

APRIL 2025

From foundation to future:

The past, present, and future of family businesses in Africa

INTERIM REPORT

Jeroen Neckebrouck

Edwin Obonyo

Ermias Mebrate Mengistu



IN COLLABORATION WITH



PARTNERS



THE AFRICA INITIATIVE

Based on its firm belief in the pivotal role of the private sector in the development and growth of communities around the world, the Africa Initiative's mission is to foster responsible business leadership across the continent. Leveraging IESE's resources and intellectual capital, we aim to harness the power of entrepreneurship, innovation, and ethical business practices to contribute to Africa's sustainable development while simultaneously addressing global challenges. Under the leadership of Professor Heinrich Liechtenstein, the Academic Director of the Africa Initiative, research constitutes a core pillar of this mission to enable a deeper and nuanced understanding of the opportunities and challenges inherent in the African business landscape.

Over the last year, IESE and its associate schools in Africa—the Lagos Business School in Nigeria, Strathmore Business School in Kenya, and MDE Business School in the Ivory Coast—have joined forces with the Family Business Network—which, with over 20,000 members, is the largest global network of business families—to strengthen African business families for generational growth and continuity. Together, we are building a network for African families that own some of the largest businesses. The aim is to learn from one another and from multigenerational business families in the rest of the world.

From foundation to future: The past, present, and future of family businesses in Africa

INTERIM REPORT

Jeroen Neckebrouck

Edwin Obonyo

Ermias Mebrate Mengistu

IN COLLABORATION WITH



PARTNERS





© Taryn Elliott from Pexels.

Authors

Jeroen Neckebrouck

Associate Professor of Entrepreneurship, IESE Business School

Edwin Obonyo

Visiting PhD at IESE Business School, Strathmore University

Ermias Mebrate Mengistu

Africa Initiative Director, IESE Business School

Design: IESE Business School: www.iese.edu

Copyright 2025 © IESE.

The authors would like to thank all the family business leaders who participated in this study.

All the material contained in this document has been provided by the authors unless otherwise stated.

CONTENTS

About the study	7
Introduction	8
The past: The role of legacy, values, and narratives	9
Legacy: A source of resilience and constraint.....	9
Insights from African family businesses	10
Values: The bedrock of business in weak institutional environments.....	11
Insights from African family businesses	11
Narratives: A critical tool for legitimacy and continuity	13
Insights from African family businesses	14
Conclusion: Navigating the tension between tradition and adaptation	14
The present: Corporate governance and corporate entrepreneurship	15
Corporate governance: Balancing control and professionalization.....	15
Insights from African family businesses	15
Corporate entrepreneurship: Preserving legacy while enabling innovation.....	16
Insights from African family businesses	16
Conclusion: Aligning governance and entrepreneurship for long-term success	17
The future: Succession	18
Maintaining family legacy.....	18
Succession-related challenges	20
Conclusion	22



About the study

The data collection for this study took place in late 2024 and early 2025 in preparation of the FBN-IESE Workshop held in Barcelona from April 9th to 11th 2025. We drew on qualitative and quantitative data from semi-structured interviews and surveys of the leaders of 31 prominent family businesses across eight African countries (Democratic Republic of the Congo, Ethiopia, Ivory Coast, Kenya, Nigeria, South Africa, Tanzania, and Togo). The family businesses had an average of 3,600 employees and operate in various sectors. The study was conducted by IESE's Africa Initiative in collaboration with its affiliated business schools, Lagos Business School in Nigeria; Strathmore Business School in Kenya and MDE Business School in Côte d'Ivoire.

The authors caution against extrapolating conclusions to the entire continent, as our respondents were from only the eight aforementioned countries. They also caution against generalizing the findings to all family businesses, as only a small number of leaders were interviewed and surveyed.

Introduction

Family-owned businesses are the most common form of business in the world, and the same is true in Africa. Family businesses are the backbone of the continent's economies, accounting for more than 70% of many African economies and employing between 50% and 80% of the workforce in many African countries.

This study, conducted by IESE's Africa Initiative in collaboration with its associate schools in Africa—the Lagos Business School in Nigeria, Strathmore Business School in Kenya, and MDE Business School in the Ivory Coast—provides insight into the evolving governance, entrepreneurship, and succession challenges facing Africa's leading family businesses.

It is based on interviews and surveys conducted with leaders of some of Africa's most prominent family businesses. It is structured into three sections, covering the past, present, and future of these businesses. Specifically, we explore their historical foundations (past), current governance and corporate entrepreneurship practices (present), and the key challenges that they face in preparing for the next generation (future).

Looking at the historical foundations, family businesses in Africa are not only economic powerhouses—they also carry deep emotional significance. Our research reveals that family business leaders feel a profound connection to their firms' histories, with pride and gratitude emerging as dominant emotions when they reflected on their journeys. These emotions are closely tied to their understanding of success, which they attribute to strong leadership and vision, good governance, and a commitment to long-term success. Underpinning all these factors is a shared commitment to values, with integrity, hard work, and humility being the most frequently mentioned.

Importantly, however, our findings highlight an evolution in priorities through generations. While first-generation leaders consistently emphasize traditional values such as hard work and integrity, second-generation leaders place greater focus on governance and teamwork. Interestingly, values and perceived drivers of success became more heterogeneous in second-generation businesses. While ethics and integrity remained present, they were less central, and innovation and work ethic no longer stood out as key themes. This shift suggests that as family businesses mature, their leadership perspectives become more diverse, shaped by different experiences and external influences.

In examining the current state of family businesses, we focused on two key themes: corporate governance structures and corporate entrepreneurship. The businesses in our study were largely first- or second-generation enterprises that were fully family owned and family managed. In the first-generation firms, top leadership was exclusively family based, while the second-generation businesses were more open to including nonfamily executives. Supervisory boards, when present, tended to be family dominated in the first generation but increasingly incorporated external members in the second.

Corporate entrepreneurship—the ability to innovate and adapt—varied widely. Most businesses excelled at expanding their consumer bases and introducing new products or services, but few pursued new industries, acquisitions, or international expansion. A deeper analysis uncovered a critical tension between legacy and innovation: Businesses with a strong historical narrative tended to take fewer risks, to invest less in innovation, and to be more conservative in expanding into new industries. However, in one area—attracting and serving new customer segments—entrepreneurial drive remained strong across generations.

Finally, succession planning remains a pressing challenge for family business leaders. A central concern is how to foster an entrepreneurial mindset in the next generation while ensuring a smooth transition of leadership roles and responsibilities. This balancing act—honoring the past while embracing the future—will shape the next chapter of Africa's most successful family businesses.



The past: The role of legacy, values, and narratives

Family businesses in Africa are not only commercial enterprises but also custodians of legacy, pillars of stability, and drivers of long-term economic growth. Formal institutions play a more significant role in more developed economies; in comparison, African family businesses often operate in environments in which personal trust, reputation, and intergenerational continuity are more critical to success. This makes legacy, values, and narratives not only cultural markers but also strategic assets that shape governance, decision-making, and resilience.

Our study provides fresh insights into how Africa's leading family businesses perceive and navigate their legacies, revealing both continuity and change in how values and narratives evolve across generations.

Family businesses are unique in that they operate at the intersection of business and family dynamics. Unlike nonfamily firms, they are deeply shaped by legacy, values, and narratives, which influence decision-making, governance structures, and long-term strategic priorities. These elements serve as both guiding principles and potential sources of tension as businesses evolve across generations.

Legacy: A source of resilience and constraint

In many African economies, family businesses are among the most resilient institutions. Given economic volatility, regulatory uncertainty, and financial market inefficiencies, legacy serves as a pillar of stability, guiding leadership decisions and reinforcing long-term commitment. Legacy in family business is typically defined as the values, traditions, narratives, and tangible assets that are passed from one generation to the next. It is both tangible—such as wealth, business ownership, and physical artifacts—and intangible, encompassing family identity, cultural norms, and deeply held beliefs. Scholars describe legacy as a co-constructed process, shaped by both those who transmit it and those who receive it, making it a dynamic and evolving concept rather than a static

inheritance. Understanding legacy means recognizing its multiple dimensions, including its historical roots, the mechanisms by which it is preserved and adapted, and the ways in which it influences intergenerational continuity.

Research indicates that legacy is a defining feature of family businesses, shaping strategic priorities, governance structures, and intergenerational continuity. Scholars have found that legacy serves as both an asset and a constraint, reinforcing long-term commitment and trust while potentially limiting adaptability and risk-taking. A strong historical narrative can enhance family cohesion, brand credibility, and stakeholder trust; however, studies suggest that rigid adherence to past practices may hinder innovation and responsiveness to market shifts.

Insights from African family businesses

Our research confirms that the African family business leaders in our sample felt a profound emotional connection to their firms' histories, with pride and gratitude emerging as the dominant emotions when they reflected on their journeys. **Figure 1** presents the most frequently expressed emotions. This emotional bond is closely linked to how they define success—not only in financial terms but also through corporate governance, a clear vision, strong branding, and hands-on leadership.

Figure 1. Emotions expressed regarding family and business history



The responses also pointed toward generational differences:

- Both first- and next-generation leaders emphasize pride, but first-generation leaders are more likely to also express frustration and struggle in building the business.
- Next-generation leaders feel gratitude, suggesting a stronger focus on opportunity rather than struggles.
- The next generation of leaders also express some nostalgia, reflecting their role as stewards of the legacy.

While our research confirms that bequests can help strengthen long-term commitment, our research also confirms the dual nature of bequests. As we will discuss in more detail in the next section, a strong historical narrative can sometimes inhibit risk-taking and entrepreneurial growth. Firms that emphasize

their legacy tend to be less willing to expand into new industries, invest in disruptive innovation, or adopt radical shifts in strategy. Instead, they lean toward measured, incremental innovation, often focusing on attracting new customer segments rather than pioneering new markets.

This raises an important question for Africa's family business leaders: How can a legacy be leveraged as a strength without becoming a constraint? The most successful multigenerational firms are those that reframe their legacy not as a static tradition but as an evolving foundation that supports adaptability and renewal.

Values: The bedrock of business in weak institutional environments

Both academic and practical evidence indicate that values are central to decision-making, governance, and long-term strategy in family businesses, shaping both internal relationships and external credibility. Experts argue that a strong value system fosters trust, stability, and multigenerational commitment, reinforcing unity while guiding business practices. Leading family enterprises sustain their values by embedding them in governance structures, leadership development, and organizational culture, ensuring that core principles remain relevant while allowing for strategic flexibility.

African family businesses do not only uphold values for ethical reasons but also depend on them as a functional necessity in economies in which formal institutional safeguards—such as reliable contract enforcement, financial transparency, and regulatory consistency—are often lacking. Values such as integrity, trust, and social responsibility play a crucial role in sustaining long-term partnerships, securing financing, and maintaining employee loyalty.

Insights from African family businesses

The African family business leaders in our sample consistently cited integrity, hard work, and humility as their core values, reinforcing the idea that trust and reputation serve as alternative forms of institutional strength in environments in which formal protections may be weak.

Interestingly, we noted a shift in second-generation family businesses, whereby leadership priorities begin to evolve. While first-generation leaders emphasize hard work and integrity, second-generation leaders increasingly highlight governance and teamwork as critical factors for success. Additionally, some values, such as innovation and work ethic, no longer stand out as defining themes among the second generation. This shift suggests that as businesses mature and leadership structures become more formalized, values become increasingly diverse and are shaped by a broader range of influences, including professionalization, external advisers, and global business exposure.

For family business leaders, this presents a challenge: How can values remain a unifying force while allowing for necessary adaptation? The most enduring African family firms are those that institutionalize their values in governance structures—through family constitutions, leadership development programs, and advisory boards—ensuring that core principles evolve rather than erode over time.

Figures 2 and 3 illustrate the most frequently reported values, showing that while integrity remains central across generations, values related to commitment and hard work become less central, and value related to collaboration and family cohesion become more central, in second and subsequent generation family businesses.

Figure 2. Most commonly reported values



Note: Font size represents frequency.

Figure 3. Distinctive key values among first- and second-generation family businesses

Core theme	Values mentioned	 Ranking by frequency mentioned for first-generation	 Ranking by frequency mentioned for next-generation
Ethics and integrity	Integrity, honesty, trust, transparency	1	1
Work ethics and commitment	Hard work, commitment, perseverance, dedication	2	4
Innovation and growth	Innovation, continuous improvement, adaptability, entrepreneurship	3	5
Collaboration and respect	Teamwork, respect, unity, family cohesion	4	2
Professionalism and governance	Professionalism, governance, responsibility, accountability	5	3

Note: 1: most mentioned, 5: least mentioned.

Narratives: A critical tool for legitimacy and continuity

A vast body of family business research has demonstrated that narratives—the stories that a family tells about itself and its business—play a crucial role in shaping identity and decision-making. These stories often highlight key moments in the company’s history, such as overcoming adversity, achieving major milestones, or navigating generational transitions. A compelling narrative can foster a sense of pride, loyalty, and responsibility among family members, reinforcing their commitment to the business. However, narratives can also be selective, glorifying past successes while downplaying challenges or conflicts. This can lead to unrealistic expectations for future generations or a reluctance to make necessary changes. Moreover, in some cases, different branches of the family may have competing narratives, leading to governance disputes or strategic misalignment. To effectively leverage the power of narratives, family businesses should ensure that their stories remain authentic, inclusive, and forward looking. Narratives should not only focus on past achievements but also emphasize the family’s evolving role in a changing business landscape.

Narratives in African family businesses are more than mere stories; they are also strategic tools that shape identity, secure stakeholder trust, and reinforce long-term commitment. Research suggests that when formal institutions are weaker, informal governance mechanisms, such as legacy narratives, reputation, and personal trust, play a more central role in establishing legitimacy and fostering stakeholder cooperation and long-term commitment.

Insights from African family businesses

The African family business leaders in our sample reported that they identified deeply with their firms' histories, using narratives to reinforce commitment across generations. However, how these narratives are framed can influence future business trajectories.

- **The Founder's Struggle as a Core Narrative**—Many leaders of first-generation businesses felt their success was due to learning to overcome difficulties early on in their careers. First-generation leaders frequently emphasized the themes of sacrifice, persistence, and loyalty, instilling a sense of responsibility in the next generation.
- **Shifting Narratives in the Second Generation**—In contrast, second-generation leaders tended to adopt a more institutional and governance-driven perspective. While they respect the founder's legacy, their focus shifts toward structuring the business for sustainability, ensuring clear corporate governance improvements. However, this transition is not always seamless, and competing narratives can emerge between generations, leading to strategic misalignment.

The challenge for African family business leaders is to use narratives to bridge generational divides rather than deepen them. With most African family businesses still in their first or second generation, founders' narratives of struggle and perseverance often dominate the families' stories. While these accounts reflect important values, they can sometimes feel overwhelming for the next generation. Instead, framing these stories as sources of inspiration and shared purpose can help foster a sense of responsibility and commitment, guiding the next generation as they navigate their own leadership journey. The most successful businesses continuously update their stories, celebrating past achievements while positioning themselves as adaptive, forward-looking enterprises.

Conclusion: Navigating the tension between tradition and adaptation

For family businesses to thrive across generations, they must learn to balance tradition with transformation. Legacy, values, and narratives provide essential stability and continuity, but they should not become barriers to innovation and growth. The ways to navigate this balance include the following:

1. **Legacy as a Strength, Not a Limitation**—Businesses that thrive across generations are those that reinterpret their legacy to remain relevant. Instead of viewing legacy as a rigid structure, they use it as a platform for innovation and reinvention.
2. **Narratives Should Be Dynamic, Not Fixed**—Family businesses must continuously evolve their stories, ensuring that they reflect both the past and the future, keeping younger generations engaged and aligned with the firm's long-term vision.
3. **Values Must Be Institutionalized, Not Assumed**—The establishment of family councils, advisory boards, and professional leadership structures can help to ensure that values and legacy remain assets rather than constraints.

The insights from our study reinforce that Africa's family businesses are at a pivotal point, facing increasing pressure to modernize, expand, and professionalize while still maintaining the trust, identity, and legacy that have made them resilient in challenging environments.

The question for today's family business leaders is: How will your legacy be shaped for the next generation?



The present: Corporate governance and corporate entrepreneurship

Corporate governance and corporate entrepreneurship are fundamental to the longevity and competitiveness of family businesses. Research indicates that while strong governance structures help align family, ownership, and business interests, entrepreneurial activity ensures long-term adaptability and growth. The challenge for family businesses is to balance the stability and continuity that governance provides with the innovation and risk-taking required for sustained competitiveness.

Corporate governance: Balancing control and professionalization

Scholars have found that governance in successful family businesses evolves over generations, transitioning from founder-centric decision-making to more institutionalized structures that integrate family councils, advisory boards, and professional management. While centralized control in the founding generation enables fast decision-making and strong strategic direction, later generations must navigate increasing complexity, necessitating clear succession planning and professional leadership development. In addition, scholars emphasize the role of external board members and advisers in mitigating family-driven conflicts, improving accountability, and providing access to strategic expertise. While family-dominated boards preserve legacy and internal cohesion, their effectiveness often increases when complemented by independent directors who introduce market-driven perspectives and governance discipline.

Insights from African family businesses

The businesses in our study are largely first- or second-generation enterprises, reflecting that most large African family businesses were founded in the post-independence era (1960s–1980s) or during periods of economic liberalization in the 1990s–2000s, when private enterprise gained momentum.

Many family firms in developed economies span multiple generations; contrastingly, the businesses in our sample are predominantly first- or second generation and are fully family owned and managed. This is, at least in part, also reflective of the institutional context, in which weaker legal protections and less developed capital markets make external ownership and professional management less viable. In this environment, family control substitutes for formal governance mechanisms, ensuring stability and long-term commitment. It is only in the second generation that some firms in our sample introduce external managers and board members, signaling a gradual shift toward a more structured and formalized governance approach, while still maintaining strong family networks and informal governance practices. Overall, governance structures in African family businesses are shaped by both historical legacies and contemporary institutional realities.

As African family businesses mature, they must navigate succession, professionalization, and growth without losing their core identity. Many are still in the process of formalizing leadership transitions, which can create uncertainty if not carefully managed. Maintaining full family ownership might further limit access to capital for expansion. Balancing family leadership with external expertise will be key to sustaining growth, particularly as businesses expand and transition to the second or third generations. At the same time, adapting to evolving industries and digital transformation will require the next generation to embrace innovation while staying true to the values that have defined the family's success. Those that navigate this shift thoughtfully will strengthen both their legacies and their long-term competitiveness.

Corporate entrepreneurship: Preserving legacy while enabling innovation

Corporate entrepreneurship in family firms presents a paradox: While these businesses often originate from strong entrepreneurial ambition, research shows that risk appetite tends to decline over generations as successors may increasingly focus on preserving wealth rather than generating new opportunities. Governance structures that embed entrepreneurial incentives—such as dedicated innovation funds, corporate venturing initiatives, and next-generation leadership roles—help sustain risk-taking and strategic renewal.

Empirical studies indicate that family businesses tend to favor incremental over radical innovation, often focusing on expanding into new consumer segments, enhancing product offerings, and optimizing operations rather than pursuing disruptive transformations. While this approach reduces volatility, it also increases the risk of stagnation, particularly in rapidly changing markets.

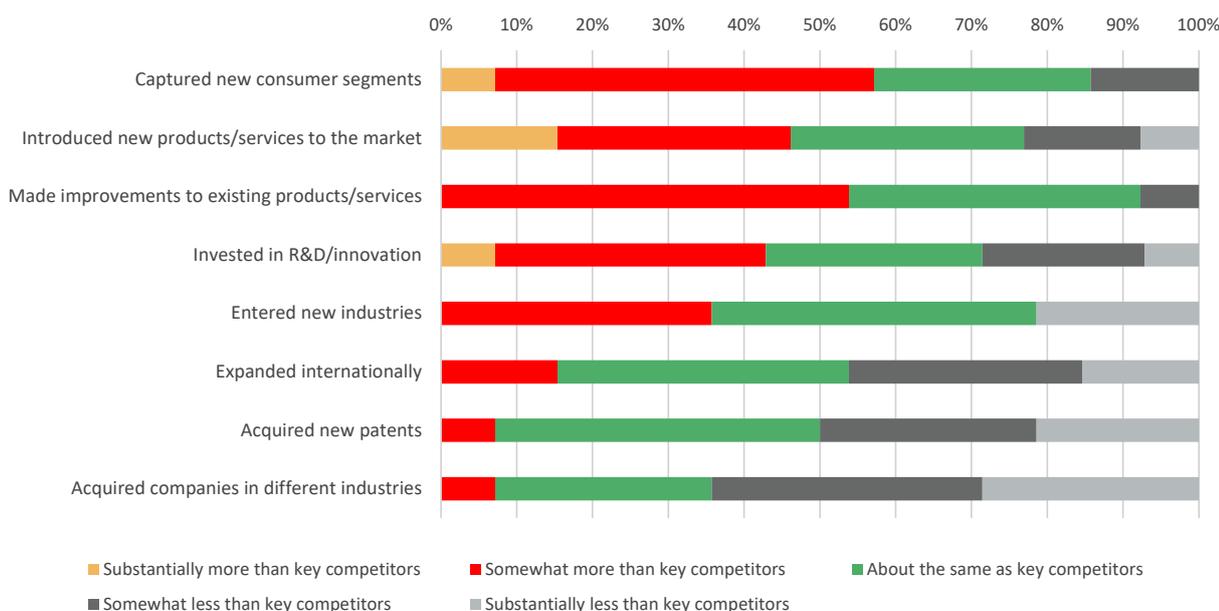
A key governance challenge is managing the tension between stability and entrepreneurial agility. Research suggests that family businesses that successfully integrate entrepreneurial governance mechanisms, such as innovation committees, venture arms, and structured decision-making frameworks for risk-taking, are more likely to sustain long-term growth.

Insights from African family businesses

The levels of corporate entrepreneurship varied widely in our sample. As indicated in **Figure 4**, a substantial number of businesses excelled at expanding their consumer bases and introducing new products or services, but few pursued new industries, acquisitions, or international expansion. A deeper analysis revealed a critical tension between legacy and innovation: Businesses with a strong historical narrative tended to be more risk averse, less inclined to invest in innovation, and more conservative in diversifying beyond their core industries. Instead, they primarily focused on attracting new customer segments within existing markets, using their reputations and legacies as

key differentiators. While this approach ensures stability and continuity, it also carries risks. As family businesses transition to the second and third generations, the family itself will expand, and the business may mature, requiring new growth avenues to sustain long-term success. Without renewal and strategic reinvention, even well-established businesses risk stagnation, limiting opportunities for the next generation. To balance legacy with innovation, family businesses should consider structured pathways for corporate entrepreneurship, whether through new business units, strategic partnerships, or targeted investments in emerging industries.

Figure 4. Value creation through corporate entrepreneurship—different pathways



Conclusion: Aligning governance and entrepreneurship for long-term success

The most enduring family businesses institutionalize both governance discipline and entrepreneurial flexibility. Key strategies include the following:

1. Structuring Governance to Support Innovation—Establishing governance frameworks that explicitly incentivize entrepreneurial risk-taking while ensuring strategic alignment with the core business.
2. Empowering the Next Generation—Providing leadership opportunities in new ventures and strategic initiatives to develop entrepreneurial capabilities.
3. Using Legacy as a Catalyst for Growth—Reframing legacy as a foundation for reinvention rather than as a constraint on innovation.
4. Embedding Risk-Taking in Decision-Making—Implementing structured investment mechanisms that enable calculated entrepreneurial experimentation.

Ultimately, the long-term success of family businesses depends on their ability to evolve governance structures while maintaining an entrepreneurial mindset. The central question for family business leaders is: Does your governance framework enable innovation, or does it reinforce inertia? The answer will determine whether the business thrives across generations.



© Tembela Bohle from Pexels.

The future: Succession

Succession is one of the most critical governance challenges in family business. Without structured leadership transitions, businesses face heightened risks of internal conflict, misaligned strategic priorities, and deteriorating performance. Studies suggest that family firms with formalized succession plans and governance mechanisms, such as leadership development programs and advisory boards, tend to outperform those relying on informal decision-making.

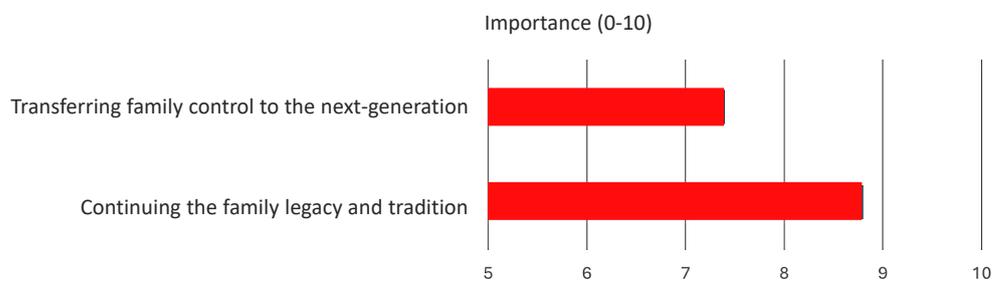
Maintaining family legacy

Forty-four percent of respondents reported that continuing family legacy and tradition were more important than transferring family control. This perspective offers a promising path for longevity, as it signals a willingness to evolve governance structures to sustain the business across generations. If legacy is prioritized over control, it becomes easier to integrate nonfamily executives, external board members, and strategic partners, allowing the business to grow while still upholding the family's identity and values. However, transitioning from family control to a legacy-driven approach is a gradual process that requires careful planning, mentorship, and structured succession frameworks. A measured approach allows time for the next generation to develop leadership capacity while ensuring that core family values and strategic vision remain intact. This shift aligns with global trends whereby leading family businesses successfully distinguish ownership from management.

At the same time, this mindset raises important considerations. While prioritizing legacy can help businesses remain adaptable and attract external talent, it also requires careful governance to ensure that family influence does not become symbolic rather than substantive. If family members take a step back from operational roles, how will they remain meaningfully engaged in decision-making? Without clear governance structures, there is a risk that the family's role will become passive, leading to diminished influence over time. Additionally, as external leadership increases, maintaining alignment between the company's evolving strategy and the family's long-term vision will require strong oversight mechanisms, such as well-structured family councils or advisory boards.

This shift also raises the question of **how legacy itself is defined and sustained**. While many businesses take pride in their history, values, and traditions, legacy must be **dynamic rather than static**, adapting to new societal realities and generational shifts. If legacy is too narrowly framed as preserving the past, it could limit innovation and make it harder for the business to evolve. For this transition to work effectively, families need to be **deliberate in articulating what their legacy truly means**, ensuring that it serves as a foundation for future growth rather than as a constraint on necessary change.

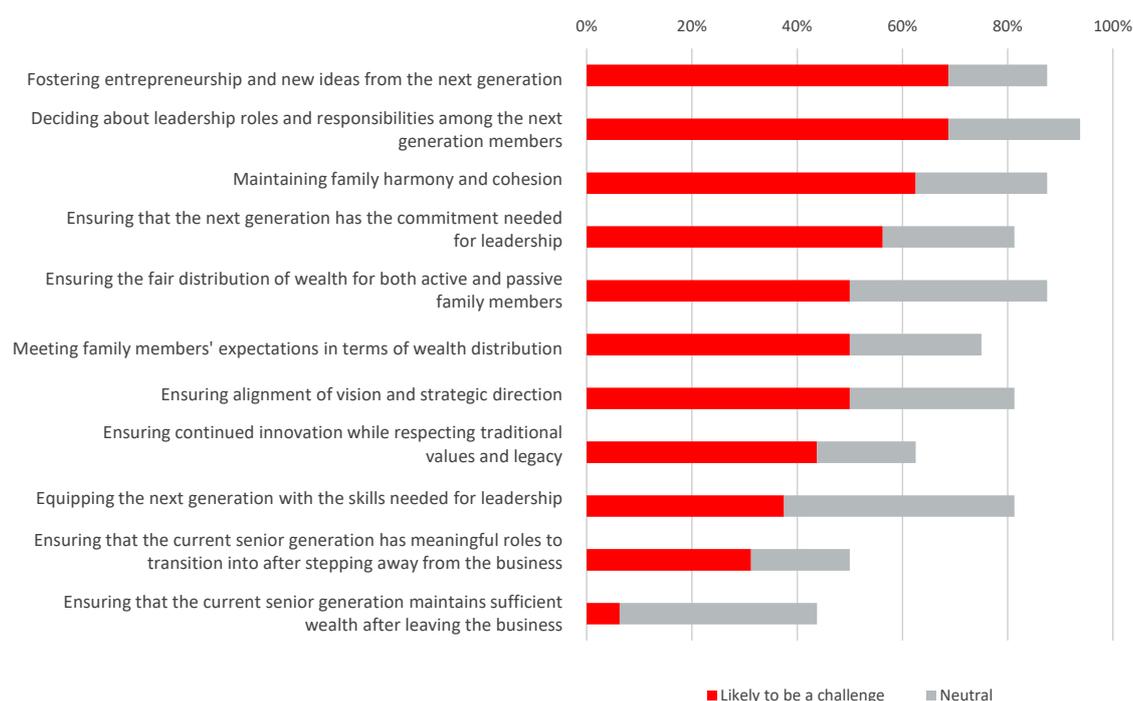
Figure 5. Importance of transgenerational control and legacy



Succession-related challenges

Our findings, shown in **Figure 6**, highlight that the most pressing concern is **fostering entrepreneurship and new ideas within the next generation**, suggesting that leaders recognize the need for renewal and innovation to sustain the business. At the same time, deciding **who among the next generation will take on leadership roles** is a major concern, reflecting the challenge of balancing **fairness with capability** in succession planning. Beyond leadership, maintaining **family harmony and cohesion** ranks high on the list, underscoring the fact that business continuity is inseparable from managing relationships and expectations within the family.

Figure 6. Perceptions of key succession-related challenges, from the most to the least challenging



Further analysis also indicates a clear hierarchy of succession-related challenges between those primarily focused on the next generation, those focused on the current generation, and those focused on the broader family.

- Preparing the next generation—fostering entrepreneurship, defining leadership roles, ensuring commitment, and developing skills—is seen as the greatest challenge, reflecting the uncertainty around both capability and motivation. Unlike governance or wealth distribution, which can be structured, leadership readiness depends on individual ambition and adaptability.
- Broader family concerns, such as wealth fairness, family harmony, and strategic alignment, are still pressing but seem more manageable; this is likely because they can be addressed through structured governance mechanisms. However, unresolved tensions, especially around wealth distribution, can escalate, threatening long-term unity.
- Senior-generation transitions, such as defining post-leadership roles and financial security, are viewed as the least challenging; this is possibly because outgoing leaders retain control over their own transition. Nonetheless, neglecting this phase may lead to a reluctance to step back, creating friction in leadership handovers.

Another key insight that emerged from our analysis is the strong **link between concerns about wealth and about family cohesion**; this pattern suggests that financial fairness plays a direct role in sustaining harmony. The fact that equitable wealth distribution for both active and passive family members ranks as a major challenge highlights that succession is not only about leadership but also about ensuring financial sustainability for the entire family system. Many conflicts arise not from disagreements over vision but from perceptions of unfairness in how financial benefits are allocated, reinforcing the idea that successful transitions must address both economic and relational dimensions.

Another interrelated cluster of concerns revolves around **leadership preparation and transition**. Decisions regarding who takes on leadership, how leaders are equipped, and whether they have the motivation and commitment are deeply connected. Succession is not only about capability—whether next-generation members have the necessary skills—but also about motivation—whether they are willing and eager to lead. A family business can invest in leadership development programs and mentorship, but if next-generation members lack a strong personal drive to continue the legacy, the transition will be difficult.

Interestingly, innovation emerges as a standalone concern that is not strongly correlated with either family cohesion or leadership preparation. This suggests that families view succession and innovation as separate challenges, which may indicate a risk of overlooking their inherent connection. In reality, fostering next-generation entrepreneurship is not only about preparing individuals for leadership but also about ensuring that the business remains innovative and forward looking. If innovation is treated as an isolated issue, there is a risk that it will be under-prioritized in leadership transitions, leading to stagnation. Instead, family businesses should integrate innovation into the succession process, ensuring that the next generation not only inherits leadership but is also empowered to drive renewal and transformation.



© Freepik Company S.L.

Conclusion

This study highlights the evolving governance, entrepreneurship, and succession challenges facing Africa's leading family businesses. As they transition across generations, governance structures become more complex, external expertise gains importance, and leadership succession requires greater clarity. While legacy remains a source of strength, businesses must actively foster renewal and innovation to avoid stagnation.

Succession is not only about leadership transfer but is also about ensuring that the next generation is prepared, motivated, and equipped to drive the business forward. Wealth distribution and family cohesion also remain key concerns, reinforcing the need for clear governance frameworks. The most successful family firms will be those that balance tradition with adaptability, ensuring that their legacy is not only preserved but also reshaped for future growth. In light of Africa's population growth and its family businesses' position at the core of the economy and society, this study paints a positive picture of the potential that can be realized.

www.iese.edu

Barcelona
Madrid
Munich
New York
São Paulo



A Way to **Learn** . A Mark to **Make** . A World to **Change** .