**FACTORS INFLUENCING THE MANAGEMENT OF FAMILY BUSINESSES IN UGANDA**

**A Case Study of Nice House of Plastics**

**BY**

**DANSON OMWESIGWA**

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 **OCTOBER , 2019**

### DECLARATION

I Danson Omwesigwa declare that the information presented in this Dissertation is original as a result of independent investigation. Where it is indebted to the work of others, due acknowledgement has been made

Date:……………………………….. Signature:…………………………………….

**DANSON OMWESIGWA**

 **(STUDENT)**

### APPROVAL BY SUPERVISOR

I, Associate Professor E.B Mugerwa certify that this dissertation has been under my supervision and is now ready for submission to the School of Business Administration of Nkumba University for examination.

Signature Date

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**DR. ERIE.B. MUGERWA**

**(SUPERVISOR)**

### DEDICATION

This work Dissertation is dedicated to my beloved mother for the love and prayers offered to me during my studies may God rewards her. Also am forever indebted to Mr. Tumwesigye Amon for the support and mentorship given to me, May God bless you abundantly.

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### LIST OF ABBREVIATIONS

**ANOVA** Analysis of Variance

**C.V.I** Constant Validity Index

**SPSS -** Statistical Package for Social Sciences

**NHP**  Nice house of Plastics

### ABSTRACT

**FACTORS INFLUENCING THE MANAGEMENT OF FAMILY BUSINESSES IN UGANDA. A CASE STUDY OF NICE HOUSE OF PLASTICS**

**AUTHOR**. **DANSON OMWESIGWA**

**2017/AUG/MBA/M221807/WKD/KLA**

**KEY WORDS. FACTORS INFLUENCING THE MANAGEMENT OF FAMILY BUSINESSES**

The main aim of this study was to examine factors influencing the management of family businesses in Uganda, a case of Nice House of Plastics. With the objectives of the study which were; to examine how Nice house of plastics puts in place effective corporate governance structures; to examine how Nice House of plastics ensure that staff are well motivated so as to ensure effective company management; and to examine how Nice house of Plastics mentor new business leaders over time to ensure continuity in the company. The study adopted a case study survey design with both qualitative and quantitative methods of data collection and was carried out at the Nice House of Plastics. The study population was 200 respondents out of which a sample of 133 respondents was selected as study sample and it was randomly and purposively selected. Questionnaires and interviews were used as data collection methods. The results of the study revealed a high positive and significant correlation between corporate governance structure and management of family business (r= 0.691, p=0.000), a moderate positive relationship between staff motivation and management of family business (r= 0.535, p=0.000) and a low significant relationship between mentoring of new business leaders and management of Nice House of Plastics (r= 0.469, p= 0.000). In conclusion, the findings of the study indicated that, corporate governance structure, staff motivation and mentoring of new business leaders are influential factors towards management of Nice House of Plastics. The researcher recommends that; majority of the board members at Nice House of Plastics should be independent directors; family business or company should determine its own policies designed to influence appropriate behavior by both non-executive and executive directors as well as key executives; and House of Plastic should acknowledge and exploit the extrinsic factors in their human resource management practices particularly in the strategic human resource management so as to ensure that the employees are well motivated to perform their task.

### CHAPTER ONE: INTRODUCTION

### 1.1 Background of the Study

This study examines the factors influencing management of family businesses in Uganda. It is based on a case study of Nice house of Plastics (NHP).

A study on the management of family business is important because many family businesses in Uganda collapse in their first three years of existence. According to the report conducted in (2014) Balunywa, revealed that more than 63% of Ugandan family business that have survived in the global market include: Mulwana group of companies, Mukwano group of companies, Madhavni group of companies and Wavamuno family business. Today Nice house of plastic is a leader in the manufacture of plastic products and other household products such as batteries and chairs in Uganda.

Barbra (2016) revealed that the company produces a wide range of products ranging from agricultural, furniture, packaging, tableware, toothbrushes to washing and writing instruments. “*Over the years, we have introduced several new products for use not only in the home, office and school but also in the agricultural and industrial sectors*”, Barbra (2016).

Being the manufacturer of house hold and industrial plastic Items and the only manufacturer of Ballpoint pens and Toothbrushes in Uganda, Nice house of plastic has contributed immensely to the economic development of Uganda through provision of jobs to over 250 Ugandans directly and to over 100,000 indirectly manufacturing of household items has made it easy to majority of Ugandans to own certain items and the company is one of the leading tax paying entities in Uganda (Barbra, 2016).

As stated by Anthony (2017), the company has a wide range of its dynamic product designs and innovative new plastic products that continue to add value by improving human livelihood throughout the region that the company serves and beyond.

Wang et al., (2000), revealed that only about 30% of family and businesses survive into the second generation, 12% are still viable into the third generation, and only about 3% of all family businesses operate into the fourth generation or beyond (Wang et al., (2000).

Mbanga (2013), revealed that the death of Mulwana created managerial challenges in the running of the company which culminated into low managerial capacity to carryon all the duties which were performed by the founder, family conflicts also had an impact on the management of the company in addition to increased competition from other companies among others.

Kirega (2016), asserts that family business management is hindered by poor management structures and systems which cause slow adoption to the strategic performance based requirements for a change in business management.

According to Nice House of Plastics policy statement (2010), the following are the policy objectives of the company;

1. To ensure quality production of plastic goods in Uganda
2. To attain excellent customer service
3. To mentor new business leaders over time to ensure continuity in the company
4. To put in place effective corporate governance structures in the company
5. To be the market leader of plastic products in Uganda and beyond
6. To ensure staff are well motivated and trained

 This study examines the extent to which the following the above three (3) objectives have been achieved and implemented in Nice House of Plastics.

1. To put in place effective corporate governance structures in the company
2. To ensure staff are well motivated and trained
3. To mentor new business leaders over time to ensure continuity in the company

### 1.2 Statement of the Problem

In spite of the fact that Nice House of Plastics has got clear cut policy objectives as stated above, the company performance is not progressive as indicated in the company annual report (2015) which revealed a decline in the company growth in terms of product portfolio in addition to poor distribution of company products, high levels of staff turnover, low levels of customer satisfaction coupled with poor management practices.

According to Barbra Mulwana the managing director of Nice House of Plastics (2016), the death of the founder in 2013 had a substantial impact on the management of the company which resulted into low managerial capacity to carry on aspirations of the founder, persistent family conflicts also had an impact on the management of the company in addition to low level of business expansion and scale of operation. Therefore, it is against this background that the study examined those factors that influence management of family businesses in Uganda with reference to Nice House of plastics.

### 1.3 Purpose of the study

The purpose of the study was to examine the factors influencing management of family businesses in Uganda basing on Nice house of plastics as a case study.

### 1.4 Research Objectives

The following are objectives that guided the study:

1. To examine how Nice house of plastics puts in place effective corporate governance structures.
2. To examine how Nice House of plastics ensure that staff are well motivated so as to ensure effective company management.
3. To examine how Nice house of Plastics mentor new business leaders over time to ensure continuity in the company.

### 1.5 Research Questions

1. How does Nice house of plastics puts in place effective corporate governance structures?
2. How does staff motivation affect the management of Nice house of plastics family business?
3. How mentorship of new business leaders influence the management of Nice house of plastics family business?

### 1.6 Scope of the study

This study examined factors influencing the management of family businesses in Uganda, a case of Nice House of Plastics. Specifically the study focuses on; how Nice house of plastics puts in place effective corporate governance structures; how Nice House of plastics ensure that staff are well motivated so as to ensure effective company management; and how Nice house of Plastics mentor new business leaders over time to ensure continuity in the company

### 1.7 Significance of the Study

The findings of this study may assist organizations in acknowledging the contributions of family business management which when applied may help organizations in achieving favorable business success.

**To the ministry of trade, industry and co-operatives,** the study findings may enable government through the ministry of trade, industry and co-operatives to provide better mechanism of managing family businesses so as to encourage employees to ensure timeliness of services in the organization.

**To policy makers**, the study findings may help policy makers realize the importance of family business management when applied may help employees of the organization increase on their level of output.

**To Nice house of plastics,** the findings may enable management of Nice house of plastics to improve on their business management practices and to adopt efficient strategies to improve on the company’s success in terms of profitability and growth.

**To future researchers**, scholars and researchers the study findings will add on to the existing literature on family business management practices and their effects on the business success. Such literature can always be used as a point of reference by scholars and academicians. Furthermore, the study will not be able to fill all the research gaps relating to family business management practices; as such this will call for future studies to be conducted.

**To Human Resource managers,** the findings will enable human resource managers to conduct staff motivation so as to enable Nice house of plastics achieve high levels on staff retention and increased productivity.

### 1.8 The setting of the study.

This study is conducted at Nice House of Plastics located at Plot 75B Mulwana Road Bugolobi P.O.BOX 5961 Kampala Uganda.

Nice House of Plastics was formerly known as Ship Toothbrush Factory. The Nice House of Plastics name was adopted on the 5th of July 1995. This name is attributed to our first product: the NICE toothbrush, the first of many that would serve to build our house of plastics.

Nice House of Plastics Limited was founded in 1970 by Dr. James Mulwana, a leading entrepreneur and industrialist in Uganda. He was entrepreneur and industrialist in Uganda. He was the Chairman and chief Executive officer Mulwana Group of companies. Mulwana`s business prominence set off in 1967 with the establishment of Uganda batteries Limited, an automotive battery manufacturing company, in partnership with Chloride (UK) Limited and in 1990 he gained full ownership of the company. In 1970, He established Ship toothbrush factory Limited whose name was later changed to Nice House of Plastics Limited on January 5th 1995.

Dr. James Mulwana strives to create the base that has since grown to become the company we all know and love.

The company is a manufacturer of house hold and industrial plastic Items and is the only manufacturer of Ballpoint pens and Toothbrushes in Uganda.

The company has diligent and hardworking staff to offer our unmatched professional expertise that has kept us on top of the industry as the most trusted provider of plastic products in the East African region.

The company is dedicated to effectiveness and efficiency through its dynamic product designs and innovative new plastic products that continue to add value by improving human livelihood throughout the region we serve and beyond. The company produces a wide range of products ranging from agricultural, furniture, packaging, tableware, toothbrushes to washing and writing instruments. Over the years, the company has introduced several new products for use not only in the home, office and school but also in the agricultural and industrial sectors. We have now truly earned the designation HOUSE OF PLASTICS

#### **Mission**

Adding something Nice to everybody`s life

#### Vision

By achieving excellence in every aspect of our business

#### Values

* People you can trust
* Respect for people
* Team work- working together
* Innovation- New Ideas
* Hard Work

### 1.9 Arrangement of the study

Chapter one presents an introduction to the study

Chapter two presents study literature. It highlights literature survey, literature review and the conceptual framework of analysis.

Chapter three presents research methodology. It highlights research design and data collection and management.

Chapter four presents the demographic characteristics of the respondents.

Chapter five presents findings for objective one which is to examine how Nice house of plastics incorporates effective corporate governance structures.

Chapter Six presents findings on objective two which is to examine how staff motivation affects the management of Nice house of plastics family business.

Chapter seven presents’ findings on objective three which is to how mentorship of new business leaders influence the management of Nice house of plastics family business.

Chapter eight links the findings to literature review and suggests the way forward.

Chapter nine presents summary and conclusion to the study.

### CHAPTER TWO

### STUDY LITERATURE

### 2.1 Introduction

This chapter presents the study literature. It highlights literature survey, literature review and the conceptual frame work in relation to the study objectives.

### 2.2 Literature Survey

Not many studies have been carried out in Uganda on Nice House of plastics, and none has been conducted to examine the factors influencing family businesses in Uganda focusing on Nile House of plastics in the area of the present study. There are also other studies done conducted by other researchers in relation to the management of family businesses in Uganda but these also focus outside the scope of this study. Below are surveyed such studies.

Kizito (2018) did a study on the impact marketing strategies that are to engage in influencing business sustainability in Nice House of Plastics. The specific objectives of the study were to; To examine the effect of product on business sustainability; To examine the effect of price on business sustainability; To examine the effect of place on business sustainability and To examine the effect of promotion on business sustainability. The study adopted a case study. A sample size of 44 respondents was used. Data was collected using questionnaire and interview guide. From the study findings, it was revealed that Customers repetitively purchase products because they have the right features, satisfy their fundamental needs, exceed their expectations and that which makes the organization sale more. However the study by Kizito (2018) only focused on marketing strategies has the factors that affect sustainability of Nice House of Plastics, thus it ignored other factors such as corporate governance, mentoring and management skill. In order to fulfill the available study gap, the current study has extensively examined the factors affecting the performance of Nice House of Plastics that is corporate governance structure, mentorship, management, staff motivation and the results of this study have revealed that there is a significant relationship between staff motivation, corporate governance structure, mentoring of new business leaders and performance of Nice House of Plastics.

Furthermore the study by Kizito (2018) revealed that prices are affordable to customers, organizations give a discount to a customer, company brand has gained Customers who are loyal, and that when they advertise our products get more customers. More so products are available to the consumers at a place where they can conveniently make purchase, they use reliable vans to get the products to the customers, have a well-managed and effective distribution network which has enables us to retain our customers and that the products always reach the target market in the appropriate place (Kizito, 2018). It recommended the following; the management of Nice House Of Plastics (U) Ltd should allocate enough resources and funds to finance advertising, personal selling and public relations so that they can be fully administered in a wide area. It was also recorded that the management should strategically carry out cost estimation and values the impact of a given promotional strategy in order not to spend more money on marketing which could result into unexpected losses. However this study did not recommended for mentorship of new business leaders, corporate governance structures, and staff motivation as factors that contributes to the management of Nice House of Plastics, hence this study has fulfilled the gaps left by clearly examine the impact of staff motivation, mentoring of new business leaders and corporate governance structure on management of Nice House of Plastics.

Jeff (2013) wrote an article titled” the untold story of James Mulwana”. In His article Jeff (2013) noted that it was not until around 1958 that the business character of James Mulwana came to the fore. Jolly Joe Kiwanuka, a prominent football administrator at Express Football Club, started a newspaper. The Express newspaper. It was heavy on politics, aimed at promoting Kiwanuka’s political ambitions. Kiwanuka recruited a young Mulwana to work for the paper. However Jeff (2013) did not talked about the various factors that have contributed to the management of Nice House Plastics. This current study however has examined the various factors that have contributed to the management of Nice House of Plastics in terms of staff motivation, corporate governance structure and mentoring of new business leaders, hence has not fulfilled the gap left out by Jeff (2013).

More so Jeff (2013) noted that Mulwana got a breakthrough after partnered with a German national to start business in Kampala. He would later buy out the German, according to this account. It is also believed that Mulwana started working with William Kalema, the late husband to Rhoda Kalema. Mulwana’s father and Kalema’s mother were close friends who came from the same village in Kiboga. He continued that, as minister of commerce in the mid-1960s, William Kalema offered import licenses to a few young men interested in business. Among these was Mulwana. Thereafter, Mulwana started importing plastics into the country. By the late 60s, he was an established businessman in Kampala. By the time the likes of Gordon Wavamunno met Mulwana around 1969, he was already a household name. However this study did not give a clear view on how Mulwana mentored new business leaders for the success of Nice House of Plastics. However the study by Jeff (2013) only focused on the breakthrough of Mulwana and it did not examined the factors that have contributed to management of Nice House of plastics, thus the current study filled the available study gap.

Jeff (2013) in addition narrated that while many businesses collapsed during the volatile Idi Amin era in the 1970s, Mulwana’s endured. He, however, had to send his children – two girls and one boy - to Scotland to study as they escaped the mayhem that was Uganda at the time. Through the 1980s, Mulwana continued to grow his business. He also spearheaded such initiatives as the now annual trade fair at Lugogo Uganda Manufacturers Association (UMA) show grounds. His contribution to the success of bodies like UMA and Private Sector Foundation Uganda goes without question. His business empire included Nice House of Plastics, manufacturers of cups, toothbrushes, plates, basins, pens and jerrycans, among others. His other businesses were, Uganda Batteries, Nsimbe Estates and Jesa Farm Dairy, among others.

Research conducted by Ahabwe (2011), studied “succession planning in family owned businesses in Uganda”. He noted that the majority of family businesses not only in Uganda but throughout the world that range from groceries to the large multinational organizations have totally declined in performance. He sampled out some of the collapsing businesses such as Zzimwe construction, Mulwana group of companies, Pearl of Africa hotel and Nsimizi training Institute. According to the report conducted in (2014) by Prof. Wasswa Balunywa, the principal of Makerere University Business School found out that these businesses are run by their children, but high controls from their parents, irrespective of age. For instance the collapse of family businesses in Uganda such as Ntinda View College and Lugazi University was as a result of poor succession planning since the founder Mr. Alfred Kigenyi had employed most of his relatives and family members who had no qualifications to handle these two institutions. Balunywa (2014) further elaborates that lecturers and teachers in these two institutions were not motivated and there was lack of professional structures associated with bureaucracy and organizational politics that made them to collapse. The current study however has demonstrated that the success of Nice of Plastics has been attributed to the effective staff motivation and mentoring of new business leaders by the company management and directors.

According to the global entrepreneurial survey research conducted in (2013) indicts that family business management is hindered by poor management structures and systems which cause slow adoption to the strategic performance based requirements for a change in business management. The survey further found out that the majority of family businesses have a significant amount of family member involvement with more than 97% owned family members and this has made them to fail due to lack of proper management. However this study has demonstrated that the success of Nice House of plastics has been attributed to the effective corporate structure, mentoring of new business leaders and staff motivation. The current study has exclusively examined the factors that contribute to the management of small scale businesses and the findings of this study have revealed that there is a significant moderate relationship between staff motivation, mentoring of new business leaders and corporate government structure in Nice House of plastics.

Mutonga, (2011 argues that professional structures can help employees feel motivated about their workplace in terms of the new professionals whom they will interact with. Because they will make them to adopt trusting relationships with colleagues which is in line with Kawakami, & Edamura, (2008) who asserts that professional structures leads to increased productivity since the collaborative nature of professionals will teaches people how to work together more effectively as well as allowing staff to see that everyone has different skills and approaches to a problem. Bloom & Van Reenen, (2007) disagrees with the above scholars and argues that professional structures cannot motivate employees in their place of work since they fear of their positions to be taken by professional which limits business success. This study by Mutonga (2012) only focused on professional structures and staff motivation as factors that determine the operation of family business , however, the findings of this current study has demonstrated demonstrate that there is a significant moderate associative relationship between staff motivation, mentoring of new business leaders, corporate governance structure and management of small scale businesses.

### 2.3 Literature Review

This section discusses the theories and models that researchers have put forward to explain the issues regarding the factors influencing the management of family businesses in other context other than Nice house of plastics. The purpose is to construct theoretical framework within which to study and understand the issues involved in Nice House of Plastics.

Theory of growth of a firm Penrose (1959) expressed the vital role of resources, management leadership style and control measures as the key components towards growth of affirm. The accustomed resources will shape the productive services management is capable of rendering. The experience of management, leadership styles, formulation of strategies will effectively determine growth rate. The dynamic interaction will determine how MSFBs take advantage of opportunities and turn them to business ventures that will earn revenue, facilitate expansion and growth. Competencies, capabilities, learning and development of the family business are the pivotal and epitome of organizational success and growth. The foundation of this approach is embedded on the managerial skills in making proactive decisions during the organizational routines, knowledge creation that are critical to the ability of a firm to grow. However the theory of Growth of a firm only focused on Competencies, capabilities, learning and development as factors that determine the performance and management of small scale business. The findings of the current study however have revealed that staff motivation, mentoring of new business leaders, and corporate governance as the determinant factors for the success of Nice House of Plastics and other similar businesses.

Strategic thinking, entrepreneurship, knowledge creation, customer focus and innovation during business operations will be of value addition to the MSFBs and it is the dominant framework in business strategy that organizations have utilized in gaining competitive advantage. Change management, human resources practices Hopkins (1959) are important administrative restraints that requires affirmative action’s to facilitate growth of firms to the corporate and industrialized levels. The growth process is, therefore, dynamically constrained with multivariate factors inhibiting the growth and organizations must take advantage of opportunities within their environment subjects to the accustomed operations, management experience to facilitate growth concept in their respective organizations. Productive opportunity of the firm ,economies of scale, inherited resources and direction of expansions are some of the multivariate factors that MSFBS owners capitalizes to the detriment of their competitors. Access of intelligent market information in terms of customer’s preference and tastes, product knowledge is what makes the difference in a perfect market competition.

Succession Planning and Management Theory was fronted by Rothwell (2005) in which he posits that an effective succession planning and management effort is that which is capable of building talent from within and ensures leadership continuity. He contends that it is imperative for organizations to establish formalized succession planning as part of organizational strategic and management tools. Based on his theory, Rothwell suggests that systemic succession planning and management can be attained by following his seven-pointed star model that consists of the following steps: (1) making commitment towards succession planning and management, (2) assessing present work and people requirements, (3) appraising individual performance, (4) assessing future work and people requirements, (5) assessing future individual potential, (6) closing the development gap, and (7) evaluating the subsequent succession development program. This theory was relevant in the study since as revealed in the background analysis, the growth of family owned businesses are majorly affected by poor succession planning within the governance structures. This theory informed the study in determining the extent in which succession planning affects growth of family owned businesses in Uganda.

According toPoza & Daugherty (2013), the systems theory is one of the widely adopted theories in the study of family businesses. According to Aronoff (2004), systems theory conceptualizes the family businesses as a system of interaction of management, ownership and family systems to create the necessary business alignment. Each system maintains its boundaries, which is what separates it from the other systems and the overall external environment within which the family business operates (Poza & Daugherty, 2013). A family member can be situated in any of the positions. Dynamic social system characterized by the unification of the subsystems towards the common goal of the general system (family business) is achieved through adjustment and counter-adjustment of these subsystems (Prior, 2012). Poza and Daugherty (2013) further argued that understanding the sustainability of family business comes about only when all three interacting systems and their interdependencies are understood and treated as a single system.

Chua, Chrisman and Sharma (2003) stated that the principle agency theory is the prevailing theoretical framework for understanding and describing the fundamental relationship between owners and managers in management research. Poza and Daugherty (2013) added that the agency theory suggests that the natural alignment of owners (the principals) and managers (the agents) in a family business reduces the necessity for formal supervision and governance practices and thus reducing the agency costs. Both altruism and nepotism give birth to the complex nature of the agency relationships stated above, however there are high costs associated with managing these relationships (Poza & Daugherty, 2013).

Chua, Chrisman and Sharma (2003) argued that in theory, agency problems occur when principal-agent relationship is expressed by diverging interests, informational asymmetries and bounded rationality. Poza and Daugherty (2013) supported this view by saying that the agency theory captures the idea that the goals and expectations of stakeholders in any organisation may not always be aligned and the resultant costs to the business are normally implicit. As a result family business owners are unable to fully grasp all of the conflicting interests of non-family managers and therefore cannot anticipate whether non-family managers will pursue their own interests at the expense of the family business and thus affecting the management succession decisions (Chua, Chrisman & Sharma, 2003).

According to stewardship theory by Chrisman et al (2007), agency problems detailed above would not occur in the existence of a sole family owner–manager since the owner and manager would be one person (Chrisman, Chua, Kellermanns & Chang, 2007). In contrast, Siebels and Knyphausen-Aufseb (2012) offered that many stewardship theorists advocate that irrespective of ownership, managers will normally be motivated to act in the best interest of their principals or the organisation. Another view of the stewardship theory is proposed by Pierce, Kostova and Dirks (2001) and states that the stewards act informally, in a self-actualizing way and with an approach signifying psychological ownership. Siebels and Knyphausen- Aufseb (2012) postulated that this social and emotional involvement of family and the business helps for the collective good of the business. In contrast, Poza and Daugherty (2013) stated that the stewardship perspective of family business holds that founding family members interpret the family business as an extension of themselves and an absolute legacy which is connected to their personal well-being. An extreme sense of pride ranks high amongst their priority goals and may act as an agent for success or imminent failure, as founders struggle to relinquish their influence over the business (Poza & Daugherty, 2013). This view of family business implies that owners fulfill key roles and functions these include: to provide for the next generation of leaders, ensure appreciation of the legacy created, advocate for the going concern and provide strong competency base for business advisory, as a result owner’s or incumbent’s behavior is vital to the overall succession process (Poza & Daugherty, 2013).

The resource-based view illustrates how the unique aspects of a family business may be a source of competitive advantage (Siebels & Knyphausen-Aufseb, 2012). According to Poza and Daugherty (2013) the inherent competitive advantages to family business are best described by the resource based view of organisation. These resources are frequently denoted as organisational competencies, which are entrenched in business internal processes, human resources or other intangible assets (Poza & Daugherty, 2013). Poza and Daugherty (2013) maintained that for a family business these resources might result in the owner-manager-entrepreneurial role overlapping, which may streamline the business and thus create a competitive advantage.

According to Cabrera-Suarez, De Saa-Perez and Garcia-Almeida (2001) members of a family may be far more accommodating of other members and ensure knowledge transfer and skills and that it is this sense of community and inspired longevity which may improve overall business performance. Management succession is a multistage process and not an event, which involves successor development and knowledge transfer between the incumbent, potential successor and the managers, is vital to overall process success (Cabrera-Suarez, De Saa-Perez & Garcia-Almeida, 2001).

The Three-Circle Model of the Family Business System was developed at Harvard Business School by Renato Tagiuri and John Davis in 1978. It quickly became, and continues to be, the central organizing framework for understanding family business systems, used by families, consultants and academics worldwide.

According to Tagiuri and Davis (1978), this framework clarifies, in simple terms, the three interdependent and overlapping groups that comprise the family business system: family, business and ownership. As a result of this overlap, there are seven interest groups present, each with its own legitimate perspectives, goals and dynamics. The long-term success of family business systems depends on the functioning and mutual support of each of these groups.

Furthermore Tagiuri and Davis (1978) argued that the Three-Circle Model of the Family Business System shows three interdependent and overlapping groups: family, ownership, and business.

An individual in a family business system occupies one of the seven sectors that are formed by these three overlapping circles. An owner (partner or shareholder) and only an owner will sit within the top circle. Family members will occupy the left-hand circle, and employees of the family company the right-hand circle. If you have only one of these roles, you will be in just one circle. However, if you have two roles, you will be in an overlapping sector, sitting within two circles at one time. If you are a family member who works in the business but has no ownership stake, you’re in the bottom-center sector. If you are a family member who works in the business and is an owner, then you will sit right in the center of the three overlapping circles.

“The Model identifies where key people are located in the system,” Davis explains, “and think about different roles that family members have: being a family owner, or a family employee. These overlap areas in the Model indicate role overlaps and potential role confusion.”

### 2.4 Conceptual framework

 In regard to the conceptual framework, the researcher will focus on both the independent Variables and dependent variables as illustrated below.

**Independent Variable Dependent Variable**

**Management of family businesses**

* Productivity
* Staff retention
* Continuity

**INFLUENCING FACTORS**

* Corporate governance structures
* Staff Motivation
* Mentorship of new business leaders

 **Intervening variable**

* Competition
* Organisational policies
* Leadership style
* Family relationships

Figure 2. 1*: Conceptual Framework*

***Source: Adopted from the agency theory on family business management by (Nzongang&Atemnkeng, 2006***; ***Tregenna, 2009).***

From the conceptual frame work above Management of family businesses is considered as a dependent variable which depends on influencing factors like corporate governance structure, staff motivation, and mentoring of new business leaders. The management of family businesses is conceptualized in terms of productivity, staff retention and continuity of the business. Without proper planning of family business, business success of a company at large is at stake. Both the independent and the dependent variable will be intervened by competition and organization policy.

Conversely, the process of management within a family business is dynamic and can be influenced by many factors that operate at the individual (incumbent and successor), family and business level. Therefore Nice house of plastics should effectively watch its management as (Poza & Daugherty, 2013) stated that “An extreme sense of pride ranks high amongst their priority goals and may act as an agent for success or imminent failure, as founders struggle to relinquish their influence over the business’.

### CHAPTER THREE

### RESEARCH METHODOLOGY

### 3.0 Introduction

This chapter presents the research methodology. It highlights research design and data collection and management.

### 3.1 Research Design

Research design is about the ways the research is going to be carried in order to collect data from the field (Sarantakos, 2005). The research design for this study was defined in light of:

* Research approach
* Research strategy
* Research duration
* Research Classification

### 3.1.1 Research approaches.

 The study used a phenomenological research approach because it is based on the ways people experience social problem in the world in which they live. The phenomenological approach focused on understanding why something is happening rather than basing able to describe what is happening. This study was used to examine the factors influencing management of Nice House of plastics (Family business) as representative of other family businesses in Uganda.

### 3.1.2 Research Strategy:

The study used a case study research strategy which involved a study of a particular situation and its impact in order to have a more accurate detail for analysis and it also required an in depth analysis of the phenomena as it relates to a specific environment. A case study strategy was used because the objective it gains rich and in-depth understanding of the factors influencing management of family business (Nice House of plastics).

According to (Sarantakos, 2005), a case study is a kind of research strategy which involves making detailed study cases often in their natural environment. This method is considered because it is more applicable in obtaining detailed and intensive knowledge, evaluating situations and assessing performance of a given programme and less likely to ignore those facts of behavior which cannot easily be measured in context to management of family businesses. The study used both primary and secondary data. Primary data was gathered with the use of the questionnaire and interview guides. Secondary data was obtained from text books, journals, internet and Newspapers.

### 3.1.3 Research duration

The study used a longitudinal in order to point out about performance of family business that collects at that point in time from a sample of a population while considering a case study.

### 3.1.4 Research Classification

The study was based on both qualitative and quantitative research, the objective of the qualitative research is to gain qualitative understanding of the underlying reasons, whereas, quantitative research aimed at quantifying the data and generalizing the results. Qualitative data included data from the interviews with top managers and the quantitative data includes data from the questionnaires (Zaino, 2003; Mouton, 2001).

 Research was classified as exploratory studies, explanatory studies, descriptive studies and multi method approach (Amin, 2005). In this study, a qualitative and quantitative approach were used which involves mixing the different approaches.

### 3.1.5 Study limitation and solutions

The researcher struggled to fix an appointment with the leadership of Nice House of plastics and other supervisors who were very busy. The researcher propositioned alternative times that suit her convenience as a measure.

There was a problem of electricity which delayed and let to loss of some information, however, data was banked up on CD drive, email and flash disk

**Uncooperative staff**; at certain point, some respondents were not allow the researcher to have access to the files on ground that the information is confidential. The researcher treated with suspicion by some respondents by imagining the researcher could be a spy which will lead to some respondents declining to cooperate in an attempt to safeguard their jobs, position and interests. However, the above limitation was overcome by; researcher making it clear to the respondents that the research is purely academic; that research is mandatory to do in order to qualify in his studies and the researcher explain how the research was authorized by the University Registrar’s office to clear any cause of suspicion. Eventually the researcher with time was accepted and freely conducts his research.

**Closed offices**; the researcher found problems like closed office during certain working hours with excuses of attending meetings hence absence of respondents, public holydays and unforeseen calamities. However, the researcher clearly scheduled the programs by making appointments with respective respondents.

**Limited funds;** certainly a research of this nature requires a lot of resources in terms of stationary, transport fares, feeding, accommodation costs, time, telephone costs, internet fee, typing costs/secretarial assistance, printing, binding, and photocopying costs and many other miscellaneous expenses this required firm financial stand; this was solved by following a proper financial plan and spending as budgeted.

### Data collection and management

### 3.2 Study Population

The study was based at Nice house of plastics targeting an estimated total Population of 200 respondents. This population was considered to be a good number for the study although the researcher majorly concentrates on departments of procurement (10), Human resource (2), accounts (5), Marketing (35) management and family members (8) , Stores (10), production (110), and other departments (20) to bring a total of 200 respondents. This population is considered a considerate number in providing reliable and articulate information regarding the study.

### 3.3 Sampling Size

The researcher employs Simple random sampling alongside purposive sampling method in this study to obtain data from the respondents. Out of the population of (200), the researcher used a sample size of 133 respondents determined by [Slovin's](http://www.statisticshowto.com/how-to-use-slovins-formula/) formulae (Amin, 2005). This sample size was appropriate as it exhaustively enabled triangulation of the findings to what take place in the Nice house of plastics as far as family business management practices is concerned and this number of people is enough to provide adequate and relevant information for the study.

 From n =N/(1 +Ne2)

 Where n is the sample size

 N is the total population

 1 is a constant

 e is the Margin of error

 Therefore; n = 200/(1+200 x 0.052)

 n = 200/1.5 = 133

 The sample size (n) =133

Table 3. 1: *Distribution of Respondents*

|  |  |  |  |
| --- | --- | --- | --- |
| RESPONDENTS  | Population(N) | Sample size(S) | Sampling technique |
| Management and family members | 8 | 8 | Purposive sampling |
| Accounts department | 5 | 5 | Purposive sampling |
| Marketing | 35 | 30 | Simple random sampling |
| Procurement department | 10 | 6 | Purposive sampling |
| Human resource | 2 | 2 | Purposive sampling |
| Stores | 10 | 10 | Purposive sampling |
| Production  | 110 | 80 | Simple random sampling |
| Others  | 20 | 19 | Simple random sampling |
| TOTAL | 200 | 133 |  |

 ***Source:* Krejuice Morgan table, 2010**

### 3.4 Sampling Techniques

 The researcher used both Probability (simple random) and Non probability (Purposive) sampling techniques. Simple random sampling is selecting [sample](http://www.businessdictionary.com/definition/sample.html)s from a larger [population](http://www.businessdictionary.com/definition/population.html) size, giving all the [individuals](http://www.businessdictionary.com/definition/individual.html) an equal [chance](http://www.businessdictionary.com/definition/chance.html) to be chosen whereas Non-probability (Purposive) sampling focused on sampling techniques where the units that are investigated are based on the judgment of the researcher. The researcher used simple random sampling because it is easy to assemble samples for the study. Purposive sampling was used by the researcher since it provides justification to make generalizations from the sample that is studied.

### 3.4.1 Sampling Procedure

 Probability (simple random) and Non probability (Purposive) sampling techniques were used on the staff at Nice house of plastics. The researcher gave random numbers to each respondent in the population of engineering and marketing department so as to acquire accurate information. With purposive sampling, the researcher applied it to the respondents with similar characteristics from human resource, management, accounts, procurement, stores department as well as production department so as to give clear information to answer their research questions. The researcher used sampling because studying a sample rather than the entire population leads to reliable results, minimize errors and it is cost effective and time saving.

### 3.5 Sources of Data

The study uses a both primary and secondary source that helps researchers in obtaining data for the study. Primary data; this is data observed or collected directly from first-hand experience by the researcher in the field (Ahuja, 2001). Primary sources involved fieldwork where a researcher has a formal interaction with the selected respondents of the study through structured questionnaires. These distributed to the respondents who are be given strictly one hour to respond which helped the researchers to attain first- hand information regarding the study. Secondary source is the type of data that is gathered from already existing materials like books, journals, reports and internet and for this case secondary data is mainly obtained from the records kept so as not to alter facts (Shank, 2002). It was supplemented by data extracted from books, weekly audit magazines, newspapers and other sources available in libraries. This enabled the researcher to understand into in-depth the subject matter according to other scholars. The researcher used this method because it is less costly and effective.

### 3.6 Data collection methods

**Interview Method**; This method involved face to face interactions where the interviewers ask questions to the interviewees (Amen, 2005). The interview method was used because it’s cost effective, responses are immediate, offered opportunity to probe respondents in case of any ambiguities in the responses. Further, the method captured verbal and non-verbal gestures during the interview. The interviewer had control over the interview and kept the interviewee focused and on track to completion. An interview guide was used to get information from top-management at Nice House of Plastics.

**Survey method**: The study used structured and self-administered questionnaires. The questionnaire is short, efficient, cost-effective in nature that allowed privacy, hence respondents answered without bias. Furthermore, the questionnaires can be answered at the respondent’s convenience as such were used as the main instrument of data collection. This method was used to obtain information from employees at Nice House of Plastics.

### 3.7 Data collection tools and Instruments

Data collection was done using both the qualitative and quantitative data methods. Qualitative data was collected through interviews, while quantitative data was collected through questionnaires.

### 3.7.1 Questionnaire

The researcher employed a self-administered questionnaire; these were distributed to the selected staff and a client so that they complete them in their free time and then are to be collected later. The questionnaire consisted of both closed and open ended questions. The open- ended questions aimed at obtaining responses that the researcher is not anticipated. Respondents were expected to provide accurate information about their opinions and preferences. The close-ended questions allowed the respondents to agree or disagree with an item in the questionnaire.

### 3.7.2 Interview

This as a method which involved holding face-to-face discussions and interactions with the respondents. It also involved designing a set of planned questions which is leading in nature to probe for more information. The researcher used an interview guide in order to execute this method. This method was applied to the top management staff.

### 3.8 Data Quality control

The data quality control demands great focus on validity and reliability of the instruments as explained below;-

### 3.8.1 Validity of instruments

Validity refers to the truthfulness of findings or the extent to which the instrument is relevant in measuring what it is supposed to measure. Validity here refers to the extent to which the instrument accurately measures what it is intended to measure (Sekeran, 2009). This study utilized triangulation to ensure validity of research findings prior to the administration of the research instruments. Content validity ratio was employed to determine the content validity index using the formula below:

CVI = Total Number of items rated by all respondents / Total number of items in the instrument

CVI =$ \frac{30}{36}$

=**0.833**

The results from above indicate that CVI is greater than 0.7(0.833>0.7) and this implied that the questionnaire was valid.

### 3.8.2 Reliability

Reliability measures the consistency of research instruments to come out with the same result each time it is used under the same condition (Sekeran, 2009). The reliability of the research instruments were ascertained through pre-testing to cross check the consistency and accuracy of the questions and answers obtained. A Cronbach alpha test was particularly carried out to establish the reliability of the questionnaire. If R sqd (Alpha) value is equal to 0.7 or it is above, then the instrument was considered satisfactory (Cronbach, 1951).

Table 3. 2: Reliability

|  |  |  |
| --- | --- | --- |
| **Variable** | **No. of item** | **Alpha** |
| Corporate governance  | 9 | 0.89 |
| Staff motivation  | 9 | 0.77 |
| Mentoring of new business leaders  | 9 | 0.89 |
| Management of family businesses  | 9 | 0.80 |
| Overall Reliability test | 36 | 0.85 |

**Source; Primary Data, 2019**

From table 3.2 above the Cronbach alpha result for each variable was found to be above the lower limit of acceptability, that is, above 0.70. More specifically from table 3.2, determining strategic mission had α = 0.80, strategic communication had α = 0.90, while strategic intent α = 0.90 and employee performance had α = 0.80. These Cronbach alpha results greater than α = 0.70 indicate good internal consistency among the items as recommended by (Amin, 2005). Therefore, the instruments were considered valid for data collection.

### 3.9 Data presentation and analysis

The researchers processed quantitative data by obtaining the filled-in questionnaires and entered them in a computer programme of Statistical Package for Social Scientist (SPSS). Analysis was run using the computer programme to generate frequency tables. Data was then presented in table forms, graphs, showing percentages and frequency counts. The researcher further used MS-Excel for simple calculations and generation of graphs and charts.

### 3.9.1 Data analysis

Basing on the objectives of the study, the data was analyzed at two levels that is. descriptive statistics and inferential statistics using Statistical Package for Social Scientists (SPSS) computer program, which is appropriate for the study. At the primary level of analysis, concepts regarding family business management practices were described statistically using frequencies and percentages while at the secondary level of analysis, correlation analysis was carried out to test the relationship between the study variables (Dawson, 2005).

### 3.10 Ethical Consideration

The researcher first sought permission from the organization to allow him gather information from the employees, thereafter; the researcher introduced himself to the respondents and sought their consent to participate in the study. The researcher ensured anonymity of respondents’ names, which were not appearing on the questionnaires. The researcher further gave respondents an opportunity to withdraw any time they wish without consequences. The researcher further was responsible for conducting himself ethically and for treating the participants in an ethical manner at all times. The research ensured that all information provided was treated with high confidentiality and used specifically for academic purposes.

### CHAPTER FOUR

### BIOGRAPHIC CHARACTERISTICS OF RESPONDENTS

### 4.1 Introduction

This chapter presents the data findings on the respondents’ background information. The demographic information included; gender, age, marital status, highest level of education, department of work and tenure of service in the organization. The researcher collected this information because it influenced the extent to which the respondents were knowledgeable about the variables that were involved in the study and it also affects the extent to which the data that was provided can be generalized to all other companies and organization Uganda.

### 4.2 Findings on Response Rate

A high survey response rates help to ensure that survey results are representative of the target population. Table 4.1 below represents response rates of the targeted population.

Table 4. 1: Showing response rate

|  |  |  |
| --- | --- | --- |
| **Response Rate**  | **Frequency**  | **Percentage**  |
| Response  | 113 | 85% |
| Non Response  | 20 | 15% |
| **Total**  | **133** | **100.0** |

**Source; Primary data (2019)**

Referring to table 4.1 above, out of the 133 questionnaires administered to the respondents, 113 respondents filled and returned the questionnaires thus creating 85% response rate. According to Bryman and Bell (2015) and also Mugenda and Mugenda (2009), a feedback rate of amounting to 50% is enough for data analysis and drawing conclusions while equally a feedback rate of 60% is good and a feedback above 70% is excellent. Referring to Table 4.1 above and recommendations of scholars, the feedback rate was concluded to be excellent. Therefore based on the arguments of Mugenda and Mugenda (2009), the feedback rate in this study of 85% was excellent.

The high response rate in this study was concluded as high enough to warrant the analysis of the collected data. The high response rate was attributed to the data collection procedures, comprehensiveness of the instrument and sufficient time to fill in the questionnaires, the availability of the researcher and the research assistants to clarify any arising issue during the research process.

### 4.3 General Information about the Respondents

This section presents the data findings on the respondents’ background information. The demographic information included; gender, age, marital status, highest level of education, department of work and tenure of service in the organization. The researcher collected this information because it influenced the extent to which the respondents were knowledgeable about the variables that were involved in the study and it also affects the extent to which the data that was provided can be generalized to all other companies and organizations in Uganda.

### 4.3.1 Findings on gender of respondents

The researcher was interested to find out the gender of each of the respondents that participated and the results are presented in table 4.2 below;

**Table 4. 2: Distribution of respondents by gender**

|  |  |  |
| --- | --- | --- |
|  | Frequency | Percent |
| Valid | Male | 69 | 61.1 |
| Female | 44 | 38.9 |
| Total | 113 | 100.0 |

***(Source: Primary data 2019)***

From the study results, out of the 113 respondents that participated in the study, 69 (61.1%) were males and 44 (38.9%) were females. This shows that the biggest portion of employees working with Nice House of Plastics is male as compared to their female counterparts. The results in Table 4.2 above indicate that the data and opinion presented in this study is from both genders that are from male and female respondents at the almost equal size.

Therefore, the results are attributed to both genders. The findings in Table 4.2 agree with the study of Paustian-Underdahl, Walker, and Woehr (2014) who also established that when all leadership contexts are considered, men and women do not differ in perceived leadership effectiveness. Therefore, there were both male and female leaders in the organizations that formed the sample of the study in Nice House of Plastics.

### 4.3.2 Findings on age of respondents

The researcher was interested in finding out the age of each of the respondent that participated in the study. The results are presented in the table below;

**Table 4. 3: Distribution of respondents by age**

|  |  |  |
| --- | --- | --- |
|  | Frequency | Percent |
| Valid | Below 20years | 8 | 7.1 |
| 21-30Years | 42 | 37.2 |
| 31-40 years | 49 | 43.4 |
| 41 Years and above | 14 | 12.4 |
| Total | 113 | 100.0 |

**Source: Primary data, 2019**

When asked to indicate their ages, majority of respondents 49(51.3%) were between the age of 31 and 40 years, 42(37.2%) were between 20 and 30 years, 14(12.4%) were above 41 years while 8(7,1%) were below 20years. All age groups were significantly represented in the study. This indicates Nice House of Plastics Uganda employs people of various age groups; the youths who are energetic to take on different tasks in the factory and the elderly with senior experience about all operations in the company.

### 4.3.3 Findings on marital status of respondents

The researcher was interested in finding out whether the marital status of each of the respondent that participated. The results are presented in the table below;

**Table 4. 4: Distribution of respondents by marital status**

|  |  |  |
| --- | --- | --- |
| **Marital status of Respondents**  | **Frequency** | **Percent** |
| Valid | Single | 39 | 34.5 |
| Married | 65 | 57.5 |
| Separated | 9 | 8.0 |
| Total | 113 | 100.0 |

***Source: Primary data 2019***

When asked to indicate their marital status, majority of respondents 65 (57.5%) were married, 39(34.5%) were single, and 9(8.0%) were separated. The results show that majority of the respondents that participated in the study were married people. Married people have a lot of responsibilities like taking care of their loved one especially children and thus expected to take work seriously which contributes to the overall performance of the company. The results also show that 34.5% of the respondents were singles. These are also expected to work effectively because they do not have a lot of responsibilities to divert them from work hence improved company performance.

### 4.3.4 Findings on the highest level of education of respondents

The researcher was interested in finding out whether education levels of the respondents that participated in the study performance of Nice House of Plastics. The results are presented in the table below;

**Table 4. 5: Distribution of respondents by highest level of education**

|  |  |  |
| --- | --- | --- |
| Level of Education  | Frequency | Percent |
| Valid | Certificate | 15 | 13.3 |
| Diploma | 36 | 31.9 |
| Degree | 54 | 47.8 |
| Masters | 7 | 6.2 |
| Others | 1 | .9 |
| Total | 113 | 100.0 |

**Source: Primary Data, 2019**

From the study findings, majority of respondents that participated in the study, 54(47.8%) were degree holders, 36 (31.9%) were Diploma holders, 15 (13.3%) were certificate holders, 7(6.2%) had Master’s Degrees and 1(0.9%) had other academic qualifications and specified a Post Graduate Diploma. This shows that the organization employees people of different education qualifications basing on their capability to handle the various tasks and therefore not all the employees had to have similar qualifications as the organization consists of various departments that require different skills in order to run. However, those with bachelors constituted the majority and this is because degree holders go through enough training which enable them to acquire relevant skills which strategically improves on the job performance in the company.

The findings in Table 4.5 agree with the study of Nadkarni and Herrmann (2010) who observed that highly educated chief executives were likely to promote strategic flexibility than chief executives with relatively lower levels of education. The findings in Table 3.7 also corroborate with the studies by King and McGrath (2002) which indicates that in today’s constantly fluctuating environment, education was a major factor that impacts positively on peoples performance as well as the firms’ growth.

### 4.3.3 Findings on department of work

The researcher was interested in finding out how employees in different departments perform their work in Nice House of Plastics. The results are presented in the table below;

**Table 3. 3: Respondents’ departments of work**

|  |  |  |
| --- | --- | --- |
|  | Frequency | Percent |
| Valid | Administration and Human Resource | 5 | 4.4 |
| Production | 60 | 53.1 |
| Accounts & Finance | 6 | 5.3 |
| Procurement and logistic | 9 | 8.0 |
| Marketing and Sales | 12 | 10.6 |
| Others | 21 | 18.6 |
| Total | 113 | 100.0 |

***Source: Primary data 2019***

Asked about their departments of work in Nice House of Plastics, majority of respondents 60(53.1%) stated that they were working under production, 5(4.4%) were in Administration, 12 (10.6%) were in Marketing and sales department, 6 (5.3%) were in Accounts and Finance, 9(8.0%) were in Procurement and logistic department, and 21(18.6%) were in other departments. This implies that people from different departments in the organization were interested in the study. This ensured the researcher of unbiased study results. Majority were from the production department because the firm deals in producing animal and human drugs and therefore the biggest portion of its employees are under production.

### 4.3.4 Findings on tenure of service in the organization

The researcher was interested in finding the length of time the respondents had spent in the organization (Nice House of Plastics). The results are presented in the table below;

**Table 4. 6: Tenure of service in the organization**

|  |  |  |
| --- | --- | --- |
|  | Frequency | Percent |
| Valid | Less than 1 year | 1 | .9 |
| 1-5years | 54 | 47.8 |
| 6-10years | 50 | 44.2 |
| More than 11 years | 8 | 7.1 |
| Total | 113 | 100.0 |

***Source: Primary data 2019***

The study found out that majority of the respondents that participated in the study; 54(47.8%) had worked with the organization for a period of 1 to 5 years while 50 (44.2%) had been in the organization for less than a years. Also represented were 5 (8.5%) of respondents who had worked for a period of (6-10) years and 8 (13.6%) who had been in the factory for more than 11 years. Majority of the respondents that participated in the research had spent in Nice House of Plastics a period of 1 to 5 years because the firm cannot retain most of the workers beyond 5 years due to different conditions in the factory. Therefore, employees keep on leaving and the firm keeps on recruiting new ones which enable the company to recruit employees who can greatly contribute to Management of Family Businessesin organizations. In the literature review, the length a staff spends in a particular organization was found to correlate with experience of the organizations’ performance.

The results in Table 4.6 are consistent with previous empirical studies on the experience of chief executives and other top organizational leaders. Nadkarni and Herrmann (2010) observed that chief executive officers with shorter tenures are likely to foster greater strategic flexibility than chief executive officers with longer tenures. This confirmed the findings of this study which found out that majority of the respondents were in their current organization for a period between 1-5 years.

In summary the findings presented in chapter four have demonstrated that respondents of various age groups, level of education, and department of work, marital status and tenure of services participated in this study on factors affecting management of Nice house of plastics hence valid and unbiased respondents were obtained which was good for this study.

### CHAPTER FIVE

### PRESENTATION, ANALYSIS AND DISCUSSION OF FINDINGS ON HOW NICE HOUSE OF PLASTICS PUTS IN PLACE EFFECTIVE CORPORATE GOVERNANCE STRUCTURES

### 5.1 Introduction

In this chapter the researcher provides a detailed account of the descriptive statistics obtained from the field of study. It presents the detailed findings obtained using the questionnaire administered to respondents in Nice House of Plastics on how Nice house of plastics puts in effective corporate governance structures for better management of the company.

### 5.2 Descriptive statistics on corporate governance structure and business performance

The first objective of the study was “How Nice house of plastics puts in place effective corporate governance structures for efficient management of the company”. To understand the how Nice house of plastics incorporates effective corporate governance structures, respondents were introduced different statements to have their say. Responses were computed by making an aggregate of responses given by respondents to a 5 point Likert scale (1=strongly disagree, 2= disagree, 3= neutral, 4= agree, 5= strongly agree). The responses are presented as percentages together with their means, and standard deviations as follows:

Mean scores greater than 4.5 imply that the respondents strongly agreed to the statement, means between 3.5 and 4.5 imply that the respondents agreed to the statement, means between 2.5 and 3.5 imply that the respondents were not sure about the statement, mean between 1.5 and 2.5 imply that respondents disagreed to the statement and mean scores less than 1.5 imply that the respondents strongly disagreed to the statement. A standard deviation greater than 1 implies a significant variance meaning there was no consensus in the responses while a standard deviation less than 1 shows that there was no significance variance hence consensus in responses.

Table 5. 1: Descriptive Statistics on corporate governance and management of family business

| **Statement** | **1** | **2** | **3** | **4** | **5** | **Mean** | **S.DV** |
| --- | --- | --- | --- | --- | --- | --- | --- |
| The family shareholding in Nice House of Plastics is significant | 43.5% | 108.8% | 87.1% | 4842.5% | 4338.1% | 4.03 | 1.065 |
| Directors job description is guided by the board charter at House of Plastics | 54.4% | 3026.5% | 76.2% | 5860.2% | 98.0% | 3.59 | 1.129 |
| Director's background and expertise matches the business requirements | 43.5% | 1513.3% | 1715.0% | 5860.2% | 98.0% | 3.56 | .944 |
| Directors representing the family serve for indefinite number of terms | 98.0% | 54.4% | 2219.5% | 3732.7% | 4035.4% | 3.83 | 1.195 |
| The Board of Directors review material transactions that involve conflicts of interest and related parties | 108.8% | 21.8% | 1715.0% | 4338.1% | 4136.3% | 3.91 | 1.177 |
| The company has documented internal controls policies | 65.3% | 119.7% | 2219.5% | 4741.6% | 2723.9% | 3.69 | 1.103 |
| The internal audit function has full access to records, property and personnel relevant to their audit | 65.3% | 2118.6% | 2623.0% | 3732.7% | 2320.4% | 3.44 | 1.164 |
| The company discloses major transactions, related party transactions, off-balance sheet activities, and other material events | 87.1% | 65.3% | 1614.2% | 3934.5% | 4438.9% | 3.54 | 1.164 |
| Detailed biographies of directors' qualifications and experience are disclosed | 45.3% | 2219.5% | 1815.9% | 3631.9% | 3329.2% | 3.64 | 1.196 |
| **Average, Overall; Mean & SD.**  |  |  |  |  |  | 3.65 | 1.143 |

***Source: Primary Data (2019)***

Results of the study as presented in table 5.1 above illustrates descriptive statistics on; statement that “The family shareholding in Nice House of Plastics is significant”; 42.5% of the respondents, 38.1% strongly agreed, 7.1% were not sure, 8.8% disagreed while 3.5% strongly agreed. This statistics specifies agreement among the respondents that in Nice House of Plastics, the family shareholding is significant and this contributes to the better management of the company since the family shareholding in the company is sufficient and significant which leads to improved business success. A mean score of 4.03 was obtained implies that majority respondents agreed with the statement whereas a standard deviation of 1.065 implies that there was no consensus in responses.

On the statement “Directors job description is guided by the board charter at House of Plastics”; 60.2% of the respondents agreed, 8.0% strongly agreed, 6.2% were not sure, 26.5% disagreed while 4.4% strongly disagreed with the statement. This statistic stipulates agreement among the respondents that, Directors job description is guided by the board charter at House of Plastics. This was further supported by a mean score of 3.59 which indicates the level of agreement among respondents while a standard deviation of 1.129 implies that there was no consensus in responses. This thus means that at Nice House of Plastics, Directors job description is guided by the board charter which motivates the directors to work hard for improved performance of the company.

On the statement “Director's background and expertise matches the business requirements”; 60.2% agreed, 8.0% strongly agreed respectively, 15.0% were not sure, 13.3% disagreed while 3.5% strongly disagreed. This statistic indicates moderate agreement among the respondents that Nice House of Plastics constantly review work process and programs to meet its Corporate governance structures and to ensure better management of the company. This was further confirmed by a mean score of 3.56 which implies that majority of the respondents agreed as well as a standard deviation which stands 0.944 which implies that there as consensus in responses. This therefore means that in Nice house of plastics, Director's background and expertise matches the business requirements and these results into better management of the company.

On the statement “Directors representing the family serve for indefinite number of terms” 35.4% strongly agreed and 32.7% agreed respectively, 19.5% were not sure, 4.4% disagreed while 8.0% strongly disagreed. A mean soccer of 3.83 was obtained implies that majority of the respondents agreed with the statement whereas a standard deviation of 1.195 implies that there was no consensus in responses. This thus implies that in Nice House of Plastics, directors representing the family serve for indefinite number of terms and this help to ensure company continuity and to ensure that family interests are protected in the company from time to time resulting into superior management of the business.

On the statement “Board of Directors review material transactions that involve conflicts of interest and related parties”; 38.1% strongly agreed and 36.3% agreed respectively, 15.0 % were not sure while 10.6% of the respondents disagreed with the statement. A mean score of 3.91 was obtained which implies that majority of the study respondents agreed whereas a standard deviation of 1.177 implies that there was no consensus in responses. Since majority of the respondents agreed, this implies that in Nice House of Plastics Uganda, Board of Directors review material transactions that involve conflicts of interest and related parties. This thus help the directors to detect any wrong doing in the company as well as ensuring business continuity since the all the materials and transaction as properly reviewed by the directors.

On the statement “The Company has documented internal controls policies”; 41.6% of the respondents and 23.9% strongly agreed respectively, 19.5% were not sure while 9.7% and 5.3% of the respondents disagreed and strongly disagreed with the statement. The results of the study specify moderate agreement among the respondents that Nice House of Plastics has documented internal controls policies which help the company managers to run the company effectively by monitoring all business activities hence high level of company performance and continuity. This further was supported by a mean score of 3.69 which also indicates degree of agreement among the respondents whereas a standard deviation of 1.103 implies that there was no much consensus in responses.

On the statement “The internal audit function has full access to records, property and personnel relevant to their audit”; 41.6% of the respondents agreed, 23.9% strongly agreed, 19.5% were not sure while 9.7% and 5.3% of the respondents disagreed and strongly disagreed with the statement. These findings indicates that majority of the respondents agreed that internal audit function has full access to records, property and personnel relevant to their audit at Nice House of plastics which help the company owners to understand the state of affairs of the company resulting into better company management. This was further supported by a mean score of 3.44 which indicates moderate level of agreement amongst the respondents whereas a standard deviation of 1.164 implies that there was no consensus in responses.

On the statement “Detailed biographies of directors’ qualifications and experience are disclosed” 38.9% strongly agreed and 34.5% agreed respectively, 14.2% were not sure while 12.4 % of the respondents disagreed with the statement. A mean soccer of 3.54 was obtained implies that majority of the respondents agreed with the statement whereas a standard deviation of 1.164 implies that there was no consensus in responses. This thus implies that in Nice House of Plastics, detailed biographies of directors’ qualifications and experience are disclosed leads to effective management of the business.

### 5.3 Correlation between Corporate governance structures and Management of Family Businesses

In order to determine the relationship between Corporate governance structures and management of Nice House of Plastics, the study computed bivariate Pearson Correlation between Corporate governance structures and management of family business and the results are presented in the table below;

**Table 5. 2**: **Correlation between Corporate governance structures and Management of family business**

|  |  |  |
| --- | --- | --- |
|  | Corporate governance structures | Management of Family Businesses |
| Corporate governance structures | Pearson Correlation | 1 | .639\*\* |
| Sig. (2-tailed) |  | .000 |
| N | 113 | 113 |
| Management of Family Businesses | Pearson Correlation | .639\*\* | 1 |
| Sig. (2-tailed) | .000 |  |
| N | 113 | 113 |
| \*\*. Correlation is significant at the 0.01 level (2-tailed). |

**Source; Primary data (2019)**

Correlation results in table 5.2 above show that there is a positive high significant associative relationship between corporate governance structures and management of Nice House of Plastics Uganda limited (r = 0.639 Sig= 0.000). The positive correlation implies that the positive change in corporate governance structures results into corresponding positive change in management of in Nice House of Plastics and vice versa. Therefore, the results of the study confirm that there is positive strong statistical relationship between corporate governance structures and Management of Nice House of Plastics.

**Table 5. 3: Model summary for corporate governance structures and Management of family business**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
| 1 | .639a | .408 | .403 | .30324 |
| a. Predictors: (Constant), Corporate governance structures |

**Source; Primary data, 2019**

The Regression results as presented in table 5.3 above show the, adjusted R square value of 0.403; it implies that 40.3% of Management of Nice House of Plastics is influenced by Corporate governance structures , the remaining 59.7% Management of Family Business being explained by other factors. This therefore means that there is a statistical relationship between corporate governance structures and Management of Nice House of Plastics.

**Table 5. 4: ANOVA values for Corporate governance structures and Management of family business**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Model | Sum of Squares | df | Mean Square | F | Sig. |
| 1 | Regression | 7.035 | 1 | 7.035 | 76.502 | .000b |
| Residual | 10.207 | 111 | .092 |  |  |
| Total | 17.242 | 112 |  |  |  |
| a. Dependent Variable: Management of Family Businesses |
| b. Predictors: (Constant), Corporate governance structures |

**Source; Primary Data, 2019**

Results of the study in table 5.4 above indicate that the regression model predicts the dependent variable significantly well. There is a statistical significance of the regression model indicated by F=76.502 and P=0.000 which is less than 0.01. This is also supported by the regression mean square value of 7.035 compared to the residual mean square of 0.092. This therefore confirms that, there is a relationship between corporate governance structures and Management of Nice House of Plastics

**Table 5. 5: Coefficients of Corporate governance structures and Management of family business**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Model | Unstandardized Coefficients | Standardized Coefficients | t | Sig. |
| B | Std. Error | Beta |
| 1 | (Constant) | 1.802 | .248 |  | 7.278 | .000 |
| Corporate governance structures | .576 | .066 | .639 | 8.747 | .000 |
| a. Dependent Variable: Management of Family Businesses |

**Source; Primary Data, 2019**

Results from table 5.5 above give t values and Beta. The t-values test the hypothesis that the coefficient is different from 0. To reject this, you need a t-value greater than 1.96 (for 95% confidence). The t-value for corporate governance structures is 8.747 which is greater than 1.96. This implies that Corporate governance structures affect the Management of Nice House of Plastics considering a significant factor (Sig =0.000). Also the standardized beta coefficients of 0.639 imply that an increase one unit of Management of Family Business is caused by 0.639 units increase in Corporate governance structures based on the equation Y=βx + C where Y= Management of Family Businesses(Dependent variable), x = Corporate governance structures(Independent variable, β = 0.639 and C= constant . This therefore means that there is a statistical relationship between corporate governance structures and Management of Nice House of Plastics.

From the interview on of the respondents revealed that “*Each employee is required to work with his or her supervisor to develop an individualized performance development Goals and mission*” which results into high level of management of family business.

Also from the interview another respondent revealed that, “*the executive team members meet with their staff members in the same manner to develop team and individual goals at their staff’s level so as to ensure successful completion of tasks in the company*”. This process continues for each level of the organization hence company succession.

According to one of the managers of Nice House of Plastics. “*Through mission development process, each division, function and position reviews each value statement and Corporate governance structures to determine where its function is affected by establishing a direct connection between employees and most strategic objectives can allow employees to take ownership of their roles as strategic players within organization*”.

In summary, family business governance encompasses both corporate governance, typically in the form of a board of di-rectors, and family governance, typically in the form of a family council. Within each, there are many choices regarding degree of formality and levels of participation. There is no “one-size-fits-all”, and while there are certainly “best practices” for each, even the best of these requires adaptation in order to function well in each individual family and family business circumstance. Family businesses are fundamentally different in corporate governance from widely held public companies. These differences derive primarily from the discrete nature of their ownership. Family ownership concentrates control and allows greater agency in governance.

Generally the results of this study have demonstrated that there is a significant relationship between corporate governance structure and management of Nice House of Plastic whereby the relationship between corporate governance and management of House of Plastics was seen to be significant and high (r=0.630, p=0.000). This means that a positive change in corporate governance results into a corresponding positive change in management House of plastics and vice versa.

### CHAPTER SIX

### PRESENTATION, ANALYSIS AND DISCUSSION OF FINDINGS ON NICE HOUSE OF PLASTICS ENSURE THAT STAFF ARE WELL MOTIVATED SO AS TO ENSURE EFFECTIVE COMPANY MANAGEMENT

### 6.1 Introduction

This chapter presents the presentation and interpretation on Nice House of plastics ensures that staff is well motivated so as to ensure effective company management. The study findings are presented in form of tables showing frequencies, percentages, mean scores, correlation and regression analysis.

### 6.2 Nice House of plastics ensure that staff are well motivated so as to ensure effective company management

The aim was to determine the Nice House of plastics ensures that staff is well motivated so as to ensure effective company management. Respondents were provided with a number of statements and asked to indicate to what extent they agreed with them, using the scale: 1 point = strongly disagree; 2 points = disagree; 3 points = not sure; 4 points = agree; and 5 points = strongly agree. A standard deviation greater than 1 implies a significant variance meaning there was no consensus in the responses while a standard deviation less than 1 shows that there was no significance variance hence consensus in responses.

Table 6. 1: Descriptive Statistics for Staff motivation and management of family business

| **Statement** | **1** | **2** | **3** | **4** | **5** | **Mean** | **S.DIV** |
| --- | --- | --- | --- | --- | --- | --- | --- |
| I am involved in decision making concerning issues that affect Nice House of Plastics | 98.0% | 87.1% | 108.8% | 5750.4% | 2925.7% | 3.79 | 1.145 |
| The management of Nice house of plastic provides satisfactory material rewards | 00% | 1513.3% | 1815.9% | 2723.9% | 5346.9% | 4.04 | 1.081 |
| The management provides good physical working conditions | 21.8% | 87.1% | 1815.9% | 5750.4% | 2824.8% | 3.89 | .920 |
| The availability of fringe benefits creates a motivating environment and lead to an increase in production, sales and profitability | 43.5% | 119.7% | 1513.3% | 6355.8% | 2017.7% | 3.74 | .980 |
| Nice House of Plastics has attractive compensation benefits | 54.4% | 00.0% | 1614.2% | 4640.7% | 4640.7% | 4.13 | .968 |
| In Nice House of Plastics, bonuses are based on productivity | 21.8% | 1210.8% | 2017.7% | 3732.7% | 4237.2% | 3.93 | 1.067 |
| Nice House of Plastics has effective strategies for motivating its employees | 21.8% | 1210.8% | 1715.0% | 4640.7% | 3631.9% | 3.90 | 1.026 |
| Staff motivation has led to high Management of Family Businesses in Nice House of Plastics | 76.2% | 108.8% | 1815.9% | 5145.1% | 2723.9% | 3.72 | 1.114 |
| Giving bonuses to employee assures them that all the hard work they do for the company is being appreciated and that it’s a way of thanking them for their tireless efforts. | 9 8.0% | 2925.7% | 2421.2% | 2219.5% | 2925.7% | 3.29 | 1.314 |
| **Overall Average score**  |  |  |  |  |  | **3.84** | **1.061** |

***Source: Primary data 2019***

From the study findings on the statement “I am involved in decision making concerning issues that affect Nice House of Plastics”, 50.4% of the respondents agreed, 25.7% strongly agreed, 8.8% were not sure, 7.1% and 8.0% disagreed and strongly disagreed respectively. A mean score of 3.79 was obtained implies that most of the respondents agreed with the statement while a standard deviation of 1.145 implies that there was no consensus in responses. With majority agreeing, it implies that in Nice House of Plastics employees are involved in decision making concerning issues and this motivates employees to hard work in the company resulting into effective business management.

On the statement “The management of Nice house of plastic provides satisfactory material rewards”, 23.9% of the respondents agreed, 46.9% strongly agreed, 15.9% were not sure whereas 13.3% disagreed. A mean score of 4.04 was obtained which implies that majority of the respondents agreed with the statement while a standard deviation of 1.081 implies that there was no much consensus in the findings. Thus this indicates that in Nice House of Plastics, the management provides satisfactory material rewards to employees which motivate employees to work had towards the attainment of the company set goals and objectives hence company success and continuity.

On the statement “The management provides good physical working conditions”, 50.4% of the respondents agreed, 24.8% strongly agreed, 15.9% were not sure, 7.1% disagreed and 1.8% strongly disagreed. . A mean score of 3.89 was obtained which implies that majority of the study participants agreed with the statement whereas a standard deviation of 0.920 implies that there was much consensus in the responses. This clearly implies that Nice House of Plastics management provides good physical working conditions to employees which motivate employees to work hard towards company success hence company continuity existence.

On the statement “The availability of fringe benefits creates a motivating environment and lead to an increase in production, sales and profitability”, 55.8/% of the respondents agreed, 17.7% strongly agreed, 13.3% were not sure, 9.7% disagreed and 3.5% strongly disagreed. A mean score of 3.74 was obtained which implies that majority of the respondents were in agreement with the statement whereas a corresponding standard deviation of 0.980 implies that there was consensus in the responses. This therefore indicates that in Nice House of Plastics, the availability of fringe benefits creates a motivating environment to employees and leading to an increase in production, sales and profitability of the company hence continued company existence and better company management.

On the statement “Nice House of Plastics has attractive compensation benefits”, 40.7% of the respondents agreed, 40.7% strongly agreed, 14.2% were not sure and 4.4% strongly disagreed. A mean score of 4.13 imply that most of the respondents agreed to high degree that Nice House of Plastics has attractive compensation benefits which motivates employees to work hard towards the achievement of the company set goals, mission and objectives thus improved company performance and management.

On the statement “In Nice House of Plastics, bonuses are based on productivity”, 32.7% of the respondents agreed, 37.2% strongly agreed, 17.7% were not sure, 10.8% disagreed and 1.8% strongly disagreed. A mean score of 3.93 was obtained which implies that majority of the respondents agreed with the statement while a corresponding standard deviation implies that there was consensus in responses. This thus means that In Nice House of Plastics, bonuses are based on productivity. Once employees are provided with performance bonuses they are motivated to stay in the company and they remain committed while performing their job tasks resulting into continued company existence and enhance company success.

On the statement “Nice House of Plastics has effective strategies for motivating its employees”, 40.7% of the respondents agreed, 31.9% strongly agreed, 15.0% were not sure, 10.8% disagreed and 1.8% strongly disagreed. A mean score of 3.90 imply that most of the respondents agreed with the statement whereas as standard deviation of 1.026 implies that there was no much consensus in responses. This implies that Nice House of Plastics has effective strategies for motivating its employees which hence high level of commitment and engagement towards work for continued company existence and this enable the company management to coordinator and manage the company operation effectively.

On the statement “Staff motivation has led to high Management of Nice House of Plastics”, 45.1% of the respondents agreed, 23.9% strongly agreed, 15.9% were not sure, 8.8% disagreed and 6.2% strongly disagreed. A mean score of 3.72 imply that most of the respondents agreed with the statement while a standard deviation of 1.114 implies that there was no much consensus in the responses. This implies that, Staff motivation has led to high Management of Nice House of Plastics hence improved level of company performance and profitability.

On the statement “Giving bonuses to employee assures them that all the hard work they do for the company is being appreciated and that it’s a way of thanking them for their tireless efforts”, 19.5/% of the respondents agreed, 25.7% strongly agreed, 21.2% were not sure, 25.7% disagreed and 8.0% strongly disagreed. A mean score of 3.39 imply that most of the respondents were not in agreement with the statement and standard deviation of 1.314 implies that agreed with the statement. This means that, employees Nice House of Plastics does not give bonuses to employee by assures them that all the hard work they do for the company is being appreciated and that it’s a way of thanking them for their tireless efforts.

Largely, respondents agreed to a high degree that there is staff motivation influence management of Nice House of Plastics with an overall mean score of 3.84. The overall standard deviation of 1.061 means that there was no consensus in the responses. Since majority of the respondents agreed, this means that staff motivation influence management of Nice House of Plastics

### 6.3 Inferential Findings on correlation and regression

To establish the relationship between staff motivation and Management of Nice House of Plastics, the researcher carried out a correlation and linear regression test. The results are presented in the tables below

**Table 6. 2: Correlation between Staff motivation and Management of Family Businesses**

|  |  |  |
| --- | --- | --- |
|  | Staff Motivation | Management of Family Businesses |
| Staff Motivation | Pearson Correlation | 1 | .535\*\* |
| Sig. (2-tailed) |  | .000 |
| N | 113 | 113 |
| Management of Family Businesses | Pearson Correlation | .535\*\* | 1 |
| Sig. (2-tailed) | .000 |  |
| N | 113 | 113 |
| \*\*. Correlation is significant at the 0.01 level (2-tailed). |

**Source; Primary Data, 2019**

Results in table 6.2 above show the relationship staff motivation (independent Variable) and management of family business (Dependent variable). It shows that through bivariate means, the correlation between staff motivation and management of family business is (r) = 0.535. This implies that there is a moderate positive relationship between the two variables since the p-value is 0.000 which is less than 0.01 (p < 0.01). The positive r value implies that a positive change in staff motivation results into a corresponding positive change in management of Nice House of Plastics and vice versa.

**Table 6. 3: Correlation between Staff motivation and Management of family business**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
| 1 | .535a | .286 | .280 | .33294 |
| a. Predictors: (Constant), Staff Motivation |

**Source; Primary Data, 2019**

The Regression results as presented in table 6.3 above show the, adjusted R square value 0.280, it implies that staff motivation only contributes to 28.0% towards management of Nice House of Plastics, the remaining 72.0% Management of Family Businesses being explained by other factors. This generally shows that there is a relationship staff motivation and management of Nice House of Plastics.

**Table 6. 4: ANOVA values for Staff motivation and Management of family business**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Model | Sum of Squares | df | Mean Square | F | Sig. |
| 1 | Regression | 4.938 | 1 | 4.938 | 44.546 | .000b |
| Residual | 12.304 | 111 | .111 |  |  |
| Total | 17.242 | 112 |  |  |  |
| a. Dependent Variable: Management of Family Businesses |
| b. Predictors: (Constant), Staff Motivation |

**Source; Primary Data, 2019**

Results of the study in table 6.4 above indicate that the regression model predicts the dependent variable significantly well. There is a statistical significance of the regression model indicated by F= 44.546 and Sig =0.000 which is less than 0.01. This is also supported by the regression mean square value of 4.938 compared to the residual mean square of 0. 111 which is significant to zero. This therefore confirms that, there is a relationship between staff motivation and management of Nice House of plastics.

**Table 6. 5: Coefficients of Staff motivation and Management of family business**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Model | Unstandardized Coefficients | Standardized Coefficients | t | Sig. |
| B | Std. Error | Beta |
| 1 | (Constant) | 1.960 | .300 |  | 6.532 | .000 |
| Staff Motivation | .519 | .078 | .535 | 6.674 | .000 |
| a. Dependent Variable: Management of Family Businesses |

**Source; Primary Data (2019)**

Results from table 6.5 give t values and Beta. The t-values test the hypothesis that the coefficient is different from 0. To reject this, you need a t-value greater than 1.96 (for 95% confidence). The t-value for staff motivation is 6.674 which is greater than 1.96. This implied staff motivation affect Management of Nice House of plastics considering a significant factor (Sig =0.000). Also the standardized beta coefficients of 0.535 imply that an increase a one unit increase in Management of Family Businesses is caused by 0.535 units increase in staff motivation on the equation Y=βx + C where Y= Management of Family Businesses(Dependent variable), x = staff motivation (Independent variable, β = 0.535 and C= constant . This therefore means that there is a statistical relationship between staff motivation and Management of Nice House of Plastics.

From the interview; one of the respondents revealed that *“Sometimes the benefits packages are only given to specific individuals. Packages should be equally distributed to all employees in the company”*

One of the respondents also reported that*, “they are only given special packages are only provided on special days e.g. Christmas, Eid and to the retiring employees. All employees should be packaged for as a way of motivating them”.*

According to one of the respondents*, “some supervisors tend to favor some of their friends while giving out bonuses. The supervisors should consider performance rather than favoring some of the employees while awarding bonuses.”*

Another respondent revealed “*performance bonuses are sometimes given with unfairness and favoritism and depending on the performance thus leaving out low performing employees. Nice House of Plastics management should allocate the role of providing bonuses to the right supervisors so as to motivate employees to work hard towards the attainment of the company set goals and objectives”.*

In summary, Employee motivation is the main aspect in determining the long-term success level of the employer and management of family business. Meaning that, it is impossible for an organization to motivate their employees over a short matter of time. Instead, organizations must invest both time and money in understanding their employee’s needs and wants in order for the workforce to be satisfied, as well as increase the workforce performance within the organization. Kovach (1995) also states that managers and leaders must communicate with the employees in order for them to satisfy their workforce’s desires regarding motivation. In addition, Kovach (1995) argues that managers and leaders generally think that employee’s requests higher pay in order for the workforce to be motivated and satisfied.

The findings of this study thus revealed that there is a significant moderate associative relationship between staff motivation and management of Nice House of Plastics (r=535, and r=0.000) and positive change in staff motivation results into a corresponding positive change in management of family business and vice versa.

### CHAPTER SEVEN

### PRESENTATION, ANALYSIS AND DISCUSSION OF FINDINGS ON HOW NICE HOUSE OF PLASTICS MENTOR NEW BUSINESS LEADERS OVER TIME TO ENSURE CONTINUITY IN THE COMPANY

### 7.1 Introduction

This chapter presents the findings and interpretation on the relationship mentorship of new business leaders and Management of Family Businesses in Nice House of Plastics. The study findings are presented in form of tables showing frequencies, percentages, mean scores, correlation and regression analysis.

### 7.2 How Nice house of Plastics mentor new business leaders over time to ensure continuity in the company

The aim was to determine how mentorship of new business leaders influences management of Nice House of Plastics. Respondents were provided with a number of statements and asked to indicate to what extent they agreed with them, using the scale: 1 point = strongly disagree; 2 points = disagree; 3 points = not sure; 4 points = agree; and 5 points = strongly agree. Mean scores greater than 4.5 imply that the respondents strongly agreed to the statement, means between 3.5 and 4.5 imply that the respondents agreed to the statement, means between 2.5 and 3.5 imply that the respondents were not sure about the statement, mean between 1.5 and 2.5 imply that respondents disagreed to the statement and mean scores less than 1.5 imply that the respondents strongly disagreed to the statement. A standard deviation greater than 1 implies a significant variance meaning there was no consensus in the responses while a standard deviation less than 1 shows that there was no significance variance hence consensus in responses

Table 7. 1: Descriptive Statistics on mentorship of new business leaders and Management of Family Businesses

| **Statement** | **1** | **2** | **3** | **4** | **5** | **Mean** | **S.DIV** |
| --- | --- | --- | --- | --- | --- | --- | --- |
| The usage of organizational structure with job description contributes significantly to the success of the succession process | 65.3% | 119.7% | 2320.4% | 4741.6% | 2623.0% | 3.67 | 1.097 |
| Nice House of Plastics has a clear and specific timetable for succession plan | 65.3% | 119.7% | 2623.0% | 3732.7% | 2623.0% | 3.44 | 1.164 |
| Mentoring and presence of succession plan in Nice House of Plastics has ensured company succession | 1412.4% | 98.0% | 2017.7% | 2723.9% | 4338.1% | 3.67 | 1.379 |
| The diversity of the company’s activities contribute to the success of the succession process in Nice House of Plastics | 1311.5% | 87.1% | 3228.3% | 3934.5% | 2118.6% | 3.42 | 1.208 |
| The founders of Nice House of Plastics have personal and administrative skills to ensure the succession process | 87.1% | 65.3% | 3026.5% | 4741.6% | 2219.5% | 3.61 | 1.081 |
| Senior employees exchange experiences with junior employees to improve their job performance |  53.5% | 1916.8% | 87.1% | 4035.4% | 4237.2% | 3.86 | 1.194 |
| Mentoring increases my commitment to my job and organization | 54.4% | 2219.5% | 87.1% | 6456.6% | 1412.4% | 3.53 | 1.078 |
| Senior employees give junior employees assignments that prepared them for improved business performance | 54.4% | 1513.3% | 1815.9% | 6355.8% | 1210.6% | 3.55 | 1.000 |
| Through mentoring, I learn how perform my work well and this contributes to the organization success. | 87.1% | 43.5% | 2118.6% | 4035.4% | 4035.4% | 3.88 | 1.148 |
| **Overall Average score**  |  |  |  |  |  | **3.65** | **1.151** |

**Source: Primary data (2019)**

From the study findings on the statement “The usage of organizational structure with job description contributes significantly to the success of the succession process”, 41.6% of the respondents agreed, 23.0% strongly agreed, 20.4% were not sure, 9.7% strongly disagreed and 5.3% strongly disagreed respectively. A mean score of 3.67 was obtained which implies that majority of the study respondents agreed where as a standard deviation of 1.097 implies that there was much consensus in responses. This implies that the usage of organizational structure with job description contributes significantly to the success of the succession process in Nice House of plastics resulting into high level of company performance.

On the statement “Nice House of Plastics has a clear and specific timetable for succession plan”, 32.7% of the respondents agreed, 23.0% strongly agreed, 23.0% were not sure, 9.7% disagreed and 5.3% strongly disagreed. A mean score of 3.44 imply that most of the respondents agreed with the statement while a standard deviation of 1.164 implies that there was no much consensus in responses. This means that, Nice House of Plastics has a clear and specific timetable for succession plan which ensures continued company existence and performance.

On the statement “Mentoring and presence of succession plan in Nice House of Plastics has ensured company success of succession”, 23.9% of the respondents agreed, 38.1% strongly agreed, 17.7% were not sure, 8.0% disagreed and 12.4% strongly disagreed. A mean score of 3.67 imply that majority of the study respondents agreed while a standard deviation of 1.379 implies that there was no consensus in responses. This means that mentoring of new business leaders and presence of succession plan in Nice House of Plastics has ensured company continued succession and this has improved on the company performance from time to time.

On the statement “The diversity of the company’s activities contributes to the success of the succession process in Nice House of Plastics”, 34.5% of the respondents agreed, 18.6% strongly agreed, 28.3% were not sure, 7.1% disagreed and 11.5% strongly disagreed. A mean score of 3.42 was obtained which implies that majority of respondents on average were not certain with the statement whereas a standard deviation of 1.208 implies that there was no consensus in responses. This means that in Nice House of Plastics employees do not know that the diversity of the company’s activities contribute to the success of the succession process in the company which leads to decline the company performance.

On the statement “The founders of Nice House of Plastics have personal and administrative skills to ensure the succession process”, 41.6% of the respondents agreed, 19.5% strongly agreed, 26.5% were not sure, 5.3% disagreed and 7.1% strongly disagreed. A mean score of 3.61 imply that most of the respondents agreed with the statement whereas a standard deviation of 1.081 implies that there was consensus in response. This implies that in Nice House of Plastics the founders have personal and administrative skills to ensure the succession process and this contributes to high level of staff and organization performance.

On the statement “senior employees exchange experiences with junior employees to improve their job performance”, 35.4% of the respondents agreed, 37.2% strongly agreed, 7.1% were not sure, 16.8% disagreed and 3.5% strongly disagreed. A mean score of 3.86 was obtained which implies that most respondents agreed with statement while a standard deviation implies that most of the respondents agreed with statement whereas a standard deviation of 1.194 implies that there was consensus in responses. This implies that in Nice House of plastics senior employees exchange experiences with junior employees to improve their job performance hence improved company success as well as mentoring of business leaders.

On the statement “Mentoring increases my commitment to my job and organization”, 56.6% the respondents agreed, 12.4% strongly agreed, 7.1% were not sure, 19.5% disagreed and 4.4% strongly disagreed. A mean score of 3.53 was obtained which implies that majority of the study respondents agreed with the statement while a standard deviation of 1.078 implies that there was no consensus .Since majority of respondents agreed, this implies that mentoring increases employee commitment to their jobs and organization in Nice House of plastics resulting into high level of company performance and continued existence of the company.

On the statement “senior employees give junior employees assignments that prepared them for improved business performance”, 55.8% of the respondents agreed, 10.6% strongly agreed, 15.9% were not sure, 13.3% disagreed and 4.4% strongly disagreed. A mean score of 3.53 imply that most of the respondents agreed with the statement while a corresponding standard deviation of 1.000 implies that there was a consensus in responses. This implies that, Nice House of Plastics, senior employees give junior employees assignments that prepared them for improved business performance hence improved business management and continued company existence.

Generally, respondents agreed to a moderate degree that there is an agreement between mentorship of new business leaders and management of Nice House of Plastics with an overall mea score of 3. 65. The overall standard deviation of 1.151 means that there was no consensus in the responses. This generally means that, there is an agreement between mentorship of new business leaders and management of nice house of plastics.

### 7.2.1 Inferential statistics on correlation and regression

To establish the relationship between mentorship of new business leaders and Management of Nice House of Plastics, the researcher carried out a correlation and linear regression test. The results are presented in the tables below.

**Table 7. 2: Correlation between mentorship of new business leaders and management of family business**

|  |  |  |
| --- | --- | --- |
|  | Mentorship of new business leaders | Management of family business |
| Mentorship of new business leaders | Pearson Correlation | 1 | .469\*\* |
| Sig. (2-tailed) |  | .000 |
| N | 113 | 113 |
| Management of family business | Pearson Correlation | .469\*\* | 1 |
| Sig. (2-tailed) | .000 |  |
| N | 113 | 113 |
| \*\*. Correlation is significant at the 0.01 level (2-tailed). |

**Source; Primary Data, 2019**

Findings of the study in table 7.2 above show the relationship between mentorship of new business leaders and management of family business (dependent variable). It shows that through bivariate means, the correlation between mentorship of new business leaders and management of family business is (r) = 0.496. This implies that there is a moderate positive relationship between the two variables since the significant value is 0.000 which is less than 0.01 (p < 0.01. This therefore shows that the positive change in mentorship of new business leaders results into a corresponding positive change in management of Nice House of Plastics and vice versa. Thus this implies that there is a statistical relationship between mentorship of new business leaders and management of family business.

**Table 7. 3: Model summary for mentorship of new business leaders and management of family business**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
| 1 | .469a | .220 | .213 | .34531 |
| a. Predictors: (Constant), Mentorship of new business leaders |

**Source; Primary data, 2019**

The Regression results as presented in table 7.3 above show the, adjusted R square value 0.239, it implies that mentorship of new business leaders only contributes 21.3% towards management of nice House of Plastics of Uganda limited, 78.7% of Management of Family business is influenced by other factors. This thus shows that there is a relationship between mentorship of new business leaders and management of Nice House of Plastics.

**Table 7. 4: ANOVA values for mentorship of new business leaders and management of family business**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Model | Sum of Squares | df | Mean Square | F | Sig. |
| 1 | Regression | 3.734 | 1 | 3.734 | 31.318 | .000b |
| Residual | 13.236 | 111 | .119 |  |  |
| Total | 16.970 | 112 |  |  |  |
| a. Dependent Variable: Management of family business |
| b. Predictors: (Constant), Mentorship of new business leaders |

**Source; Primary Data, 2019**

Results of the study in table 7.4 above indicate that the regression model predicts the dependent variable significantly well. There is a statistical significance of the regression model indicated by F= 31.318 and Sig =0.000 which is less than 0.05. This is also supported by the regression mean square value of 3.3734 compared to the residual mean square of 0.119 which is significant to zero. This thus confirms that, there is a relationship between mentorship of new business leaders and Management of Nice House of plastics.

**Table 7. 5: Coefficients of mentorship of new business leaders and management of family business**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Model | Unstandardized Coefficients | Standardized Coefficients | T | Sig. |
| B | Std. Error | Beta |
| 1 | (Constant) | 2.390 | .269 |  | 8.867 | .000 |
| Mentorship of new business leaders | .410 | .073 | .469 | 5.596 | .000 |
| a. Dependent Variable: Management of family business |

**Source; Primary Data, 2019**

Results from table 6.5 give t values and Beta. The t-values test the hypothesis that the coefficient is different from 0. To reject this, you need a t-value greater than 1.96 (for 95% confidence). The t-value for mentorship of new business leaders is 5.596 which are greater than 1.96. This implied mentorship of new business leaders influence the Management of Nice House of Plastics considering a significant factor (Sig =0.000). Also the standardized beta coefficients of 0.496 imply that an increase in one unit of business performance is caused by 0.496 units increase in mentorship of new business leaders based on the equation Y=βx + C where Y= employee performance (Dependent variable), x = mentorship of new business leaders(Independent variable, β = 0.496 and C= constant . This therefore means that there is a statistical relationship between mentorship of new business leaders and Management of Nice House of Plastics.

In conclusion, mentoring, whether formal or informal, has proved to be a main feature in influencing the retention of employees and management of family business. The findings of this study thus revealed that there is a positive relationship between mentorship and management of family business. The findings of this study concur with the listings by various researchers on the concept of mentoring and management of business. Ingersoll (2004), Ramlall (2004) and Nkomo (2016) in their studies on mentoring and employee retention ascertained that the support of new as well as older employees through mentoring positively impacted on their retention in the firm and contributes to the management of the company.

### 7. 3 Multiple regression of factors influencing the management of Family Businesses

The research carried out multiple regression order to establish the relationship between factors influencing the management of Family Businesses in terms of corporate governance structures, staff motivation and mentorship of new business leaders and management of family business. The results in the table were obtained in regard to corporate governance structures, staff motivation and mentorship of new business leaders and Management of Nice House of Plastics using multiple linear regression analysis.

**Table 7. 6: Model summary of Influencing factors and management of family business**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
| 1 | .709a | .503 | .489 | .28050 |
| a. Predictors: (Constant), mentoring of new business leaders , staff motivation, corporate governance structures |

***Source:* Primary Data ;( 2019)**

Results in Table 7.6 above, illustrate that the adjusted R Square which is a coefficient of determination indicates that the variation in the dependent variable (management of family business) due to changes in the independent (influencing factors) variable was 0.489. The figure of 0.489 indicates that, 48.9% of Management of Nice House of Plastics is influenced by mentoring of new business leaders, staff motivation and corporate governance structures. The remaining 51.1% of Management of Family Businesses is influenced by other factors. This thus indicates that influencing factors is determinant factors towards Management of Nice House of Plastics and this further indicates that there is a statistical significant relationship between influencing factors (mentoring of new business leaders, staff motivation and corporate governance structures) and management of family business

**Table 7. 7: ANOVAb for influencing factors and management of family business**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Model | Sum of Squares | df | Mean Square | F | Sig. |
| 1 | Regression | 8.666 | 3 | 2.889 | 36.713 | .000b |
| Residual | 8.576 | 109 | .079 |  |  |
| Total | 17.242 | 112 |  |  |  |
| a. Dependent Variable: Management of Family Businesses |
| b. Predictors: (Constant), mentoring of new business leaders , staff motivation, corporate governance structures |

***Source:* Primary Data ;( 2019)**

Regression results in table 7.7 above indicate that influencing factors (mentorship of new business leaders, staff motivation, corporate governance structures ) significantly contributes to the Management of Nice House of Plastics considering F = 36.713 and Sig. 0.000. This is also supported by the regression mean square value of 2.889 compared to the residual mean square of 0.079 which is significant to zero. Implying that, the regression model is a good fit for the data. This therefore implies that there is a significant relationship between influencing factors (mentorship of new business leaders, staff motivation, and corporate governance structures) and Management of Nice House of Plastics.

**Table 7. 8: Coefficientsa for influencing factors and management of family business**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Model | Unstandardized Coefficients | Standardized Coefficients | t | Sig. |
| B | Std. Error | Beta |
| 1 | (Constant) | 1.002 | .289 |  | 3.467 | .001 |
| Corporate governance structures | .460 | .082 | .510 | 5.630 | .000 |
| Staff Motivation | .326 | .073 | .336 | 4.453 | .000 |
| Mentoring of new business leaders | -.005 | .070 | -.006 | -.067 | .947 |
| a. Dependent Variable: Management of Family Businesses |

***Source:* Primary Data ;( 2019)**

Results from table 7.8 give t values. The t-values test the hypothesis that the coefficient is different from 0. To reject this, you need a t-value greater than 1.96 (for 95% confidence). Based on the table 7.8 above, among the three variables under influencing factors (mentorship of new business leaders, staff motivation, corporate governance structures), corporate governance structures is better at predicting management of Nice House of Plastics with a beta value of 0.510 and t-value of 5.630, followed by staff motivation with a beta value of 0.336 and t-value of 4.453 both positive, greater than one and significant. However, mentorship of new business leader’s coefficient is not significant for predicting Management of Family Businesses with beta value 0.-006 and t-value of -0.067. Meaning that Nice House of Plastics need to adopt effective ways of mentorship of new business leaders so as to ensure a positive Management of the company.

In conclusion the findings of this study revealed that 48.9% of Management of Nice House of Plastics is influenced by mentoring of new business leaders, staff motivation and corporate governance structures. The remaining 51.1% of Management of Family Businesses is influenced by other factors. This thus indicates that influencing factors that is determinant factors towards Management of Nice House of Plastics and this further indicates that there is a statistical significant relationship between influencing factors (mentoring of new business leaders, staff motivation and corporate governance structures) and management of family business. This therefore implies that there are other factors that influence the management of family businesses.

### CHAPTER EIGHT

### TOWARDS HARMONIZING FACTORS INFLUENCING MANAGEMENT OF FAMILY BUSINESSES

### 8.1 Introduction

This chapter presents the harmonization towards factors influencing management of family of business, a case of Nice House of plastic. The findings are presented in line with study objectives and made a contribution towards the harmonizing the key aspects and variables as the researcher’s contribution to the current study. Harmonizing is defined as the adjustment of differences and inconsistence among different measurements, methods, schedules, specification or systems to make them uniform or mutually compatible (Business dictionary, 2010).

### 8.2 How Nice house of plastics puts in place effective corporate governance structures

Findings of the study revealed majority of respondents agreed that in Nice House of Plastics, the family shareholding is significant and this contributes to the better management of the company since the family shareholding in the company is sufficient and significant which leads to improved business success. This finding is inline Mark (2010) who observed that corporate Governance is concerned with the establishment of an appropriate legal, economic and institutional environment that would facilitate and allow business enterprises to grow, thrive and survive as institutions for maximizing shareholder value while being conscious of and providing for the well-being of all other stakeholders and society.

Results of the study also indicated that at Nice House of Plastics, Directors job description is guided by the board charter which motivates the directors to work hard for improved performance of the company. This finding concurs with Private Sector Initiative for Corporate Governance (1999) which found out that good corporate governance structures in a business will attract investors; create competitive and efficient companies and business enterprises; enhance the accountability and performance of those entrusted to manage corporations; and promote efficient and effective use of limited resources. Corporate Governance is essential in underpinning entrepreneurship in all kinds of enterprise.

Furthermore findings of the study revealed that majority of respondents agreed that that in Nice house of plastics, Director's background and expertise matches the business requirements and these results into better management of the company. This finding is inline Davis (2014) finding which found out that family owned business systems have been observed to have an enduring advantage over all other kinds of enterprise in large part because of their long-term goals, plans, and commitments.

Results of the study also indicated that majority of the respondents agreed that in Nice House of Plastics, directors representing the family serve for indefinite number of terms and this help to ensure company continuity and to ensure that family interests are protected in the company from time to time resulting into superior management of the business. According to Nicolas (2012), in a family owned business a significant percentage, though not necessarily a majority, of the stock, and family members were actively involved both on the board and in management.

KPMG Family Business (2014), found out that by family being in control of the business enables them to ensure their strategy is focused on protecting their people, embedding relationships and securing loyalty from clients and being flexible enough to respond to changing market conditions.

From the information obtained it can be said that family owned businesses are fundamentally different in corporate governance from widely held public companies. This difference derives primarily from the discrete nature of their ownership. Family ownership concentrates control and allow greater agency in governance. The family can play many roles across the business system, often facilitating and simplifying decision-making processes. This can both lower the costs of governance and enable unconventional, but strategically advantageous, decisions. In addition, the governance practices of family businesses often evolve, reflecting the stages of development in the business and the family. This need to adapt governance overtime is both an opportunity and a challenge of family business. Renewing effective ownership agency at different stages in family business development is one of the keys to sustaining family business advantage in performance (Ward, 2004).

 From the researchers observation, even if there is laid down corporate governance structures in Nice House of plastics, sometimes employees in the company do not follow effective line of reporting in the company. Some employees at the lower level management report directly to the company CEO and at times the CEO of the company directly obtain the information from lower level employees without following the chain of command and line of reporting in the company.

The study recommends that majority of the board members at Nice House of Plastics should be independent directors. An in- dependent director should be independent of management and free of any business or other relationship that could materially interfere with or could reasonably be perceived to materially interfere with the exercise of their unfettered and independent judgment. The board should regularly assess the independence of each director in light of interests disclosed by them in order to ensure effective management of the company.

 The researcher recommends that family business or company should determine its own policies designed to influence appropriate behavior by both non-executive and executive directors as well as key executives. A code of conduct is an effective way to guide the behavior of internal stakeholders within the family business or company and demonstrate the commitment of the business to ethical practices. It is not necessary for a separate code for directors and key executives to be adopted by all organizations. Depending on the nature and size of the company’s operations, the code of conduct for directors and key executives may be standing alone or be integrated into the corporate code of conduct of the organization.

### 8. 3 How Nice House of plastics ensures that staff are well motivated so as to ensure effective company management.

From the study findings majority of respondents agreed that ; in Nice House of Plastics employees are involved in decision making concerning issues and this motivates employees to hard work in the company resulting into effective business management; in Nice House of Plastics, the management provides satisfactory material rewards to employees which motivate employees to work had towards the attainment of the company set goals and objectives hence company success and continuity; Nice House of Plastics management provides good physical working conditions to employees which motivate employees to work hard towards company success hence company continuity existence ; in Nice House of Plastics, the availability of fringe benefits creates a motivating environment to employees and leading to an increase in production, sales and profitability of the company hence continued company existence and better company management ; Nice House of Plastics has attractive compensation benefits which motivates employees to work hard towards the achievement of the company set goals, mission and objectives thus improved company performance and management; in Nice House of Plastics, bonuses are based on productivity. Once employees are provided with performance bonuses they are motivated to stay in the company and they remain committed while performing their job tasks resulting into continued company existence and enhance company success ; and Nice House of Plastics has effective strategies for motivating its employees which hence high level of commitment and engagement towards work for continued company existence and this enable the company management to coordinator and manage the company operation effectively.

The above findings are in line with Wilson (2004), says motivation is everything. Without motivation even the most talented people cannot deliver to their potential. With motivation, others can perform way above the level expected of their intelligence and academic ability. He further asserts that company staff is its business. They are the company. They project the image of the company that customers see. They alone hold the power to deliver a high quality standard of service. It is a company’s staff, not its managers, who ultimately have the power to boost or reduce its profits.

Steers et al., (2004) observed that organizations and companies depend on employees to achieve their goals, implying that managers must consider employee job satisfaction because employee job satisfaction is related to service quality and work performance. Therefore, organizations must attract, develop, motivate and retain satisfied employees. This requires managers’ deeper understanding regarding the employee needs, aspirations, attitudes and concerns.

Pulakos (2009) revealed that, having an efficient performance management process and tools is essential for employee motivation for high performance. The most vital issue with any performance management system is how seriously it is taken and how devotedly it is used by managers and employees. It is therefore of great concern to company management to develop cheap yet effective extrinsic motivation to improve help in enhancing employee performance hence increasing profitability and productivity.

Kanfer et al., (2008) revealed that motivation is thusly manifested by attention, effort, and persistence. The ability to measure factors that energiz e, channel, and sustain work behaviour over time, is essential for capturing employee motivation and for developing interventions aimed at enhancing motivation, and in turn, job satisfaction and performance. To date, most research on the influence of individual factors in work motivation has investigated differences that can be captured through self-report measures of personality, affect, interests, and values.

From the researchers’ observation, to some extent employees are motivated in Nice House of plastics, employees are normally provided with performance bonuses, they are provided with sick maternity and sick leave, and they are recognised when they perform beyond expectations. However some employees looked not to be happy and motivated while performing their job tasks, some were working for long hours, and they were not provided with lunch while at work.

 From the above, the researcher recommends that; Nice House of Plastic should acknowledge and exploit the extrinsic factors in their human resource management practices particularly in the strategic human resource management so as to ensure that the employees are well motivated to perform their tasks. Nice House of plastics should take into account that the extrinsic factors that influence employee motivation levels also do impact on the personality or the intrinsic factors and impact on the general employee motivation levels so as to ensure better management of the company.

The researcher also recommends that Nice of Plastics should appreciate the impact of the employee motivation on the long and the short-term organizational goals and objectives. The organization should acknowledge the impact of the employee motivation on such organizational aspects as productivity and performance, employee absenteeism levels, employee turnover rates as well as employee stress levels. Therefore, the organization and the general management should consider implementing policies and practices that positively affect employee motivation. Such a strategy should be taken in tandem with the general organizational goals and objectives and should contribute to both the long-term and the short – term human resource strategy.

### 8.2.3 How Nice House of plastics ensure that staff are well motivated so as to ensure effective company management

Study findings indicated that majority of respondents agreed; usage of organizational structure with job description contributes significantly to the success of the succession process in Nice House of plastics resulting into high level of company performance; Nice House of Plastics has a clear and specific timetable for succession plan which ensures continued company existence and performance ; mentoring of new business leaders and presence of succession plan in Nice House of Plastics has ensured company continued succession and this has improved on the company performance from time to time ; in Nice House of Plastics the founders have personal and administrative skills to ensure the succession process and this contributes to high level of staff and organization performance ; in Nice House of plastics senior employees exchange experiences with junior employees to improve their job performance hence improved company success as well as mentoring of business leaders ; in Nice House of plastics resulting into high level of company performance and continued existence of the company ; and in Nice House of Plastics, senior employees give junior employees assignments that prepared them for improved business performance hence improved business management and continued company existence.

The above findings are in line with Colby and Young (2006), who noted that mentorship involves a process that brings together the inexperienced and experienced individuals in an attempt to enable the former to gain knowledge, self-confidence, skills as the other benefits from the later as they transit through the process.

Allen (2007) says mentorship is a system of semi-structured guidance where one person or a group of people share their knowledge, skills and experience to assist others to progress in their own lives and careers. Over time, the definition of mentorship has evolved, with some theorists suggesting that mentorship must be voluntary relationship of equality, openness, and trust between the mentor and mentee.

 Bozionelos ,( 2006) asserted that Mentorship involves motivating and empowering the other person to identify their own issues and goals, and helping them to find ways of resolving or reaching them. It is not by doing it for them, or expecting them to 'do it the way I did it', but by understanding and respecting different ways of working.

In the words of Hallam, Chou, Hite, & Hite,( 2012), mentoring programs help increase retention. Leaders of financial and insurance firms have traditionally faced a problem of recruiting and retaining qualified agents or advisers (Lahey & Quist-Newins, 2010). Agents and advisers are independent contractors or franchisees. They receive fees and commissions on products sold and pay their own expenses (Lahey & Quist-Newins, 2010).

Mentoring is an important aspect of supporting and socializing new agents and advisers (Hallam et al., 2012). A benefit of good mentoring is that it contributes to increased job satisfaction, which results in retention (Hallam et al., 2012). Retention is critical in finance and insurance companies because knowledge management plays an important role in the success of this type of business (Tanhua-Piiroinen & Sommers- Piiroinen, 2013).

Jennex (2007) also revealed that mentorship has immense benefits to an organization besides being the key to improving project capability. While there is a reliance on personal knowledge, explicit knowledge and collaboration within the project external networks play a crucial role in terms of knowledge creation.

From the researcher’s observation, some top executives of the company rose through the ranks, for example the director Human Resource started as an HR assistant and over the years she has been mentored to her current position and also many others in other departments like sales and marketing.

The study recommends that Nice House of Plastics should continue to take the issue of mentorship (career support, knowledge transfer and psychosocial support for improve employees’ performance) seriously as a way of improving on employees’ performance to their organisation hence better management of the company.

The study found the existence of a relationship between mentorship of new business leader’s alignment and Management of Family Businesses in Nice House of Plastics. In this regard, the company management should ensure that the company goals, business units and Management of Family Businesses tasks are aligned with their mentorship of new business leaders. This is because the shifts in competitiveness and employee efficiency suggest that managers should address more of their strategic outcomes. It also suggests that managers should identify the key determinants of their mentorship of new business leaders as explained in their vision and mission statements and align their systems towards achieving the mentorship of new business leaders for successful Management of Family Businesses in the company.

Additionally, there is need to compel company to adhere to strict communication policies and establish control centers with the responsibility of monitoring the execution of their mentorship of new business leaders for improved employee job performance.

### CHAPTER NINE

### SUMMARY OF FINDINGS AND CONCLUSION

This chapter presents the summaries, conclusion and recommendations in line with the objectives of the study.

### 9.1 Summary of the findings

This subsection details the summary of findings established by this study. They are organized according to the objectives of the study which were; to examine how Nice house of plastics puts in place effective corporate governance structures; to examine how Nice House of plastics ensure that staff are well motivated so as to ensure effective company management; and to examine how Nice house of Plastics mentor new business leaders over time to ensure continuity in the company.

### 9.2.1 How Nice house of plastics puts in place effective corporate governance structures

The study was carried out to how Nice house of plastics incorporates effective corporate governance structures. After computing Pearson’s coefficient the study came up with a Pearson’s *r* = 0.639 showing relationship between Corporate governance structures and Management of Nice House of Plastics. The Pearson’s *r* correlation coefficient of 0.639 is positive which means that a positive change in corporate governance structures results into a corresponding positive change in management of Nice house of plastics and a negative change in corporate governance structures can results into a corresponding negative change in management of family business. Correlation is significant at the 0.01level (2-tailed). This thus implies that there is a significant relationship between corporate governance structures and Management of Nice House of Plastics.

In relation to the adjusted R square value (Table 5.3), 40.3% of Management of Nice House of Plastics is influenced by Corporate governance structures, the remaining 59.7% Management of Family Business being explained by other factors. This therefore means that there is a statistical relationship between corporate governance structures and Management of Nice House of Plastics.

Study findings in table 5.4 revealed that the regression model predicts the dependent variable significantly well. There is a statistical significance of the regression model indicated by F=76.502 and P=0.000 which is less than 0.01. This is also supported by the regression mean square value of 7.035 compared to the residual mean square of 0.092. This therefore confirms that, there is a relationship between corporate governance structures and Management of Nice House of Plastics

### 9.2.2 How Nice House of plastics ensure that staff are well motivated so as to ensure effective company management

The study set out to establish the influence of staff motivation on Management of Nice House of Plastics. The researcher computed Pearson’s correlation with r = 0.539. Pearson’s correlation coefficient of 0.539 is average and positive meaning that the two variables increase in the same direction and a positive change in staff motivation results into a positive change in management of family business. Correlation is significant at the 0.01 level (2-tailed). This means staff motivation influence Management of Nice House of Plastics.

In relation to the adjusted R square value (Table 6.3), staff motivation only contributes to 28.0% towards management of Nice House of Plastics, the remaining 72.0% Management of Family Businesses being explained by other factors. This generally shows that there is a relationship staff motivation and management of Nice House of Plastics.

Results of the study in table 6.4 above indicate that the regression model predicts the dependent variable significantly well. There is a statistical significance of the regression model indicated by F= 44.546 and Sig =0.000 which is less than 0.01. This is also supported by the regression mean square value of 4.938 compared to the residual mean square of 0. 111 which is significant to zero. This therefore confirms that, there is a relationship between staff motivation and management of Nice House of plastics.

### 9.2.3 How Nice House of plastics ensure that staff are well motivated so as to ensure effective company management

The study set out to how mentorship of new business leaders influences the management of Nice house of plastics family business. After computing Pearson’s coefficient the study came up with a Pearson’s *r* = 0.469 influence mentorship of new business leaders and Management of Family Businesses in Nice House of Plastics. Pearson’s correlation coefficient of 0.469 is a low and positive correlation. Correlation is significant at the 0.01 level (2-tailed). This proved that there is positive significant relationship between mentorship of new business leaders and Management of Nice House of Plastics.

In relation to the adjusted R square value (Table7.3), mentorship of new business leaders contribute 21.3% to Management of in Nice House of Plastics. The remaining 78.7% of Management of Nice House of Plastics is influenced by other factors.

Results of the study as presented in table 7.4 indicated that the regression model predicts the dependent variable significantly well. There is a statistical significance of the regression model indicated by F= 31.318 and Sig =0.000 which is less than 0.05. This is also supported by the regression mean square value of 3.3734 compared to the residual mean square of 0.119 which is significant to zero. This thus confirms that, there is a relationship between mentorship of new business leaders and Management of Nice House of plastics.

### 9.3 Conclusion

This section provides a detailed conclusion of the correlation between the findings and the literature that was reviewed. The conclusion is ordered according to the study objectives.

### 9.3.1 How Nice house of plastics incorporates effective corporate governance structures

The first research objective was stated as, “how Nice house of plastics incorporates effective corporate governance structures.” and the first research question was stated as, “How do effective corporate governance structures influence the management of Nice house of plastics family business?” The study concludes that; there is a positive significant strong relationship between corporate governance structures and Management of Nice House of Plastics considering Pearson correlation coefficient of r=0.639. The positive value of (r) implies that a positive change in corporate governance structures results into a corresponding positive Management of Nice House of plastics and vice-versa. Therefore, research objective one was achieved and research question one was answered.

### 9.3.2 How staff motivation affects the management of Nice house of plastics family business

The second research objective was stated as, “to examine how staff motivation affects the management of Nice house of plastics family business” and the second research question was stated as, “How does staff motivation affect the management of Nice house of plastics family business?” The study concludes that; staff motivation influence Management of Nice House of Plastics considering Pearson product-moment correlation coefficient of r = 0.535. The positive value of (r) implies that that the positive change in mentorship of new business leaders results into a corresponding positive change in Management of Nice House of Plastics and vice versa.

### 9.3.3 How Nice house of plastics incorporates effective corporate governance structures

The third research objective was stated as, “To examine how Nice house of plastics incorporates effective corporate governance structures” and the third research question was stated as, “How mentorship of new business leaders influence the management of Nice house of plastics family business?” The study concludes that; mentorship of new business leaders positively influence Management of Nice House of Plastics, considering Pearson product-moment correlation coefficient of r = 0.469. The positive value of (r) implies that a positive change in mentorship of new business leaders results into a corresponding positive change in Management of Nice House of Plastics and vice-versa. Therefore, research objective three was achieved and research question three was answered.

For better employees’ performance in Nice House of Plastics and for family businesses to take competitive advantage in the ever challenging business environment, leaders and managers in this industry should adopt the mentoring of employees, through career support, knowledge transfer and psychosocial support of employees, that have strong positive effects on employees performance in achieving the organization objectives.

### 9.4 Areas recommended for further study

The study was also restricted to few variables of influencing factors and Management of Nice House of Plastics. Thus there is a need for further studies to be conducted to explore other dimensions of influencing factors and management of family business.

This current study was mainly limited to Nice House of Plastics. This makes the study very narrow, thus there is a need to carry out a similar study to investigate the effectiveness of influencing factors on Management of Family Businesses in all manufacturing companies in Uganda.

The study used a sample size of only 133 respondents, therefore the study recommends that others researcher needs to be conducted to assess the effectiveness of influencing factors on Management of Family Businesses in other organizations using large sample sizes.

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### QUESTIONNAIRE

Dear Respondent**,** I am a student of Nkumba University, pursuing a Master’s Degree in Business Administration. I am carrying out research on the topic “***Factors influencing the management of Family Businesses in Uganda. A case of Nice House of Plastics”***.You have been chosen to participate in this study and your opinions shall be strictly kept confidential and information provided will be used strictly for academic purposes. You are therefore kindly requested to provide the relevant information in good faith.

**SECTION A: Background Information**

**(Tick where appropriate)**

**1) Gender**

 (a) Male (b) Female

**2) Age**

(a) Below 20 years (b) 21-30 years

(c) 31-40 years (d) Above 41 years

**3) Highest level of education**

(a) Certificate (b) Diploma (c) Degree

(d) Masters (e) PhD

Others (Specify)………………………………………………………………………………

**4) Department of work**

(a) Management (b) Accounts Department

(c) Marketing (d) Human Resource

(e) Procurement Department (f) Stores

**5) Tenure of service in the organization**

(a) Less than 1 year (b) 1-5 years

(c) 6-10 years (d) More than 11 years

**SECTION B: Influencing Factors (INDEPENDENT VARIABLE)**

**Use the scale below to respond to the statements in the table (Tick a box of your choice)**

**Scale**; ***1= Strongly Disagree, 2=Disagree, 3=Not sure, 4=Agree, 5= Strongly Agree***

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **SN** | **Statement**  | **1** | **2** | **3** | **4** | **5** |
| **(a)** | **Corporate governance structures** |  |  |  |  |  |
| 1 | The family shareholding in Nice House of Plastics is significant |  |  |  |  |  |
| 2 | Directors job description is guided by the board charter at House of Plastics |  |  |  |  |  |
| 3 | Director's background and expertise matches the business requirements |  |  |  |  |  |
| 4 | Directors representing the family serve for indefinite number of terms |  |  |  |  |  |
| 5 | The Board of Directors review material transactions that involve conflicts of interest and related parties |  |  |  |  |  |
| 6 | The company has documented internal controls policies |  |  |  |  |  |
| 7 | The internal audit function has full access to records, property and personnel relevant to their audit |  |  |  |  |  |
| 8 | The company discloses major transactions, related party transactions, off-balance sheet activities, and other material events |  |  |  |  |  |
| 9 | Detailed biographies of directors' qualifications and experience are disclosed |  |  |  |  |  |
| **(b)** | **Staff Motivation** |  |  |  |  |  |
| 10 | I am involved in decision making concerning issues that affect Nice House of Plastics |  |  |  |  |  |
| 11 | The management of Nice house of plastic provides satisfactory material rewards  |  |  |  |  |  |
| 12 | The management provides good physical working conditions |  |  |  |  |  |
| 13 | The availability of fringe benefits creates a motivating environment and lead to an increase in production, sales and profitability |  |  |  |  |  |
| 14 | Nice House of Plastics has attractive compensation benefits |  |  |  |  |  |
| 15 | In Nice House of Plastics, bonuses are based on productivity |  |  |  |  |  |
| 16 | Nice House of Plastics has effective strategies for motivating its employees |  |  |  |  |  |
| 17 | Staff motivation has led to high employee performance in Nice House of Plastics |  |  |  |  |  |
| 18 | Giving bonuses to employee assures them that all the hard work they do for the company is being appreciated and that it’s a way of thanking them for their tireless efforts. |  |  |  |  |  |
| **(c)** | **Mentoring of new business leaders**  |  |  |  |  |  |
| 19 | The usage of organizational structure with job description contributes significantly to the success of the succession process |  |  |  |  |  |
| 20 | Nice House of Plastics has a clear and specific timetable for succession plan |  |  |  |  |  |
| 21 | Presence of succession plan in Nice House of Plastics has ensured the success of succession |  |  |  |  |  |
| 22 | The diversity of the company’s activities contribute to the success of the succession process in Nice House of Plastics |  |  |  |  |  |
| 23 | The founders of Nice House of Plastics have personal and administrative skills to ensure the succession process |  |  |  |  |  |
| 24 | Senior employees exchange experiences with junior employees to improve their job performance |  |  |  |  |  |
| 25 | Mentoring increases my commitment to my job and organisation |  |  |  |  |  |
| 26 | Senior employees give junior employees assignments that prepared them for improved business performance |  |  |  |  |  |
| 27 | Through mentoring, I learn how perform my work well and this contributes to the organisation success.  |  |  |  |  |  |

**SECTION C: Management of Family Businesses (Dependent Variable)**

**Use the scale below to respond to the statements in the table (Tick a box of your choice)**

**Scale**; ***1= Strongly Disagree, 2=Disagree, 3=Not sure, 4=Agree, 5= Strongly Agree***

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| SN | **Statement**  | **1** | **2** | **3** | **4** | **5** |
| **(a)** | **Productivity** |  |  |  |  |  |
| 1 | Productivity is the relationship between outputs and inputs. |  |  |  |  |  |
| 2 | Productivity is when the price received for an output rises with no increase in the cost of inputs.  |  |  |  |  |  |
| 3 | Productivity is a measure of the quantity and quality of work done, considering the cost of the resources used of workers involved. |  |  |  |  |  |
| 4 | Better productivity means that fewer people, less money or time were used to produce the same amount. |  |  |  |  |  |
| **(b)** | **Staff Retention** |  |  |  |  |  |
| 5 | Proper management in Nice House of Plastics has led to employee retention |  |  |  |  |  |
| 6 | The strategies that Nice House of Plastics has put to motivate its employees has led to staff retention |  |  |  |  |  |
| 7 | There is a high percentage of staff retention as compared to labour turnover |  |  |  |  |  |
| **(c)** | **Continuity**  |  |  |  |  |  |
| 8 | In Nice House of Plastics, customers are the bosses |  |  |  |  |  |
| 9 | Nice House of Plastics focuses so much on the quality of a product that a customer wants |  |  |  |  |  |
| 10 | Nice House of Plastics meets the deadline on its customers |  |  |  |  |  |

***Thanks for your time***

# INTERVIEW GUIDE

Dear Respondent**,** I am a student of Nkumba University, pursuing a Master’s Degree in Business Administration . I am carrying out research on the topic “***Factors influencing the management of Family Businesses in Uganda. A case of Nice House of Plastics”***.You have been chosen to participate in this study and your opinions shall be strictly kept confidential and information provided will be used strictly for academic purposes. You are therefore kindly requested to provide the relevant information in good faith.

1. What are some of the management practices used in Nice House of Plastics?

………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………

1 (b). What are your suggestions on the management practices used in Nice House of Plastics

…………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………Does Nice House of Plastics have motivation strategies? If yes, what are some of those strategies? If No why?

…………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………

Has mentoring of new business leaders affected Nice House of Plastics? How?

………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………

3(b) If your answer was negative in question 3 above, what are your suggestions on how mentoring of new business leaders should be done in Nice House of Plastics

……………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………..

***Thanks for your time***

# APPENDIX V: DETERMINING SAMPLE SIZE FROM A GIVEN POPULATION BY SMALL SAMPLE TECHNIQUE FOR SELECTION OF SAMPLE

| ***N*** | ***S*** | ***N*** | ***S*** | ***N*** | ***S*** |
| --- | --- | --- | --- | --- | --- |
| 10 | 10 | 220 | 140 | 1200 | 291 |
| 15 | 14 | 230 | 144 | 1300 | 297 |
| 20 | 19 | 240 | 148 | 1400 | 302 |
| 25 | 24 | 250 | 152 | 1500 | 306 |
| 30 | 28 | 260 | 155 | 1600 | 310 |
| 35 | 32 | 270 | 159 | 1700 | 313 |
| 40 | 36 | 280 | 162 | 1800 | 317 |
| 45 | 40 | 290 | 165 | 1900 | 320 |
| 50 | 44 | 300 | 169 | 2000 | 322 |
| 55 | 48 | 320 | 175 | 2200 | 327 |
| 60 | 52 | 340 | 181 | 2400 | 331 |
| 65 | 56 | 360 | 186 | 2600 | 335 |
| 70 | 59 | 380 | 191 | 2800 | 338 |
| 75 | 63 | 400 | 196 | 3000 | 341 |
| 80 | 66 | 420 | 201 | 3500 | 346 |
| 85 | 70 | 440 | 205 | 4000 | 351 |
| 90 | 73 | 460 | 210 | 4500 | 354 |
| 95 | 76 | 480 | 214 | 5000 | 357 |
| 100 | 80 | 500 | 217 | 6000 | 361 |
| 110 | 86 | 550 | 226 | 7000 | 364 |
| 120 | 92 | 600 | 234 | 8000 | 367 |
| 130 | 97 | 650 | 242 | 9000 | 368 |
| 140 | 103 | 700 | 248 | 10000 | 370 |
| 150 | 108 | 750 | 254 | 15000 | 375 |
| 160 | 113 | 800 | 260 | 20000 | 377 |
| 170 | 118 | 850 | 265 | 30000 | 379 |
| 180 | 123 | 900 | 269 | 40000 | 380 |
| 190 | 127 | 950 | 274 | 50000 | 381 |
| 200 | 132 | 1000 | 278 | 75000 | 382 |
| 210 | 136 | 1100 | 285 | 1000000 | 384 |

***Source: Krejcie& Morgan (1970, as cited by Amin, 2005)***

Note.—*N* is population size.

*S* is sample size.