping the community is due to community loyalty to the family business that creates a particular attachment to society. The business should be kept by the family for the community of employees and beneficiaries. Therefore, that willingness to give back to society as recognition of its support gives the
founders a particular social obligation to continue the business. As a result, harmony is reached between the business and the community.

“If in this community, we do not have any problems with our neighbors, or with local leaders, or anyone else” (JULIUS DRENOB, son)

The rural-urban nature of the communitarianism of family businesses: Towards a collective ownership

Social networks and loyalty are stronger in rural areas than in urban areas. Comparing the sense of communitarian nature of family businesses, the respondents recognized the strong attachment that family businesses had in rural areas.

“There is more unity in rural areas than in cities because the rural areas are calm, people are together. For example, the people I worked with in rural areas were amicable. However, when people arrive in Kigali, they get separated and become more individualistic because everyone concentrates on his business. In the rural areas, people have more time than in the city. The rural work environment is more advantageous than the city work environment. The city is advantageous for business only” (JOHN MZDCOW, founder)

Basing the family business in a rural setting meant connecting to the people due to their loyalty and trust in one another.

“Your customers from rural areas will always be yours. People of this district always celebrate their events here. If they need to go to Kigali, they still prefer to celebrate the events in our hotel there. What matters for them is that they go to the same family. They even call it by the same name, like we are going to Kigali but we will go to the same hotel. They always feel at home. I do not think that some of our customers in Kigali will go to our hotel in this district simply because they are our customers in Kigali” (MALTHUS DRENOB, son)

This strong attachment, loyalty, honesty, and trust of the rural community were transformed into an integrated network of the family business and the local community. This network resulted in a kind of psychological ownership by the people in rural areas of the family business in their area. It was collective ownership because both the owning family and the local community in rural areas considered the family business as their business, regardless of legal ownership.

“It is easier to work with people in rural communities. If they benefit from you, they recognize how you are important for them. For example, people in this district know that this hotel is vital for their living. They supply it goods and it gives them jobs, etc. People around here are proud of the business. They consider it their own property. For example, now we are constructing a new swimming pool in the hotel and, recently, I heard someone saying: ‘we too are constructing a swimming pool here in this district.’ He did not say that the hotel is constructing a swimming pool, but we are. This means they have a sense of ownership that people in the city don’t have. We may want to remove the hotel, but it will not be easy. Even though we are the owners but people here will not allow us to do so” (MALTHUS DRENOB, son)
Table 6. Mutual support and interdependence between the business and community: Selected evidence

<table>
<thead>
<tr>
<th>Case</th>
<th>Representative quotations</th>
</tr>
</thead>
<tbody>
<tr>
<td>NMG</td>
<td>“My starting point was the opportunities available in this region” (NMG, founder)</td>
</tr>
<tr>
<td>HJMIL</td>
<td>“First of all, I love this district. Why? Because I grew up here and many people grew up together, some family relatives are living here in this district. I feel secure because I live among people I know well. I am happy to stay in this district, and I have good relationships with my neighbors” (HERMAN HJMIL, founder).</td>
</tr>
<tr>
<td>DRENOB</td>
<td>“People and our neighbors are proud of others’ success, and they keep encouraging you to continue good practices. Some people will tell you: ‘…Hey, well done, you did it well… hey, keep it up, keep working hard, you can do this, etc.’” (MALTHUS DRENOB, son)</td>
</tr>
<tr>
<td>DRENOB</td>
<td>“We support them, and they support us. I can give you examples. This business has many suppliers. If you agree with a person to supply potatoes, you support him. We create employment for the youth in this community. This organization alone has more than 80 employees coming from nearby. All family businesses have more than 200 employees. Our employees need houses to rent, they rent our neighbors’ houses, and those are tangible examples of how we support the community” (JULIUS DRENOB, son)</td>
</tr>
<tr>
<td>DRENOB</td>
<td>“We also have good relationships with our neighbors and the community in general; this is a good neighborhood, and it is in this community that we make business expenses, we recruit the workers from the same community and they are our customers also. In brief, society has an incredible power that influences a family business” (MALTHUS DRENOB, son)</td>
</tr>
<tr>
<td>NMG</td>
<td>“Normally, our business is based on this society, people around these hills. They supply us with raw materials for our products and we recruit employees from this society. In brief, we benefit from this society, and it benefits from us” (NMG, founder)</td>
</tr>
<tr>
<td>NMG</td>
<td>“We created a lot of employment for them; we built schools and kids in our village are getting elementary education for free, and in a sustainable way; we brought public lighting here for free. Briefly, we live as a family. We help each other under many circumstances, like community work-umuganda, weddings, having fun, and indirectly we share the benefits from the firm whenever needed by this community” (NMG, founder).</td>
</tr>
<tr>
<td>NMG</td>
<td>“People in rural areas work as our family members too. They have a lot of love, trust, loyalty, and commitment to work and they are honest. On the contrary, people in towns work only as per the contract and are selfish (NMG, founder)</td>
</tr>
<tr>
<td>DRENOB</td>
<td>“I may employ a member from a neighboring family because I know the family, I know how he has grown up, I know their culture, I know how much they value our business. I mean that it is easier to create a good relationship with the local rural community. For instance, I always rely on employees, I moved employees from my first hotel to the local district. We started this hotel in Kigali 6 years ago and they are still loyal to me” (MALTHUS DRENOB, son)</td>
</tr>
<tr>
<td>DRENOB</td>
<td>“The contribution of the extended family to the development of the family business involves the culture of raising kids with discipline and love in the families. Love contributes a lot to social unity. Nothing is better to have as a guy. You grew up together, you treat them as your real brothers. There are families who know how to raise their kids very well, so you cannot differentiate the brothers from their extended family’s relatives” (PETERTSON SRG- BOZER, son)</td>
</tr>
</tbody>
</table>
1.D.3 Business decision making and financial goals for the day-by-day survivability of both the family and community

Due to the necessity of continuing the business for its inseparable benefits to the family and the community, the commitment to continue the family business pushed owners to take dramatic decisions aimed at safeguarding the business as much as possible. Decisions, like taking on additional debt and sacrificing short term financial goals, were frequent. Such a commitment to continue the family business influenced decisions like sacrificing short term financial goals of liquidity and profits over long term investments ensuring the continuity of the business in the interests of the family at large.

“Yes, money is important but not a priority. For instance, now we can run our business for some months without profits. If we continue, we can decide to suspend investments for some time to avoid additional debt so that we can balance and sustain what we have for a short time. The priority is continuing existing forever if possible, but this starts with managing the business well right now. That is what we are doing with freezing debt and investments for a while to ensure the future. Otherwise, we can go bankrupt which is not our plan” (MALTHUS DRENOB, son)

To continue a business, various strategies were envisioned. Founders and their families worked hard to ensure the continuity of the business’ daily operations. When they passed the ownership to the next generation, the founders educated its members about their duties and responsibilities which they inherited along with the business; the responsibilities they had towards the community. The founder-managers challenged family members and those working in the business to create and maintain product development for the continuity of operations and developing new products and innovating existing products to ensure current and future supplies through strengthening on-going production and services.

Community loyalty, as described earlier, created particular attachment of the family business to the community. This attachment to the community created the need among the family business to work together with the community and continue the business on behalf of family members and neighbors. These coordinated efforts led the family business to invest in new product development and rejuvenation to ensure the continuity of its operations.

“I am working hard, and I am committed to our main objectives. My business is about food processing, but alone I cannot ensure supply if there is no one else to multiply crop production. So this company relies on supplies from the local population. [...] I ensure on-going production by ensuring future supply. I started by introducing new products that necessitated new investments in new types of agricultural products like vineyards and apple plantations which were so far not produced locally. I am busy distributing the new seeds to my partners here to sustain the new products” (NMG, founder).

The founders believed that commitment to invest in both short time and long term strategies allowed the continuity of the business for the benefit of family members. This benefit was in the form of jobs and income creation for family members and
the community. Taking a decision to sacrifice short term financial goals of liquidity and profits over the business’ survivability ensured the continuity of the firm in the interests of the family at large.

Table 6.8. Business decisions and resource preferences for daily survival of the family and community: Selected evidence

<table>
<thead>
<tr>
<th>Case</th>
<th>Representative quotations (First-order category: Business decision making and resource preferences for daily survival of the family and community)</th>
</tr>
</thead>
<tbody>
<tr>
<td>NMG</td>
<td>“We work and design. We invest in many different products. Now we are planning to plant apple trees in this region, the study has already been done and it found that apple trees can grow very well in this region and produce enough” (NMG, founder)</td>
</tr>
<tr>
<td>NMG</td>
<td>“The main strategy is maintaining the uniqueness of our products” (NMG, founder).</td>
</tr>
<tr>
<td>NMG</td>
<td>“We are constantly developing new products from the raw material available that we can bring to the market” (NMG, founder)</td>
</tr>
</tbody>
</table>

Concluding remarks on theoretical dimension 1: Commitment to the day-by-day continuity of the family business

The main finding of this thesis in terms of family commitment to the business’ continuity is a shared commitment of family members but with non-interference among generations for the same cause. Even though all members in a family business have shared commitment and willingness to continue the business, there is non-sharing of management and ownership among generations in Rwanda, which requires certain non-interference among generations in the best interests of the family business’ continuity.

The moral obligation linking current achievements to the future is at the center of the desire for a family business’ continuity at all levels in the business family. Preserving the family business as a legacy for the next generation makes keeping the business alive among family members and the family at large a priority. Each family member is committed to investing himself/herself in the core family business.

Founders show responsibility towards the family and community. Such responsibility makes the family business at the center for the sake of constituting a family legacy, which corresponds to affective commitment (Dawson et al., 2014). An affective commitment is built on the Rwandan culture of inheritance. It is a culture where each generation in the family is supposed to leave a foundation for the next generation. Besides, the current generation of founders invests in educating the next generation’s members, as a way of preparing them for the responsibility of taking over and sustaining the firm within the family and sustaining it as a family legacy for subsequent generations.
Having equal rights in terms of shares for all family members and potential successors, as well as employment opportunities for family members ignites a shared commitment and willingness to continue the business. Such a commitment by next generation family members is linked to continuance commitment (Dawson et al., 2015) whereby they get involved in the daily life of the business to keep their future jobs. Next-generation family members are open to re-inventing the core business and extending it to the next level of invention and innovation or any other form of renewal that makes the firm survive.

Even if there is discord between generations about the ownership and management of the firm, between the incumbent and the next generation’s family member, this is not worrying since next generation family members are not yet running the firm. In fact, findings in this aggregate dimension show that the management and ownership of a family business is not shared among the generations in Rwanda. This detachment among generations is contrary to the literature about a family business expecting to see both incumbents and potential successors’ involvement in the transition of a family business (Casson, 1999; Chung & Yuen, 2003; Churchill & Hatten, 1987; Handler, 1989;; Lorna, 2011; Miller & Le Breton-Miller, 2005a, 2005b; Ward, 2011). Such a character is a particularity of this context of Rwanda and some similar sub-Saharan countries. Next generation family members involved in the business who participated in my study demonstrated a willingness to wait for their time after the departure of the founder and then re-organizing the leadership in the best interests of the family business’ continuity. Such a sense of familyhood and responsibility towards the future of the family business strengthened social capital that family businesses need for continuity. Family members shared this commitment at the individual and group or family levels.
Theoretical dimension 2: Day-by-day continuity of the family business in terms of family ownership

Theme 2.A: Founder’s chieftaincy retention

2.A.1 Founder’s retention of the chieftaincy for both the family and the business to protect the family’s ownership of the business
2.A.2 Founders’ concerns about protecting the family’s ownership beyond their generation; worries about the next generation’s taking-over abilities

Figure 6.5. Theme 2. A: Founder’s chieftaincy retention

2.A.1 Founder’s retention of the chieftaincy for both the family and business to protect the family’s ownership of the business

The founders and other family members defined family businesses as belonging to the families to the extent that the life of the business was equated to the life of the family and vice versa. Everyone in the family contributed to the daily life of the business, and it became a widely owned asset in the family, belonging exclusively to the family.

“The business is for the family. It is for the family because I, my wife, and our children all live and work in this business. I and my family stay in our business building where my kids play. They play in and around our family business’ activities. And whenever they play, they learn through practicing. This business is significant for my family. Our life is equated with the life of the enterprise”

(HERMAN HJMIL, founder)

From this, I understand that the family business belongs to the family alone. This was confirmed by respondents who could not imagine a situation where there were non-family shareholders in their business and family members were in a minority. This made no sense, according to PETERSON SRG-BOZER.

“No, if you allow a non-family member to become a shareholder, then it will not be a family business anymore because there will be some new non-family members in the business. Your kid will not have the right to raise his voice
against a new shareholder if he or she get more shares than family members. It will no longer be a family business” (PETERSON SRG- BOZER, son)

This opinion of not mixing family members with non-family members was shared by CHRIS CYS- BOZER, PETERSON SRG- BOZER’s brother because he too believed the familyhood made family ownership. If not, a business would fail. The respondents defined themselves as family businesses and stuck to the idea that the ownership should remain in the family.

“A family business is composed of people who have the same rights and different thoughts, who mutually agree to create one entity with the same vision and objectives. If you do not have the same objectives as the other members, a family business cannot be successful” (CHRIS CYS- BOZER, son)

Family ownership was ideal for family members but it was not enough for the founder. The hierarchal family system in sub-Saharan Africa makes the founders of family business define and treat the businesses it as their own inventions, belonging to the family but managed exclusively by the founders. For the founders, there is no power sharing when it comes to the business’ affairs and ownership. Being the head of the family, the founder automatically feels the need to be the head of the business too. So, the ownership is for the family, but the head of the family and the business is one -- the chief, the founder.

“In fact, I am the one who manages the businesses and on-going activities because I am still able to do so. I do it myself, and working, in general, gives me strength” (BOZER, founder).

Therefore, the founders have power over the family and over the business; they are possessive and they keep the power and are not ready to retire or make any other form of power-sharing and delegating arrangements before succession as there must not be two kings in one kingdom as the saying goes.

“It is too early for me to talk of succession or make a testament. Apart from an accident, I think that I still have more years of work left. It is possible to prepare the inheritance testament, but with my 68 years, I hope I still have more 10 - 12 years left for working in my business. The day I start feeling that I do not have enough energy in my body, I will do it” (SMITH SMH, founder).

The owners controlling everything has roots in culture. Rwandan culture does not allow parents any negotiations or disputes about their power and ownership over the family assets that they have made themselves. Therefore, the founders enjoy monopoly over the management of the family business; however, poor their management no one opposes it as per the culture. The successors must wait till the family decides on the succession after the founder has passed away. Otherwise, it is considered like burying the founder alive if the family challenges his ability to continue with business ownership and management. This thinking has the risk of giving the business to someone else if the parents feel unsubordinated which is also provided by law number 27/2016 of 08 July 2016, the law governing matrimonial regimes, donations, and successions. This law was introduced during my fieldwork. Earlier, inheritance was a right. However, only boys had the right to inheritance until 1998. Before this new law of 2016, parents were panicky about what might
happen if the descendants requested their shares by force. They expressed this during my fieldwork. With the new law, now descendants will have to wait for what the founder decides.

“The family business suffers not because of bad management, but the management of the transition from the founder to the second generation. Talking of succession in a family business is taboo but it is also utopia; I mean it is very good. I want to see the family business continuing but nobody wants to talk about it. It is in our culture. Unless it changes, otherwise, our parent says, ‘It is my business, I started it alone...’ and he cannot involve us or create a sister company for us, even for supplying products to his business. It seems like parents do not wish to compete with successors because of the fear that their children will become better than them when they are still alive” (CHRIS CYC-BOZER, son).

Therefore, potential successors also are aware of their parents’ worries that the family business can be misused once it has been distributed, which can put the family in an uncomfortable situation.

“We must talk about the parents too. They probably think: ‘I looked after my properties so if I give them to these children and I do not know when I will die, they will start squandering my businesses, as they want, then I will have to beg from them. That is not right.’ The second reason that stops parents from handing over the business to the children is because of loans. He cannot assign any business to any of us because he is worried. He may think that the children will steal his money and the family will default in repaying the loans. He does not want to be insolvent while he is still alive” (CHRIS CYC-BOZER, son).

Table 6. 9. A founder’s retention of the chieftaincy for both the family and business to protect the family’s ownership of the business: Selected

<table>
<thead>
<tr>
<th>Case</th>
<th>Representative quotations</th>
</tr>
</thead>
<tbody>
<tr>
<td>NMG</td>
<td>“According to me, a family firm is a property managed privately by individuals from one family” (NMG, founder)</td>
</tr>
<tr>
<td>DRENOB</td>
<td>“That is true. This is a family business” (JULIUS DRENOB, son)</td>
</tr>
<tr>
<td>NMG</td>
<td>“A family-owned business is a good type of business in terms of ownership. You, as the owner-manager can manage it as you want. The more effort you put in the more it contributes to the outcomes. Therefore, the owner of a family business must commit himself to his business” (NMG, founder)</td>
</tr>
<tr>
<td>NMG</td>
<td>“As the founder, all the management powers are still in my hands, and I take decisions according to my understanding” (NMG, founder)</td>
</tr>
<tr>
<td>HJIMIL</td>
<td>“A family business is a business that belongs to a family, while other businesses belong to people from different families coming together and forming an association or company under one business name. In most cases, the family business must be managed by family members” (HERMAN HJIMIL, founder)</td>
</tr>
<tr>
<td>HJIMIL</td>
<td>“Imagine a case where I prepare my testament and later one of my kids blames me that I shared the properties inequitably because the law says so. Don’t you think that it can cause...”</td>
</tr>
</tbody>
</table>
6 Findings

more problems than it can solve if you simply follow the laws? Even the conscience is more critical than the laws but remember that the laws come from conscience or people’s thoughts that they see as being right. They pick these thoughts as guidelines in their lives. However, I think I have said that when it comes to the issue of inheritance, my children will follow laws. The laws for sharing inheritance have been established already by the state. So, we will follow those laws. It is better to clarify those guidelines before you die. I still argue that whatever you do should be based on laws” (HERMAN HJMIL, founder)

| SMH  | “That’s how people do it normally. The parent does not make the testament public when he is still alive even to the beneficiaries. It is his secret with one person who will keep it declare what is in that testament after his death” (SMITH SMH, founder) |
| SMH  | “No, it is not right to leave the family in ambiguity. You make a testament before you die. Yes, you write it because you are alive. That parent in the example I gave you hired a lawyer and made a written testament. It stated how things would be shared; it stated the one who will manage unshared properties. Unfortunately, even if he took all these initiatives, it did not prevent family conflicts. Nevertheless, the testament played a role in the courts, at least it was there” (SMITH SMH, founder) |
| SMH  | “Till now I have been managing my own businesses. I can pay those loans we were talking about and follow the business’ complex activities, but after my death, if I cannot finish all the loans, one may fail to pay them back regularly; then you will find that my children will get bankrupt” (SMITH SMH, founder) |
| SMH  | “Having rules or deciding on the testament is good, but it is almost the same. Even if they all come together, children to be given the inheritance, friends, and other close family relatives and discuss that testament and make agreements, it will not prevent conflicts from arising. In all circumstances, the conflicts will be there. Distributing the inheritance to the children does not prevent the one who has been given a share, let’s say the upper floor, the flexibility to sell it. It is still the same. And it undermines the family legacy” (SMITH SMH, founder) |

2.A.2 Founders’ concerns about protecting family ownership beyond their generation: Worries about the next generation’s taking over abilities

A behavior of protecting the family’s ownership pushes the founder’s chieftaincy retention during his tenure and protection beyond his tenure and questioning the abilities of the successors at keeping the family ownership during the next generations. This is a major worry in Rwandan society given the number of cases in the courts of justice aimed at dividing and sharing the business’ assets by individual successors after the death of the founder. How the business he created will be dismantled haunts the founder.

“I know a man who built a big house in this city and before he died, he left a testament saying that the family members should keep the business as it was, not to divide it into parts and it should be managed by a designated son. Later after his death, it became a problem and the case reached before the supreme court. At one time, they were about to sell the business and every kid would get his or her share, but if they had sold it, it would have been the end of that man’s life efforts. Later they reached an agreement that allowed continuing the business” (SMITH SMH, founder)

When it comes to ownership succession in founder led-businesses, the founders insisted that the next generation receiving the businesses would be better off opting for co-ownership. Too much protection is transformed into a concern for the businesses’ future ownership status, that is, assurances that the next generations will
protect family ownership was a significant concern for most founders participating in this research.

“I was wondering how my assets will remain without management, you know, if I give some of the assets to my children, I will still remain with some others. In my case, they are worth billions. I need to figure out how they will be managed. I doubt if they can reach an agreement on how to manage them” (JOHN MZDCOW, founder)

In fact, founders as parents were in a dilemma between the traditional way of dividing the family’s assets including the business and distributing it among all family members, or the modernization of the business by transforming it into a shared business where family members became co-owners if it allowed the continuity of family ownership.

“I wish to create something bringing together private company laws and family internal laws so that it becomes protected by the laws, but shareholders are family members. Like that, all grandkids will inherit their parents’ shares, and the business will continue in the family but protected by the laws. So far, we meet as family members and not as shareholders. I wish we can have rotating annual meetings in their homes as they live in different countries. At least we will socialize” (JOHN MZDCOW, founder).

However, debating future ownership had a similar challenge as the succession process in the sense that it involved inertia the founder passed away. The willingness to keep the family business together was a good alternative compared to traditional inheritance that meant dividing the assets of the deceased among all legal successors. Except that the founders lacked proper ways fixing this while avoiding triggering the succession process at the same time.

“If you start talking to one of them, the remaining ones will start saying that you favor him/her more than the others. You find that there are always such suspicions among them. I always wonder how I can avoid these problems. It is all about being wise and getting close to them without creating that kind of suspicion. Suspicious relationships largely affect the business negatively. They may destroy the business. Something else I do not know about is their experience; they may work better than me, but I do not know. I believe they will discover later the best leader among themselves, and then he/she can organize them and succeed” (BOZER, founder)

As we saw earlier in the discussion on the succession process, tension existed between the founder and the next generation where each side pushed the other to trigger the succession process. Inertia then comes since no side acts. Following this logic, the founder’s desire that the next generation should continue together as co-owners and protect the family ownership. At the same time, leaves it open and put the full responsibility over the next generation to manage the ownership succession and continuity the way that suits them, without blaming the founder. This was due to the general concern to think that the next generation will mismanage the inherited business instead of sustaining it which negatively impacted the entire family and its dependents.

“Now I can say that preserving your business’ name depends on how your business stands and how you leave it. You may leave your business with a loan
and your children may fail to pay it back. Probably, I can pay it because I am used to following all the details, but they may fail to pay it back. There are many families who were rich and who left the wealth to their kids, but today their kids have nothing. There are many examples. It is a problem that you were a successful man in your activities, but your descendants may fail to maintain what you achieved. That is what family members should learn so that they become capable of maintaining their parents’ business name. It happens to many families, you leave the wealth and it becomes the source of family members’ conflicts and they squander all the assets and the family becomes poor. There are many cases like this in this country” (SMITH SMH, founder)

Table 6. 10.A founders’ concerns about protecting family ownership beyond their generation and worries about the next generation’s taking over abilities: Selected evidence

<table>
<thead>
<tr>
<th>Case</th>
<th>Representative quotations: (First-order category: A founders’ concerns about protecting the family ownership beyond their generation and worries about the next generation’s taking over abilities)</th>
</tr>
</thead>
<tbody>
<tr>
<td>SMH</td>
<td>“I do not know whether or how people may have a written agreement (testament), a document which may be recognized and kept by the local authority or justice... details in that testament stating that no one will be allowed to sell the family property and so on. If one wants to sell something, a document is shown which stops him/her from selling a family’s protected name. It is my wish” (SMITH SMH, founder)</td>
</tr>
<tr>
<td>SMH</td>
<td>“I cannot know what will happen after my death and as a parent I cannot discuss right now what will happen after me, I only wish that my children remain and work together. I want them to be able to manage my businesses well and preserve my name” (SMITH SMH, founder)</td>
</tr>
<tr>
<td>BOZER</td>
<td>“I have 7 children, that is too many children. What I have today may be insufficient for dividing between them if they go for that option. I must work hard so that they have sufficient assets that they can share, but I do not want that to happen. They do not have to share the family assets. That is why I encourage them to look after their own properties for their own independence and let the family assets be managed together [...] I want them to have their own businesses that occupy their time and generate money for them. Unfortunately, their businesses are not making enough, but if they become more productive, it will make me happy, because they will become independent” (BOZER, founder)</td>
</tr>
<tr>
<td>SMH</td>
<td>“You will be lucky if your descendants stayed supportive because you can educate and train your children, and teach them all possible stuff, but later they fail to continue your business. It happens everywhere. I know a family which left its wealth to one kid but after the genocide the kid squandered all his family wealth. There are many cases. This means that the education, the training was meaningless” (SMITH SMH, founder)</td>
</tr>
<tr>
<td>SMH</td>
<td>“If I take that house, and I give them shares in inheritance for that house. For instance, I give the top floor to one of my sons, another takes the middle part, and another takes the lowest floor. Probably the one who took the top floor of the building may want to sell his inheritance, and even remove the family name written on the house. Will it be my mistake?” (SMITH SMH, founder)</td>
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</table>
Theme 2.B: Ownership development and initiation of the business spirit: Attracting and shaping the next generation’s members for ownership responsibilities

The founders’ worries as seen in the previous section became a source for the need to educate and initiate the next generation’s members into the business. This initiation into the business (or lack of it) marked ownership development for members for the next generation. Ownership initiation was mainly a response to the fear of the possibility of there being no succession. The respondents expressed their worries about the future of the family businesses. But as seen in the previous sections, the founders seemed to be more protective and were not ready to let the businesses go to the successors, and this was the reason why they were obliged to prepare the family members to be productive in business.

“You can find many examples of parents who passed away during the genocide, and after the war their children squandered all family properties. This means that those children never got an education in business continuity” (JULIUS DRENOB, son)

Any effort gave a founder the satisfaction that the next generation understood the necessity of continuing the business. This ability could then be developed. The worry came from the observation that business families perished as the founders left behind irresponsible successors. Such worries forced the parents to push family members to learn from elsewhere, outside the family business if necessary but they had to do something like starting a small business and learning from it if the family business could not accommodate everyone.

“I did not want to push them out of my businesses. I wanted them to learn how they can make money without remaining in my businesses” (BOZER, founder)

In most cases, parents acknowledged providing different kinds of assistance for family members’ start-ups, serving as a learning experience for understanding a particular responsibility.

“I told you that one is the manager in that building and another one is working for himself, but I gave him some facilities like a house and I am working here with another one who is managing the building” (SMITH SMH, founder)
Once the children understood and ran their own businesses as the founders wished then the income coming from the family businesses could supplement what they had earned outside.

“In case kids run their own businesses, these are for them but when you die, they also need to separate the family property from their own properties. For instance, today he can run his business, but if I die, my property will become family property. The income that he earns in his business, is his money. But the money that he may make from my businesses, it is for the family and is not his income. The same applies to the factory. In that case, they must work together. They may decide that income from the factory will be deposited in this account, income from this business will be deposited in this account, income from rents will be deposited in this account and so on and they can collect all the income and then share it as they want. This is the best option” (SMITH SMH, founder).

The ultimate reason why parents undertook these initiatives was the desire to see the next generation’s members taking responsibility and continuing the business after trying something small on their own to a broader picture of business ownership.

“As I was telling you, we are getting old while the business keeps developing. Sincerely, I wish them to replace us in this family business. Normally, the person’s wealth is his family” (JULIUS DRENOB, son).

Alternatively, instead of helping kids in starting their new ventures, now founders found that it was necessary to take concrete action by initiating the kids into the family businesses with the hope that they would replace the founders.

“The most motivating thing in life is realizing that you are benefiting from what you are doing. Briefly I got that experience when I convinced my wife and she joined the business and I realized that it would be better if I used the same strategy to make my children get involved in my business as well” (HERMAN HJML, founder)

The founders interviewed thought that if they were lucky, then their kids would be able to replace them in their businesses. If they were unlucky, they may get into a different career which was not in their control, and then they could force them to join the family businesses if they did not like them. They wanted their kids to bring new energy to the family businesses. So, the founders narrated the ways they proceeded to attract and persuade their family members to join the family businesses’ daily activities progressively, educating them so as to prepare for a possible take-over of the business’ activities as time passed.

“I can tell you about the girl who has been here; she is my daughter, she works here. We worked together before she started working for an NGO. That NGO did not give her a car. After my wife’s death, she told me that she wanted to work for the family. She said: ‘I am going to resign and came to work with you; I said that if you want to do so, you are welcome.’ I wanted her to work elsewhere and then come to work with the family business when she was mature. I asked her how much she had been paid. She told me and I told her I would pay her more than what she had been earning. I told her to stay with me, she does not pay rent and does not have any domestic expenditure, she has also got a car, I buy its fuel and...
“she’s got a good salary. She is a worker who got these privileges because she is my daughter” (JOHN MZDCOW, founder)

Founders built the capacities of the next generation to ensure the survivability of businesses over generations when the founders retired. Family members’ ability to continue their parents’ businesses depended on the role played by parents in educating them. This education from the parents disciplined the next generation. When it came to education, unfortunately, some parents made their kids go through what they believed was excellent education that could lead them to careers other than business. That is how the parents prepared their kids about professions, and not for business. The big challenge for the founders who participated in this study was that the children were not given an opportunity to be involved in the business and growing up in the family business. If the children grew up in the business, they got to know it and understood how it worked. According to some founders, parents should also assign responsibilities to their children at a very early age as this will allow them to learn how to run the family business while the parents were still alive. To ensure the continuity of the family enterprise one had to invest in family members for potential successors’ responsibility roles starting during their childhood.

“Something else I have not talked about is that we agreed to get our kids interested, we did not force our kids to do things. We must orient and interest them with kindness and find out whether they can study something which will allow them to fit into our businesses. For instance, I was raising my nephew’s awareness (my sister’s son), who had recently started university studies. I made him interested in studying Hotel Management or Event Management. I clearly showed him that after completing his studies, he would be employed immediately. I showed him that we already had jobs in the family businesses, and I told him my own experience that I am a medical doctor, but 90 percent of my life depends on this hotel, the medical job brings only 10 percent. This is how we made them interested” (MALTHUS DRENOB, son)

Another way of ensuring the continuity of a family business is educating the heirs as future family business leaders. This was about investing in family culture and family education and this belief could help the continuity of family businesses, a topic that they had avoided before participating in this study.

“I first provide education to my kids and I prepare my family members for future references by sending them to good schools, and I introduce my kids to the business once they come back from school. This gives them a chance to apply their skills and get to know what we are doing. We strongly believe that they will contribute a lot in bringing in new knowledge, skills, efficiency, and effectiveness to our businesses” (NMG, founder)
### Table 6. 11. Attracting and shaping the next generation’s members for ownership responsibilities: Selected evidence

<table>
<thead>
<tr>
<th>Case</th>
<th>Representative quotations</th>
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</thead>
<tbody>
<tr>
<td>DRENOB</td>
<td>“We, as leaders of today, should be role models for our kids. My brother’s son sees that in me. First, we want to create a culture of family unity, a culture of trust and love for one another, and being committed to working and loving this family business as the basis of their lives” (JULIUS DRENOB, son)</td>
</tr>
<tr>
<td>DRENOB</td>
<td>“So, what we sometimes talk about is that our kids should be involved in this business. Now they are still young, but in the future they will be the ones participating in its management. For instance, JULIUS DRENOB is the Managing Director of the hotels today, but in about 15 or 20 years, we may look at how we should hire a competent manager for our enterprises” (MALTHUS DRENOB, son)</td>
</tr>
<tr>
<td>DRENOB</td>
<td>“No, basically, we have gone far. It is different when we compare to where we started from. There is great achievement and those family members who came together and worked together are still together. So, there is no need to split. If, my brothers and sisters are still there, but we are getting old. That is why we must think about how our children will be able to take over and sustain the business” (JULIUS DRENOB, son)</td>
</tr>
<tr>
<td>DRENOB</td>
<td>“I can give you an example, our sister’s kid is now studying international relations in Malaysia, but a few days ago he was working here. He is at school now. The process has already started, and others may soon join us too” (JULIUS DRENOB, son)</td>
</tr>
<tr>
<td>BOZER</td>
<td>“It is about giving a strong education to your kids, getting them in the business very earlier, making them get out of their egocentricity very early and so on” (PETERSON SRG- BOZER, son)</td>
</tr>
<tr>
<td>SMH</td>
<td>“As a parent, I call them up sometimes and tell them: ‘What I am doing is not mine. It is your property, what I am investing will be yours too, it means that you have to manage them as your properties.’ The first thing is to advise them and make them understand how I am working and know all that I have is for them” (SMITH SMH, founder)</td>
</tr>
<tr>
<td>HJMIL</td>
<td>“I prepare my kids for working in our business. This is important. They understand its activities and know it very well. Secondly, I want them to do business studies related to our business. It will be better if they learn to run the same type of business as I do, especially the milk business” (HERMAN HJMIL, founder)</td>
</tr>
<tr>
<td>HJMIL</td>
<td>“My daughter may also decide to open her own family business by using the knowledge and skills that she acquired here. It will be a pleasure for me. It will be like my new business branch too. Wherever she gets married either near here or far from here, she can keep working in our company as well. I can give you an example in case my daughter gets married in Kigali. You know that Kigali is where we purchase material and machines; it is where we buy what we cook in restaurants, cleaning stuff, etc. The fact is that today, businesses are done through communication, so she can facilitate me in getting the material through communication. I can tell her that I need 10 bags of rice and she can send them without me having to spend in going to Kigali. If she gets married in Kenya, I will need milk tins and machines for my factory. Through communication, she will look for them and buy them, then she will send them to me without me going in Nairobi” (HERMAN HJMIL, founder)</td>
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Theme 2.C: Heirship, equal co-ownership expectations, and legal succession preferences among the next generation’s members

2.C.1 Equal and co-ownership creation among family members

Next-generation members felt psychological ownership that came from their heirship expectations. They expressed a feeling of an equal and co-created ownership spirit for the future of the business that they will inherit from their parents as the culture and laws allow them to.

“The first important key to a business’ success is creating a spirit of ownership in the owners of a family business. Everyone should understand that he is equal to his brothers and sisters in terms of shares, that s/he has the right to vote on decisions at the same level as his/her brothers or sisters. That is a crucial thing in a business’ life” (MALTHUS DRENOB, son)

To create such a feeling of equal ownership among family members, meetings and transparency in decision making was a start in family business led by next generation family members. But still, potential successors who were interviewed expressed the same idea of preserving the psychological ownership among the co-owners’ family members.

“There is no worry. These days, we have a discussion. Now I am learning to adapt to conversations with them. Let me tell you my experience when they were still young. I used to be authoritarian, but as they grew up, I had to adjust my leadership style. Now the current leadership strategy which I use for managing them is a good leadership style; it is about how I treat them. We are all equal. But there are times as a leader, when I may take the final decision in case I realize we are not reaching any compromise or concrete decision” (MALTHUS DRENOB, son)

In case of a divorce, family members found it necessary to put the interests of the family before individual interests. People could leave, but this should not affect the ownership structure of the family business. They believed that if this happened, a
family settlement could work. Family members wanted to keep the business ownership in the family in case of any disagreement or divorce of some future co-owners. They wanted to stay together when one of the siblings wished to withdraw his or her shares.

“Let’s assume your sister raises a problem in the business like withdrawing her shares in the family business. You delegate a person to deal with her. He may take the entire day advising her and explaining to her the consequences of her decision for the family business in terms of finance, law, etc. If you have a family meeting, you are the one who has to lead it. In such a meeting, you show the current situation of your family business to family members, you make them remember what had been said in the previous meeting, you talk about your plans, and you tell them whether disputes among some family members were settled at a given level and why not” (PETERSON SRG- BOZER, son)

2.C.2 Legal settlement and legal ownership succession preference over family mediation

When it comes divorce and settlements, some family members preferred legal settlements to preserve the integrity of the family ownership of the business if the parent remained silent about the case or died before clarifying individual ownership.

“Today there are rules which guide us in this country. The rules are clear. If the parent is no longer alive or he has written something unjust in his testament, the courts do not consider the testament. The family stuff is to be shared equally by family members. If a parent has five kids, his properties will be shared by all the five kids. Do you hear me? If a parent is still alive, he has the right to give whatever he wants to a child on the basis of his predetermined criteria and the others will not complain” (CHRIS CYS- BOZER, son)
Table 6.12. Equal and co-ownership creation and legal settlement preferences among family members: Selected evidence

<table>
<thead>
<tr>
<th>Case</th>
<th>Representative quotations</th>
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</thead>
<tbody>
<tr>
<td><strong>DRENOB</strong></td>
<td>&quot;We motivate each other to think out of the box for our future&quot; (JULIUS DRENOB, son)</td>
</tr>
<tr>
<td><strong>DRENOB</strong></td>
<td>&quot;As I told you, I took the initiative of making everyone equal, but when you observe your relatives and even your employees, you realize that there is someone who is different in terms of leadership, but in my absence, they may meet and vote for one of them to lead them&quot; (MALTHUS DRENOB, son)</td>
</tr>
<tr>
<td><strong>DRENOB</strong></td>
<td>&quot;In case of a divorce, we will not stop working together with our family members, but that depends on whether he or she prefers remaining part of us because his or her share remains in the business even if we do not have a partnership agreement. So far, cases like divorce and retirement have not happened in our organization but in all other cases, we support each other as family members&quot; (MALTHUS DRENOB, son)</td>
</tr>
<tr>
<td><strong>BOZER</strong></td>
<td>&quot;The future of our family business will depend on how our parent will guide us as his children about the future of the business. But it will be better if such a situation gets handled by the courts. In that case, those inherited businesses may not be in our father’s name as the owner, as they are now. He must first create a private company and the laws and regulations will guide its functioning and management&quot; (CHRIS CYG-BOZER, son)</td>
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Theme 2.D: Conflict awareness among co-owners at the family level

Maintaining rules and regulations for the daily functioning of the business was necessary for family members working in a family business. Self-understanding in a family business, and its nature of ownership compared to non-family firms was essential for family members. It allowed an allegiance to all family members involved in the family business.

"Regardless of whether you are a family member or not, you must put in your maximum efforts in the assigned job, and you have to respect the rules of work and follow the instructions given" (NMG, founder)

Respecting rules and regulations, as well as separating power and management, was a necessity for easing a family business’ smooth governance. People mitigated
conflicts by defining individual and business ownership of the available assets when it came to be misusing a business’ assets for personal use. If not, all family members could create chaos in the management and ownership of the family business.

“Another way of preventing conflict is preventing problems related to physical assets from arising in general. To do so, we adopted a system that separates business assets and the assets of the family. For example, my personal car cannot be used in our business and vice versa so I cannot use the company’s asset for my own interests” (MALTHUS DRENOB, son)

Another way planned to avoid disorder among family members was the introduction of governance mechanisms. If not, at least family meetings where agreements and disagreements among co-owners’ family members could be discussed.

“There are two kinds of meetings. In fact, in our organization, there are shareholders and they are not organizational leaders. They are the owners of the organization. They only appoint the management team. The managers are the ones leading, setting, and implementing the rules and regulations of this organization. For instance, it is not the shareholders’ role to determine the salaries of chefs in the kitchen. It is a technical decision. The main role that they have played was investing in the company. Some shareholders are working in the business, others are not. This means that what shareholders discuss in the family is not automatically brought and applied here in the organization as their decisions” (JULIUS DRENOB, son)

The most important items discussed were the possibility of some family members withdrawing from the business which may shake family ownership. To solve this, people preferred regulations defining individual freedom and family ownership withdrawal without family business dissolution. Such a withdrawal from the business, if one of the family members needed to withdraw his/her shares from the company, should be stipulated and allowed. Determining the procedure to be followed for anyone wanting to leave the company was also found useful for determining what he or she owed the company and what the company owed him/her and then such a family member may be allowed to leave the company without dissolving it.

“Another important strategy is that there is a need to determine strict rules and regulations that should guide the life of the business. These rules play a key role in limiting and discouraging some people who have a bad behavior among the shareholders in the family. You know people are different to the extent that some of them may want to destabilize others. For example, we are seven shareholders, but one of us may be pushed by his/her spouse to withdraw his shares and start having and managing their wealth separately. The rules are fundamental, my friend. The rules discourage such practices. For example, our rules signed by every one of us should state that if anyone wants to go he/she should leave the shares or if they sell them, priority should be given to the members of the family equally, except when all members are unable to pay for the shares or in case of insolvency. For us, this is already stipulated in the agreement” (MALTHUS DRENOB, son)
Table 6.13. The necessity of creating and maintaining a governance structure for protecting family ownership: Selected evidence

<table>
<thead>
<tr>
<th>Case</th>
<th>Representative quotations (First-order category: The necessity for creating and maintaining a governance structure for protecting family ownership)</th>
</tr>
</thead>
<tbody>
<tr>
<td>NMG</td>
<td>“Our main strategy is based on preventing problems before they take place. That is why we decided to separate our business assets from the family’s assets” (NMG, founder)</td>
</tr>
<tr>
<td>DRENOB</td>
<td>“You know, when you are in the family business, you must know what a family business is and what is applicable compared to other non-family businesses and submit yourself to family rules” (JULIUS DRENOB, son)</td>
</tr>
<tr>
<td>DRENOB</td>
<td>“To avoid abuse of power, we created a general board where we get to consult each other, especially about decision making for the business. We have few leadership roles of following-up and we delegate the rest of the management to professionals” (MALTHUS DRENOB, son)</td>
</tr>
<tr>
<td>DRENOB</td>
<td>“In our plan, we believe that one can be a family member or an employee, but not necessarily acting as a shareholder sitting on the board of directors at the same time. This is one example. In that sense, I myself can be a shareholder and not an employee, get my rights as a shareholder, while my level of professionalism may not allow me to work here in the company. This means that even if it is a family business, I as a family member cannot come and take some decisions I want, except if I am a manager or another employee in a certain position to take these decisions” (JULIUS DRENOB, son)</td>
</tr>
<tr>
<td>DRENOB</td>
<td>“All that is detailed in our policy. If you want to leave the company and run your own business, you can leave. You are also free to terminate your employment here, but if you want to leave the company, as a shareholder there are also some procedures to follow after which you are allowed to leave. For now, no one has shown any interest in leaving. It has never happened in our company” (JULIUS DRENOB, son)</td>
</tr>
</tbody>
</table>
| SMH  | “First, there is the testament which should state that the property should not be sold, and there should only be revenue sharing because successors alone cannot reach such an agreement. The second possibility is dividing and distributing the property among the kids. Even if one may sell his share directly, it is up to him but you avoid later conflicts. Just two approaches, a testament sometimes accompanied by separating and sharing properties with your family. The other example I gave you, he had drafted the testament for his kids. And he stated in that testament how his things would be managed and distributed among his descendants including grandkids. He prevented them from selling his properties. He believed that those properties
would feed his kids and his descendants. In that statement, he stated how his wealth will be shared and how the properties could be managed by one appointed member on behalf of the rest. Later, they started saying that the chosen one to manage was using the revenue for his own interests, and not for everyone. This is where the conflicts started until the case reached the supreme court, it was about to sell all properties and distribute the shares to all parts of the family” (SMITH SMH, founder)

Concluding remarks on theoretical dimension 2: Day-by-day continuity of the family business in terms of family ownership

The main finding of this thesis in terms of family ownership is the inter-generational tensions that result in a kind of inertia among both the current and next generations. Inter-generational tensions in terms of ownership exist between parents and children in the business as there is a distance and a different way of envisaging the future of the business between the two. The founders, in general, opt for inheritance, that is, keeping the firm and leaving it to all members to share it equally when they retire or pass away. They reveal their plans through testaments. Parents mainly want to run their businesses alone, excluding their kids. This practice is what I call chiefancy retention. This chiefancy retention accentuates inter-generational distance. For founders, the logic is: ‘it is my business, my source of income for sustaining my family and educating my children and leaving a legacy of assets and it is not a business.’ On the other side, the next generation’s family members opt for participating in the daily management of the business without much pressure on the governance structure or ownership as a way of respecting the tenure of the founder and all issues regarding the life of the business. The future ownership structure is determined by the founder-manager or the immediate successor appointed by the founder, who is likely to be the elder or first-born son, but in most cases the founder avoids imposing the next leader on the rest of the family. Ownership transfer in Rwandan culture is influenced by the fact that following culture the founder-manager does not make his successor clear in advance. The cultural practice is that the succession plan is revealed after the one to be succeeded has passed away.

As a response to this silent tension, the children are aware of the limited influence that they have in their parent’s business. They hope to start their careers, not necessarily a business like their parents. Except they wait for the founder’s death to divide the family firm like the other assets. That is what they call ‘succession,’ or a legal succession in the form of receiving part of your inheritance. Alternatively, all potential successors must reach an agreement to continue together as a family business. Such an agreement is likely to happen after the death of the founder, but with little probability of leading to a solid partnership. I observed a few cases where the children had overtaken their parents’ business.
The involvement of family members in the business ownership’s continuity is limited by the presence of the founder, who, in most cases, takes full control of the business. Another challenge of involving the next generation’s members in the ownership continuity of the business is uncertainty due to the non-existence of a clear plan for succession according to the culture of not revealing the succession plan and the will of the founder before his death. The uncertainty is also accentuated by the recent matrimonial law (law No. 27/2016 of 08 July 2016, the law governing matrimonial regimes, donations, and successions) giving power to parents to pass on their inheritance or not as per their discretion, therefore, involving the next generation’s members in the business when they do not know their degree of ownership or what they will get in terms of shares. This is challenging for the young generation.

This situation characterizes conflict in the family business as described by Sharma (2004) in which parties may disagree about a task, the process, or their relationships. In the previous theoretical dimension, both the founding generation and the next generation shared a commitment to continuing the family business in a non-interfering manner. However, when it comes to the way the ownership should be continued, the tension is real. As an outcome, tension in terms of ownership results in a kind of inertia that leaves room for the next generation to decide about the fate of the business when they start exercising their right as equal successors. They may choose to keep the business alive or divide the assets of the business equally among the siblings. Such inertia is a result of the inter-generational distance, not only having roots in the Rwandan culture (Friederici, 2018) but also in the recent social transformation in Rwandan society (Pontalti, 2018). The consequences of such a situation is the resulting inertia which may slow down the socialization process between generations as well as affecting the commitment of the next generation’s family members; this is described as guiding literature in this thesis. This conclusion of the aggregate dimension contributes to literature in explaining the role of the specific context and associated cultural aspects on the continuity of family businesses.
6 Findings

Theoretical dimension 3: Day-by-day continuity of the family business in terms of family management

Theme 3.A Gradual professionalization to ensure the continuity of a family business’ daily operations

<table>
<thead>
<tr>
<th>First-Order Category</th>
<th>Second-Order Theme</th>
<th>Theoretical Dimension</th>
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<tbody>
<tr>
<td>3.A.1 Gradual delegation of the founder’s functional roles, shaping the next generation members’ management abilities</td>
<td>3.A Gradual professionalization to ensure the continuity of a family business’ daily operations</td>
<td>3. Day-by-day continuity of the family business in terms of family management</td>
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<tr>
<td>3.A.2 Gradual change in management involving non-family managers</td>
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Figure 6.9. Theme 3.A Gradual professionalization to ensure the continuity of a family business’ daily operations

3.A.1 Gradual delegation of the founder’s functional roles shaping the next generation members’ management abilities

Once the owner-managers become old and need continuity of their businesses in their management, they start involving qualified family and non-family managers to support this continuity with a change in management leading to professionalism. According to some founders, as a family business grows, family members are first giving some functions to manage.

“I want the company to continue being managed as a family property. Wherever it has branches, they must/may be managed by my children. You know people can change their minds; it may happen that I may incorporate non-family members in our family business. It depends on the circumstances. Till today, there has been no need to incorporate other people. It is still a family business” (HERMAN HJMIL, founder)

In fact, sending children to good schools as done by many business founders is not enough. The problem comes when parents do not introduce them to the business when they complete formal education. The introduction of family members to the business by the founders was confirmed by those already replacing their parents, stressing the role of introducing the children progressively to the business.

“We were close to our mother, and she played a big role in attracting us to work in the firm. I can say that bringing us slowly into the business was like a business strategy set by our father. As our father motivated our mother to join the business and she liked this business, she did the same thing with us later. I remember
when I was in secondary school, during the holidays helped my mother in her business. I served in the hotel as a part-time job. This is how every one of us found himself or herself in this business and got involved in its activities little by little. It seems like it was their strategy to train us for these jobs. I think that our mother was thinking that she was getting old, there was no other way out expect to train us to sustain the business” (JULIUS DRENOB, son)

Therefore, the initiation of the next generation’s family members is not only a continuous attempt and success for the founders only. Continuity of the business is an outcome of the choice and actions of the current generation of founders who initiate the successors into the businesses as was experienced by family members already in the business. According to the respondents belonging to the next generation already working in managerial positions in the family business, induction by example shaped the entrepreneurial behavior of the next generation. The next generation’s members were running businesses thanks to their parents’ efforts and were thankful and acknowledged the role played by their parents in initiating them into the businesses. The founders’ role was becoming an example and being responsible for the children, or the potential successors.

“Generally, our family businesses were successful as a result of our father's attitudes and practices. He never played with emotions. He cared about the business as a business. He said that kids must go to school, and he would the pay school fees. We as his kids, followed that attitude and we understand that we must go to school and learn to fight for our living. That thing of copying our father's behavior made me get into an art career as an architect. Briefly, I did architecture to fight for my life because my father's properties are his properties not ours. Can you imagine that I used to study in the eastern province going from here, the southern province, and our father was not pumping us with much pocket money? I could spend three to four months at school. He taught me how to be responsible. He bought all the necessary stuff like soaps, tubes of toothpaste, and he used to ask me: 'What else will you buy at school which will cost more than this money I give you? I think it is enough for you.' His practices pushed me to be independent and self-sufficient. The opposite scenario I learned through what I observed about the relationship between parents and children who failed to manage their family, the first thing was a sentiment that parents taught their children instead of letting the children think and fight for their lives. Parents exaggerated the situation in the way they treated their kids with a lot of money which spoil them” (CHRIS CYS-BOZER, son)

As an outcome, even if founders had worries and were disappointed in the abilities of the next generation’s members. However, some of the founders were confident that the next generation could take over the businesses after they were initiated into the businesses.

“They really like this business and they appreciate it a lot. When I look at their commitment to working in this business, I can say that they had already made their choice about their career. The next generation is confident and ready to take over. Its members are not looking for other jobs. It is well understood that if they look for something else it will be something that will upgrade this business.
They are committed to this business. I leave them with tasks, and they accomplish them. I can send them to make some purchase and they will do it. Even if they are still young, they can take the initiative of leading workers and workers respect their decisions when I am not around. When I see how they accomplish their daily responsibilities, the way they wake up very early to open the shop, how they take control of everything, it shows me that they have already taken over the ownership of this business” (HERMAN HJMIL, founder)

Such confidence shows how in some families, there was hope in the continuity of the family businesses while in others the parents were worried because of the role of the founders in educating and preparing the next generation’s family members taking over the family businesses.

“Yes, he also runs his separate businesses to get what he can call his own thing. He works for himself. I want him to go on. He is a car dealer and if you know him, you will see him with different cars. He buys cars and resells them later. That is how he makes his own money. It is true he is working there, and he has a night club. He works for himself. He uses his account and tax identification number. That night club is his property. His younger brother also owns his own hair salon” (SMITH SMH, founder)

Letting go of some functions or trying out some ventures was not as bad as some founders thought. Progressively, the family became aware of the need for transition of the business’ daily management to potential successors or professional managers for better continuity of the business’ management. They delegated certain functions and only supervised the business as the top management team.

“When you start decentralizing, you find that your routine presence is not necessary. I appreciate that. Now I wish to create a system in which my absence or the absence of family members does not affect the business’ operations. There will be no significant person in our family business. In that case, whether you are there or not, someone else can continue leading the business as well. For instance, earlier Didier managed the business with our sister, but now she is married and lives in Europe, so he is working alone but he is empowered to fulfill this task. He is running the business well without asking me about what decisions to take. I have no reason to go there for supervision. Instead, I go there for updates, trying to find out whether he has taken appropriate decisions: ‘What is going on there? How did you do this and that? etc.’ I can’t do that anymore. You sometimes find that they have done far more than what you imagined” (MALTHUS DRENOB, son)
Table 6.14. Gradual delegation of the founder’s functional roles, shaping the next generation members’ management abilities: Selected evidence

<table>
<thead>
<tr>
<th>Case</th>
<th>Representative quotations</th>
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<tbody>
<tr>
<td>BOZER</td>
<td>“I am almost retired. Normally my businesses can auto finance themselves when I am not around. The biggest challenge is finding someone to manage them. You know, that person should also be paid” (BOZER, founder)</td>
</tr>
<tr>
<td>BOZER</td>
<td>“My businesses should be managed by one person who may be appointed by a vote taken by my children” (BOZER, founder)</td>
</tr>
<tr>
<td>HJMIL</td>
<td>“I let them explore the business and bring in their creativity. Briefly, I do trust them and respect their decisions” (HERMAN HJMIL, founder)</td>
</tr>
<tr>
<td>HJMIL</td>
<td>“Yes, family members are committed to the family business’ activities. I can give you an example about the children who are still at school; it is not easy to convince them to eat first when they reach home from school. They get quickly into the activities, getting in the kitchen to observing and even cooking together with other employees, serving customers, or working at the help desk. They are proud of our business. They like to participate in our business. As they grow up, they find themselves already in the workforce voluntarily and I never obliged anyone to work in our business. Their salaries are just the care we give them. They get whatever they need. They do not miss anything” (HERMAN HJMIL, founder)</td>
</tr>
<tr>
<td>HJMIL</td>
<td>“They observed what I did, they saw how I get services. The services that I get were not as a person, but as a company. And they know that providing a service is the same as providing a service to my family. I sometimes need a service and I send my children to look for it on behalf of the company, they are well served” (HERMAN HJMIL, founder)</td>
</tr>
<tr>
<td>SMH</td>
<td>“I just work for my family, and the family business is for my children. I showed them how I work, the son whom I work with he learns how I work, others also learn from me, the one who came from India is learning what I am doing. For me, it is a blessing to have them for the future of my business. I hope that the day I am unable to manage my business they will come together and manage it well together” (SMITH SMH, founder)</td>
</tr>
<tr>
<td>SMH</td>
<td>“The one who is working here with me studied woodwork. He knows what I do. He can make bids for tenders and execute them. He has already started. He can manage and take over this factory very well if he continues to manage well” (SMITH SMH, founder)</td>
</tr>
<tr>
<td>NMG</td>
<td>“Trained family members get employed in the firm quickly. We send our kids to school and we continue to train neighbors in our school” (NMG, founder)</td>
</tr>
<tr>
<td>NMG</td>
<td>“In the past, people used to run businesses without a specific plan, but today with my kids coming after training and new managers with new and different ideas coming in, everything requires some type of knowledge and skills to elaborate on a well-designed business plan. That is why we are investing in education. We need to acquire some knowledge and skills that will help us to achieve our firm’s objectives efficiently and effectively” (NMG, founder)</td>
</tr>
<tr>
<td>BOZER</td>
<td>“Now I run a restaurant business for students, and my mommy had a restaurant, and my daddy had a hotel too. You know the hotel has a restaurant; I worked for it. With my parents’ business, I got experience. I learned how the restaurant works, cooking, and caring for customers, I know how the bar works, how to sell and serve beer to customers” (CHRIS CYS- BOZER, son)</td>
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| DRENOB | “A family firm is like an enterprise in which the owners are family members who
6 Findings

<table>
<thead>
<tr>
<th>DRENOB</th>
<th>“Around 1995-96, our mother started initiating us into this business. She was in her 50s. She had already figured out that she was getting old and had started planning for the future. I think this is how things should be. This is the same strategy we should use too. Check if the energy that I had before is not the same energy I have today 20 years later” (JULIUS DRENOB, son)</th>
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<tbody>
<tr>
<td>DRENOB</td>
<td>“What we all accepted was that everyone will get overloaded at the end of the day, so in our shareholder meetings, we agreed to decentralize power. Now, the managers have power. Whether I am around or not, organizational operations must continue. We think that decisions like this one will help us in the coming years” (JULIUS DRENOB, son)</td>
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3.A.2 Gradual change in the management involving non-family managers

Not only were the family and founders aware that they would not be able to continue managing their businesses alone, but they also initiated family members into managerial roles, but this effort was supplemented by professionals. There was an imminent felt need for a change to attract non-family professional managers.

“So far, we do everything, and we form aboard. Yes, it is feasible now, but will it continue? As many changes come along, will they allow our business to succeed for a long time? [...] As I said there is lack of skills and knowledge in our business at different levels, and you cannot lay off an employee who has been in the company for more than 10 years just because he or she is not able to respond to the actual skills and knowledge needed in his area of work, that is why we have tried to get them different training to build their capacities for themselves and for our employees” (MALTHUS DRENOB, son)

This is how the idea of recruiting non-family managers came to the table for discussion, and business families started involving qualified family and non-family managers.

“Sometimes we talk about it in our informal conversations. Normally we recognize that even if we manage our enterprises, it will not continue like that permanently. As an enterprise gets bigger, you may need more inputs, especially business management knowledge. Now in our businesses, we are lucky to have our brother Joseph who has studied hotel management, but as for me, I studied medicine. You know, you may be the owner of an enterprise and get some experience and skills while you lack formal managerial knowledge. You can admit that you need some more inputs and recruit experts” (MALTHUS DRENOB, son)

However, the family should not abandon the business to non-family managers as there was a fear that this may lead to the nature or mission of the business changing.

“Our role always is ensuring the supervision of all activities. What we need is to be more professional” (MALTHUS DRENOB, son)

The owner-managers stayed at the top level to supervise and ensure that the family business performed as usual, even if there was a non-family manager.
“If I want something, I may bring in someone, I give him the formula or design on how I want that thing to be, and then he executes what I have told him. This is how I work with my business managers; I tell them how I want them to manage my businesses to bring in desired behavior within my organizations. So, my children should act just like me” (HERMAN HJMIL, founder)

Business families adopting the new way or professionalizing their businesses found this beneficial in many ways.

“When I see the relationship between my family and me, I am confident that my business will prosper in the future. This is because we keep on upgrading the technology in our business, my children have already proved to me that they are creative, they bring new insights to our business; I hope that they will achieve more than what I think about today. Again, remember that they will be many people united together. Two united people are better than one, as the proverb says” (HERMAN HJMIL, founder)

Table 6. 15. Gradual change in the management involving non-family professional managers: Selected evidence

<table>
<thead>
<tr>
<th>Case</th>
<th>Representative quotations</th>
</tr>
</thead>
<tbody>
<tr>
<td>NMG</td>
<td>“We also aim at acquiring a well-skilled and strong management” (NMG, founder)</td>
</tr>
<tr>
<td>DRENOB</td>
<td>“What I have observed is that people should not remain conservative and follow old perceptions. You should cope with the times and the reality of running a modern business with the changes that come with it. You should not be conservative; you should cope with change because business challenges keep changing too. In the beginning, we had no wives, no husbands, today the same business has become a business for husbands and wives, today there are also children, in 30 years, they will need jobs and will be getting married too” (MALTHUS DRENOB, son)</td>
</tr>
<tr>
<td>MALTHUS DRENOB</td>
<td>“I can give you an example of our hotels. I am here as Managing Director, but the manager is not our family member. He is an employee who passed through a recruitment test and became a manager; he passed the test and got that position. He is assisted by a Deputy Manager, who is not a family member too. The next family member in position is in finance” (JULIUS DRENOB, son)</td>
</tr>
<tr>
<td>HJMIL</td>
<td>“Our employees who are non-family members, either those in managerial positions or normal staff, are all experts in their domains. They are qualified people with knowledge and different skills. I think that my children cannot replace them because they are experts. What my children can do is to place a request with those experts about what they want and the designs they want. […] this does not mean that I know how to do everything that is made by the company” (HERMAN HJMIL, founder)</td>
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</table>
Theme 3.B: The next generation’s members crafting a future management approach

<table>
<thead>
<tr>
<th>First-Order Category</th>
<th>Second-Order Theme</th>
<th>Theoretical Dimension</th>
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<tbody>
<tr>
<td>3.B.1 The next generation raising concerns about commitment to the family business’ daily activities</td>
<td>3. B The next generation’s members crafting a future management approach</td>
<td>3. Day-by-day continuity of the family business in terms of family management</td>
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<tr>
<td>3.B.2 Formulating the future management approach for the continuity of the family’s control of business under the next generation’s tenure</td>
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Figure 6.10. Theme 3.B: The next generation’s members crafting a future management approach

3.B.1 Next generation members raising concerns about commitment to the family business’ daily activities

The next generation’s members working in the business were determined to take the family business to the next level through regulation and full submission to the business as well as removing any form of disorder or indiscipline among family members working in a family business. To remove such disorder, the next generation’s members expressed the need to base family members’ involvement in the business on individual qualifications and commitment to the business.

“It is because people are different. You and all your young brothers do not have the same intellectual capacities. You do not have the same understanding of business. You may earn the same income but as a result of different qualifications your perceptions are different too. For instance, I am an architect, another one did not even complete university studies and he remained in the company as an employee and was paid one million FRW per month. I am here as an architect and I perceive that my business is not running well in this time of crisis, I may say that let me go there and get that million as salary per month too. I, as an architect, will not accept earning that million as my brother who did not complete university studies, because I use more knowledge acquired from my studies than him. That is what comes in people’s minds. If everybody accepts that the salary is the same for everyone who wants to work in the company, then the family firm can work better” (CHRIS CYS- BOZER, son)

Such a decision to look at individual qualification and commitment to the business can also help screen candidates while recruiting non-family professionals. To start from within the family, the next generation’s family members expressed a commitment to continuing the business’ activities as their primary career or
continuing to assist whenever needed. They felt a part of the business since they were introduced the business gradually.

“We started getting involved in this business when we were still children. The business was near our home. We used to take short breaks to help them. As we kept working in our parent's business, it became like routine and we felt that there was no other job that we could do” (JULIUS DRENOB, son)

But in most cases, they were guided by respect and commitment to the family and to the head of the family. A few family members worked in the family business on a full-time basis, but most of the next generation’s family members worked in the family business both in formal and informal ways while also running their own businesses. But the good thing is that they agreed with the decision to work in the family business and also their own business without interference with or by the main business.

“Something which I did not explain to you clearly was that when you work as family members and you work well, as men you discuss everything. My young brothers had informed me about their intentions to start their businesses, and we discussed this before they started their businesses. I sometimes advised and encouraged them as the elder” (MALTHUS DRENOB, son)

As we saw earlier family businesses could not accommodate everyone, so parents assisted their children in starting their ventures. Whenever the family business needed support from the children, they worked in the family business.

“If I realize that this business I am doing now is not running well, I will try another till the day I get a business that can satisfy me. My brothers also do the same. Whatever the circumstances, even if there are disputes, you must obey. Whatever the advice given to give, whatever task given, you do it and then you move to your own business” (PETERSON SRG-BOZER, son)

This shows how the next generation’s family members were subordinates and assistants in the family business and believed that their time would come to run and change what was best for them.

3.B.2 Formulation the future management approach for the continuity of family control of business under the next generation members’ tenure

To make a smooth transition to the needed and initiated professionalization, the next generation’s family members raised concerns about how to address the issues so that their term was more beneficial for the family business’ continuity. Among other things, their involvement in the management and daily activities of the family business had to be regulated for all members to feel at ease.

“Like another person who seeks and gets a job in our business, we as next generation family members working in the business set as first condition as removing any form of negligence that seems to be associated with the fact that we are family members that drives us to do what we want in a family business. Our enterprise acts like any other non-family enterprise, especially when it comes to the discipline among workers. As its employees, we follow the same rules as non-family employees. Whoever you are, a family member who works for the business
or any other non-family member employed you need to follow the same organizational rules. This makes us think of ourselves first as the firm's employees and not as family members. A family member can become a shareholder later, but we all start as simple employees” (JULIUS DRENOB, son)

The next generation’s members found it imperative to work out a self-regulatory framework for the better management of the family business where all co-owners could have a say. This is because, it was difficult to manage family members working in a family business when everyone wanted to be part of the BOD.

“You know there is a part of the family which is based in Butare, one of the family members may be the head manager of the family businesses for a given mandate and give a detailed report to the others, then at the end of his/ her term, another one takes the lead. That is how other families do their businesses. That approach is better than an approach where everybody is on the board. One picks this for his interest, and another one picks that, then they have a family dispute. No!! You have your three years for managing all family businesses let’s say, you manage them, and then you give us reports. Then every two months, we can schedule meetings and you show us business trends, cash inflows. You show us everything. I think that approach is good” (CHRIS CYS- BOZER, son)

Expected better management practices in the new generation’s time were are made possible through regular meetings and concentrating on better decision making and management of the family business.

“My view which I share with my brothers and sisters is that working together allows our family business to develop. The first principle to recognize is that the unity of a couple or three people achieves more than one individual's efforts. Working together makes us develop our minds. There is time, you wish to do something and you convince yourself that you are right, but once we meet as a family and discuss that matter in detail you end up postponing or finding no solution to the problem. What you do is you go back home and take the time to think about it again and analyze all the details. Later, you realize how wrong you might have been alone. Simply, if a person takes time to think and rethink, you end up reaching something positive. That is the reason why no one thinks for himself or herself, we combine all our thoughts together, and we come up with good and strong ideas. That is the first important contribution of thinking together and following a better decision-making process” (JULIUS DRENOB, son)

Co-owners took charge of the family business’ management and/or delegated if necessary and just oversaw its management. At least this is what they envisioned for better control of a growing family business.

“Earlier we worked informally. Now we have fully inherited the business, so we meet as owners. I am no longer acting alone. I used to be authoritarian with my brothers and sisters but now things are different. We have equal rights, and this is productive. Now they can protest and tell me if I am wrong. Earlier, there were no meetings. Now we discuss as shareholders, we show everyone the
wrongdoings in the positions that they occupy, and they tell me too. It is a strong discussion between shareholders with equal respect. No one is above others anymore” (MALTHUS DRENOB, son)

As an outcome, they were devoted to unity and trust and complementarity in the management of the business among family members. This spirit of unity and complementarity among family members was needed and promoted to move towards better management as the next generation took charge.

“A secondary important aspect of working together as family members is in terms of finances. As you said earlier that if one of us takes a spoon, another takes a plate, another takes a flask, and we separate the family business’ resources, we may fail to meet customers’ demand of 50 cups of tea, but if you put together those seven flasks, you cannot fail to serve tea to 50 people. That is the same principle as the Rwandan proverb ‘Where there is unity, nothing is impossible’” (JULIUS DRENOB, son)

If members trusted and talked to each other openly, the result was complementarity in everything, from small tasks to decision making or even intimate details in the daily life of the business. I found this in family members working together in the management of the family business. The sense of familyhood among family members became a pillar in the family business’ continuity.

“I sometimes think of something. Later I realize that my younger brother has already thought about it better than me. I observe that many times. You may never know someone’s abilities or leadership qualities because you prevent them from taking the initiative. He may even have better leadership qualities than you. But if you cooperate well with your relatives, you get to know everything” (MALTHUS DRENOB, son)

Table 6.16. Commitment to the family business’ daily activities and formulating a future management approach under the next generation’s tenure: Selected evidence

<table>
<thead>
<tr>
<th>Case</th>
<th>Representative quotations (First-order categories: Commitment to the family business’ daily activities and formulating a future management approach under the next generation’s tenure)</th>
</tr>
</thead>
<tbody>
<tr>
<td>DRENOB</td>
<td>“In the recent past, our main strategy for keeping our family business alive has been committing ourselves to the smooth running of the day-to-day activities of the firm” (MALTHUS DRENOB, son)</td>
</tr>
<tr>
<td>DRENOB</td>
<td>“I trust my young brother more than anyone else who is not my relative. He may not even work well, but that kind of trust sets me free and allows me to focus on something else” (MALTHUS DRENOB, son)</td>
</tr>
<tr>
<td>DRENOB</td>
<td>“The most important thing is mutual understanding among family members. Mutual understanding is ideal, but when it comes to business, qualifications prevail, and then comes individual willingness and commitment to work” (JULIUS DRENOB, son)</td>
</tr>
<tr>
<td>DRENOB</td>
<td>“The most important thing that we try to do as next generation shareholders, is consultation meetings. We have regular meetings” (JULIUS DRENOB, son)</td>
</tr>
<tr>
<td>DRENOB</td>
<td>“There are shareholders and personnel in the company. Normally, shareholders periodically schedule their meetings, following a predetermined time and there are also management staff meetings” (JULIUS DRENOB, son)</td>
</tr>
</tbody>
</table>
| DRENOB    | “We usually hold a general meeting of the shareholders. However, we started inviting deputy managers to our meetings as professionals, and they really challenge and compliment us, so it becomes a management meeting. As we have three businesses, we have three managers and, on top of them, we are also three
brothers as directors. So, for some decisions, we sit as shareholders and for some managerial decisions, we mix with managers. They bring technical and operational issues for decision taking or they suggest solutions for these issues. But we also participate in the management a lot, we always know what we have, and we get clear information about our financial standing from the general meeting that we hold every year” (MALTHUS DRENOB, son)

BOZER “I do not see whether there is any family member who is mostly working in this family business. We all do not work in his business on a full-time basis. On my part, I help him draw maps and design the buildings. If there is a house to rehabilitate, it is my responsibility to fulfill this. PETERSON SRG- BOZER was the marketing manager earlier, but today he runs his own business, he spends some time advising our father for recruiting employees, looking for contracting opportunities, this is what he does, I do that too” (CHRIS CYS- BOZER, son)

BOZER “We sometimes have a meeting in the family. In that meeting, he (the founder) tells us his plans, tells us the situation of his business, tells us about his loans, the income he earns, he tells us everything about the business. At the end, we tell him about our businesses too. This is what happens when we have a serious meeting. In fact, we keep consulting each other and our parents. Different kinds of stuff are discussed in those meetings. For instance, we did a business extension. It cost a lot of money and the founder regularly explained to us why he was using so much money on it and the construction plan was also done by one of our brothers, he controls all that and does it as he works for the family” (CHRIS CYS- BOZER, son)

Theme 3.C: Building loyalty among in-laws, siblings, and non-family employees working in the family business

<table>
<thead>
<tr>
<th>First-Order Category</th>
<th>Second-Order Theme</th>
<th>Theoretical Dimension</th>
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<tbody>
<tr>
<td>3.C.1 In-laws and siblings are present in several activities that they can perform</td>
<td>3.C Building loyalty among in-laws, siblings, and non-family employees working in the family business</td>
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<tr>
<td>3.C.2 In-laws and siblings working in a family business become catalysts guiding new employees and new leaders</td>
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<tr>
<td>3.C.3 Unintegrated in-laws and siblings are likely to destabilize team spirit and deviate co-owners which is detrimental for the family business</td>
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<tr>
<td>3. Day-by-day continuity of the family business in terms of family management</td>
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Figure 6.11. Theme 3.C: Building loyalty among in-laws, siblings, and non-family employees working in the family business
3.C.1 In-laws and siblings are present in several activities that they can perform

In-laws, siblings, and non-family members working in family business seemed to be a sensitive topic among the founders and the second-generation family members interviewed. Some in-laws did not join the family business but allow conjoint coming from the business family.

“One of my sisters got married to someone who had his own business, but after getting married, their business got stronger…. Normally, we work together with our two sisters in our family businesses even after their marriage” (MALTHUS DRENOB, son)

They agreed that they were a part of the family business’ regular staff. Sometimes such staff members were not given any special considerations.

“As I told you, there is no discrimination with regard to either family members or non-family members [...] family members serve just like me and ensure the supervision of other non-family employees” (NMG, founder)

On the other hand, they agreed that family members served as daily workers in the family firm at all levels of activities, from lower levels up to supervisors. For instance, daughters or sisters continued to work in their family business even after marriage and continued to serve as a source of labor. Sometimes, this depended on the position that was available or because of the proximity of the business and residence. Sometimes, they also worked as free labor.

“Our family is composed of three daughters and four sons, and our sisters work in our business too. They work in all three businesses depending on the proximity of their families. All the daughters are married; their husbands are not working here right now. On the other side, there is one of us whose wife works here” (JULIUS DRENOB, son)

Having said that, respondents agreed that in-laws must be given equal opportunities is based on merit and not as a favor. In-laws like other siblings must be recruited only on merit, to avoid favoring them or creating jealousy among other siblings who did not get jobs in the family business. Such equal treatment of siblings, in-laws, and non-family members working in the family business led to conflict prevention and led to the progressive assimilation of siblings and in-laws into the family business.

“In-laws joining our business and playing a role in the family organization will depend on their competencies. If my businesses increase while they are unemployed, I do not see why they may not get a job here, be employed, and get paid like any other employees in an organization with their salaries determined like any other employee’s, depending on their qualifications and positions. Then, at the end of the year, everyone comes in to collect his/ her dividends” (BOZER, founder).
3.C.2 In-laws and siblings working in a family business become catalysts guiding new employees and new leaders

Having family members working in a family business was good. They helped keep the momentum among newcomers and new leaders by channeling the family business’ culture of how to do things to them. Some as loyal and experienced workers stayed in the family business for a long time playing the role of a catalyst and team builders for new recruits.

“Then we recruit new well-skilled employees to team up with the existing employees, but without firing them. Keeping employees for a long time is good as far as transferring the organization’s knowledge culture is concerned. It helps new employees to learn our systems quickly, its do (s), and don’t (s) and that builds trust between employees so that the family keeps employees like a winning team. Former employees are trusted more and are given supervision or storekeeping posts, so they feel that they are already integrated into the family” (MALTHUS DRENOB, son)

It was not easy to lay off such people. Working with experienced workers was like working with your own family. So, training and retaining staff and treating them like family members was common among the business families who participated in this research.

“As we worked together as employees and as I was their employer or supervisor, even if we were all employees, after negotiating with the church, we made an agreement that I was no longer their employee and I became self-employed who was a partner with them. It is well understood that there was a change between me and the church, but there was no change between me and manpower. They became workers in my enterprise following the same conditions as they did for the church. So, it was not like one person forming one family or one common enterprise” (JOHN MZDCOW, founder)

3.C.3 Unintegrated in-laws and siblings are likely to destabilize team spirit and deviate the co-owners which is detrimental for the family business

Most of my respondents agreed that in-laws must be well treated as culture requires, but in a business family, it should also be stressed that deviation of their spouse co-owners needed to be avoided as this was detrimental to the family business. Failure to integrate in-laws in the business may lead to their conjoint deviation in involvement in the family business which would be detrimental for the family business when the couple pull family members away to start their own businesses or limit their involvement in the family business to take care of their own families.

“In our businesses, we sometimes work with our brothers-in-law. We respect them as brothers or sisters and create in them an attitude of ownership for our family businesses. As a business shareholder, you must be careful because once you fail to create business ownership in your brothers-in-law or sisters-in-law, your brother or your sister may also lose that ownership as a result of the influence that may come from those third parties. One may tell your brother that
there is no reason for caring much about the family’s affairs and starting his own business because the family business is not for him” (MALTHUS DRENOB, son)

To avoid such a situation of losing both an in-law and your own family member’s involvement, it was found necessary to work on the in-law’s loyalty and making them feel co-owners at the same level as their conjoint family member. So, in-laws had to be treated with care so that they would feel at ease in the family business. This led to their progressive assimilation and feeling equal to their spouses as co-owners.

“The first important thing we do is keeping our unity strong. Secondly, integrating everyone who joins the family and really feels like one of ours. If I get married, my wife becomes one of ours too. It is not easy but slowly, you make her understand how she is the co-owner of the business too so that she does not feel that only her husband is the co-owner of the business with his siblings, but both wife and husband are co-owners of the shares I had in the family firm before marriage. Spouses need to invest in the business; for instance, my wife attends meetings on my behalf and feels important in managing the daily affairs of the business. If well integrated, they end up behaving and talking like owners. She stops saying ‘your business’ and says ‘our business.’ For instance, my wife feels her ownership when she gets out and people start calling her the owner of this hotel. When they say, ‘look at that one, she is the owner of the hotel …’ she feels proud of being called the owner of the hotel” (MALTHUS DRENOB, son).

The best way of making in-laws feel equal and respected, was for family members to establish governance and ethical mechanisms aimed at integrating the in-laws. All possible means were put in place for potential conflict prevention and management, which led to the progressive assimilation of the siblings and in-laws into the business. Giving them special treatment was essential.

“For example, I may work with my younger brother and his wife too. If his wife makes a mistake, I would not immediately punish her as I would punish someone else. You have a limit to the way you behave towards her. That is my perception” (MALTHUS DRENOB, son)

In case of a conflict involving an in-law or a family member, it was better to ask a non-family manager to mediate for keeping harmony and avoiding escalating the conflict among family members.

“To prevent conflicts among us, we separated the manager’s responsibilities and family members’ responsibilities to resolve technical and social disputes which may arise at the workplace. Power is delegated to the manager, and he is the only one who decides instead of any family member” (MALTHUS DRENOB, son)

This was because of relational difficulties in managing relatives at the workplace. Family business owner-managers who participated in my interviews were aware of the relationship conflict arising from managing complexity arising because of
family members and siblings’ working in the family business. To solve these problems before they surfaced, defining the roles of co-owners and siblings working in the business helped maintain unity thus avoiding conflicts among family members and relatives working together. The rest involved respecting the business structures and line management.

“Working with my in-laws does not create any problems because it is not necessary for me to ask an employee about anything happening simply because I come from this family. Normally, there is an organizational structure, at least now there is. For instance, if my wife is a storekeeper in this business, she has her immediate supervisor. She must deal with her supervisor. I am not concerned with what she is doing. And if her issue reaches me as the CEO, I am not in a position to handle her problem alone. It will be handled by organizational management. I cannot intervene because she is my wife. As I told you, when it comes to business, we must forget the family side” (JULIUS DRENOB, son)

Table 6.17. Building loyalty among in-laws, siblings, and non-family employees working in the family business: Selected evidence

<table>
<thead>
<tr>
<th>Case</th>
<th>Representative quotations (Building loyalty among in-laws, siblings, and non-family employees working in the family business)</th>
</tr>
</thead>
<tbody>
<tr>
<td>DRENOB</td>
<td>Yes, there are some relatives working here, they work like any other employees (MALTHUS DRENOB, son)</td>
</tr>
<tr>
<td>DRENOB</td>
<td>In case of marriage, we must welcome the newcomer to our family, explain to him or her about the family’s culture, ethics, and norms and make him or her feel like am owner of the business (MALTHUS DRENOB, son)</td>
</tr>
<tr>
<td>MZDCOW</td>
<td>With regard to my in-laws, it is better to keep them away and not involve many family members unless they are qualified for the job or if they represent their spouses in the management team or on the board of directors (JOHN MZDCOW, founder)</td>
</tr>
<tr>
<td>HJMIL</td>
<td>My son-in-law is a new family member. His kids will be among my descendants. You cannot exclude him from the family. I can work with him, but it will depend on my choice. Even though this business is called a family business I worked with some people who were not my family members. He is part of my family. I cannot refuse to work with him. Whatever he will get, it will be for my descendants (HERMAN HJMIL, founder)</td>
</tr>
<tr>
<td>DRENOB</td>
<td>Concerning other family members, apart from their jobs, some of them like old and experienced workers also serve as role models in transmitting our organization’s culture and committing others to the tasks in the organization (MALTHUS DRENOB, son)</td>
</tr>
<tr>
<td>DRENOB</td>
<td>The immediate family members serve as role models and supervisors in the organization. Family members bring synergy to the business in many ways. For instance, you can get advice from your wife. Good relationships among family members bring togetherness and good decision making through consultations (MALTHUS DRENOB, son)</td>
</tr>
<tr>
<td><strong>SMH</strong></td>
<td>“When it comes my in-laws and their future role in my business, I do not know. They are spouses of my children, but I do not stay with them, and I do not know their behavior. It is hard to predict what they will advise my children to do. For the moment, of course, if there is a job vacancy, I can hire them. To work with them would be good. Even if they are not my kids, I may work with them and treat them as my own children” (SMITH SMH, founder)</td>
</tr>
<tr>
<td><strong>DRENOB</strong></td>
<td>“There are many challenges, but the main problem is that of managing family members who are involved in the management of the business. It is not easy to make every family member committed to the business’ activities, and it is not easy to take strict measures against a family member or a relative” (MALTHUS DRENOB, son)</td>
</tr>
<tr>
<td><strong>DRENOB</strong></td>
<td>“For managing the employees and relatives, first we try to maintain good relations internally and having discipline among ourselves and among our employees. Second, we try to maintain a good working environment, regardless of who you are in the organization one must act as other employees and serve as a role model” (MALTHUS DRENOB, son)</td>
</tr>
<tr>
<td><strong>DRENOB</strong></td>
<td>“Treatment of friends and relatives working in the family business is very cautious. Punishing your in-law is not easy. One of our managers is a bother-in-law. Sometimes you must turn a blind eye to small issues. Maybe it is an error, but it is common in many businesses. The last thing to do is to rotate them without creating a clash, but over time they notice why or where there was a mistake and have time to change” (MALTHUS DRENOB, son)</td>
</tr>
<tr>
<td><strong>DRENOB</strong></td>
<td>“If there is a new third party, I mean the in-laws, things change. Naturally, I had a relationship with my brother, but after being married I no longer have a relationship with only my brother but also with his wife. Imperatively, if my brother goes home after work, he must talk to his wife. He describes the entire business situation, and his wife knows everything. So, if your brother gets married, you must respect his wife and deal with her as deal with your brother, since they exchange ideas. This is what I discovered myself. It means that you should not manage her/him as you manage other employees” (MALTHUS DRENOB, son)</td>
</tr>
<tr>
<td><strong>BOZER</strong></td>
<td>“We are three brothers and two sisters. It will be better if we put together our inherited shares and create a big company. That is my position. All of them (in-laws) become shareholders who meet regularly as shareholders and share the annual earnings as shareholders, after removing all-expense like any other company. Then the annual dividends of PETERSON SRG- BOZER go to PETERSON SRG- BOZER and his family, annual dividends of CHRIS CYS- BOZER go to CHRIS CYS- BOZER and his family, and annual dividends of my sister, go to her and her family and so on. Just like that. In case there is any misunderstanding between my sister and her husband, it will be their problem, not our company’s problem.” (CHRIS CYS- BOZER, son)</td>
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6 Findings

Theme 3.D: The family establishing governance and conflict management mechanisms

<table>
<thead>
<tr>
<th>First-Order Category</th>
<th>Second-Order Theme</th>
<th>Theoretical Dimension</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.D.1 Non-interference between the next generation’s members in the founders managing the business</td>
<td>3.D Family establishing governance and conflict management mechanisms</td>
<td>3. Day-by-day continuity of the family business in terms of family management</td>
</tr>
<tr>
<td>3.D.2 Rules and regulations for proper involvement in daily business activities and management</td>
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</tbody>
</table>

Figure 6.12. Theme 3.D: The family establishing governance and conflict management mechanisms

I have shown earlier at an individual level that the founders gradually delegated functional roles to the next generation’s members that shaped their management abilities. Besides shaping their abilities, they also started a gradual change in the management involving non-family professional managers. Further, the next generation’s members also got a commitment from them to the family business’ daily activities and in formulating the future management approach for the continuity of family control under the next generation members’ tenure. These initiatives included how to involve in-laws as well as other siblings and non-family members in the family business.

When it came to the family level, these efforts were supplemented by conflict management and governance structures aimed at the smooth management of the family business. In the following sections, I discuss the management mechanisms set up to ensure the continuity of a family business.

3.D.1 Non-interference between the next generation’s members and the founders managing the business

The first mechanism is the non-interference of the founder till a proper succession for the family business is in place. The next generation’s family members contributed as much as was needed but limited to the fact that the founder was still the chief. They participated in the family business’ daily activities but also worked outside in their own businesses or as employees elsewhere. When the founder was still able to manage the business, family members tried not to interfere or making any claims or having any discussions about the business.

“I do not have to discuss with my younger brothers topics regarding the future of our business when dad is still there simply because we do not have the same
understanding about the topic. One may get the information and distort it for the father and create disputes in the family. Preferably, it is the parent's role to initiate discussions about the future of the business. I can't dare sit with my young brothers and discuss my father's business. He may ask us: 'Who gave you permission to discuss my businesses?' He may say that we want to bury him when he is still alive. I will wait for the time he wakes up and realizes the need for dialogue. We sometimes sit together, and he jokes and says: 'You will kill each other. I know that.' We respond to him joking too: 'That happens everywhere; it will not be the first time.' He may start bringing in new energy in his businesses. Look, we do not know his bank accounts, we do not know how much money he has, I know that he has a loan. In the past, banks made children sign for their parents when they asked for loans. Today that process is no longer necessary. He did it alone with his wife. We do not know how he has invested that loan. Why should he discuss matters concerning the businesses that do not belong to us? We must wait. You know, it is difficult to ask anything about your parent's assets. You risk being removed from the beneficiaries. You had better keep quiet and wait for his initiative or wait for the succession after him” (CHRIS CYS-BOZER, son)

Therefore, the next generation's members accepted non-interference in the founder's activities till there was proper succession. They had ideas about what may happen, how to coordinate and manage, but as per tradition no forum was open at the family level for such a discussion.

“The best way is to take such a decision when all the people are still alive. That is the best option, but because of Rwandese tradition, that option is not possible. They argue that such an act brings clashes to the family. The one who brings such an opinion, gets cursed by his family. In Rwandese tradition, people argue that no one should say about the family plan when the elderly man of the family is still alive” (PETERSON SRG-BOZER, son)
Table 6. 18. Non-interference between the next generation’s members and the founders managing the business: Selected evidence

<table>
<thead>
<tr>
<th>Case</th>
<th>Representative quotations (Non-interference between the next generation’s members and the founders managing the business)</th>
</tr>
</thead>
<tbody>
<tr>
<td>BOZER</td>
<td>“We never stop interacting. Socially, we keep close to each other, we meet for family parties, and we share ideas where one can ask another what is going on in his business and he informs us the real situation of his business and tells us the challenges he is facing, we give advice to him. This is how we interact” (CHRIS CYS-BOZER, son)</td>
</tr>
<tr>
<td>BOZER</td>
<td>“If the founder retires or is no longer there, the management will be ensured by one of us appointed by all of us, and it must also depend on the opportunity costs for the appointed one. Look, if I am to manage, how much will I get as salary to leave my own job? This is a common question for all of us. You know, it also attracts attention from others not running the business and they start pointing fingers at you that you are enjoying the money from the business. Therefore, everyone remains silent on the matter of succession, and by the time you break your silence to decide the owner is gone, it is too late. You get into disputes and you split the firm” (CHRIS CYS-BOZER, son)</td>
</tr>
<tr>
<td>BOZER</td>
<td>“That is about legal succession. It will depend on the testament our daddy will leave behind to guide our family. Today, it is still his secret. He is the only one who knows who he will delegate as the head of the family, but whatever he will decide, we will sit and discuss whether we will sell the family business, and then everyone will pick his part and use it as he wants, or decide to keep running the family business led by him. Our responsibility will be to stand by his side to advise him and keep running our own businesses too. We will discuss it later” (CHRIS CYS-BOZER, son)</td>
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3.D.2 Rules and regulations for proper involvement in daily business activities and management

The second management mechanisms set up to ensure the continuity of the family business was respecting family protocols. For those involved in management, the question of time-sharing needed to be regulated. Removing any form of disorder or indiscipline, maintaining rules and regulations for proper involvement in both the daily activities and business management, and the professionalization of the management and supervision of the business, needed attention at the family level.

Family members agreed that all of them had to obey the existing family management rules. Instead of bringing in complications, people should respect the time that they committed to the family business and after that look after their individual businesses. This was an excellent way of managing all family members, as co-owners if they did not easily abide by organizational rules for maintaining harmony. People had to abide by managing the time that they devoted to the family business and their own businesses.

“I think anyone who does not want to listen and accept what the manager is going through is the one who wants to leave the company. He is the one who may later say that others cheated him. There are just complications” (CHRIS CYS-BOZER, son)
Family members insisted on removing any form of disorder or indiscipline, maintaining rules and regulations for proper involvement in both the daily activities and firm management.

“We do not worry about the organization's future because there will be regulations to guide our organization. Those laws and a management team with such great powers, will help us manage this business” (JULIUS DRENOB, son)

To start with, people agreed that the management of the family business should be given to a family member who had the abilities and who respected the rules separating conflict of interest.

“Once you have that commitment and ability to perform a job in our organization, you apply for it and get it like anyone else who may apply and get it. In that case, you must obey the internal rules and regulations; you do not follow your own rules because family and family business are two distinct things” (JULIUS DRENOB, son)

Unfortunately, it was not possible for some families to find a manager from among family members due to the country’s history. Some families had lost all their members or the remaining ones were dispersed. Due to the scars of the conflicts, it became difficult for them to find any members from the extended family they could trust for managing the multi-billion business. Some families survived with too many internal disputes within the families. Therefore, an unstable society made it hard for the family businesses to be managed by family members or finding trusted employees from among family members. Trust was broken in the extended family in some cases, which explains why many cases were filed in courts of justice, asking for dividing the businesses.

“In the beginning, my extended family boosted my business. As I told you people before the war were honest people. Before the war, I employed people from my family. They were the ones who made me strong, but after the war my relatives, even the survivors of the war who worked for me, did not help me. They become thieves. They stole from me and then I sacked them. Now I do not have anyone from my family among my workers because they have changed in terms of behavior, I don’t know what happened. Rwandese people before the war and Rwandese people after the war are totally different. Before the war, my extended family helped me, and I helped them; then after the war, people were not honest. Before the war, it was good doing business but after the war, it is not. Doing business with honest people who worked well, was good. And there was no chaos in the business, but after the war, people in business are not honest and there is chaos in the business” (Mr. JOHN MZDCOW, founder)

One way of solving the problem and reducing disputes among family members or the absence of a family successor was hiring a permanent non-family manager so that family members could stay at the supervisory level as new co-owners or appointing a BOD if they could not agree on one of them managing the family business.
“Looking for a non-family manager is better. I really appreciate that instead of fighting for the management as members, you can look for a manager who is not a family member. The owners and family members form a board for the family business. Then you meet in the meetings. Let’s say one meeting a week. For an organized meeting that you attend, you get a per-diem. You come to the meeting, you get a seat and eat, and then you discuss the evolution of the business. The manager shows us what the situation and trend of the business is. He tells us: ‘In this period, this business department lost this. This business department made a profit here.’ Then at the end of the year, we conduct financial audits. A company hires external auditors. They show what has been done well or wrong. Then you decide whether to replace or retain the manager. I like this style of management. It is the same style I was talking about. After all that the annual net profit gets shared by all the shareholders, including kids who took the place of their parents in the company after their parents’ deaths” (CHRIS CYS-BOZER, son)

Table 6.19. Rules and regulations for proper involvement in daily business activities and management: Selected evidence

<table>
<thead>
<tr>
<th>Case</th>
<th>Representative quotations (Rules and regulations for proper involvement in daily business activities and management)</th>
</tr>
</thead>
<tbody>
<tr>
<td>DRENOB</td>
<td>“Yes, we already have regulations to guide us as a family business” (JULIUS DRENOB, son)</td>
</tr>
<tr>
<td>DRENOB</td>
<td>“The business may survive without us. The most important thing is to set up good organizational rules and regulations and keep the children supportive” (JULIUS DRENOB, son)</td>
</tr>
<tr>
<td>DRENOB</td>
<td>“As family members, we stay together and we solve family problems to avoid scenarios where a colleague’s problems affect the business. In one way or another, family disputes affect the business negatively, for instance, any family dispute between me and my brother will create contradictions and disagreements in our business decision making leading to a broken communication between us” (MALTHUS DRENOB, son)</td>
</tr>
<tr>
<td>DRENOB</td>
<td>“Actually, we are shareholders of the family business, and we are here as its employees. If you are an employee, you have to respect its normal working hours. You must work in the family business first as we agreed to this and then you get into your own business later. If you have to work eight hours a day, for instance, and we realize that you only spend only three or four hours a day at work, we honestly tell you to go run your business and you just remain a shareholder in the family business. Consequently, till today people are still committed to the family business and still respect the family business and its working hours, and use their spare time for their own businesses” (JULIUS DRENOB, son)</td>
</tr>
<tr>
<td>DRENOB</td>
<td>“Working in a family business should not prevent you from going elsewhere to look for a job, or establishing your own enterprise while keeping your shares in the family business and getting you dividend […] being in the family business should not prevent you from investing in something else of your own choice and that cannot create any problems for the family business […] As I told you before we had already started decentralization. We are there to work during working hours but after that we are free to use our time” (JULIUS DRENOB, son)</td>
</tr>
<tr>
<td>DRENOB</td>
<td>“As we saw it, there were two separate things: the family business and the family alone. Like any family, we discuss general things in the family, but when it comes to</td>
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</table>
our family business, we are more specific. As we are seven family members, we have rules established for the company. For instance, every decision must be passed through voting and the decision is implemented only if it is voted by five of the seven family members. Below that, even 4/7, that decision must not be left out. It means everything is done as per laws and every one of us has the right to vote” (JULIUS DRENOB, son)

BOZER “In the company, everything is clear. The manager has his contract and will have to follow the terms of the contract. We have nothing else to talk about with him. He must act and give us a report. If there is a need for some material, he makes a request, the board approves it and avails cash to buy those materials. I will not clash with my brother because everything is clear. The manager’s reports to the board show us the cash inflow and cash outflow; it shows us every shareholder’s expenses, etc. At the end of the year, after an audit and determining annual individual dividends, it shows one’s annual expenses, so he has to pay this amount of money, and the balance is this amount of money. Briefly, in his accounting, he should provide all details” (CHRIS CYS- BOZER, son)

Concluding remarks on theoretical dimension 3: Day-by-day continuity of the family business in terms of family management

Like cultural inertia and tensions in ownership, when it comes to involvement in the management of a family business, inter-generational conflict and uncertainty result in a kind of weak family embeddedness. There is tension in the sense that the next generation’s family members cannot participate in the family business’ management directly when the founder is still able to manage without interference.

Under the presence of the founder-manager as the chief decider, the role of the next generation’s family members involved in the business was limited to making suggestions. The next generation’s family members involved in the business were open to new products and new governance modes, hybrid modes involving outsiders as multiple owners, but only when they took over.

The absence of co-management between the incumbents and the next generation in family businesses is abnormal compared to literature which assumes that the transition must be managed by both parties (Churchill & Hatten, 1997; Le Breton et al., 2009; Songini & Vola, 2014). Such a co-management would be smooth like dancing among two partners (Bieschke, 2006; Handler, 1990). This is surprising because both parties have a commitment towards the future of the family business but act separately which makes the founders and successors look like they are dancing to different tunes (Lam, 2011).

The next generation’s family members aim at putting in place a governance structure involving more members replacing the role of the founder-manager. They believe that more people can achieve better results mainly due to the diversity in competencies and inputs provided by family members involved in the management of the family business.
Family members involved in business and potential successors participating in this study had many things in common, including waiting for the time after the departure of the owner-manager, re-organizing, and bringing changes through legal and governance structures to organize the management of family firms. Next generation family members opted for taking responsibility for the survival of the business only after the owner-manager, finding a leader of among themselves, and submitting the best interests of the family business once their terms came. Next generation family members were characterized by trust and fraternity based on mutual consent and understanding that made up their sense of familyhood.

Unfortunately, the founder’s efforts at initiating members into the business were accompanied by worries about the next generation’s choices, capabilities, and readiness in taking-over the family business’ ownership and its activities and management. On the other side, founders did not allow full control of the business to the next generation’s family members, which limited their taking over abilities. Consequently, due to this separation of tenure between the founder and the next generation, co-management between the founder and his successors was not likely to happen in many family businesses in Rwanda, and the next generation could not dare to complain due to the cultural barrier. This failure in management succession in the context of Rwanda, was overtaken by legal succession and this may explain weak family embeddedness among family members who questioned staying in the family business and succeeded the founder or continuing their careers outside the family business (Pittino et al., 2018). This weak embeddedness of the next generation is against the expected behavior of keeping the business in business family after the founder’s retirement (Asaba, 2013; Chung & Yuen, 2003; Lybaert & Steijvers, 2015; Miller & Le Breton-Miller, 2005a, 2005b; Ward, 2011). This weak family embeddedness existed because the next generation’s family members had to wait for their term, which increased uncertainties among them.
Chapter 7: A Discussion of the findings

The findings presented in the previous chapter highlight the role that Rwanda’s specific context and its cultural aspects play in the continuity of family businesses. The three aggregate dimensions developed in Chapter 6 can be found in both developed and developing countries. To understand context specificity better, crosschecking these dimensions and focusing on what is taking place at different levels helps grasp how the practices in developing countries differ from those in the developed world.

First, the findings show the existence of a detachment among generations in Rwanda which is contrary to the cooperation expected in family businesses because of the Rwandan cultural obligations of passing on the inheritance to the next generation. Second, there is an absence of co-ownership as well as the intergenerational distance due to cultural aspects. Third, there is weak family embeddedness because of lack of co-management between the founders and the next generation’s family members which too is something contrary to what expected in family businesses. To understand how family businesses’ continuity is envisaged in Rwanda’s context, I shifted attention to focus on what people did at different levels in relation to the concepts of commitment, ownership, and management.

Figure 7.1 describes what is going on when you change the angle of seeing who does what to understand how things happen in a family business. Specifically, the outcomes of a commitment to continue the family business are: created and protected family legacy; created inner cohesion among the next generation’s members; in-laws and non-family members assimilated into the family business; the family forming norms for succession, governance, and order-conflict processes; and the family business’ resilience maintained for the family and community.
Commitment to the day-by-day continuity of the family business (affective, normative and continuance commitment)

Inheritance preservation as the founder's affective commitment towards the family and community

Familyhood as the next generation members' normative commitment to continuing the family business

The family chieftaincy succession priority as a normative commitment towards the family business' continuity

Ubuntu: the communitarianism of the family business

Continued ongoing activities of the business

Day-by-day continuity of the family business in terms of family ownership

Founder's chieftaincy retention
Ownership development and initiation of business spirit
Heirship, equal co-ownership expectations, and legal succession preference among next generation members
Conflict awareness among co-owners at the family level

Day-by-day continuity of the family business in terms of family management

Gradual professionalization to ensure the continuity of daily operations
Next generation members crafting a future management approach
Building the loyalty of in-laws, siblings & non-family employees
Family establishing governance and conflict management mechanisms

Family business' day-by-day continuity

Created and protected family legacy (affective commitment)
Created inner cohesion among the next generations' members (normative commitment)
In-laws assimilated into the family business (Normative commitment)
Family forming norms for succession, governance, and order-conflict processes (normative commitment)
Family business' resilience maintained for the family and community (continuance commitment)

Figure 7. 1. Family business’ continuity model: How the family builds its business’ continuity
The outcomes of a family business’ continuity model developed in this thesis clearly shows the role played by the family and family members in the continuity of the family business.

Created and protected family legacy

Creating and protecting the family legacy are a part of the on-going strategies that families follow for continuing their businesses. Inheritance preservation as the founder’s affective commitment towards the family and community leads to a ‘created and protected family legacy’ as an outcome. Inheritance is a cultural obligation. As traditions are one of the sources that form the law, inheritance is a legal obligation in Rwanda. Creating a firm is one thing, but protecting it is a cultural obligation where the founder has to hand over the family business to his family. This is achieved through chieftaincy retention, where the founder keeps running the business until he passes away to ensure that the business remains intact; this is also done through ownership development and initiation of a business spirit among the next generation’s family members; and through the business’ gradual professionalization to ensure continuity of its daily operations.

Legal obligations are achieved through proper succession either in the family council or by a competent court. In case there is no ownership development and initiation of the business spirit among the next generation’s family members, the continuity of the business becomes questionable, where the founder may opt for closing or changing the core business into a less demanding but manageable legacy.

The following points explain the four points discussed so far: inheritance preservation as the founder’s affective commitment towards the family and community; founder’s chieftaincy retention; ownership development and initiation of business spirit among the next generation’s family members; and gradual professionalization of the business to ensure continuity of daily activities:

‘Inheritance preservation as the founder’s affective commitment towards the family and community’ means the role that the founder plays in crafting his inheritance creation and maintaining it as a moral obligation of leaving behind an inheritance for the family and community. According to Rwandan culture as also the culture in many other African countries, it is every parent’s moral obligation to leave behind tangible resources for his descendants; something tangible for each child in the form of an ‘inheritance.’ All parents are expected to state what goes to whom. The opposite is an unimaginable situation as it shows an inability to create an inheritance which makes parents feel less worthy. They use expressions like: ‘dying like a dog’ for such parents. Similarly, each child feels that he or she has a right to receive a valuable inheritance from his/her parents. The ‘moral obligation of leaving an inheritance’ makes the founders feel some obligations to maintaining the family business as a legacy for the family and community. This willingness to leave a legacy for the family and community cannot be interpreted only as their strong love for the family and community, but also as a response to cultural obligations.

The pressure on the founders in African culture comes from the family and community on what will be said at their burial and afterwards: what wealth did s/he leave? For whom? If they have left nothing behind, the founders fear that they will be
7 A Discussion of the findings

judged on the day of their burial and seen as ‘dying like a dog’. A family’s wealth and social ties are measured by the number of people who come for the founder’s burial. The founder works hard so that he gets a decent burial. This is because of social judgment in the community. The pressures of leaving behind an inheritance makes business owners do their best to keep the family business running so that they are judged well after their deaths. To secure a good image, the founders keep all succession plans as a written or oral testament that is revealed only after their burial, just to keep their good image intact till their death; this is a common practice as shown through the interviews in this thesis.

The founders create their inheritance as different tangible assets like a plot of land, a business, or real estate. They achieve this by maintaining their businesses, serving as managers, building mortgages, or negotiating loans for their businesses. In extreme cases, founders want to help potential successors in the creation of their firms. They are given start-up capital and advice on how to run their businesses while also staying involved in the main family business (see, for instance, a story by Gloria Wavamuno at https://www.sautitech.com/startups/gloria-wavamunno-hustle-story/, retrieved on 04 December 2019).

The ‘founder’s chieftaincy retention’ means that the founder keeps the family ownership exclusively with himself. The founder’s wish is that the firm remains exclusively owned by the head of the family and that there is no shared leadership. As per culture, chieftaincy succession does not happen till the death of the current leader. In a few observations narrated by the respondents, parents allowed successors to lead their businesses only when they were hit by a severe and confirmed irreversible sickness.

‘Ownership development and initiation of a business spirit’ means the role of the founder in getting the family members involved in the business’ spirit and continuing their involvement in the business gradually. As shown in Chapter 2, in socialization literature it is the founders’ felt responsibility to induct, build the capacities of, and initiate the next generation members’ involvement in the business. This is done during the founder’s tenure but does not mean sharing ownership or management. It is just another form of responsibility that the founders have of educating their children and building their capacities for the purposes of creating ownership among the next generation’s family members and preparing them for the leadership role. This responsibility goes hand in hand with introducing the children to the business, where the role of the elderly is overseeing what they are doing.

Founders or parents in general in Rwanda educate the next generation’s family members and prepare them for taking over the responsibility of the businesses that they inherit. Making them responsible for the businesses is the foundation for the survival and continuity of family businesses. Owner-managers urge the next generation’s family members to seek a common understanding for every problem to secure the future of the family and the family’s business. On the other side, during family meetings the contributions of the next generation’s family members are very crucial since they cannot challenge the older generation and the owner-manager who has full control over the business. Next generation members wait for their time for managing the business. They are expected to organize themselves and run the business after the founder passes away.
Unfortunately, the founder retaining the leadership for long makes the next generation’s family members less committed as shown later. Due to the cultural shyness of the Rwandan people (Friederici, 2018), family members cannot face the older generations. This leads to inertia which slows down the socialization process and the commitment of the next generation’s family members to the business.

‘Gradual professionalism to ensure the continuity of daily operations’ means the founder’s role in continuing the daily operations and management of the family business. Founders ensure continuity in the management of the family business through the initiation and strengthening of professionalism in their businesses. They accept that they cannot manage the businesses alone anymore and must accept non-family managers to take the businesses to the next level of professionalism. This part of the findings form the main part of this thesis which matches with the founders’ commitment to the continuity of their businesses; continuity in the sense of a short-term strategy allows short-term survival rather than aiming at long-term survivability.

The findings from my data regarding the role of the founder in creating and protecting the family legacy, where the founder leads the business ensures daily activities and initiates the successors is in agreement with previous studies in some ways while it also contradicts previous findings in other ways. My findings are in line with Laakkonen, Kansikas, and Valtonen’s (2011) findings in the sense that the continuity of the business is not the ultimate goal, but the outcome of a vision of working for oneself and thinking about sustaining the business that has been created. Later, when founders are satisfied with the businesses, they want to leave behind strong businesses for their potential successors interested in continuing them. Professionalization and initiating potential successors are one of the many initiatives that the founders take at a later stage in their lives when they start wishing for continuity of the businesses in the next generation (Churchill & Hatten, 1997; Songini & Vola, 2014). Sustaining the stewardship tendency in the next generation is the role of the founder which he achieves by pruning and reducing unproductive members and creating a group of family members who are able to continue the family business (Le Breton et al., 2009). The founder’s commitment to strengthening and continuing the family business not for himself but for subsequent generations is also a conservative strategy of stewardship towards the community of employees (Miller, Le Breton-Miller & Scholnick, 2008).

Starting a family business just for the founder’s self-employment (Laakkonen et al., 2011) or creating and keeping it for others (Miller et al., 2008) is what is labeled in this thesis as a ‘created and protected family legacy.’ Motives can be different. The only difference is that in this case, the motive is sustained by a cultural obligation to do so and not a long-term orientation for the business (Veider & Kallmuenzer, 2016), or just a founder’s vision and intention to pass the business to the next generation as discussed in other studies (Chua et al., 1999; Habbershon & Pistrui, 2002; Miller & Le Breton-Miller, 2003). The owner retaining control over his business is associated with a desire for continuity in family-owned businesses (Asaba, 2013) as long as the founder is still alive. The findings of this thesis support the idea that continuity is about adaptation and not the elusive universal formula of longevity (Sharma & Salvato, 2013) because the vision for longevity is not there as such, but things change
A Discussion of the findings

depending on the situation which helps decide whether to continue the family business or not.

Created inner cohesion among the next generation’s family members

Familyhood as the next generation members’ normative commitment to continue the family business leads to the creation of inner cohesion among these members, a cohesion which is needed for continuing the family business still managed and owned by the family. Such an inner cohesion for the next generation’s members is made possible by ownership development and initiation of a business spirit by the founder as mentioned earlier (created and protected family legacy). Cohesion among the next generation’s family members is also supported by the expectations of heirship and equal ownership among these family members as it is a legal provision for all children to succeed their parents. Such an assurance gives the next generation’s family members a sense of commitment to the family business and the need to think of the long-term viability of the family business after the founder’s tenure. Then next generation family members feel the need for drafting managerial and governance measures to continue the family business that they will inherit. Their legal ownership is there; however, if there is no sense of familyhood in terms of a normative commitment to continue the business for the family, then the family business is at risk of being divided into individual shares easily transferable by the members.

The model given in Figure 7.1 shows that inner cohesion among the next generation’s members (normative commitment) is possible through a feeling of familyhood as the next generation’s members normative commitment to continue the family business; expectations of heirship and equal ownership among the next generation’s members; and the next generation’s members crafting future management structures. The following points explain these three components:

‘Familyhood as the next generation members’ normative commitment to continue the family business’ means the role that the next generation’s members play in crafting the needed moral obligation for continuing the business with family members. Familyhood then becomes the next generation members’ normative commitment to continuing the family business. Members of the next generation develop a certain moral obligation for keeping the family’s heritage alive by working together as brothers and sisters and keeping the business in the family. They are committed to keeping the founder’s initiatives alive through a sense of belonging to one family and working closely. Familyhood, extended family ties, and communitarianism are common in African societies. Accordingly, for the next generation’s family members in Rwanda it an obligation to continue with the family business and not disappoint the extended family and community. In African societies, a man is measured against his father’s achievements and people work hard not to be seen as being lazy as compared to the benchmark, their fathers. Keeping the parents’ heritage intact and multiplying it is an obligation of the next generation’s family members. Such accomplishments show that they are not the source of family destruction, but its continuity. People feel useless if they cannot sustain their family legacies. As time goes by, the next generation’s members are guided by familyhood and they embrace the same cultural obligations as
their fathers and it now becomes their responsibility to leave a solid inheritance for their descendants. So, the founder’s cultural ties as seen earlier, influence familyhood among the next generation.

The way the next generation’s members behave mirrors the success or failure of their parents. This means that the role of the founder or parent in fulfilling his cultural obligations is measured by the next generation leaders’ ability to take up the responsibility of safeguarding the family heritage too. The opposite or the absence of a sense of familyhood among family members results in disputes with the next generation’s members fighting for family assets instead of keeping them as a family heritage. Such failure to stay together reflects the failure of the founder to unite the next generation’s members for a common goal.

‘Heirship and equal ownership expectations for the next generation’s members’ means the role of the next generation’s members in continuing family ownership of the business. As mentioned earlier, expectations of heirship and equal ownership among the next generation’s members is a legal provision for all children of the founder. This is not an exception; it sounds logical for kids to succeed their parents in business leadership. However, in the case of Rwanda, while the founder holds the business’ leadership till his last moments, the next generation respects this and waits for their turn. They know that the law provides them legal and equal ownership of the family business left by their parents. The next generation’s members believe it is their right to get the business and deciding whether to retain it or divide it equally as per family and inheritance laws. Besides, ownership development and initiation of a business spirit is done by the founder (or not).

‘Next generation’s members crafting future management structures’ means the role of the next generation’s family members in continuing their involvement in the daily operations and management of the family business. Guided by familyhood, the members of the next generation devote themselves to complementarity in their daily activities and management of the family business to progressively supplementing and succeeding the founder in the business’ management activities. The next generation’s family members get involved gradually and pledge to sustain the business.

Coming back to the role of the next generation members’ normative commitment to continuing the family business, my findings show that inner cohesion among next generation members is created through familyhood, family business’ ownership, and ownership development and initiation of a business spirit which is done by the founder. As an outcome, the next generation’s family members feel the need to draft managerial and governance measures for continuing the family business that they will inherit. This is continuance commitment. It is proven that the next generation’s family members possess both continuance and normative commitment simultaneously (see Dawson et al., 2015). However, this commitment and pledge for continuing the family business must wait for the death of the founder as per culture. Most of the next generation’s family members in business complain about not fully participating in the business as they would have liked to. In fact, they have differences with the owner-founders. They do involve in the daily life of the business, but their involvement is sometimes limited to just making suggestions. The management and decision-making are in the hands of the owner-manager till there is proper succession.
Once given the green light for their suggestions, next generation family members come up with good ideas and strategies for crafting future management structures that give hope to the continuity of the business. This parallel way of doing things is related to what was identified by Pontalti (2018) in Rwandan society, that the latter generations are being detached gradually from the previous generation.

With help from their parents and experience from working in the family business, both parents and members of the next generation find it appropriate to initiate small businesses for the next generation’s members to manage. Creating own ventures for the next generation’s members makes them independent and they stop counting on the parents’ business. This is similar to the example of the Wavamuno case in Uganda. On the other hand, some family members take being born in a business family for granted and invest little effort in involving themselves in the business. Instead, they spend and waste the family wealth, and this is worrying for the parents. It makes parents question the next generation members’ capacity to collaborate once the founder has left the management of the firm to them. Such tensions force the parents to keep their chieftaincy and retaining business leadership, as they are scared of seeing the next generation spoiling what the family has worked hard for. Parents prefer to leave their family business intact so that the next generation can manage it the way they want after the founder has passed away. If they risk it, at least the parents will not be blamed for the mismanagement.

Findings from the data in this thesis are supported by literature which shows family members’ commitment to creating family cohesion and the determination to uphold their decision to keep the family business after the founder’s retirement and staying as a business family (Lybaert & Steijvers, 2015; Ward, 2011). Such determination pushes the next generation’s members to go for extra investments as well as innovations for enhancing their abilities and running the acquired family business (Asaba, 2013; Chung & Yuen, 2003). Hence, this is a created sentiment that becomes a mandate, a kind of obligation pushing them into decision making especially for governance (Maamari & Jannoun, 2017; Nueno, 2011). It is something that they have to do, or normative commitment and not an outcome of a family business’ past vision of longevity of keeping the business for later generations of the family as assumed in literature (Miller & Le Breton-Miller, 2005a, 2005b).
In-laws and non-family members assimilated into the family business

The heirship and equal ownership expectations amongst the next generation’s family members (created inner cohesion among next generation members) are shared with their spouses. In Rwanda, a civil marriage is enforced, and, most of the marriage contracts are under the community of property as a matrimonial regime. Other forms of marriage contracts are, the limited to the community of property regime and separation of the property regime. But, the type of matrimonial regime widely used is the community of property regime. So, given that in-laws share the same feelings and rights about the expected inheritance of the business family, the in-laws align themselves with the family business by working in the business or attending management meetings on behalf of their spouses who are the future co-owners. This builds their loyalty for and assimilation into the family business. Lack of such loyalty and assimilation would lead to the distancing of in-laws from the family business’ interests which will also limit the devotion of potential successors if a couple shifts its attention from the family business to its own private ventures. Therefore, the assimilation or non-assimilation of in-laws may have positive or negative effects on the continuity of a family business. However, since the in-laws get their rights and have their own motives about family members’ rights and involvement in the business, the role of the founder in initiating family members into the business is crucial because if family members themselves are not motivated to work for the family business’ continuity, the role of the in-laws will be non-significant. Here again, socialization process plays a role and the founder’s role is equally important in involving in-laws and family members in the business.

The model in Figure 7.1 shows that the in-laws and non-family members’ assimilation into the family business is made possible through building loyalty amongst in-laws, siblings, and non-family employees:

‘Building loyalty amongst in-laws, siblings, non-family employees’ means the role of in-laws, siblings, and non-family members in continuing their engagement with the family business’ activities. Women, in-laws, and siblings engage themselves as free labor responsible for keeping and transmitting the organizational culture and increasing the morale of new employees and new leaders. The opposite is more dangerous as less engaged in-laws are susceptible to putting pressure on their spouses to leave the family business and start their own ventures. Therefore, business families try to assimilate the in-laws for retaining their family members in the family businesses. Families participating in this study opted for integrating in-laws as co-owners at the same level as the next generation’s family members since their spouses were legal successors of family businesses and other assets of the families. Such a feeling of equal ownership gives them the right and motivation to contribute to the business like any other family member and represent their spouses in the meetings when necessary. Like family members, in-laws get employment opportunities in the family business and live in harmony with other employees.

Unlike in-laws, non-family members employed in the business enjoy employment but with limited powers since they are not co-owners. Being from the nearest
community, employees in family businesses feel at home due to the close relationships and networks that they have with the owning families. They benefit from training and field visits as part of capacity development, and they get different packages during their tenures or when they leave the businesses like assistance for daily life concerns regardless of their salaries. Such advantages make non-family members and employees loyal to the owning family which contributes to the development of the business in general.

My findings about the loyalty of in-laws, siblings, and non-family employees and their assimilation for the benefit of a family business’ continuity, supports existing literature about the role of women and invisible family members (see Hamilton, 2006). Rwandan cases give a good illustration of this. In the past, sometimes the presence of women in managerial positions did not empower them enough to influence decision making in some cases (Songini & Gnan, 2009). However, Martinez Jimenez (2009) and Berghoff (2006) give good examples where women, wives, daughters, and relatives play a role in the continuity and growth of family businesses by taking over leadership positions in case of missing male successors.

Women play a big role in a family business’ foundation and business continuity but, unfortunately, this is ‘hidden’ or less documented in family business literature (Gupta & Levenburg, 2013). Instead, literature insists on the availability of potential successors among the next generation’s family members to find the next CEO (see, for example, Barbera et al., 2015; Churchill & Hatten, 1997; Maamari & Jannoun, 2017) but remain silent about the possibility and role of women, in-laws, and other members from the extended family in the succession and continuity of a family business. Women are marginalized through the forces of patriarchy or paternalism which is a social, cultural, and historical phenomenon that they have inherited (Hamilton, 2006). This is a cluster of invisible members because their role is visible only in the absence of men and it is narrated in the rhetoric of family business literature as “often women took over the positions of command for missing men” (Berghoff, 2006, p. 281). Another example of marginalization or misrepresentation of women, for instance, is when owners only have daughters they expect their businesses’ succession and continuity through male in-laws or male family members from their extended families, which is a paradox but a common practice in East African communities which disregard the wife’s right as a successor to her husband but pick a member from the extended family (Bewayo, 2009; Khavul et al., 2004).

As a point of clarification for the case of Rwanda, women have an equal right to succeed their parents, but findings show that their role has not been well recognized in family businesses so far and the choice of a successor still favors boys over their sisters.

The family forming norms for succession, governance, and order-conflict processes

The family’s normative commitment to chieftaincy succession for the family business’ continuity goes hand in hand with establishing order. During this process, the family masters and forms norms for all kinds of succession, governance, and conflict concerns. This is a norming function by the family because family members coming
together and identifying possible conflict arising from the co-owners, decide together about the abiding course of action if at all they intend to stay together as a family business. It is both normative and continuance commitment because people see that they must do something or else the family members’ will fall apart, and the family business will collapse. Both the founder and family members see the imminent conflict arising from succession and managing the business together and have different suggestions for mitigating such situations. At the beginning of this thesis, falling apart of families and family businesses collapsing as a consequence was one of the triggers for my interest in the subject as a researcher. Eventually, most of the suggestions from respondents fell into governance and conflict management mechanisms making it possible for family members to work together and continue as a family. It is a kind of a commitment but also a condition that they put forward. Continuing as a business family becomes a must. However, if the family fails to form norms for succession, governance, and conflict-resolution then it is hard to talk of the continuity of family businesses. Instead, conflict, disputes, and disorder will lead the business to splitting and the family business will not exist.

The model in Figure 7.1 shows that family norming the succession, governance, and order-conflict processes is made possible through the family’s normative commitment to chieftaincy succession for the family business’ continuity; conflict awareness among co-owners at the family level; and the family establishing governance and conflict management mechanisms. It is also a continuance commitment because the family at large realizes the cost of not norming and adopting practices for mitigation and managing risks than crossing each other and falling apart. The following points explain these three components:

‘A family’s normative commitment to chieftaincy succession for the family business’ continuity’ means the role of the family as affective commitment to ensuring the family and business’ leadership continuity. The family’s desire for the family business’ continuity through leadership succession relies on a smooth family leadership succession which is a cultural practice of appointing the head of the family to ensure the succession of family leadership. African traditions are characterized by having a head of the family, known as the ‘chief,’ even if the family does not have any business. For business families, the founder is the family chief by default and also a leader of the business. It is in his/her powers to nominate who will take over the family chieftaincy and at the same time ensuring the leadership of the family business. Respecting the family leadership’s hierarchy in the family in appointing a family chief’s successor is a tool for a smooth transition of both the family and business’ leadership from one generation to the next. There is a transition from the founder to the next generation’s members without breaking culture. So, succession is a must in family businesses, but culture dictates how this must be done. The family chief as a leader of the family in the eyes of the community is very important in many African societies including in Rwanda. Taking care of the family leadership’s succession comes before the business leadership’s succession since the family leader is simultaneously also the business’ leader.

In African families’ reasoning, the selection of the successor means selecting the family chief first as a means of ensuring the continuity of the business’ leadership. Traditionally, the first-born or an influential family member is appointed by the parent,
who is mostly a male, but not always. Male candidates are favored because females are
supposed to go to their in-laws families after marriage and are hence considered as
belonging to their new families. Even if they are more influential than male members
or are not married they are rarely selected to lead the family. Such a selection of the
family chief ensures that the business will be led by the new chief as the founder led
the business before him. In this case, the continuity of the family business’ leadership
depends on allegiance and unity among family members, or familyhood as discussed
for family members to continue together under the newly appointed or elected family
leader as they used to follow their parents’ orders as required by culture. The absence
of allegiance to the family chief might lead to family members separating and
disassembling the family ownership in the business and opting for individual
ownership.

‘Conflict awareness among co-owners at the family level’ means the collective role
of the family in continuing the family’s ownership of the business. The family
promotes ownership continuity by defining the rights and obligations of individual
owners in the business’ managers to mitigate emerging and potential conflicts. Co-
owners feel the pressure from members threatening to pull out of the business which
may hinder the business’ progress. The family feels obliged to establish modalities to
govern the ways and conditions for members to stay as non-active members, just
shareholders, or totally withdrawing from the business if it does not affect the
continuity of the business. Without family guidance, the future of the family’s
ownership is put at risk by non-engaged members having heirship and equal ownership
without being willing to stay together. This is a form of continuance commitment.

‘The family establishing governance and conflict management mechanisms’ means
establishing ‘family order,’ the collective role of the family in continuing their
involvement in the daily operations and management of the family business, that is,
the family orienting and regulating the mode of involvement in the daily activities of
the business through flexible working schedules for family members working in the
family business or the freedom of having and working for their own businesses or
working in the family business and owning their own ventures without disputing with
or sacrificing the common business. To ensure the continuity of daily operations and
management of the family business and its proper functioning, the family must
maintain law and order in managing emerging disputes in the daily management of the
family business. The family is committed to establishing equal treatment for all family
members, siblings, and in-laws in managing complexities and disputes among them
and other non-family members working in the family business as well as non-family
managers. This is normative commitment because it decides the way in which people
should work and is not a desire or cost awareness for the family.

Findings for the three components of ‘family’s affective commitment to chieftaincy
succession for the family business’ continuity,’ family’s continuance commitment to
‘conflict awareness among the co-owners’ at the family level, and the family’s
normative commitment to ‘establishing governance and conflict management
mechanisms’ are forms of commitment at the family level. Like in many other sub-
Saharan African countries, in Rwanda too the family has a big role to play in the
continuity of family businesses. The family has a big responsibility of managing
nuclear family members who have the right to ownership succession and also their
spouses, that is, their in-laws working in the family business as well as other extended family members and non-family members working in the family businesses. A family establishing order in the family business is not a new thing in family business literature because of intertwined family and business institutions (Wiklund et al., 2013). However, the way it is done in sub-Saharan Africa is complicated. It is naturally hard to separate boundaries between the family and its business in general (Aldrich & Cliff, 2003; Beckhard and Dyer, 1983a; Sharma & Salvato, 2013), as they are embedded both in the family and in the business as also in the surrounding context in which they live and function (Wright et al., 2014).

A business’ continuity is a priority of the owning family (Berghoff, 2006). However, in sub-Saharan Africa, the boundaries of the family itself are not easy to demarcate (Bewayo, 2009; Gupta et al., 2010; Khavul et al., 2009; Smith, 2009), which complicates the intervened relationship between a family and its business. For families in Rwanda, it is difficult to manage succession and related disputes in family businesses because of the complexity of the family as an institution. As noted by Dawson et al. (2015) the next generation’s members possess affective commitment and normative commitment which are the same for the family at a group level: collectively exercising commitment seems a difficult task. The commitment to chieftaincy succession as well as establishing governance and conflict management mechanisms seems positive and something we would expect, but in reality there is inertia in many family businesses in sub-Saharan Africa. Such inertia at the interpersonal level or at the family level prevents family businesses from planning for the long-term simply because different players avoid their responsibilities and shift them on to the others. It is a kind of ‘it is always somebody else’s responsibility.’ Parents avoid initiating the succession process and the next generation’s family members cannot do this alone so the situation ends before the courts where the commitment to continuing together is already weak.

My findings are also backed by literature which says that many families do not engage in any kind of succession or continuity planning (Lybaert & Steijvers, 2015, p. 240). Besides cultural issues in Africa, inertia is also common which puts at risk the continuity of family businesses’ in general. There are many consequences of this but it mainly results in weak family embeddedness that pushes family members into starting their own ventures outside the family business instead of focusing on succession and continuation of the family business (Pittino et al., 2018). Regarding the role of the family in the continuity (or not) of a business, the findings of this thesis are supported by literature (Le Breton-Miller and Miller, 2009; Villanueva & Sapienza, 2009) which places continuity of a family business primarily at the family level because the family influences business decisions. Issues of governance, succession, and conflict management are taken up by the family and not the business (Sharma, 2004). Moreover, talking of the context that surrounds both the family and its business, my findings of chieftaincy succession are supported by Gupta et al.’s (2010) findings that for understanding family businesses in sub-Saharan Africa, one needs to understand the culture of Ubuntu, Harambee, or Ujamaa that are prevalent in Africa, which extend the boundaries of the family and are the raison d’être of family businesses. As specified by the respondents in my study, it is not easy to manage siblings and
neighbors working in a family business where everyone is related because the damage can be harsh for the entire community.

A family business’ resilience maintained for the family and community

The communitarian nature of the family business leaves no choice but a continuance commitment to the family business both by the family and community. The family business crafts the mechanisms for its continuing existence through continued operations. The business’ belongingness to the family gives it a certain raison d’être in continuing being owned by the family. Being there for the family gives the business a reason for continuing because it is a source of family income and at the same time, it is financed by the family capital without any external financial burden which pushes the family business into achieving daily survivability over time. The business’ resilience routines or day-by-day survival against a compulsory shutting down is made possible by the founder’s ‘cultural ties to inheritance safeguarding.’ Initially, family businesses are created by the founders to serve the family and community. Such an affective commitment makes them continue with the business and keeping it in the family for subsequent generations which in turn pushes the resilience of the family business. It becomes the business’ aim to survive for the next generation to take over from the current generation. The business’ decisions about resources that aim at keeping its operations alive at least on a daily basis and for its short-term survival help the business in surviving little by little thus helping it survive over a long time. However, due to uncertainties in institutions, a family business does not make any long term plans. Only the resilience of daily survival, assisted by patient capital from the family (Sharma, 2004) leads to less external pressures on governance, making family businesses survive the succession phase. This is because a transition in the family leadership is the family’s function by norming the succession, governance, and order-conflict processes as shown earlier. Without family and community responsibility, a family business will not continue. The following point explains the communitarian nature of a family business that gives it a certain raison d’être, and a motive for continuing.

‘The communitarian nature of the family business’ means that the family business is created and maintained not for the founder’s own interests, but for the entire community as is the Ubuntu practice in Africa (Gupta et al., 2010). A business’ community attachment gives the founder and his family a certain social obligation to continue the business for the community which in return ensures resources from the community and for the business. It is a calculated relationship because as previous literature shows, family firms benefit from local embeddedness more than non-family firms especially in rural areas (Bàu, Chirico, Pittino & Backman, 2018). Community ties of the business family and its business are in the form of community-support to-and-from the community which gives vital resources as a return in the form of potential employees, access to clients (Welter, 2011), supplying material to the firm, and other resources for the business’ continuous operations and management like the founder’s cultural ties forcing him to leave a tangible inheritance for the descendants.
In sub-Saharan African countries Ubuntu logic and the community of employees also counts among the descendants when you include extended family members working for the business (Bewayo, 2009; Gupta et al., 2010). Such a community of employees comes from the locality, friends, neighbors, and extended family and is the reason why the business family must continue for the community too. The business family’s condition is then shaped by community attachment in the African way of living or the ‘Ubuntu concept’ counting the nuclear family, extended family, and neighbors as the family as a reason for existing. The Ubuntu philosophy is “I am we; I am because we are; we are because I am,” or “a person is because of others” (Cassell, Cunliffe & Grandy, 2017, p. 158). This Ubuntu mentality makes family businesses in Rwanda, like in many other African cultures, living a communitarian life.

The findings of this thesis are consistent with recent literature about the Ubuntu concept (see also Gupta et al., 2010; Lwango, 2016). The family business is continued for supporting the family and community. As mentioned at the beginning of this chapter, the founder creates and protects the family business as an inheritance for the family and community due to his affective commitment. So, a family business is continued in Africa for fulfilling the reason for its creation, that is, serving the family and community for their current needs and not for a desire for longevity as it is assumed in existing literature. However, owners committed to maintaining the business for the interests of all, including the community place the family’s needs before the business which promotes the continuity of the family business (Ward, 2011). So, running the business is a must and not merely a desire. That is why it is also a continuance commitment. The communitarian nature and resilience of the family business is a continuance commitment because it involves a cost-benefit analysis aimed at maintaining family members’ employability, as well as minimum but at least available income for the family through different strategies that reduce opportunity costs and increase sales even if they decrease profitability (Cruz et al., 2012). This is why family businesses have some non-economic goals (Basco, 2017) following family logic and not business logic, aimed at keeping the business alive no matter what even when it is underperforming. This is a kind of substantive mission rather than a financial mission (Miller & Le Breton-Miller, 2007, p. 27) and is similar to what the respondents expected in continuing the family business, which is, continuing income availability even if it is small for all family members whether working for the business or not.

A day-by-day continuity model of the family business

Figure 7.2 explains how the ‘day-by-day continuity’ of a family business is achieved as an outcome of a commitment to the business. It traces the process of achieving the day-by-day continuity of a family business practically as well as the role played by each level of the business family. However, it does not explain theoretically how and why a family business’ continuity becomes day-by-day continuity as a short-term assignment, instead of longevity as assumed. Figure 7.2 also gives the reasons behind the day-by-day continuity of a business and how it works.
Figure 7.2 The day-by-day continuity model of a family business

The model in Figure 7.2 clearly shows why a family business builds day-by-day continuity instead of having long-term plans and how the continuity of a family business in Rwanda works by a combined effort at commitment. It shows why the combined effort of commitment is day-by-day continuity instead of long-term continuity because of culture and uncertainties.

The day-by-day continuity of a family business results from a combined effort of: (1) a founder’s affective commitment in creating and protecting the family legacy; (2) family and invisible members’ normative commitment to maintaining an inner cohesion and family identity needed for fulfilling the obligation to continue the inherited business; and (3) continuance commitment of the family business to maintaining resilience against uncertainties at the family, community, and country levels. This combined effort at commitment results in social capital for family and invisible members all working towards the future of the family business.
However, as per Figure 7.2, each category does not possess just one type of commitment. It has a dominant commitment, but also possess other types of commitment.

The reasons why the continuity of the family business is day-by-day continuity instead of long-term continuity include: (a) family and invisible members’ social capital like next generation family members, in-laws, and non-family members, contributing to the on-going activities of the family business as an expected inheritance are constrained by two factors: (b) the cultural setting (inheritance, heirship, family chieftaincy retention, and succession) and (c) institutional uncertainties and the Ubuntu or a communitarian nature of family firms in sub-Saharan African countries making it difficult to plan for the long term. In other words, there is day-by-day continuity because the social capital developed among a business family’s members operates in the shadow of the cultural background of the business family and is affected by the family firm’s communitarian nature together with the uncertainties of the changing institutions. Eventually, surviving the short-term or temporal uncertainties is necessary for the long-term orientation of a family business.

Coming back to commitment as an antecedent of a family business’ continuity, data in this thesis shows how the three forms of commitment overlap. Interestingly, the interconnections between different forms of commitment give an idea about what is going on and why. This overlap is because of many reasons:

**Cultural background**: there is an overlap between both the affective commitment of the founders and the normative commitment of family and invisible members because the good practices and/or mess happening at the individual and family levels is linked to culture and concerns both the incumbent and next generation’s members. These are, for instance, inheritance expectations or heirship, family chieftaincy retention, succession, and no interference by the two generations because culture dictates that the business belongs to the founder or leader of the current generation till his death when the next generation can fully take over the management of the inherited business. Meanwhile, both direct family members and those from the extended family share a certain degree of affective commitment and normative commitment respectively towards the continuity of the family business because of strong family ties in developing countries (Alesina & Giuliano, 2010; Gupta et al., 2010) and the fact that many family businesses are managed by siblings together (Ward, 2004).

However, the cultural background of family businesses in Rwanda results in a certain tension between the next generation’s members and the founder. This tension is about ownership and management of the business because family members do not fully apply their commitment to the family business when the founder is still active, and they do not dare to complain about this. Such an intergenerational tension does not affect the functioning of the business directly because of no co-management between both the generations. Therefore, any abrupt succession through inheritance makes an abrupt transfer of legal ownership and responsibility for the management of the business that comes with less experience in business management because of no co-management between the two generations.

The findings regarding the role of the cultural background in family businesses’ continuity in Rwanda contribute to a better understanding of the role of the context at large, as has also been pointed out in literature. Literature on the heterogeneity of
context and family business emphasizes the role of the context and the family’s social ties or the owning family’s external context. The context, as defined earlier, refers to circumstances, conditions, situations, or environments that are external to the respective phenomenon but are connected to, enable, or constrain it (Welter, 2011). This includes both the stakeholders within the family and/or the business (Wright et al., 2014), who are susceptible to having contradictory effects on the business (Welter, 2011; Zahra, 2007; Zahra & Wright, 2011) due to the intrinsic relationship between the family, the family business, and their contexts (Gupta et al., 2012; Wright et al., 2014).

The social practice of succeeding a deceased business owner in the African context has a different impact on a family business’ continuity compared to other societies. For instance, women in East Africa are excluded from succession even if they are legal owners of the business (Khavul et al., 2009). Similarly, in Rwanda there are social-cultural practices under which the succession plan is revealed only when the founder is no longer alive. Very often, people look at legal succession over business continuity. In many cases, as dictated by culture, continuity is interpreted as legal succession. Another way is the owner’s decision dividing and sharing the business like any other family assets among family members instead of opting for management succession. This context of the study shows that the survivability and continuity of a family business in Rwanda is a matter of day-by-day instead of multigenerational survival because of how the family business is embedded in the social context which is not only unstable but also heavily dependent on cultural reliance. Therefore, any initiatives taken by family members must deal with these cultural obligations on the one hand and uncertainties as discussed in the next section.

Communitarianism and a family firm’s uncertainties: there is an overlap between both founder’s affective commitment and the family business’ continuance commitment because the founder creates the business and maintains it as a legacy for both the family and community (affective commitment) and the business survives to serve the needs of both the owning family and the community at any cost and in difficult conditions caused by abrupt changes in the institutional context (continuance commitment). Therefore, both the family and community are a point of intersection between affective and continuance commitments to a family business. The communitarian nature of the family business has already been discussed but we also need to look at the surrounding uncertain environment.

The findings of this thesis confirm the difficulties and opportunities that the context of a developing country presents for a family business. The business environment and social-political uncertainties are among the many factors that do not guarantee a business’ continuity in developing countries (Amatucci, 1996; Austin, 2002, 2008; Khavul et al., 2009; Tobias et al., 2013; Wright et al., 2005), mostly due to the specific case of Rwanda dealing with its recent social-political situation that led it to war and genocide (Collier et al., 2007; Games, 2011; Szayna et al., 2017).

Institutional uncertainty means a change in regimes several times in Africa along with several reforms which affect doing business in general, not making it easy to plan for the long term. A change in regime is common in Africa, and even stable governments are engaged in constant reforms to catch up with international standards of doing business. There are country differences too. The Rwandan post-conflict social
context serves as a social context where families and their businesses live in a changing environment due to recent social-political situations (Tobias et al., 2013). Several changes or introduction of new laws are highlighted in Chapter 3. For instance, in Rwanda, during the course of five years when I was working on this thesis, two important laws were passed, one allowing the government to take over a business temporarily if the owner was living abroad which was detrimental to family members’ being able to continue the family business’ management (law No. 39/2015 of 20 February 2015 relating to the management of abandoned property) while another law changed the way inheritance must be conducted (law No. 27/2016 of 08 July 2016, law governing matrimonial regimes, donations, and successions) introducing the discretion of parents while re-determining their testimonies to make an equal or even distribution of properties among their heirs. Therefore, not only does the cultural setting play a role, but also unstable and changing institutions prevent businesses from planning for the long term because of instability.

These findings about institutional uncertainties are in line with literature in a developing country context, and Rwanda is one example which is not different from other countries where changes in regimes, political instability, and government intervention measures in all sectors affect doing business (Austin, 2002; Hoskisson et al., 2000; Smallbone & Welter, 2001; Welter, 2011; Wright et al., 2005). When the owner leaves the country, for instance, ensuring managerial succession is an alternative when there is no possibility of the family taking over the business. Instead of shutting down and losing its investments, managerial continuity helps the business continue in the country where the owners may not be allowed to stay due to cultural and political hostilities. As per Yacob (2012), this alternative was made possible for Behn Meyer, a German firm working in India, Malaysia, and other Southeast Asian markets during two world wars, decolonization, and post-colonization tensions when the British colonial administration in those areas imposed severe restrictions on German-owned businesses. Such a strategy of management succession was combined with adaptability to the environment and the ability to transform itself. Long-serving managers joined the board of directors and brought in local knowledge and perspectives that guided decision making effectively.

There is also formal and informal legitimacy and uncertainty and turbulence in institutional environments in emerging and transition economies pushing informal structures for businesses in many ways (Lang et al., 2014). For example, a family business’ success and survivability were threatened by the abrupt changes in the macroeconomic and political environment affecting business families like riots in Egypt in the 1970s, political instability in Nicaragua in 1977, and a change in the national policy in Mexico around the 1980s leading to losses for firms’ traditional operations as well as multinationals’ branches there (Austin, 2002).

The respondents in this thesis raised similar patterns in worrying about an involuntary exit or changing the core business due to several changes in the institutions.

Social capital of the family and invisible members: there is also an overlap between both the normative commitment of family and invisible members and the continuance commitment of the family business because both the business and family members strive for the future of the business, but family members are also a source of
social capital that a family business exploits among other family capital (Gupta et al., 2010; Khanin, 2013; Sharma, 2004). In other words, both the business and family members have no choice but to survive because the alternative costs are high in terms of income and employment for the family and community. Regarding women and in-laws working in family businesses, the findings of this thesis agree with literature that women are neglected and mostly perform roles in the background like managing households, while they possess wisdom, observation skills, intuition, and emotional capital that makes them capable of playing the roles of spouse, chief trustee, in the office, partner or co-entrepreneur, vice-president, senior advisor, and a free agent but they continue to work as invisible members (Sharma, 2004, p. 14). Outside the nuclear family, such strong family ties result in what is known as the Ubuntu concept in sub-Saharan Africa, where everyone is part of the family, and the family business exists not for the founding family only but also for the extended family and community (Lwango, 2016; Venter, 2008).

This perceived call for mutual assistance as a normal way of living shared by everyone in the community makes all members work for the family business even for free if needed (Bewayo, 2009; Gupta et al., 2010; Khavul et al., 2009). Therefore, the findings of this thesis supplement literature which shows that non-family members working in a family business for a long time are equally beneficial for the family business’ continuity. They acquire idiosyncratic or tacit knowledge, social capital, and network related experience which they bring to the family business which can be transferred to the next generation’s leaders (Sharma, 2004).
Chapter 8: Conclusions and Contributions

Summary of the findings and conclusions

This thesis investigated how a family builds its business’ continuity. It used the context of developing countries and how the context of the family in a developing country affected, contrasted, or enabled a family business’ continuity. The study posited that while other researchers treat the continuity of family firms as successful succession or achieving longevity as is expected in family business literature, continuity should be seen as day-by-day survival necessary for a family business to sustain its basic long-term orientation. This concept of day-by-day survival was adopted because in the social context of a developing country that is embedded in cultural practices and dominated by instability and hostility, family businesses are subject to day-by-day survival risks associated with owning families. Therefore, the continuity of family businesses needs our attention not only during the succession phase but also on a continuous basis, before, during, and/or after succession. My approach is viewing a family business’ continuity as day-to-day continuity necessary for achieving its long-term orientation.

The context is important because the family and the business are embedded in the family’s social networks that cannot be detached from the country’s social context. In light of the question posed in this thesis, Rwanda’s context was used for responding to different calls for contextual studies from developing countries because existing research in family businesses has been inspired by data from western contexts where institutions are well established as compared to those in the developing world (Wright et al., 2014).

The literature review classified the continuity of family businesses into three streams of reasoning: One category of scholars focuses on continuity as sustaining the founder’s past achievements or a kind of family legacy, that is, keeping the legacy alive. The second group of scholars focuses on continuity as sustaining the business beyond the founder’s tenure and ensuring that both the family and business stay together, that is, succession. The third group of scholars focuses on continuity as achieving a long-term orientation, a key characteristic of all family businesses. Longevity is the focus of these scholars. The term continuity as it is used in this thesis falls under the category, sustaining a long-term orientation of a family business daily.

The findings of this thesis clearly show that respondents missed this point in their struggles as family businesses in Rwanda and focused on succession, legal succession, and preserving the businesses for keeping the family legacy, but not treating it as long-term legacy. I posit that short-term survival, repeatedly, will lead to long-term survival and, subsequently to the longevity of the businesses. Therefore, I focus on day-by-day survival as a synonym for continuity in this thesis.

The findings highlight the role of the specific context and associated cultural aspects of the continuity of family businesses. The three aggregate dimensions developed present three main challenges for the continuity of family businesses in Rwanda. First, due to Rwandan cultural obligations of passing on the inheritance to the
next generation, both the founding generation and the upcoming generations are committed to the family businesses’ continuity. Unfortunately, there is a detachment among generations in Rwanda which is contrary to the cooperation expected in family businesses. Second, the uncertainty and inertia resulting from the absence of co-ownership and this intergenerational distance due to cultural aspects lead to separate and parallel planning for business continuity. Third, when it comes to getting involved in the management of family businesses, intergenerational conflicts and uncertainties also result in a weak family embeddedness that may push some family members away from the family businesses. This situation is a challenge because the absence of co-management between the incumbents and the next generation’s family members is abnormal since both parties must manage the transition like dancing partners.

Strategizing for a family business’ continuity, the family may change its core business, but the family continues with its business ownership (through portfolio diversification) and involvement in its management (through socialization). Using the literature review, the thesis elaborated on how portfolio diversification and socialization or working together for a family business’ continuity are identified as a means of achieving continuity. However, both portfolio and socialization constructs require a deep commitment from both the founder and the next generation’s members. Therefore, this thesis proceeded with the commitment construct as the theoretical lens binding both portfolio and socialization concepts and guiding the phenomenon of continuity as used in this thesis.

On a multi-level scale, I identified commitment at the individual level (founders and family members), as well as at the family and business levels. Different forms of commitment, notably affective, normative, and continuance commitment were observed at all levels in family business literature. The commitment to continue the family business is shared by different levels in the family. The findings of this thesis show which type of commitment is associated with which level in family businesses. Each level has one main form of commitment and many secondary forms of commitment in the continuity of the family business. This shows fluidity in commitment among multiple levels in a business family. This is an important contribution to family business and commitment literature.

The thesis used a qualitative approach with a multiple case research design. The study used data from six founder-led business families in Rwanda. Interviews were conducted and the INVIVO program was used for coding the transcribed data. The phenomenon of how the family built its business continuity was investigated following a multi-level analysis. This means how each level affected the continuity of the family business, that is, individual, family or business levels in a business family. The individual level includes the founder, next generation members, women, and in-laws as well as non-family employees (adapted from Sharma, 2004). The grounded theory was conducted to elaborate on matters that arose when investigating the continuity of family businesses (see figure 6.1). A family business’ continuity model was built to ‘how’ the family built its business’ continuity as well as ‘what’ role was played by each level (see figure 7.1), and a day-by-day continuity model of the family business was crafted to understand the mechanism ‘why’ behind the day-by-day continuity (see figure 7.2).
What, why, and how are the main elements in theory building (Whetten, 1989) and I was able to articulate them through visual models built in this thesis. As I talk of the ‘what,’ ‘why,’ ‘how’(s) of a family business’ continuity, the findings are summarized as:

- ‘What’ is expected of all business families to continue their businesses (outcomes): (1) a created and protected family legacy, (2) created inner cohesion among the next generation’s members, (3) in-laws and non-family members assimilated into the family business, (4) family norming for the succession, governance, and order-conflict processes, and (5) a family business’ resilience maintained for the family and community. Figure 7.1 shows which actors are responsible for each expected strategy.
- ‘How’ these five elements of continuity are achieved is through three types of commitments that are shared and displayed at different levels: (1) the affective commitment of the founder creating and protecting the family legacy; (2) family members’ normative commitment and invisible members maintaining an inner cohesion and family identity needed for fulfilling the obligation to continue the inherited business, and (3) continuance commitment of the family business to maintaining resilience against uncertainties at the family, community, and country levels. Each actor possesses a main commitment, but also possesses other secondary commitments (figure 7.2).
- ‘Why’ these five elements of continuity and these three types of commitment stick together is because of four factors tied up in three links: (a) the family setting and the social capital of both direct and invisible members that ensures on-going activities of the family business. These efforts at social capital are constrained by the remaining two factors, notably (b) cultural settings related to inheritance management, heirship/legal ownership succession, family chieftaincy retention, and leadership succession, and (c) institutional uncertainty and the Ubuntu or communitarian nature of family firms as a way of living in a developing country making it difficult to plan for the long term.

Two main categories of conclusions can be drawn from the data analysis in this thesis. Conclusions regarding ‘when,’ the antecedents of continuity and the outcomes for achieving continuity are identified and ‘who’ is involved and at what levels ‘where’ things happen. This is important because, as noted by Whetten (1989), not only are the what, why, and how essential elements for theory building, but also when, who, and where are important questions to answer for a theoretical contribution.

The first category of conclusions links the effects or outcomes of different players at the individual, family, or firm-level on the continuity of a family business: (1) Founders create and maintain the business as a family legacy because of a cultural and moral obligation of providing an inheritance to their descendants; (2) the next generation’s members create the inner cohesion needed to continue the ownership and management of the business together as family members because of perceived familyhood, acquired legal and equal inheritance of the family’s assets including the business, and ownership development and initiation of a business spirit by the founder;
(3) in-laws build their loyalty and are assimilated into the family business because of shared ownership with their spouses through the marriage contract. If not, their disengagement affects their spouses’ participation in the family business. However, since the in-laws get motivation from family members’ involvement in the business, the role of the founder in initiating family members into the business is crucial for attracting both successors and their spouses, if not, the role of in-laws will be non-significant, and the family will lose both members and in-laws’ engagement; (4) Both founders and family members see the imminent conflicts arising from succession and managing the business together. They make different suggestions to mitigate conflicts and continuing together as a family or if not the family breaks up; (5) At the firm level, the family firm as an organization works hard to prevent difficult external conditions that may disrupt on-going services to the family and community, that is, survivability at any cost and aims at being there for the family and community. It is a continuance commitment because losing the business has negative consequences for both the family and the community, and the family cannot allow this to happen.

The second category of conclusions concerns commitment as antecedents of continuity. An overall model is built showing roots of day-by-day continuity of family businesses. The ‘day-by-day continuity model’ explains how the continuity of the family business is achieved and why it is day-by-day continuity instead of long-term continuity: ‘how’ the day-by-day continuity is a function of the commitment of the business family at the individual, family, and firm levels. The ‘why’ of day-by-day continuity instead of long-term continuity means that day-by-day continuity is maneuvered by the family setting and family members’ social capital together with the other members (invisible members), in connection with two other elements – the cultural background of the business family and its communitarian nature and the uncertainties of family firms in a developing country context that is not as stable as it is in the developed world context. Commitment as an antecedent of a family business’ continuity co-exists and navigates within boundaries of cultural settings and institutional uncertainties in the family firm as well as its communitarian nature. The way the founders of the family businesses manage uncertainties differently while at the same time addressing the cultural factors dictates the likelihood of translating day-by-day continuity into long-term continuity, if not, then the business has to exit. In other words, what makes the difference between those family businesses surviving in a developing country context and their failure is the ability to overcome cultural exigencies, community interdependence, and adapting to the changing business environment due to constant changing regimes and institutions.
Contributions and implications

As a theoretical contribution to family business literature, the theory of day-by-day continuity in a developing country context highlights the context heterogeneity of family businesses. Based on stable contexts, existing literature insists on the longevity of family businesses or a kind of long-term planning for continuity. This thesis revisits the notion of short-term survival that is necessary for the long-term orientation of family firms. The data used in this thesis highlights that it is not possible to plan for longevity in developing countries due to four main reasons: *cultural setting, family setting, uncertainties, and the communitarian nature of firms*. The data used in this thesis adds to Gupta et al.’s (2010) study on cultural sensitivity in developing countries. Some cultural practices like *family leadership retention, mode of succession choice, community obligations, and changing institutions in developing countries* make it difficult to plan for the long term. These factors make family business theories not applicable in developing country contexts in the same way as they work in the western context. Existing literature uses data from the stable and developed world which has macroeconomic and political differences compared to the developing world (Walsh, 2015) but ignoring the other reality of the developing country context that may have completely different effects on family firms. Therefore, this thesis contributes to the on-going debate on family businesses’ heterogeneity.

Cultural differences exist between developing and developed economies. For example, the notion of a family and its composition is differently interpreted, and this varies significantly in developed and developing countries, and its effect on family businesses’ survival also differs. A broader set of individuals are included under the rubric of a family in developing countries which is not the case in a corresponding definition in North America or Europe (Bewayo, 2009) where family firms operate with formal ownership, right to property and right to sell, trade, or transfer to other generations compared to the informal economy in Africa (Khavul et al., 2009). Extended family ties in Africa have a contrasting effect (Gupta et al., 2010; Khavul et al., 2009), and family size has a pervasive effect on the family and on its business. This thesis is an illustration of Aldrich and Cliff’s (2003) findings stating that a family’s demographic transitions like death and birth, divorce, and marriage affect the family’s commitment to the family business which has an impact on its performance, success, and survival in general. In this thesis, cases narrate how they started ventures by necessity. The hope for continuity also is subjected to family factors like size and geographical dispersion of family members. The thesis also responds to calls for context heterogeneity, suggesting that bringing data from areas other than western context would help to expand our knowledge in management by exploring less developing countries so far less studied. (Jackson, 2004; Walsh, 2015; Zoogah et al., 2015).

This thesis also makes a theoretical contribution to commitment literature as it responds to a call by Sharma and Irving (2005) for empirical studies in family business regarding antecedents and the consequences of commitment. This thesis considers commitment as an antecedent for the continuity of family businesses, a commitment not only by the successors but all family actors at different levels of the analysis:
commitment of the founders, potential successors, in-laws, non-family members, the family at large, and the business itself. This thesis shows that the three forms of commitment construct do not work separately, but move in interconnected areas, that is, the inter-relationships in different forms of commitment. The data analysis in this thesis shows that founders have a more affective commitment, family members and the family at large are likely to possess more normative commitment, and the business has more continuance commitment. More importantly, this thesis shows that a certain overlap exists between these three forms of commitment. It is hard to draw a line of demarcation between them. Even though each family actor, family member, the family at large, or the business has one commitment form in relation to the continuation of the family business, they still possess other forms of commitment.

The findings of this thesis show that each family actor has a certain form of commitment, but this is not limited only to this one exclusive form of commitment. It is like having a primary commitment, plus secondary forms of commitment. Each family actor can have any category of commitment depending on the needs. For instance, culturally related factors including the creation and protection of the family legacy, founder’s chieftaincy retention, family chieftaincy succession, heirship and equal ownership reliance for next generation members, and the loyalty of in-laws, siblings, and non-family employees come from both affective and normative commitment. Communitarianism and uncertainty related factors including the initiation of the business and ownership spirit, gradual professionalization to ensure the continuity of its daily operations, conflict mitigation initiatives, and Ubuntu practices or the communitarian nature of the family business come from both affective and continuance commitment. Family setting and social capital related factors for the family and invisible members, including familyhood development, crafting future management structures, identifying potential conflict among co-owners, and establishing governance and conflict management mechanisms come from both normative and continuance commitment.

When it comes to this thesis’ practical contributions, the model developed for a family business’ continuity (figure 7.1) shows different expectations from each actor in the family. This is useful for practitioners wanting to develop and manage a continuity plan. Family business practitioners are informed about the continuity factors that they should not mess-up if they care for the family business. These factors include the creation and protection of a family legacy for the founders; creation of inner cohesion among the next generation’s members; in-laws, and non-family members’ assimilation into the family business; and family order and norms for succession, governance, and conflict processes.

By doing so, this study addresses the call for family members to understand that markets change and the long-term effects and results of actual events, decisions, and behaviors too are associated with negative consequences caused by family inertia (Chirico & Nordqvist, 2010). In particular, the models developed in this thesis advocate what should be done and who is supposed to act. This means that the founders are informed about the expectations from them in terms of chieftaincy retention, family business ownership development, initiation of a business spirit, and gradual professionalization to ensure the continuity of daily operations. Next generation family members are informed about the expectations from them in terms of
legal and ownership succession, crafting future management structures together based on existing familyhood, and expected heirship promising equal ownership. Both the founders and family members are expected to build loyalty among in-laws, siblings, and non-family employees working in the family business to retain them. The family at large is expected to manage the chieftaincy succession process by identifying potential conflict areas among future co-owners and establishing governance and conflict management mechanisms for the routine management of the business.

Next I answer the question which is not asked but is obvious: What is the difference between those family businesses which are able to continue and those that face difficulties in continuing their businesses? By answering the initial research question of ‘how does the family build its business’ continuity?’ at the end of this thesis, I clarify the ‘challenges of continuity in family businesses in Rwanda.’

As mentioned earlier, the ‘what,’ ‘why,’ and ‘how’(s) are the main contributions of this thesis to theory building and the theoretical aspects (Reay & Whetten, 2011; Whetten, 1989). The thesis builds a day-by-day continuity model for a family business’ continuity. If we keep ‘what’ (s) and ‘why’ constant since they are common to all because the expected outcomes and conditions of culture or an uncertain environment are the same and exogenous to the business families then ‘how’ remains as the main endogenous predictor of a family business’ continuity. What this means is that what makes a difference is how the family manages exogenous factors of culture and uncertainty. How it becomes aware of them, and how the family manages the endogenous factors at different levels and who is supposed to do what, between both the generations. That is:

1. For the founder, developing affective commitment to (a) protecting the family business for subsequent generations, not as inheritance but for the immediate descendants only; this goes hand in hand with (b) accepting the sharing of his tenure or co-management instead of chieftaincy retention, early initiation of professionalization, and early initiation of potential successors.
2. The next generation’s family members and in-laws are passive and their response depends on the founder or the family’s initiatives. Reliance on legal succession needs to go hand in hand with the family business’ interest in succession for better normative commitment development.
3. For the family, prioritizing the business’ leadership succession and initiating governance and conflict management measures are observed in this thesis which need more attention for better continuity of the business. Normally, families insist on family leadership succession before talking of business succession.
4. For the firms, a balance between communitarianism and family needs is needed as a firm-level strategy for achieving continuance commitment. However, given the family’s influence in a firm’s decision making this is a family responsibility.

The reason these factors need the attention of practitioners is that the three types of commitment, as well as the resulting factors, are linked: This thesis makes it clear in figure 7.1, that ‘early business induction of next generation family members’ creates a
certain perceived psychological ownership and prepares the family for a progressive transfer of both ownership and management succession of the family firm to the next generation’s family members. This is the role of the founder. Such expected ownership through both legal provisions and induction by the founder leads to the next generation’s family members’ commitment to running the family firm for both themselves and for future generations. Spouses have the same legal expectations. The family business becomes a source of social capital as shown in this thesis. Next generation family members, in-laws, spouses, and other family members contribute to the elaboration of future governance of the family business. That is the role of family members.

Tensions between generations sometimes lead to family inertial and non-engagement of family members in continuing the family business. The presence or absence of next generation members’ initiation in business makes a difference between continuing the family businesses and those having difficulties in continuity, which forces them to choose the easier way of exiting, like a firm dividing into separates ventures or consolidating the business into real estate for easy management by the next generation’s members.

When it comes to the policy implications of this thesis, institutional uncertainty, mostly the on-going legal reforms affect businesses and policymakers do not consider family factors in these legal reforms. Matrimonial regimes, donations, and succession laws were changed during the time of my fieldwork as were many other laws. This thesis will serve as an awareness tool for including family succession issues in business laws instead of having both company laws and matrimonial laws which do not match because they are under-informed about the nature of family businesses.

Limitations and future research agenda

This thesis investigated how a family builds its business’ continuity. Due to the heterogeneity in the context, I used the context of developing countries which has been less explored so far in family business research. I shed light on how the context of the family in a developing country affects, contrasts, or enables a family business’ continuity. This study posits that continuity should be seen as a day-by-day survival, necessary for a family business to sustain its basic long-term orientation.

However, this study is not criticism free. It can be criticized in the following areas that future researchers need to investigate:

One limitation concerns the concepts and their relationships, as used in Figures 7.1 and 7.2. Bourne and Jenkins (2013) argue that organizational concepts are studied sometimes in comparison, or as isolated subjects, or are confronted, and suggest a differentiation in these dimensions to understand them better. In this thesis, dimensions that make the frameworks were inspired by concepts from the literature review: commitment, ownership, management, and continuity. Since I relate them in the form of overlaps in figure 7.2, future researches can disintegrate them and study them separately for better understanding the contribution of each dimension to the continuity of a family business. The arrows in figure 7.1 and the overlaps in figure 7.1 establish the relationships among the concepts. However, this thesis does not cover all
possible relationships among these concepts. Feedback arrows in figure 7.1 call for future research to investigate the relationships and mutual influence between family commitment, family ownership, family management, and family business’ continuity further.

Another limitation concerns case sensitivity and requires data replication. In fact, the data used in this thesis came from multiple cases. Day-by-day mechanisms may differ from family to family for several reasons. In this thesis, I could not compare and/or contrast cases. For better and further understanding the concept of day-by-day continuity, I call future researchers to replicate my findings either into a single case or more large-scale studies with survey or secondary data. Such replications may help elaborate more on the mechanisms that families adopt to cope with the challenges of continuity. Within a given context, family practices may differ a lot due to family beliefs and cultures, having governance structures in place or not, and many other factors. Replication is a suitable way of verification (Open Science Collaboration, 2012; 2015; Shaver, 1993). Replication not only leads to internal validity or petite generalizability (Stake, 1995) but it also allows or helps compare data from similar cases or samples, also known as external validity or generalizability (Kepes et al., 2014; Stake 1995). Therefore, understanding the cases, comparing and/or contrasting them might increase our understanding of day-by-day coping mechanisms in the continuity of family businesses.

Another limitation concerns context heterogeneity which requires data generalizability. Short-term survival is necessary for the long-term orientation of a family business. But, this concept of day-by-day survival developed and adopted in this thesis is related to the context of sub-Saharan countries. Contexts are heterogeneous. Many other developing countries all over the world share some characteristics but may have their local contexts too (Austin, 2002, 2008). Data was polarized as much as possible as recommended (Pettigrew, 1990, 2012), but data comes from one country, Rwanda, which may also impact its generalizability (Meneses et al., 2014). Therefore, the continuity of family businesses needs more attention in terms of generalizability and a comparison of contexts for a better understanding of family businesses’ continuity across contexts. Context heterogeneity is important for future research in family businesses’ continuity because the family and the business are embedded in family social networks that are also embedded in their country’s social context.

Lastly, futurity, continuity, and perseverance are three main ingredients of the long-term orientation of any family business (Arz & Kuckertz, 2019; Lumpkin & Brigham, 2010, 2011). In this thesis, I focused on continuity and not the futurity and perseverance of family businesses. I call upon future researchers to study the remaining two concepts to understand how business families in developing countries visualize their long-term orientation. Scholars interested in the long-term orientation of family businesses need to investigate how the findings on continuity interact with futurity and persistence or reciprocity among them. Future researchers interested in long-term orientation of family businesses also need to investigate how contextual strategies work separately or simultaneously for the continuity and persistence of family businesses.
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195


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212
References


Appendix

Appendix A1: Interview Guide

The initial questions
1. Let us discuss the history of your family and its business:
   a. How did you start your business?
   b. Under what circumstances did your family decide to go into business?
   c. Tell us the history of how this business started?
   d. Why did you get into business?
2. How do you define a family firm? What are the strengths and / or weaknesses of being a family business?
3. Let us discuss your family’s involvement in the ownership and management of your business:
   a. How is the owner-family involved in the on-going management process?
   b. Which other actors are involved in this process: family and non-family actors (internal and external)?
4. Family business identification and ownership:
   a. How is the company managed by the founder, appointed family members, and non-family members?
   b. How many direct family members are there in the top management team (TMT) like BOD or executive committee, if any?
   c. How many non-family members in the TMT?
   d. How many other relatives’ members in TMT?
   e. Ownership: how many non-family shareholders? <2, 2-5, 6-10, >10 other shareholders?
   f. What generation is currently managing the family business (the founder(s)’ generation? Or another generation?
5. Let us discuss the future of your business as a family-owned business:
   a. What are your primary resources?
   b. What are the strategies used so far to navigate the current situation?
   c. What does a continued business mean to you?
   d. What are your goals for the company?
   e. What is your plan for the future of your business? How do you see the continuity of your business?
   f. How do you see the future of your business after your retirement? Do you think the family is ready to continue the business after your retirement?
   g. Is selling the company an option for you?
   h. What is the priority in terms of operations…, profitability…, expansion…, and growth to ensure a better future for your business?
6. The role of the family in business development:
   a. How does the family, in general, help the development of this firm? Please elaborate more on the role of both the nuclear family and the extended family on the development of this company: support or
hostility from the family, if any. Please elaborate on the role of each category of family members.

7. The role of local society, local community, and local administration in business development: According to you, what is the importance of the extended family, community, society, or your local constituency for your business?
   a. How does your community, in general, help the development of this firm? (if applicable), please elaborate more on the role of the community in the daily activities of this company: support or hostility, if any.
   b. How has your district as a place of origin or area of activity, in general, helped the development of this firm? (if applicable), please elaborate more on the partnership that you have developed with the local administration, support or hostility from the district as a place of origin.
   c. In return, what is the importance of your enterprise for the local community?

8. What are the organizational forces that enabled this company to survive over its life (past and current experience)? Specifically:
   a. What corporate strategies enabled the company to respond to external challenges, threats, and opportunities?
   b. What management practices enabled this business to survive and continue?
   c. What entrepreneurial practices enabled this business to survive and continue?
   d. What is the role of family members and relatives (in management and/or ownership) in the continuity of the firms?
   e. What is the role of non-family members and relatives (in the management) in the continuity of the firms?

9. What are the external forces affecting this company:
   a. political issues and government policies.
   b. technological issues.
   c. Society.

10. How do you react to these external forces to survive?

Follow-up questions

1. How do you want the family business to be in the future after your tenure? (When you will no longer be able to work in it)? How do you imagine the future of your family business? What are you doing to sustain it? How do you feel the future of your business will be when it is managed by your children, after you retire or when you will not be alive? Don't you have an arrangement for that so far?
2. Family relationships: how do you manage conflicts and governance issues in your family business?
3. How did your parents start with a small business? And make it grow?
4. Family business identification: can you confirm that your business is a family business?
5. How do you agree with each other like brothers and shareholders? Do you have any form of governance mechanism?
6. Are there any family policies that determine how things must be done? Are there any family regulations which are different from the firm’s regulations?
7. Which council do you have? Do you meet in the family? Or business premises?
8. When you say management meetings, do non-family managers participate in these meetings too? Or are the meetings for family members only?
9. How do you manage the relationship between your children who work in the business and non-family employees who are in managerial positions?
10. As family members, how do you come up with a kind of consensus that individual behavior and ethics in an organization must be the same for all organizational workers, including family members working in the family business? How do you enforce this?
11. How do you treat family members vis-a-vis another member from the extended family (spouse, children, and relatives)?
12. How does good cooperation and conflicts between family members affect the way of running the family business?
13. You mentioned that people could leave the company in terms of not working here anymore or withdrawing their shares and starting afresh. What would be the consequences of dividing the shares or business assets among beneficiaries?
14. If one of your kids, brothers, or sisters gets married, does that change the way you cooperate with him or her in the business? What changes occur if one of you gets married?
15. You said you have your business, and your family relatives have their businesses too. Does this affect your family business in any way?
16. You mentioned having individual businesses: In most cases, after getting married and forming a new family, some family members sometimes create and invest in satellite businesses. Does that happen as a result of new influences from a third person who comes into the picture?
17. So, what good practices do you follow to prevent conflicts that may arise between you and non-family hired managers?
18. How do you balance the family and firm’s conflicting lives and operations?
19. What significant challenges did this business face in its history? (past and current experiences).
20. How do you prepare your children to make them feel and act like the owners of this business?
21. How do you attract your family members to work for the family business instead of looking for jobs elsewhere?
22. What did your parents do to integrate you into the business?
23. How did you or other family members start involved in your family business’ activities?
24. How do you ensure the continuity of business ownership among family members?
25. You said that you are equal as brothers and sisters. But you are there as their leader, and you may have some reasons that may make you leave the business temporarily or for good, with your observations, who can back up you in your
absence? When you are not around or when you are on a mission or when you are sick, do they wait for you to come back to take decisions?

26. Regarding succession and leadership, what are the criteria and priorities that the parents use while appointing the family leader? How does one child become the most preferred one for the parents?

27. Why is it so rare in Rwanda to see children smoothly replacing their parents in the family business’ management and continuing it?

28. What about gender balance in your family? Are daughters working in the company too? Soon the daughters will get married in other families; it will be like losing your partner in the business, how will you handle that situation?

29. If married, are your in-laws engaged in this business? How do you integrate your spouses in the business as new family members?

30. How does Rwandan culture and society influence the continuity of family businesses either positively or negatively?

31. How do you collaborate with neighbors, the district? Do you think that the district may face economic problems as a result of closing or relocating your business?

32. In what ways did the liberation war and/or genocide have any impact on the family business?

33. To conclude, and with your observations and experience, what do you think can the family members do to make their family businesses last longer?


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The Challenges of Continuity in Family Businesses in Rwanda

This study investigates how the owning family builds its business’ continuity in the social context of a developing country that is dominated by instability and hostility. The family is situated in a broader country’s social context, and therefore its business is embedded in the family’s social networks that affect its long-term planning.

The thesis uses interviews as data collected from six founder-led business families in Rwanda, following a qualitative approach with multiple cases of research design.

Findings show the commitments of actors at multiple levels. Business families in Rwanda strive for continuity through (1) created and protected family legacy, (2) created inner cohesion among the next generation’s members, (3) in-laws and non-family members assimilated into the family business, (4) the family forming norms for succession, governance, and order-conflict processes, and (5) the family business’ resilience maintained for the family and community. In this thesis, the factors in a family business’ continuity are linked to (a) the family setting and the social capital of both direct and invisible members that ensures on-going activities of the family business; (b) the cultural setting related to inheritance management, heirship/legal ownership succession, family chieftaincy retention, and leadership succession, and (c) the institutional uncertainty and Ubuntu or a communitarian nature of family firms as a way of living in a developing country making it difficult to plan for the long term.

Knowing these factors may inform scholars about the fluidity in commitment among multiple levels in business families. It may assist policymakers, owners, and practitioners to design an informed continuity plan or policies that have the potential to ensure the survival of family businesses in Rwanda.

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