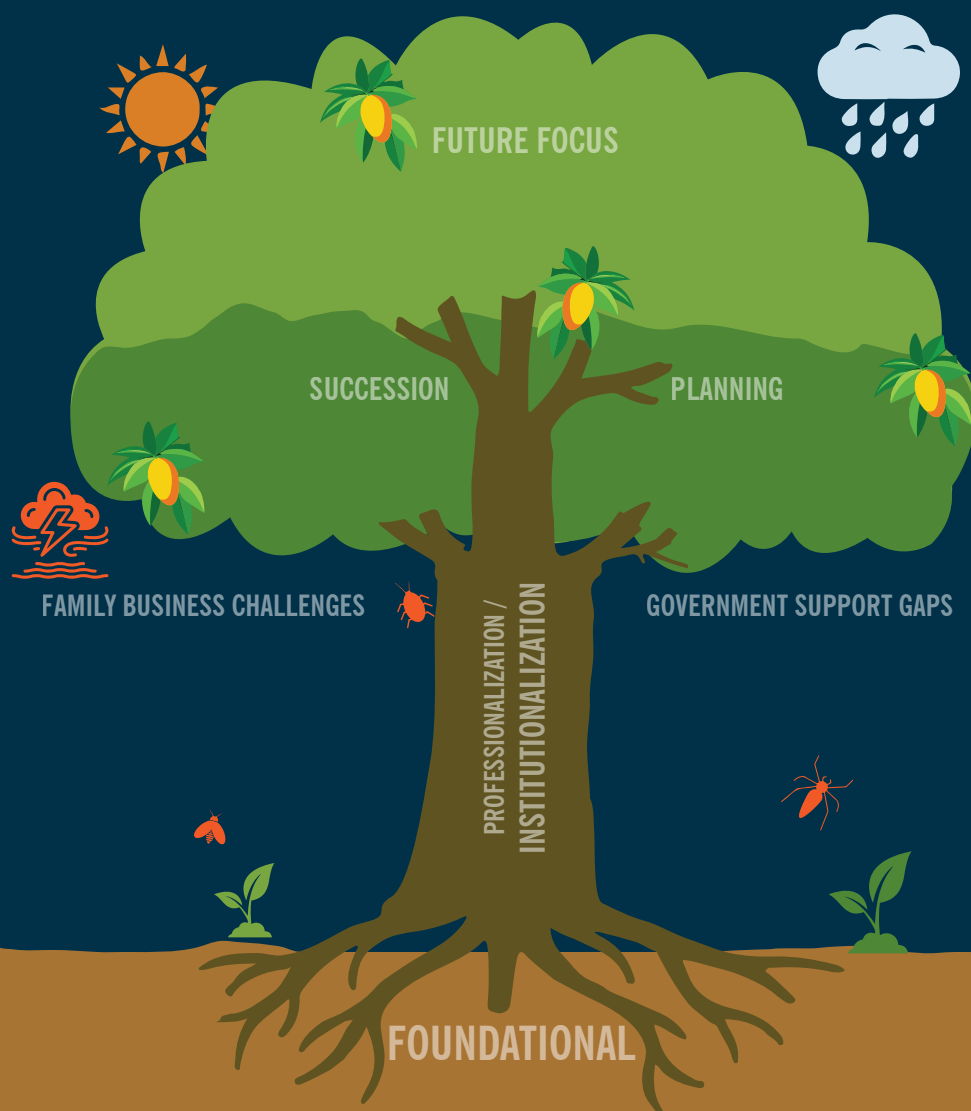


FOSTERING INTERGENERATIONAL CONTINUITY OF FAMILY BUSINESSES IN UGANDA



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EXECUTIVE SUMMARY

Family businesses in Uganda are navigating increasing pressures arising from the intersection of family dynamics and business operations, coupled with external challenges such as market competition, governance constraints, and limited access to investment. This study examined the sustainability of family businesses, focusing on practices that enhance continuity and resilience.

Using interview data from family business owners across Uganda's Central, Western, Eastern, and Northern regions, key findings reveal that family involvement is foundational to business sustainability, with visionary founders and merit-based participation strengthening stability and professionalism. Strategic planning, particularly when inclusive of younger generations, fosters innovation and adaptability. Strong governance structures such as boards, family councils, and constitutions enhance transparency and accountability, while effective succession planning through early mentorship and structured transitions minimizes generational conflict. Financial discipline, separation of personal and business finances, and reinvestment of profits enable stability and growth. Human resource management grounded in merit and continuous training improves performance and reduces family conflict. Social capital, trust, and community relationships further reinforce business longevity. Environmental consciousness is also gaining traction with eco-friendly practices contributing to cost reduction and social goodwill.

The report further highlights succession planning, particularly a lack of interest from the younger generation in joining the family business, financial indiscipline, managing family members employed in the business, high taxes, high interest rates, and unregulated competition from the informal sector as key challenges facing family businesses.

The reports' recommendations are two-fold: Family businesses should strengthen internal systems and external support structures to enhance sustainability. Internally, FBs should streamline family involvement through clearly defined roles, merit-based participation, and transparent decision-making; enhance strategic planning by professionalising staff, diversifying markets and products, adopting digital solutions, and strengthening risk management; and establish robust governance structures with functional boards and consultative decision-making. Succession should be treated as a continuous process involving early grooming, formalised plans, mentorship, and structured leadership development. Financial discipline must be improved through clear separation of finances, strong controls, reinvestment, and adoption of financial technologies. Additionally, FBs should leverage social capital by nurturing trusted relationships and reinforcing internal and intergenerational trust.

At the policy level, the government should streamline taxation, introduce incentives for indigenous family businesses, improve tax education to enhance compliance, and develop a dedicated family business policy and legal framework. Access to affordable financing must be expanded through strengthened credit schemes and equitable support mechanisms. Finally, consistent regulatory enforcement is needed to ensure fair competition, uphold quality standards, and reduce market distortions caused by informal operators.

1. INTRODUCTION

Family businesses, defined as “companies where members of the same family, or related family branches, hold a majority interest and exert a dominant influence on the strategic direction of the firm through ownership, governance, management, and vision” (Brookings, 2024), have made a tremendous impact on global economies. These businesses, ranging from small, informal, locally owned businesses (usually mom-and-pop establishments) to large, formal multinational corporations, comprised two-thirds of all businesses globally by 2020 (Albers-Schoenberg et al., 2020).

Family Businesses (FBs) are the backbones of several economies, significantly contributing to GDP, employment, and community development. They contribute over 70 percent to the global GDP and offer over 60 percent of global employment (McKinsey & Company, 2023). For example, FBs in the US employ over 59% of the private sector workforce and contribute over 54% of the private sector GDP. In Europe, FBs contribute over 40 – 50 percent of private employment jobs (EFB, 2024). The largest family businesses in Korea contribute over 84.3 percent of the country’s GDP and 10 percent of the jobs (Bennedsen et al., 2022).

In Sub-Saharan Africa, available data show a similar contribution of these family businesses. For instance, South African family businesses form 60 percent of the Johannesburg Stock Exchange-listed businesses (Ntari & Deliwe, 2023), implying their significant contribution to the South African economy. Family Businesses in Nigeria account for half of the country’s GDP (PwC, 2023a), whereas the contribution of these businesses in Kenya is over 80 percent (Business Daily, 2024).

Like elsewhere, family businesses in Uganda significantly contribute to the country’s economy, contributing over 70 percent to the GDP (PwC, 2023b). These businesses represent over 12 percent of the 200 largest companies (Asoko, 2019) and the largest percentage of Micro, Small, and Medium Enterprises in the country (IFC, 2021). Family businesses in Uganda have the potential to transform the country from an agrarian to an industrial economy. Further, given their extensive presence across agriculture, manufacturing, trade, and services, these enterprises constitute an important

source of domestic investment, employment creation, entrepreneurship, wealth accumulation, and encouraging innovation (CMA, 2020). However, it is known that less than 10 percent of family businesses survive beyond the founding generation (New Vision, 2024).

Notably, Uganda’s first-generation to multigenerational family business ratio is high, standing at 4:1, implying that most of Uganda’s family businesses are first-generation (PwC, 2023b). This, therefore, presents an important development challenge. The premature collapse of family businesses undermines enterprise continuity, destroys accumulated entrepreneurial knowledge, weakens domestic capital formation, limits indigenous industrialisation and constrains productivity growth (CMA, 2020; Leipziger & Manwaring, 2020). It also reduces opportunities for youth employment, slows enterprise formalisation, and limits the emergence of resilient domestic firms capable of driving Uganda’s structural transformation from a predominantly agrarian economy towards a diversified and industrialised economy (Konrad-Adenauer-Stiftung, 2019). Ensuring the long-term sustainability of family businesses is not only a private concern for business-owning families but a broader economic policy issue with implications for inclusive growth and national development.

Numerous factors have been identified as crucial for the sustainability of family businesses. These include governance, succession planning, social capital, financial management, family capital/resources (covering human, social, and financial capital), spousal support, family adaptive capacity, and business strategy (covering conflict resolution) (Danes et al., 2009; Stafford et al., 2013; Olson et al., 2003; Agustiawan et al., 2026).

Succession planning is a major driver of family business sustainability. It ensures that the tensions and uncertainty around the successor are alleviated and ensures the preparedness of the successor to take on the business when the founder exits (Fernández-Aráoz et al., 2015). LeCounte (2022) identifies generational involvement as one of the mechanisms of succession planning which drives business innovation through tacit knowledge transfer. Jayantilal et al (2016) posit that founders should intentionally involve children in the business in their early life stages in order to build their commitment towards the business. Relatedly, family ethos (norms, values, and belief systems) also

provide an opportunity to interest the children, as these usually shape business decision-making (LeCounte, 2022).

Governance mechanisms such as a board of governors, family councils, and family meetings improve the management of business resources (human, social, and financial resources) (Grissa & Lakhal, 2023) by ensuring that decision-making is not centralized around one individual and is transparent. Social capital (relations with family members, employees, customers and suppliers) is crucial as it builds trust and eases access to information, markets (Hitt et al., 2002) and economic resources like loans (Baron & Markman, 2000). Beyond building, Bernhard et al. (2019) highlight the importance of deliberate intergenerational transfer of social capital through a structured process to ensure continuity of business relationships. Moreover, self-awareness, showing competence, and caring for employees are identified as key in building trust in family businesses.

Whereas various scholars find that family businesses are less likely to employ formal human resource practices (De Kok et al., 2006; Reid et al., 2002), these practices in recruitment, evaluation, and compensation have significant benefits for family businesses (Dekker et al., 2014; Carlson et al., 2006) by bringing about transparency and objectivity in the business (Steijvers et al., 2017). Additionally, equal treatment of family and non-family employees improves performance of family businesses (Madison et al., 2018).

Effective financial management is crucial for the long-term sustainability and growth of family businesses (Gallo et al., 2004). Financial management practices such as transparency, budgeting, diversification of sources of capital, and separation of business and family finances emerge as key for family business sustainability (Srebro, 2025).

Family members can be involved in the business either in management (running the day-to-day activities of the business) or governance (high-level decision-making). It is highlighted to reduce the risks associated with delegating decision-making to other parties (Shinnar et al., 2013). However, involvement not guided by capabilities can be detrimental (Kim & Gao, 2013).

In Uganda, Turyatunga (2023) identifies the founder as critical for building a firm foundation for the success of the business. Additionally, open communication, honesty,

and shared values among family members foster business continuity, as this builds commitment (Mayanja et al., 2026). Moreover, family resources, including human capital, financial capital, and social capital, foster family business resilience, hence business continuity (Kabahinda et al., 2025). This highlights the importance of internal family dynamics that substitute for formal mechanisms in a developing country context. Concentrating on FBs in the manufacturing sector, Kwoba (2023) shows that financial management, general management skills, technology, and marketing management were key for their sustainability. Several authors highlight the importance of succession planning and innovation capabilities for business continuity (Mayanja et al., 2024; Munene, 2024).

Although previous studies (McKinsey & Company, 2023; PwC, 2023b) have documented the economic importance of family businesses and examined succession planning, governance practices, or business performance in individual contexts, relatively little is known about the institutional, governance, regulatory, and organisational factors that influence the long-term sustainability of family businesses in Uganda. Existing evidence remains fragmented and provides limited understanding of how policy frameworks, governance arrangements, succession practices, and external business environments jointly shape enterprise continuity in low-income settings. This represents an important knowledge gap, particularly given Uganda's ambition to strengthen domestic private sector development and accelerate structural transformation.

Against this background, this study examines the institutional, governance, and relational mechanisms that shape the intergenerational survival of family businesses in Uganda. Given their potential to contribute to the economy, this study examines the sustainability of family businesses in Uganda and how they can be supported to ensure long-term survival. The need for such support is urgent. This study provides insights into how it can be effectively implemented and how family businesses can be an essential aspect of Uganda's structural transformation.

Specifically, the study:

- 1) Examines the regulatory framework regarding family businesses' operational model to assess implementation status and identify gaps.
- 2) Identifies the key drivers of sustainability in family businesses in Uganda.

- 3) Examines the major challenges facing family businesses in Uganda.
- 4) Reviews the main strategies family businesses in other countries employ to ensure the successful continuation of their businesses.

The rest of the study is organized as follows: Section Two presents the approach, covering the conceptual framework, data collection, and analysis. Section Three discusses the legal, regulatory, and policy framework for family businesses. Section Four explores the definition of family businesses. Section Five discusses the lived experiences of established family businesses in Uganda, examining the drivers of sustainability in family businesses and the challenges facing family businesses in Uganda. Section Six examines lessons that family businesses in Uganda can draw from family businesses in other countries. Finally, Section Seven concludes the report and outlines recommendations for family businesses and policy actions needed to support family businesses in Uganda.

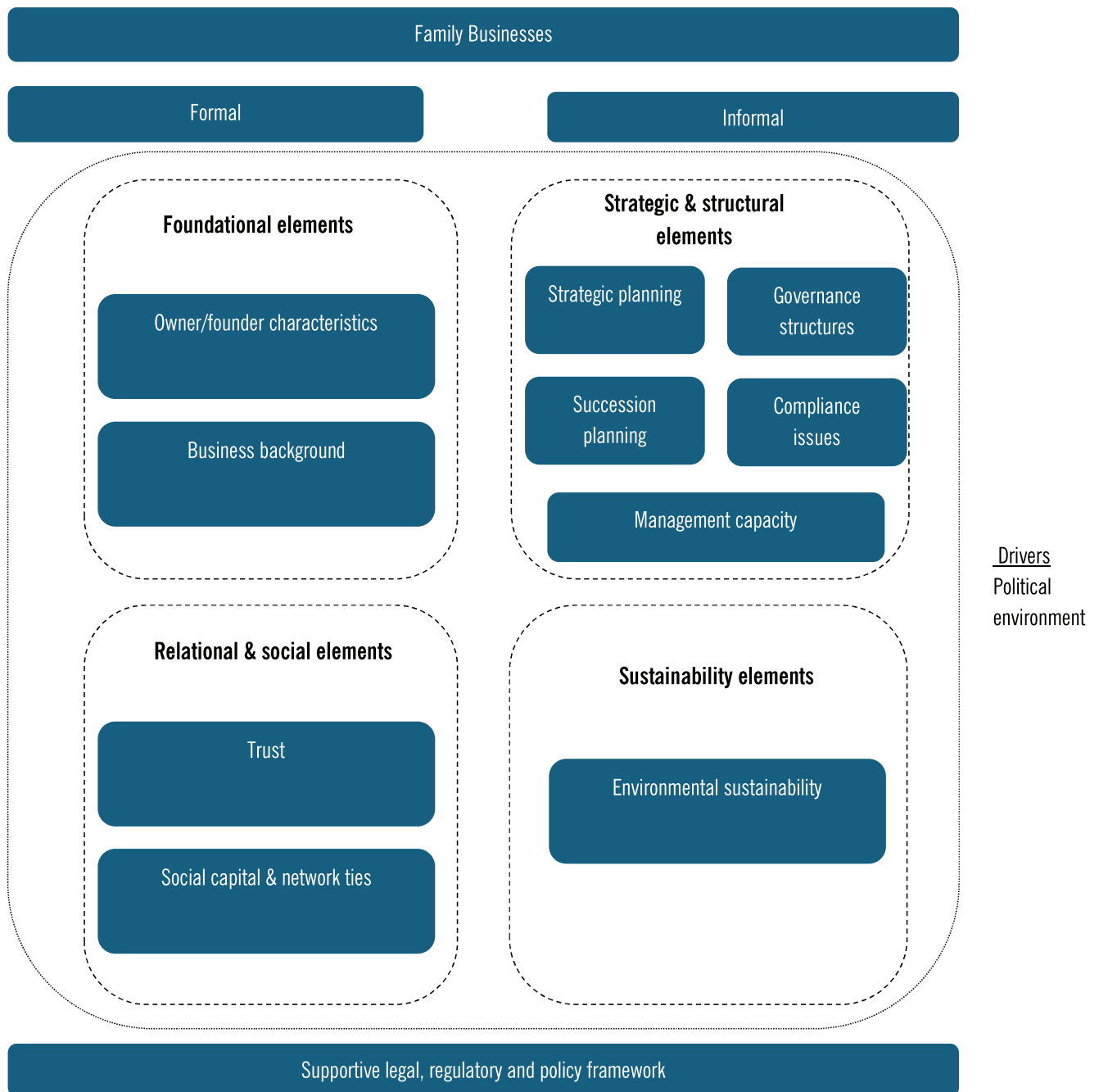
- preparing the next generation for transition in business management; (iv) compliance issues, which examine business regulation, registration, and taxation; (v) management capacity, where issues about financial and human resource management are examined.
- iii. Relational and social elements include (i) trust among family members and other stakeholders, including employees, suppliers, the community, etc., and (ii) social capital and network ties that delve into the external relationships and their influence on business sustainability.
- iv. Finally, sustainability elements cover environmental sustainability, which has become critical for businesses to adopt environmental factors beyond the social and governance factors, given the increasing threat of climate change.

2. APPROACH

2.1 Conceptualizing the sustainability of family businesses

A sustainable family business is a business “which has survived a specific duration from the point of start-up” (Hegarty et al., 2020). Specifically for a family business, this entails survival beyond its founders’ career span. Four elements are key in conceptualising the sustainability of family businesses i.e., foundational elements, strategic and structural elements, relational and social elements, and sustainability elements (Figure 1).

- i. Foundational elements include owner/founder characteristics and the business background. These are the foundational elements that define the business identity, including the values and vision. Additionally, these elements are an initial predictor of the direction of the family business.
- ii. Strategic and structural elements discuss the deliberate practices that the business adopts to ensure continuity. These include (i) strategic planning; (ii) governance structures like family councils and constitutions; (iii) succession planning, which involves

Figure 1: Conceptual framework for analyzing the sustainability of family businesses

Source: Author's conceptualization, 2025

2.2 Data

The study adopted a qualitative research design to obtain an in-depth understanding of the institutional mechanisms, governance practices, relational dynamics, and experiences shaping the establishment, management, continuity, and intergenerational transition of family businesses in Uganda. This approach was appropriate because these processes

are context-specific and embedded in family, business, and institutional relationships that are not readily captured through standardised quantitative measures. The qualitative evidence was therefore used primarily for exploratory and institutional explanation, with emphasis on identifying recurring patterns, mechanisms, and contextual factors relevant to family business development and policy.

Data were collected through desk review and in-depth interviews (IDIs) with stakeholders from selected family businesses in 11 districts- Kampala, Mukono, Wakiso, Jinja, Masaka, Mubende, Mbarara, Fort Portal, Sheema, Gulu, and Lira. The geographical coverage enabled the study to capture variation across urban, peri-urban, and upcountry business environments. The desk review provided contextual information on the legal, regulatory, and institutional environment, while the IDIs explored participants' experiences and perspectives on ownership, management, succession, governance, and business continuity.

Family businesses were purposively selected based on their relevance to the study objectives and the respondents' knowledge of the issues under investigation. Snowball sampling complemented purposive sampling, particularly in upcountry districts where comprehensive lists of family businesses were less readily available. Referrals facilitated access to additional information while efforts were also made to include respondents occupying different roles within the businesses to capture diverse perspectives.

A total of 36 in-depth structured interviews were conducted between July and August 2025. Interviews lasted an average of one hour and 30 minutes, ranging from 37 to 240 minutes. Respondents comprised 21 founders, one co-founder, five co-owners, five next-generation leaders (successors), one executive director, one manager, one operations manager, and one supervisor. The inclusion of founders, successors, and management actors provided perspectives across different stages and roles within family businesses.

2.3 Data analysis

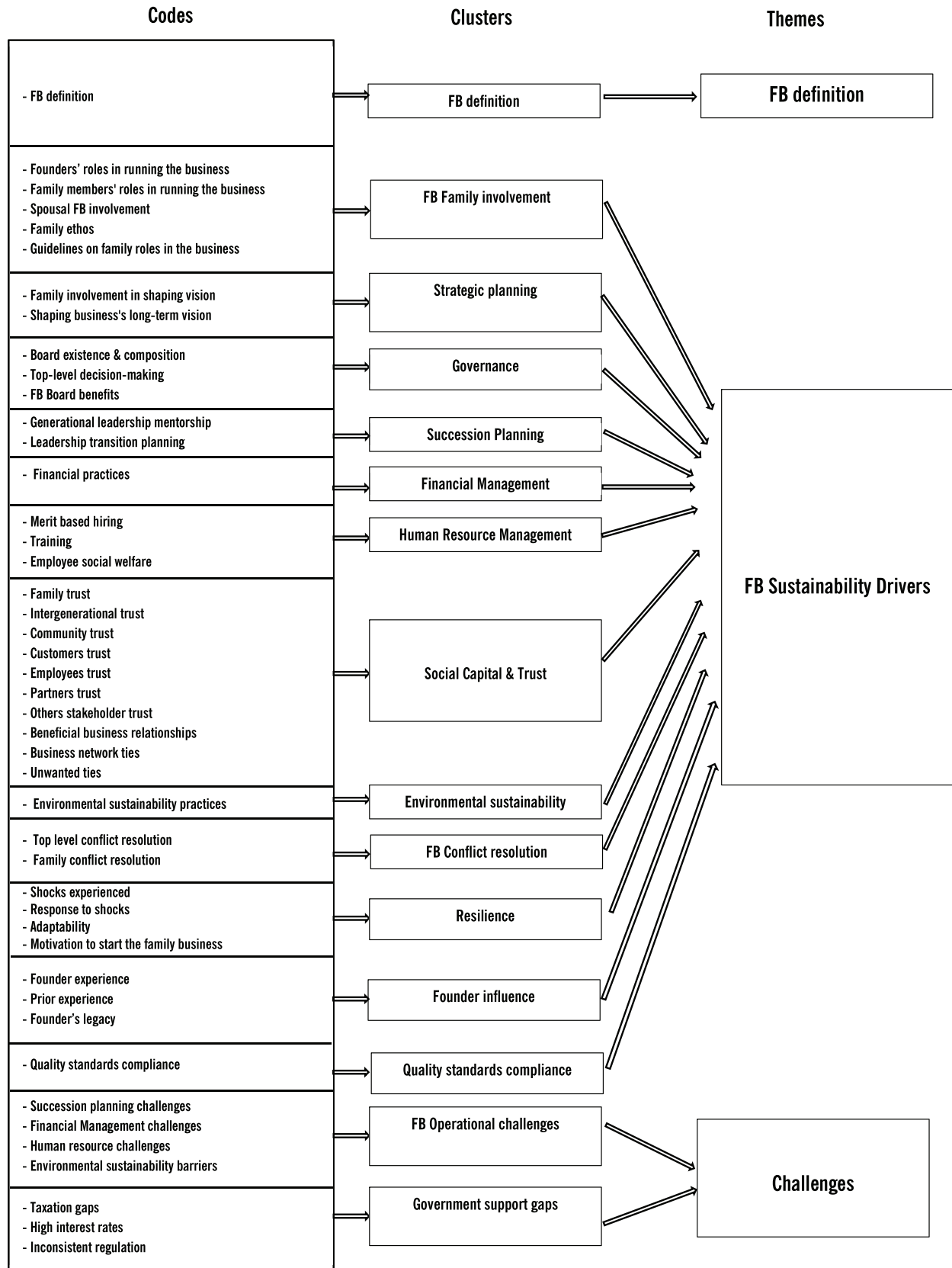
All 36 audio-recorded interviews were transcribed verbatim, proofread against the recordings, and imported into NVivo 15.2 for analysis. A thematic analysis combining deductive and inductive coding was undertaken. Initial codes were derived from the research questions and interview guide, while additional codes captured issues that emerged from participants' information. The related codes were grouped into clusters and synthesised into broader themes aligned with the research questions and conceptual framework. The emerging themes outside the original analytical framework were retained where they provided important explanatory insights, including participants' definitions of family businesses and perceptions of the regulatory framework

(see Figure 2).

The analysis went beyond descriptive reporting to examine patterns, differences, and relationships across respondent roles, generations, and locations. This enabled the study to develop contextually grounded explanations of how institutional conditions, family relationships, and business practices interact to influence governance, succession, and continuity. The qualitative evidence was used for exploratory interpretation, institutional explanation, and policy-oriented thematic analysis rather than statistical generalisation.

Coding consistency was strengthened through the constant review of the coding framework, clarification of overlapping code definitions, and repeated checking of themes against the underlying transcripts. NVivo supported systematic organisation, retrieval, and comparison of coded material. Researcher subjectivity was addressed by maintaining close reference to participants' accounts, considering divergent and contradictory cases, and revising interpretations where the evidence did not adequately support emerging conclusions.

The study's sampling and qualitative design limit statistical generalisability. Purposive and snowball sampling may underrepresent less visible or less networked businesses, while the reliance on self-reported experiences introduces potential recall and social-desirability biases. In addition, the greater representation of founders means that their perspectives are more prominent than those of successors and professional managers. Accordingly, the findings are interpreted as contextually grounded evidence of institutional and governance dynamics rather than population-level estimates.

Figure 2: Thematic framework

Source: Author's conceptualization, 2025

3. LEGAL, REGULATORY, AND POLICY FRAMEWORK FOR FAMILY BUSINESSES

The 1995 Republic of Uganda Constitution is the supreme law that aims to facilitate all citizens' livelihoods. Notably, Chapter 4, Section 40(2) guarantees every person's right to engage in any lawful economic activity. This provision ensures that individuals and families can establish and operate businesses without unjust interference.

Generally, several legal provisions have been made to support businesses in Uganda, as shown in Figure 3. Key laws include: the Companies Act (2012) which provides for the incorporation, regulation, and administration of companies and related matters; the Income Tax Act, 1997 (Cap 340) which provides guidelines on taxation for all types of businesses; the Trade Licensing Act, 1969 (Cap 101) which primarily regulates the issuance of trade licenses for businesses operating in Uganda. Other supporting laws include the Partnership Act (2010), Value Added Tax Act (2024), National Competition Act (2023), and the Trademarks Act (2010), among others.

The most relevant policy for family businesses is the Micro, Small, and Medium Enterprises (MSME) Policy (2015). The policy aims to create a supportive environment for MSMEs to grow, compete, and thrive. It focuses on improving access to financing by promoting financial literacy, strengthening microfinance institutions, and encouraging banks to lend to SMEs. The policy also supports formalizing informal businesses, providing business support services, and bridging gaps between the informal and formal sectors. To operationalize the policy, the government developed the National MSMEs Strategic Plan (2016/17–2020/21) and collaborated with UNCTAD to create a National Entrepreneurship Strategy, aligning efforts with the National Development Plan (NDP III 2020/21–2024/25). While the policy broadly supports MSME growth, it does not directly address the unique needs of family businesses, such as succession planning, governance, family dynamics, and intergenerational wealth transfer. Tailored provisions could better support family businesses, which are a significant part of Uganda's MSME sector. The United Arab Emirates, for example, has a dedicated Family Companies Law instituted in 2022 that seeks to regulate the governance and ownership of family businesses (See box 1).

Box 1: UAE Federal Decree-Law No. 37 of 2022 concerning family businesses

Aims to provide a legal framework to regulate the ownership and governance of FBs to ensure their sustainability across generations and enhance their contribution to the economy.

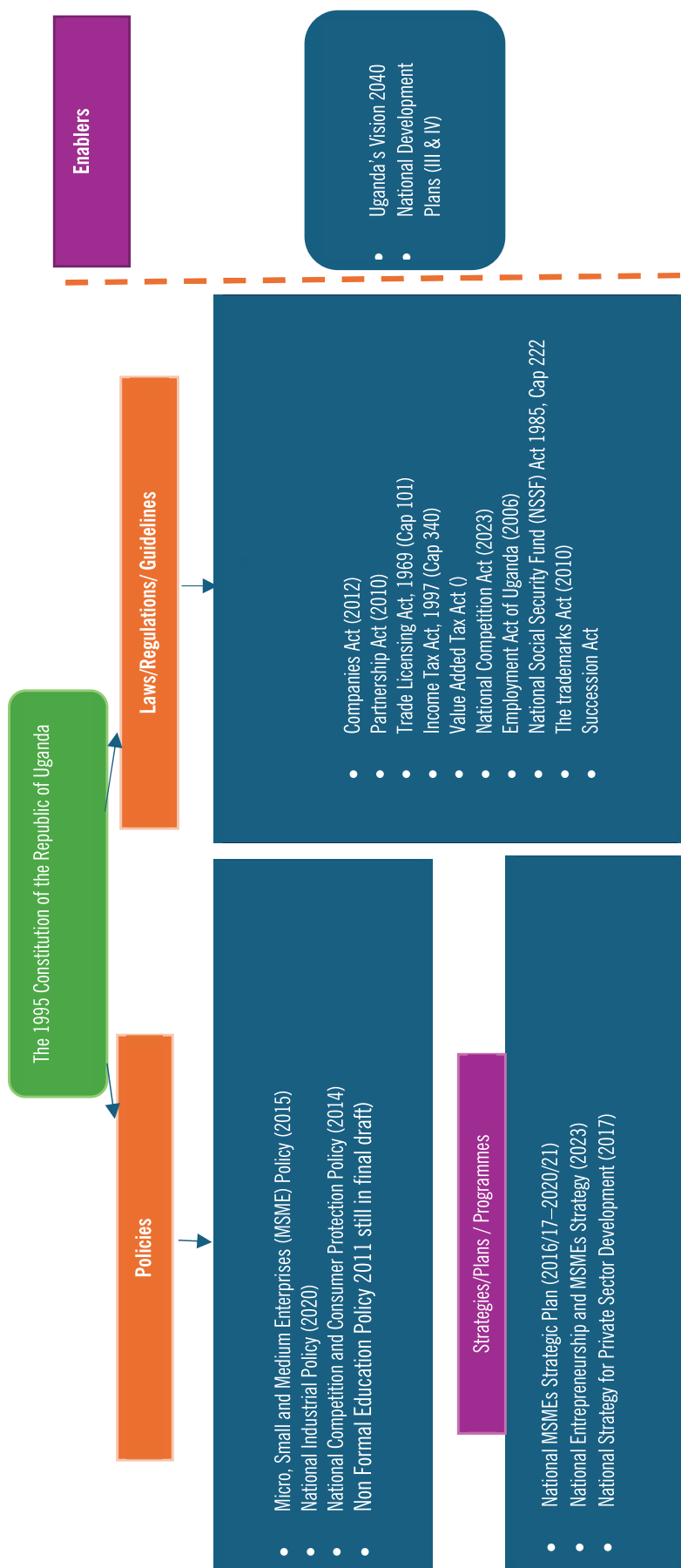
Key features of the decree

Shareholding arrangements: Covers share categories which stipulate the owner's rights in terms of profits and voting in the company's general assembly, partner share disposal, including mechanisms to prevent the transfer of shares outside the family.

FB management: This lays down the selection of the FB director, his competencies and obligations, and the formation and functioning of the Board of Directors.

Family affairs governance: Sets guidelines for the management of family affairs in relation to the family business through a family constitution and governance bodies such as family associations, family council, and family office. These institutions outline rules for leadership, shareholder rights, and dispute resolution.

Settlement of family business disputes: This lays down options for resolving conflicts between partners, between partners and the family members, and between partners, family members, and the family business with an objective of business continuity. It discusses avenues such as special family business dispute resolution committees set up by the Minister of Justice in each Emirate, arbitration, and courts of law.

Figure 3: Policy, legal, and regulatory frameworks

Source: EPRC's construct, 2025

4. DEFINING FAMILY BUSINESSES

There is currently no universally accepted definition for family businesses. However, different criteria are often used to characterize family businesses. In the USA, for example, the Small Business Administration Office of Advocacy defines a family business as a business where family members (two or more) own most of the business¹. The European Commission adds another layer, defining family businesses as enterprises where the family owns the majority of the indirect and direct decision-making rights (for listed companies, the family owns at least 25% of the shares) and at least one family member is involved in the governance of the business². Beyond ownership and governance, South Africa adds intergenerational intent to its definition of family businesses³.

Generally, three dimensions stand out from the characterization of family businesses, i.e., ownership, management, and intergenerational transfer (Guadalupe et al., 2023). Similar dimensions emerge from the views shared by the respondents, as shown in Figure 4 and Annex 2. Additionally, some respondents shed light on the meaning of family in family businesses, highlighting that this usually encompasses the nuclear family of father, mother, and children:

*“A family business is a business where the founder and the ecosystem around him or her, meaning **wife, children, work**, end up getting involved in the affairs of running the business” (Case 10, Executive Director, 1st gen.)*

*“Family is **father, mother, daughter, son**; those are the core members. If you ask me to look at it more broadly, I wouldn’t encourage two or three brothers simply sitting down to start a business. In my view, it should be the nuclear family” (Case 12, Founder, 1st gen.)*

Figure 4: Key dimensions in defining a family business



Source: EPRC Family Business Survey (2025)

We therefore define a business as a family business if:

- (i) **Ownership:** The family (usually founder, spouse, and children) owns a significant percentage of the shares or business capital and hence can exercise control over the business.
- (ii) **Management:** The family actively participates in day-to-day operations of the business and management, i.e., governance (Board of Directors) or business management (CEO/MD, head of department, etc.).
- (iii) **Intergenerational transfer:** The business has been transferred to the second or later generation, or there is an intent to keep the business within the family, i.e., pass it on to future generations.

1 <https://advocacy.sba.gov/wp-content/uploads/2024/04/Fact-Sheet-Characteristics-of-Family-Owned-Businesses.pdf>

2 https://single-market-economy.ec.europa.eu/smes/sme-fundamentals/family-business_en

3 <https://fabasa.co.za/about/>

5. LIVED EXPERIENCES OF ESTABLISHED FAMILY BUSINESSES IN UGANDA

5.1 Characteristics of the interviewed family businesses

As Table 1 shows, the majority of the selected family businesses have been in operation between 30 and 39 years (10 businesses). The youngest business has been in operation for four (4) years, while the oldest has 56 years of operation. The size of the business is measured in terms of employment following the Uganda Micro, Small and Medium Enterprise (MSME) Policy (2015). The businesses are spread across small enterprises (13) with between five (5) to 49 employees, medium enterprises (10) with between 50 and 100 employees, and large enterprises (13) with more than 100 employees. The lowest number of employees was 5, with the highest being 5000. With respect to the sector of operation, the businesses operate in diverse sectors - most from the manufacturing sector (10), closely followed by recreation, accommodation and food services (9), and trade (9). About eight (8) of the selected businesses operate in more than one sector.

Most businesses maintain lean family teams. Whereas all businesses reported having at least two (2) family members working in the business, most businesses (21) had between two and four family members, while a few (5) had more than 10 family members, with the highest being 15 family members working in the business. 24 out of the 36 interviewed businesses have less than 3 family members in management positions.

Most of the family businesses are in the first generation (20) with the founder still managing the business, 15 businesses are under management of the second generation, and only one business has transitioned to third generation management. 34 out of the 36 businesses have an intention to transfer the business to future generations. A breakdown of the family business characteristics is shown in Annex 1.

Table 1: Family Business Characteristics

Business characteristics	Description	Number
Years in operation	0-9	5
	10-19	9
	20-29	8
	30-39	10
	40-49	2
	50+	2
Sector of operation*	Education	6
	Financial Services	1
	Manufacturing	10
	Professional, Scientific and Technical Activities	2
	Recreation, Accommodation, and Food Service Activities	9
	Trade	9
	Transport & storage	5
	Real Estate Activities	4
	Construction	2
Family members in the Business	0-4	21
	5-9	10
	10+	5
Family members in management	0	1
	1	3
	2	11
	3	9
	4	5
	5	5
Number of employees	6	2
	5-49	13
	50-100	10
Business Generation	Greater than 100	13
	1	20
	2	15
Intention to transfer	3	1
	Yes	34
	No	2

*Some businesses operate in more than one sector

Most of the businesses are male-founded (27), with only 10 female-founded businesses in the sample. To note, one business was founded by a couple (husband and wife). Most of the founders (11) had a bachelor's degree as their highest

level of education, closely followed by secondary education (9) and a diploma (7).

Table 2: Business Founder Characteristics		
Founder characteristics	Description	Number
Gender*	Female	10
	Male	27
Highest Education level	None	1
	Primary	3
	Secondary	9
	Certificate	3
	Diploma	7
	Degree	11
	Postgraduate degree	3
Age	30-39	2
	40-49	1
	50-59	7
	60-69	8
	70+	9

* One business was founded by both husband and wife

5.2 Drivers of sustainability in family businesses in Uganda

Analysis captured twelve critical factors that are key drivers of the sustainability of family businesses (FB) in Uganda, as shown in Figure 2: FB family involvement, strategic planning, governance, succession planning, financial management, human resource management, social capital & trust, environmental sustainability, FB conflict resolution, resilience, founder influence, and quality standards compliance.

5.2.1 Family involvement

This is reflected in the founders' and family members' roles in running the business, spousal FB involvement, family ethos, and the availability of guidelines on family roles in the business. Respondents consistently emphasize that founders are "vision bearers" rather than operational managers.

"His (founder's) role is to carry the vision of the group, not to do the everyday work. To carry the vision and communicate that vision clearly to everyone in the group" (Case 1, Founder, 2nd gen.)

This distinction highlights the symbolic authority of founders: their legitimacy derives from articulating and transmitting a shared purpose. Analytically, this suggests that succession planning must safeguard not only managerial competence but also the continuity of vision as a binding narrative across generations. The findings also highlight the supportive role that spouses can play in FB sustainability, as acknowledged by some respondents:

"Partners (husbands or wives) can be supportive or create pressure. If a partner is outside the business and not supportive, it can harm performance and create family tension. Work and family environments overlap in family businesses, amplifying any strain. If the spouse is unsupportive, it can cause strain across family relations" (Case 9, Next generational leader, 2nd gen.)

Conversely, exclusion of spouses creates opacity and systemic risk:

"A man can spend a huge amount of effort growing a business yet do it all alone. He goes to the bank by himself to borrow money, and only he knows how that money is used. Even the people who have helped him along the way, his family, are not involved. So, if something happens to him, no one knows who owes him money, because as he borrows, he also lends; no one knows where he borrowed from, or about assets like the plot of land he bought in Mpigi for which he had paid 90% and only 10% remained. Everything can collapse like that" (Case 12, Founder, 1st gen.)

The contrast reveals that spousal involvement is not merely relational but a governance issue. Transparency and inclusion reduce vulnerability, while secrecy magnifies risk. This is reinforced by cases where spousal involvement prevented collapse:

"My husband started this business. We had a coffee factory, and by the time he passed away, he had started on the hotel, but it was not yet complete. Before his death, he had officially registered the family business, appointing himself as the director, me as his assistant, and our children as minors in the registration. When he died, what helped me was

that he shared everything with me. I was his friend. He was very open with me, and I was aware of all his business operations, including a loan we had with Uganda Commercial Bank (now Stanbic Bank). When he died, I knew I had to clear these loans. And also ensured the business did not fall prey to cultural customs of dividing the property among relatives because he had already told me and even documented in writing that upon his death, no one should take or divide the family property” (Case 30, Founder, 2nd gen.)

Family ethos act as an informal governance mechanism, substituting for formal contracts. They guide decision-making, build trust within the family and with external stakeholders, and foster unity by promoting values that bind the present and future family members. Values such as discipline, honesty, and integrity function as informal institutions that regulate behavior and sustain trust.

“Discipline in all; how we work, how you finance, in how you live with other people. As simple as that” (Case 8, Founder, 2nd gen.)

The evidence reveals the tension between loyalty and competence while engaging family members in the business as shared:

“It’s good to recognise everyone’s capabilities. You can identify who’s good at marketing, who’s good with PR, who’s good with finance, and who’s good with numbers. That helps to place everyone where their strengths are” (Case 17, Co-owner, 2nd gen.)

“If you run a family business, don’t assume it means you should hire all your siblings, cousins, uncles, aunts. That’s a recipe for disaster. The chance that all family members are the best qualified for roles is near zero. Hire on merit. Hiring family because you trust them can cause problems if they aren’t qualified. Merit-based hiring gives the business a better chance of surviving to the next generation”. (Case 13, Co-owner, 2nd gen.)

This insistence on merit reflects an awareness that nepotism undermines efficiency and erodes trust among non-family employees.

Finally, codifying family roles emerges as a safeguard against privilege abuse and role ambiguity. Respondents stressed:

“Your (family member) role must be defined. Because a lot of times you have roaming “powerhouses” that just move around without defined roles, which is not correct” (Case 1, Founder, 2nd gen.)

Others reinforced equality between family and non-family employees:

“There’s nothing like a family member here. All of us are equal here. As long as you don’t meet the company policies, you’re out of this place” (Case 34, Founder, 1st gen.)

This formalization marks a shift from personalized authority to institutional governance, signaling professionalism and reinforcing organizational legitimacy.

Key takeaways

- Founders play a visionary role and must communicate a clear vision that aligns all stakeholders.
- Spousal involvement is critical for continuity and resilience; spousal exclusion often leads to vulnerability in terms of crises.
- Merit-based engagement of family members strengthens business performance.
- Clear policies and role definitions prevent misuse of family privilege and ensure that both family and non-family staff are treated fairly.

5.2.2 Strategic planning

The data provides insights into shaping the business’s long-term vision, family involvement in shaping vision, and business diversification as key components in FB sustainability.

Evidence shows that having a long-term vision is crucial for FB sustainability. However, this vision should be broken down into manageable short-term goals. Additionally, it should be continuously updated and assessed to gauge whether it is achievable and profitable. This ensures that challenges are identified and remedied early, as shared by one respondent:

“.....Even next week, we are going to do a strategy review of where we are standing and what needs to be improved and what needs to remain, depending on what has worked and what has not worked” (Case 10, Executive Director, 1st gen.)

This illustrates that vision is not static; it requires iterative assessment to remain relevant and profitable.

Evidence further reveals that strategic planning is reinforced when mission and values are embedded into everyday practice as described below:

“Every Monday before prayers, we recite our mission and values: integrity, partnership, customer care, persistence. Even the sweepers know them.” (Case 7, Co-owner, 1st gen.)

This institutionalises principles and transforms them into operational norms, ensuring alignment across all staff levels. The data highlights that strategic planning is not monopolized by founders but is enriched by family participation. With this, the business can evolve with the changing market characteristics and conditions and diversify into different product offerings and markets.

“We all feed into that vision. We can all give opinions. If I see something wrong somewhere, even if I don’t sit on that board, I can raise it” (Case 1, Founder, 2nd gen.)

Crucially highlighted is the role of younger generations as agents of renewal.

“Strategy is, of course, it’s a combination of ideas from all of you, and in our case, it’s mostly been driven by us, the younger people, because you’re moving around a lot, you’re picking up on so many different ideas. You are having more appetite for risk. You are having, I think, not more exposure, but I think you’re paying more attention to certain things that are happening around you” (Case 17, Co-owner, 2nd gen.)

Key takeaways

- A clear and evolving long-term vision is essential for family business (FB) sustainability should be broken

down into achievable short-term targets.

- Embedding the business’s mission, vision, and core values into daily operations strengthens unity and purpose.
- Involving the younger generation fosters innovation and adaptability.

5.2.3 Governance

Findings capture perspectives on board existence and composition, top-level decision-making, and family business board benefits. Board existence and composition encompass whether the business has a board and the characteristics of the board in terms of size and family versus non-family representation. We observe that most of the FBs in our sample have a board with varied sizes, ranging from three to eight members, have family members on the board, and typically include founders as permanent fixtures. However, in many FBs, non-family members were the majority on the boards, with respondents noting the benefits of having non-family members:

“But we’ve also brought in independent board members to balance things and give objective ideas. Sometimes family members disagree, and egos take over. Having professionals who are not related to you helps—they bring objectivity. It’s important to have a balanced board, not just fill it with family members. But you also need some control, since the business belongs to you and you know where you want it to go. So while we listen to outsiders, we closely monitor board decisions. We meet quarterly to ensure we hear from others, not just ourselves” (Case 17, Co-owner, 2nd gen.)

This illustrates the tension between ownership rights and governance needs: families seek to retain strategic control while recognizing that external expertise mitigates bias and enhances credibility. Rules such as prohibiting family members from chairing committees institutionalize impartiality:

“We agreed to a family rule: family members are not allowed to chair board committees. This ensures independence and provides an arbiter when the family disagrees. Matters can be escalated to the independent committee chair or board chairman for impartial resolution” (Case 16, Next generational

leader, 1st gen.)

These practices show FBs deliberately embedding checks against the risks of concentrated family power.

Findings reveal that Board existence extends beyond conflict resolution to growth and external linkages:

“It (Board) has helped us grow through advice and by linking us to financial partners. It has also supported leadership development through training and helped us assess the right people to work with. The board has connected us with larger institutions we had not engaged before, and has put the company on a different platform” (Case 2, Co-owner, 2nd gen.)

Beyond formal boards, FBs emphasize consultative and democratic processes in top-level decision-making. Respondents consistently stress inclusivity:

“We have a very democratic system. Everyone has an opinion; everyone can give their view. But ultimately, like I said, we have a vision for each business, and things feed into that vision. So, we can all give our opinions on how that vision should be followed. But once we are all on board, that’s the direction we take” (Case 1, Founder, 2nd gen.)

“There is no decision I make without consulting the children” (Case 14, Founder, 2nd gen.)

“We have a small family council chaired by my father that reviews group performance and gets updates from different business heads. The council gives mandates to the boards” (Case 16, Next generational leader, 1st gen.)

Key takeaways

- Boards play a key role in accountability and strategic oversight, keeping family members under control and maintaining professionalism in handling issues.
- Inclusion of independent (non-family) board members promotes impartial decision-making and minimizes family conflicts.

5.2.4 Succession planning

This examines generational leadership mentorship and

leadership transition planning as key ingredients for FB sustainability. The evidence suggests that sustainability depends not only on transferring ownership but on cultivating competence, legitimacy, and continuity across generations. Across the selected FBs, we observe that generational leadership mentorship involves exposing the next generation early by engaging them in the business in different capacities, for example, during their school holidays, as opposed to expecting them to join later when they don’t understand the business and may have developed different interests. This approach enhances their sense of ownership, allows them to try out new ideas and make mistakes while the founder or older generation can still guide and correct them.

“People build large businesses and only involve children when they’re about to die or lose energy. But by then, the children already have their own paths. So, it’s better to involve them early, let them test ideas, let them carry responsibility while the founder is still there. It’s like teaching a child to walk—if you always carry them, they’ll never learn. You must let them try, make mistakes, and adjust. That way, when the founder retires, there’s someone ready to run the business” (Case 17, Co-owner, 2nd gen.)

This analogy of “teaching a child to walk” highlights mentorship as a process of guided trial and error. Early exposure embeds tacit knowledge and ensures continuity when founders exit. Experiences shared by successors reinforce this:

“I’m the youngest of her (founder) children. I started working with her when I was in P4, which is when the business started growing. She would pick me up from school, take me to the shop where I did my homework while she worked late. She didn’t entertain idleness; she gave me jobs. My job was to measure sugar and pack it in buvera. I also measured Vaseline from drums of petroleum jelly, tied it in buvera and sold it as Vaseline. I would clean shelves, arrange them, and sweep after school because activity had gone on during the day. That is how I entered the business: every holiday you worked, whether a coaching period or vacation. My mother gave us work not primarily to earn money but to keep us out of trouble. By S4 vacation, the

furniture business had already started I worked in the shop rather than the small activities my siblings did, like making popcorn or baking mandazi to sell. My siblings left later, but I stayed; one sibling returned. When it came time for her to let go, she appointed me, but continued to hover around gradually until we reached the present stage” (Case 9, Next generational leader, 2nd gen.)

It is also crucially noted that it is important to expose them to all levels of the business, starting from the core lower levels, as they go through ranks, so that they can understand and appreciate the business process as elaborated:

“I first started working in the family business at the age of 12. I worked on the factory floor, and I did every single job during the holidays until I was competent in each role. The practice was - start in stores, then go into production, so that you know every single function of the enterprise” (Case 1, Founder, 2nd gen.)

Equally, exposure to external networks is framed as critical:

“It’s important for the vision bearer to cultivate banking relationships alongside their successors. Succession also means opening networks for the next person. If you go alone and keep everything to yourself, when you’re no longer there, the business is stuck” (Case 17, Co-owner, 2nd gen.)

Respondents underscore the importance of formalising succession through documentation and legal frameworks. This provides clarity, structure, and reduces conflict during the transition of management and ownership for a family business. The respondents below show how some FBs are going about this process:

“Because we believe for business continuity, this business needs to run beyond us. So, over time, we said we needed to build what we call a succession planning framework. And within the succession planning framework, we have mapped out different positions that people can grow into. So that this organization can run without our physical presence” (Case 10, Executive Director, 1st gen.)

Others emphasized meticulous record-keeping:

“He (founder) was very organized - paperwork from 1998, 2000, 2021 is all fine. Documentation is in order. If I claim a property is mine, I have documents to back it up. People come and tell me, “By the way, that’s yours,” because they know everything is organized. His writings and documentation are very thorough” (Case 15, Co-owner, 2nd gen.)

And some are formalizing governance through constitutions:

“We are creating a constitution for the family business. It outlines succession, inheritance, and other matters not recorded in formal company documents” (Case 4, Founder, 1st gen.)

Finally, deliberate training of successors is highlighted as essential for equipping them with technical and managerial skills, and credibility among the different stakeholders. Respondents noted:

“My mother (founder) always ensured we got training, including from firms like KPMG” (Case 9, Next generational leader, 2nd gen.)

“Yes, definitely, we have intentions to transfer to the next generation. That is why we are involving our children and even seeking training from Kenya. Succession must be intentional” (Case 11, Founder, 1st gen.)

“We have also gone ahead to do some apprenticeships; they call them apprenticeship trainings with global schools like South Africa” (Case 10, Executive Director, 1st gen.)

Key takeaways

- Successful FBs engage the next generation early, often during school holidays, to instil a sense of ownership, business understanding, and responsibility.
- Hands-on involvement across all business levels builds competence, nurtures humility, discipline, and operational insight.
- Introducing successors to key external stakeholders, including banks, tax authorities, and suppliers, ensures the sustainability of business operations.

- Formalized leadership transition — documentation, family constitutions, or legal inheritance structures — reduces ambiguity and potential conflict.
- Intentional training and capacity building prepare successors for leadership.

5.2.5 Financial Management

Another core driver of FB sustainability is financial management, which examines the role of different financial practices such as budgeting, reinvestment, having systems in place, saving, separation of owner and business finances, and the source of finance. Our analysis highlighted financial discipline as a key emerging driver of business performance and family harmony. It promotes accountability, transparency, trust, enhances decision-making, and improves creditworthiness. The quotes below illustrate how financial discipline is key to FB sustainability:

On budgeting and budget management:

“That one (budgeting) has been very useful. We are running schools, and like I said, we have four months, say this is June. By now, 60 to 70% of the parents have paid all the school fees. But we have to sustain the business up to September. So we must have a budget, and we must be disciplined. We must have the discipline of budget management” (Case 3, Founder, 2nd gen.)

On systems:

“We have external auditors who come regularly to review our operations. They audit me and check how funds are being used. For any money to be withdrawn or any purchases to be made, a proper requisition process must be followed. For example, if the storekeeper wants to buy Irish potatoes, they must first make a requisition. This is then signed by the manager, verified by the supervisor, and confirmed by the chef in the kitchen. Finally, I give the final approval, but only after confirming that the previous stock was indeed used” (Case 25, Co-founder, 1st gen.)

“We have the best ERP system called SAP HANA 4 to manage our finances” (Case 10, Executive Director, 1st gen.)

On re-investment:

“Even when I began earning, I didn’t spend on myself, I reinvested the money to expand the school” (Case 14, Founder, 2nd gen.)

“Us, as a policy, we never remove money. Whatever we generate goes back into the business” (Case 8, Founder, 2nd gen.)

On separating owner and business finances:

“We don’t have any rights to just remove money from anywhere. You see cash, and even me, if I take something and I’ve not paid, I’m billed” (Case 22, Operations Manager, 2nd gen.)

“We keep capital separate from family funds, using only profits for personal needs. Operational costs are always prioritized” (Case 36, Founder, 1st gen.)

Key takeaways

- Key practices include budgeting, reinvestment, strong financial systems, and external audits.
- Budgeting and disciplined budget management ensure stability and growth.
- Robust financial systems such as external audits, requisition procedures, and digital systems strengthen control and accountability.
- Re-investment drives business expansion and longevity.
- Separation of family and business finances promotes professionalism, operational efficiency, and long-term financial sustainability.

5.2.6 Human Resource Management

Human resource management covers the human resource practices that have been most beneficial for the long-term sustainability of the selected family businesses. Three key elements emerged as crucial: merit-based hiring, training, and employee social welfare. Merit-based hiring promotes professionalism, fairness, and sustainability in family businesses. It ensures that positions are filled by individuals with the right skills and experience, leading to higher productivity and better decision-making. By prioritizing competence over kinship, it enhances credibility and trust among employees and external stakeholders while reducing

family conflicts often caused by favouritism. These views are reflected in interviewee responses:

“Merit-based hiring gives the business a better chance of surviving to the next generation. Hire people who know what they’re doing, irrespective of family ties or degrees” (Spear)

“Our HR strategy is results oriented. I want people with ambition, goals, and the ability to deliver. Loyalty is important, yes, but it must be combined with results” (Case 17, Co-owner, 2nd gen.)

Training employees is also critical to equip them with the skills, knowledge, and attitudes needed to perform effectively, as depicted in the following quotation:

“Sometimes, someone comes in with little or no experience, but with the right support and training, they learn quickly and become valuable team members. There’s a girl who joined us knowing absolutely nothing, but instead of discouraging her, we patiently trained her and she picked up the skills very fast from others” (Case 25, Co-founder, 1st gen.)

Ensuring employee welfare builds motivation, commitment, and loyalty, which often translates into the retention of talented employees, generally increasing productivity. Interviewed businesses offer employees benefits such as remitting National Social Security Fund (NSSF) contributions, Savings and Credit Cooperative Organization (SACCO) arrangements that allow employees to make regular savings and access loans, food provision at work, housing allowances, and flexible work arrangements, among others.

“The good thing with treating people well is that you will always have a chain of people. People are always training others to come up through the ranks. We take care of our people very well. Our businesses are like families. We treat people well, and they stay with us a long time” (Case 1, Founder, 2nd gen.)

“We ensure NSSF contributions, and people have seen retirees receive their benefits. We also have workers’ compensation and health insurance that covers employees and two beneficiaries. We adjusted beneficiaries to immediate family (wife

or child) to control premiums and usage. We have a SACCO. For childbearing staff, in addition to regular maternity leave, until the baby is one year old, they can report one hour late and leave one hour early. This helps them stabilize their babies while at work. We finance study programs that benefit the business (with a repayment period) for example, staff pursuing ACCA. We also have death benefits - the package can be significant, and it has helped dependents build houses. We are precise in dealing with beneficiaries (letters of administration, identifying the widow) to avoid disputes. Previously, we gave a monthly welfare package (posho, sugar, soap), which was later monetized into salary but still given at Christmas and Eid” (Case 9, Next generational leader, 2nd gen.)

Key takeaways

- Merit-based hiring is essential for FB sustainability. It promotes professionalism, fairness, and higher productivity.
- Training and employee development strengthen performance, foster long-term growth, and resilience in the business.
- Taking care of employee welfare builds loyalty, motivation, and employee retention.

5.2.7 Social capital and trust

Social capital and trust emerge not simply as supportive elements but as structural assets that underpin family business (FB) sustainability. Social capital includes the networks and relationships that foster collaboration, enhancing the businesses’ reputation and access to resources or opportunities. Respondents consistently frame social capital as a resource that translates directly into financial advantage. As one executive director explained:

“Social capital is what breeds financial success, because a consumer treated well will buy your product, and your business will get money. A supplier treated well will give your business good credit days, 90 days, 120 days. It means instead of you going to the bank to borrow, you are using free money without interest. That is social capital. Employees treated well and managed well, and they are directed, they offer over and above what they are supposed to give. So, as a business, that

one is money. And even most importantly, if these employees are treated well, they are the real brand ambassadors for your own business” (Case 10, Executive Director, 1st gen.)

This illustrates how social capital operates as an informal credit system, reducing reliance on formal finance. FBs leverage relationships as alternative financial infrastructure, where trust and reciprocity replace contractual enforcement. Notably, friends and associations emerge as beneficial across the selected businesses. Specifically, friends are described as first customers, financiers, and advisors, highlighting the embeddedness of FBs in social networks

“Your first customers are often friends, relatives, or social contacts. The matriarch (founder) had a large social network, which helped a lot. Customers often become friends. Expatriates, for example, would land here knowing nobody; we helped set up their homes, and they became references. Social capital is valuable for running the business” (Case 9, Next generational leader, 2nd gen.)

"Most of the helpful loans I received came from friends" (Case 28, Founder, 1st gen.)

Associations provide joint fronts for businesses to lobby the government, markets, and financiers as shared:

"I belong to NEPTA, the National Private Teachers Association. Through such associations, we do a lot of lobbying. For example, we started with the Bank of Africa giving us local loans. Now many banks want to partner with us. We get to choose who gives us the best deal" (Case 11, Founder, 1st gen.)

“We lobby through associations (Poultry Association, Feed Millers, UMA, Private Sector Foundation Uganda) for more favorable policies” (Case 16, Next generational leader, 1st gen.)

In Uganda, however, there is currently no business association unique to family businesses. However, FBs can belong to the various industry-specific associations in place, like the Uganda Manufacturers Association (UMA), National Private Educational Institutions Association - Uganda (NPEIA-UG), etc.

Respondents diverge on whether FBs require a dedicated association. Some see it as a platform for knowledge exchange, information, and learning purposes (Figure 5).

Figure 5: The importance of a family business association



Source: EPRC's construct, 2025

“Yes, {it is necessary to create an umbrella organisation}. If we had one, I would be eager to join and learn from other family businesses. I am always eager to learn. The main purpose would be learning from each other. Sharing practices, challenges, and strategies would help everyone” (Case 11, Founder, 1st gen.)

However, others argue sector-based associations are more practical:

“Much as family businesses share issues, a better approach is sector-based associations. Because one family might be in tourism, another in manufacturing, another in legal practice. Yes, there are some cross-cutting issues. But what is more important is that lawyers address legal-sector issues together, and manufacturers address manufacturing issues together. Maybe a framework of best practices for family businesses could help, but sector associations are more practical” (Case 1, Founder, 2nd gen.)

While others suggest a different approach for knowledge exchange:

“A family business school embedded in a business school might be more useful than a simple association. Such a school could teach family business dynamics, train finance managers for family firms, and provide a forum for research and tailored support. A practical, skills-focused approach would be more effective than just another association where people meet socially” (Case 16, Next generational leader, 1st gen.)

This reflects a tension between identity-based solidarity (family business as a category) and sectoral pragmatism (industry-specific challenges). It suggests that FBs seek legitimacy both as family enterprises and as industry actors, but the institutional form of support remains contested.

While social capital is generally framed as beneficial, respondents consistently reject political ties as detrimental:

“One thing I’ve realized in this country is that politicians are not liked by financial institutions. It’s even difficult to get money if you’re linked to politics. There’s something called PEP—politically exposed person. So for a business to grow, it must be separate from politics” (Case 17, Co-owner, 2nd gen.)

“As for politics, we keep our operations neutral. We do not allow political activities or meetings to be held in our premises, whether NUP, the Movement, or any other party” (Case 25, Co-founder, 1st gen.)

This highlights the selective cultivation of social capital: FBs actively avoid relationships that could compromise reputation or access to finance, reflecting risk management—where neutrality is a strategic posture to safeguard legitimacy.

Trust fosters cooperation. We discuss the actions taken to build and maintain trust among different stakeholders. Trust functions as an informal governance mechanism, substituting for formal contracts and codified rules. It mitigates conflicts, promotes loyalty, and minimises the need for excessive control or monitoring. Internally, trust is covered in three facets: trust between family members involved in the business, intergenerational trust, and trust with employees. Findings show that family trust is built through openness, transparency, consistency, honesty, self-

control, and dependability.

“Transparency. For example, if we budget for a project, I report back on what was used. Any surplus is either reinvested or placed in a Unit Trust. Everyone sees accountability” (Case 11, Founder, 1st gen.)

“You have to prove you’re trustworthy by behaving consistently in the business’s best interests. Trust isn’t something you declare once; you earn it every day through your actions” (Case 16, Next generational leader, 1st gen.)

Trust between generations is framed as essential for leadership transition: This is often built naturally through the second generation observing the first generation, through grooming and nurturing of the second generation, working beside and observing them. This shows that succession is not only about competence but about relational legitimacy. For example:

“I never felt that my father needed to “build” trust with us — it happened naturally as we grew up. We looked up to him and learned so much from him, so trusting him became second nature. For me, trust was never something that had to be actively constructed” (Case 12, Founder, 1st gen.)

“Over time, by working alongside him (founder), he has had the opportunity to observe my behaviour and my focus on the business. If you misbehave, it shows; if you consistently act in the business’s best interest, confidence grows. Eventually, you reach a point where he can hand over responsibility” (Case 16, Next generational leader, 1st gen.)

Trust with employees is fostered through open communication, prompt payment, personal development through training, and other benefits such as salary advances, medical insurance, etc.

“We also provide opportunities for education and training. Many of our managers have travelled abroad for training, and we bring trainers in. Those kinds of opportunities are very attractive to some people” (Case 16, Next generational leader, 1st gen.)

“I always pay them, even when clients delay. If I can’t pay on the 1st, I explain and pay by the 15th. Communication builds loyalty” (Case 18, Founder, 1st gen.)

Externally, trust from customers, suppliers, partners, and the community strengthens the business’s reputation and opens opportunities for partnerships and market expansion. The data reveals that customer trust is often built through consistency in offering quality products and services, and a reliable feedback mechanism. For suppliers, we found that honesty in their payment is key in building trust with them, whereas community trust is fostered through support for the surrounding communities (e.g., through employment opportunities, infrastructure like roads, water, and hospitals, donations, among others).

“When a customer places an order, we do our part by delivering the service or product as agreed” (Case 24, Supervisor, 3rd gen.)

“We have strong relationships with schools and churches, and we help with infrastructure like roads and water. We’re interdependent; for example, our operations depend on clean water, so we avoid polluting and invest in shared water resources. We also plant trees and employ community members first. Our presence attracts people because we provide more stable services, like power, where possible” (Case 16, Next generational leader, 1st gen.)

External trust transforms FBs into embedded institutions within communities, reinforcing their legitimacy and resilience.

Key takeaways

- Social capital - networks with friends, associations, customers, suppliers, and the community - enhances access to resources, business opportunities, financial support, and market expansion.
- Associations enable FBs to lobby for favourable policies, access suppliers, financial partners, and institutional networks, boosting competitiveness and credibility.
- FBs avoid political relationships due to perceived risks and potential reputational damage.
- Trust is built through transparency, consistency,

accountability, open communication and dependability, timely remuneration, and community support.

5.2.8 Environmental sustainability

How a family business handles environment-related issues can shape its sustainability. This has implications for the business’s brand reputation and the potential to reduce operational costs. Adopting environmentally friendly practices fosters a good reputation among stakeholders, especially within the community where the business operates. Commonly adopted practices among the selected family businesses include waste management (sorting, recycling, and disposal), tree planting, and water resource management:

“We now have an ESG policy that takes care of environmental, social, and governance issues. For example, we installed an aeration system so that dust is collected in chambers before being released. We also use husks and waste to make briquettes for roasting soya. The ash is used to improve soil pH at the farm” (Case 7, Co-owner, 1st gen.)

“We also plant trees. Our campuses are green, with forests and water preservation. We use environmentally friendly trees that don’t consume much water. For non-degradable waste, like plastics, we repurpose them for gardens. We grow vegetables for school feeding. This reduces costs and promotes sustainability” (Case 11, Founder, 1st gen.)

Key takeaways

- Environmental sustainability practices enhance the business’s reputation and strengthen stakeholder trust.
- Common sustainable practices include waste management, recycling, and water conservation.

5.2.9 Family Business Conflict Resolution

Conflict is one of the greatest hindrances to family businesses’ sustainability due to the convergence between family relationships and business interests. It often emanates from differences in interests, roles, goals, expectations, and decision-making authority. We look at conflict from two viewpoints: conflict between family members involved in the business and conflict at top-level decision-making. FBs adopt different measures to resolve

these conflicts to ensure continuity of their businesses. It emerged that open communication, which provides a safe space where people can share their views constructively, and governance structures that provide a neutral forum and objective approach to conflict resolution are key measures that help with conflict resolution both within the family and in business decision-making.

“We handle disagreements through open communication. If you take a contrary stance to everyone else, you also have to prove your point. You have to argue your case and say, “I see these issues,” and then there’s back and forth. People are very open-minded” (Case 1, Founder, 2nd gen.)

“Disagreements happen, but you have to talk about them. Independent board members help here too, especially at the committee level, because they bring objectivity” (Case 17, Co-owner, 2nd gen.)

Key takeaways

- Conflicts often arise from differences in family roles, interests, goals, expectations, and decision-making authority.
- Open communication is central to conflict resolution.
- Governance structures provide neutrality and objectivity where independent board members and committees offer impartial forums for resolving disagreements.

5.2.10 Resilience

The ability to navigate shocks is key to FB transgenerational success and sustainability. FBs are unique in that there is an overlap in the effects of shocks; for instance, shocks occurring in the family can spill over to the business and vice versa. Common shocks that emerged from our analysis include political shocks (like election violence, regime changes, and wars, for example, the Russia-Ukraine and Sudan wars), economic shocks (foreign exchange fluctuations, pandemics like COVID-19), and social shocks (like the loss of a founder/family member, theft of goods, and staff absconding). However, how businesses learn and prepare themselves to withstand or respond to future shocks and uncertainty is key to FB sustainability. Common adaptability measures that emerged as key for FB sustainability include business and process diversification and insurance against unforeseen circumstances.

“We’ve faced global issues like avian influenza, which can halt the movement of birds and freeze supply. To manage such risks, we’ve diversified sites, so production isn’t concentrated in one area; that derisks the business. We can shift production geographically when necessary. You can’t foresee every risk, but diversification helps” (Case 16, Next generational leader, 1st gen.)

“That’s (during the COVID lockdown) when we learned new skills. We used the time to learn to record videos. We used the time to learn to make apps. And we also kept around and devised some work, homeschooling work, to keep in touch with our customers. And they supported us because the children were home. They were not doing anything. So at the end of it all, I had established a laboratory, a full laboratory, where we are now. I told you we are working on two apps. Then I had also made a studio. Three studios at least for teachers to record. We had trained the teachers to do that. Now they just pass it over. We changed the way we teach so that our children can understand faster” (Case 3, Founder, 2nd gen.)

“We also have insurance to mitigate losses” (Case 9, Next generational leader, 2nd gen.)

Key takeaways

- Common shocks experienced by FBs include political (election violence, regime changes, wars such as Russia-Ukraine and Sudan), economic (exchange rate volatility, pandemics like COVID-19), and social shocks (loss of founders, theft, and staff absconding).
- FB resilience strategies include diversification (products, sites, processes), insurance, and adoption of technologies.

5.2.11 Founder influence

Founder influence is captured through the motivation to start the business and the founder’s attributes. When the motivation to start the business is out of purpose, there is greater commitment towards building relationships that grow the business from generation to generation, likelihood to reinvest in the business, and resolve to adapt to challenges. Many founders in the sample were motivated by a clear sense of purpose—identifying gaps, solving

problems, or creating value. This purpose-driven orientation appears to foster long-term commitment, reinvestment, and adaptability. For example:

“In the process of doing a cosmetic shop, he (founder) was able to study and understand what people require, what people need, certain products of cosmetics that were completely lacking on the market. And even the people who would supply him, he would be struggling to get supplies. So in that process, he developed an idea to say, there is a gap that we can close. So from that time, he started registering a company” (Case 10, Executive Director, 1st gen.)

“We began because there was a clear need for brands that existed but lacked exposure, and we identified billboards as an effective way to increase visibility” (Case 12, Founder, 1st gen.)

“The intention was to improve the availability of day-old chicks, which were largely imported into the country. The idea was import substitution for an important part of the food value chain, especially the protein value chain” (Case 16, Next generational leader, 1st gen.)

“I had also noticed a big challenge: animal feeds were scarce. Farmers were getting feeds from Jinja. I realized millet in Sheema was also abundant but underutilized” (Case 7, Co-owner, 1st gen.)

Founder attributes cover founder experience, both in line with the business founded and any other prior business experience, and the founder’s legacy. Experience—whether industry-specific or transferable from other professions—emerges as a critical attribute. Founders draw on prior roles to shape managerial and decision-making skills:

“You see, by profession, I’m a teacher. I was a teacher, I think I taught for ten years, and I was a deputy. So, we apply such skills here. And they are very important” (Case 20, Manager, 1st gen.)

“I have been a head teacher at about five private schools. I was the first head teacher at (name withheld) schools. The founder was my friend, and

he was a good businessman. I learned a lot from him. I had also learned financial management from the former boss” (Case 3, Founder, 2nd gen.)

This suggests that founder influence is not only about entrepreneurial drive but about the transfer of professional competencies and networks into the business. Such attributes increase survival chances by embedding discipline, financial literacy, and relational capital into the enterprise.

The founder’s legacy shapes the business’s long-term vision as it is a source of identity and inspiration that motivates successive generations to be committed to the continuity of the business.

“I think Mzee built a strong social capital. When people come here, they say, Hey, we didn’t know that this place still exists. They thank us for keeping Dad’s legacy, and they say they can’t sleep somewhere else, that the old man supported us a lot. But, you know, he built a strong social capital. Now we are also trying, this generation” (Case 21, Next generational leader, 1st gen.)

“My husband’s grandmother was named I wanted the school’s name to honour family legacy, ensuring that even after his passing, the name and mission would endure” (Case 33, Founder, 1st gen.)

Legacy functions as a moral anchor and a motivational resource. It legitimizes the business in the eyes of external stakeholders while reinforcing continuity within the family. Successors inherit not only assets but also a narrative of responsibility to uphold the founder’s vision.

Key takeaways

- Purpose-driven motivation fosters stronger commitment, reinvestment, and adaptability, all of which strengthen business continuity across generations.
- Founders with prior professional or business experience bring valuable managerial, financial, and industry-specific skills that enhance decision-making and resilience.
- Legacy sustains long-term vision. A strong family legacy provides identity, pride, and social capital that motivate successors to preserve and grow the

business.

5.2.12 Quality standards compliance

Investing in quality control compliance builds brand reputation and trust from stakeholders, is a risk mitigation measure, and builds business resilience over time. Family businesses have adopted internal quality control systems, getting certified by compliance authorities such as Uganda National Bureau of Standards (UNBS), regular benchmarking from peers in similar businesses, hiring professionals, especially in technical areas, among others, to ensure that they adhere to quality standards as elaborated below:

“We have a department called Quality Assurance Department that deals with quality control inspections and making sure that all the processes have been followed to the dot. The quality control department works with Uganda National Bureau of Standards, UNBS that does compliance audits to make sure that we are conforming to the standards that have been set” (Case 10, Executive Director, 1st gen.)

“We go to some factories, companies, and see how things are done there. Then we come, we copy what can benefit us, and then we practise it” (Case 20, Manager, 1st gen.)

“The feed mill is managed by food technologists who consistently ensure the highest standards of quality” (Case 16, Next generational leader, 1st gen.)

Key takeaways

- Family businesses invest in quality assurance through working closely with regulatory bodies such as UNBS, benchmarking to learn best practices from peers, and hiring technical professionals.

5.3 Challenges facing family businesses in Uganda

This section draws on our case observations to examine the challenges facing family businesses. Analysis focuses on two broad categories, as shown in Figure 2 – FB challenges and government support gaps. These are examined independently below.

5.3.1 FB challenges

The findings revealed four key family business challenges. These include succession plan implementation challenges, financial management challenges, human resource challenges, and environmental sustainability barriers.

Succession plan implementation challenges often stem from a lack of interest from the younger generation, who may have different aspirations than joining the family business, cultural norms surrounding succession that mainly favour men (sons) over women (daughters), and founder dominance that centralises decision-making around the founder. This ultimately leads to conflicts. Various respondents highlighted some causes of succession planning challenges:

“The purposes of individuals are different. And sometimes you find that you are forcing a person to fit into your purpose, not his purpose. Over time, it creates unnecessary conflict” (Case 10, Executive Director, 1st gen.)

“The other piece is the ideology that men should be the one running businesses. Because again, the cultural mindset is that if you are my daughter, eventually you’re going to get married. If I bring you into my business and you’re running my business, either your husband won’t agree to it or now he also has to come into my business. And that may not be what I want. I just want my daughter to run my business. I don’t want anything to do with the husband. So there’s also that issue, of conflicts, per say. Because again, most people want their sons, and they miss out on the opportunity and what the value can be brought by daughters to run a business” (Case 31, Next generational leader, 2nd gen.)

“My mom, much as she’s old, still wants to take part. She still wants to be a big decision maker. That’s a challenge we face, but we have to deal with it” (Case 15, Co-owner, 2nd gen.)

Exacerbating succession plan implementation challenges in family businesses is the issue of polygamy, which may cause divisions, favouritism, and conflicts over control of the FB as shared:

“The practice of marrying multiple wives and having many children can create additional challenges for family businesses, as it often leads to competition, disputes over resources, and succession conflicts among family members” (Case 28, Founder, 1st gen.)

Finance is a multi-faceted challenge for several businesses. Analysis shows financial indiscipline that manifests mainly through a lack of accountability, a lack of separation of personal/family finances from business finances, and poor spending habits that limit reinvestment in the business, as mentioned:

“A lot of where family businesses fail is when you start putting your hand in the till. There’s lack of accounting” (Case 1, Founder, 2nd gen.)

“There is a challenge of separating family and business ownership. A wife can come from anywhere, and ask - give me two million” (Case 20, Manager, 1st gen.)

“Young entrepreneurs spend their money on lifestyle rather than investing to grow and accumulate wealth” (Case 30, Founder, 2nd gen.)

Human resource challenges highlighted are two-fold: The first is related to the challenge in hiring and managing family members who sometimes feel entitled. This can culminate in deep-rooted family conflicts, especially if it comes to firing a family member.

“Family employees can present challenges such as their expectations for special treatment” (Case 26, Founder, 1st gen.)

Second, gaps in human resource training and capacity for different industries pose a serious challenge to FBs. These increase the cost of hiring, training, and the management of the FB.

“Finding people with the right skills to manufacture novel solutions locally is a big challenge” (Case 16, Next generational leader, 1st gen.)

“Family businesses are not taught in universities, so there’s little guidance on managing these dynamics collectively” (Case 4, Founder, 1st gen.)

Highlighted also are challenges that hinder FBs from adopting environmentally sustainable practices and becoming more sustainable in their operations. Findings reveal that the challenges stem from the high cost of adopting environmental practices, which do not translate into profits for the business, and the government’s lack of uniform compliance requirements, where some businesses are penalised while others are left to pollute the environment. This is elaborated below:

“Many environmental practices are not profitable and can be costly” (Case 16, Next generational leader, 1st gen.)

“We’ve worked on our riverbank, but nearby landing sites continue polluting. The government holds us to higher standards and penalizes us if we fail but ignores neighbours who are polluting. Compliance becomes selectively applied” (Case 17, Co-owner, 2nd gen.)

Key takeaways

- Succession planning challenges stemming from low interest from the younger generation, cultural norms that favour sons over daughters, founder dominance, and complex family dynamics, especially in polygamous settings, lead to challenges.
- Financial mismanagement is common as weak accountability systems, mixing family and business finances, and lifestyle spending habits reduce reinvestment and growth.
- Human resource challenges due to employing family members and a skills gap in the wider labour market undermine business operations.
- Environmental sustainability practices remain difficult to adopt due to high costs, limited financial returns, and inconsistent government enforcement.

5.3.2 Government support gaps

Analysis reveals government support gaps, including taxation gaps, high interest rates on loans, and inconsistent regulation. Prominently raised among these is the challenge of taxation. Analysis shows that FBs face high taxes, multiple taxes, uncertain tax regimes, and limited tax incentives for indigenous businesses, as emphasized:

“We pay too many taxes: PAYE, ground tax, signpost tax, everything” (Case 11, Founder, 1st gen.)

“But long-term planning is difficult in Uganda. Policies keep changing unexpectedly. For example, the government once introduced a 1% withholding tax on farmers. That made farmers see me as a thief working for URA, and I almost lost suppliers. My competitors weren’t even registered. Such policies disrupt strategic planning” (Case 7, Co-owner, 1st gen.)

“The government gives a lot of support to foreigners - they are called investors. But every local business starting today is a current and future taxpayer. Why not support these local businesses to become big businesses, which could then be investors abroad? Why don’t they give tax holidays to existing businesses so we can grow capacity? Why can’t I get, for example, a tax holiday to bring in equipment, machinery, and expertise so I can set up a large plant?” (Case 9, Next generational leader, 2nd gen.)

In addition to the challenges with the taxes, concerns were also raised about the way that the tax collection process is enforced, where issues of corruption and limited training/sensitization arose:

“Tax rates are high and enforcement often corrupt; transparency and tax education are needed. Guys who are doing tax implementation are too rough, and they forget that this is supposed to be a role and responsibility for them to educate the people. And then also the other part is the people who are collecting taxes, also taking money” (Case 34, Founder, 1st gen.)

“When we put products on the market, URA comes immediately—without sensitizing us” (Case 19, Founder, 1st gen.)

“URA procedures are complex with limited guidance or training” (Case 36, Founder, 1st gen.)

High interest rates on loans are also another challenge that family businesses feel the government should address. These increase operational costs and reduce business profit

margins, hence affecting business competitiveness. Some founders shared about the high cost of finance:

“The debt financing terms in Uganda are terrible in my opinion. They’re very carnivorous” (Case 31, Next generational leader, 2nd gen.)

“Interest rates are the biggest killers of businesses” (Case 12, Founder, 1st gen.)

“Local businesses tap local financing and face interest rates of 21-26% in shillings, while foreign competitors might get 5% abroad. If someone borrows at 4% abroad and operates here, they have a huge cost advantage over a Ugandan who borrows at 26%” (Case 13, Co-owner, 2nd gen.)

Highlighted also is the challenge of inconsistent regulation, which gives room for informal businesses to operate alongside formal businesses. By nature of their formality, these businesses incur higher costs in the form of licensing fees, quality standards requirements, taxes, among others, yet face unfair competition from the unregulated informal businesses that often sell sub-standard goods, as elaborated by some respondents:

“The consumer market is stratified: lower-income consumers opt for cheaper, noncompliant products. The government could improve policing and enforcement to curb informal operators. Uganda is quite laissez-faire: one can start operations anywhere without scrutiny” (Case 16, Next generational leader, 1st gen.)

“I invested in cassava dryers, distributed planting stems, and supported farmers. But when I put cassava flour on the market, URA wanted 18% VAT. My costs made it 5,000 per kilo, yet competitors sell at 2,500 with unsafe, unstandardized flour full of toxins. Consumers go for the cheaper option” (Case 7, Co-owner, 1st gen.)

Key takeaways

- Taxation issues are the most prominent, including excessively high taxes, multiple taxes, unpredictable tax policies, and the limited tax incentives for indigenous enterprises. Inconsistent enforcement and

corruption within tax administration further complicate compliance, alongside inadequate sensitization and training from URA.

- High interest rates on loans significantly weaken business competitiveness, inflate operational costs, reduce profit margins, and limit investment, especially compared to foreign competitors accessing financing at a low rate abroad.
- Regulatory inconsistencies and weak enforcement allow informal businesses to proliferate, distorting markets and eroding returns for compliant businesses.

This section draws on innovative strategies that family businesses in other countries employ to ensure the successful continuation of their businesses. Some of these could offer lessons to family businesses in Uganda.

6.1 Succession planning

Proper and structured succession planning is crucial for family businesses as it is key to preserving the family legacy and ensuring a smooth management and ownership transition. . Box 3 demonstrates how the Dangote Group is structuring its succession process.

Some well-established family businesses have adopted early-age succession planning, where potential successors in the family business are actively engaged in the operational and strategic decisions early on. This practice enables proper grooming of the next-generation successor and helps reduce conflict. Box 4 demonstrates how Familia Torres handles early-age succession planning.

6. DRAWING LESSONS FROM FAMILY BUSINESSES IN OTHER COUNTRIES

Box 3: Dangote Group

The Dangote Group started initial operations in 1978 in Nigeria and is currently the largest conglomerate in West Africa. It operates across a wide range of sectors, including cement, sugar, salt, condiments, packaging, energy, port operations, fertiliser, and petrochemicals¹.

The group is systematically structuring its succession process with the founder gradually stepping back from day-to-day leadership and boardroom roles and moving more to a visionary role. For example, in July 2025, Dangote retired as the Director and the Chairman of the Board of Directors of Dangote Cement (one of the conglomerate's many businesses) to focus on a more strategic role for the group.

As the founder steps back, the group is intentional about institutionalising/professionalising leadership through experienced independent directors, which signals the ability to survive beyond the founder. Additionally, whereas the daughters have been actively involved in different capacities in the business, there is an increasing movement of daughters in the leadership of the business as their father steps away. For example, as Dangote stepped down as Board chairman, his daughter Hajiya Mariya Aliko Dangote was appointed to the board of Dangote Cement.

¹ <https://www.dangote.com/about-us/>

Box 4: Familia Torres

Familia Torres¹ is a fifth-generation family wine business founded in 1870 in Spain and is one of the largest wine companies globally. The company boasts more than 1,000 hectares² of vineyard holdings and is a market leader in non-alcoholic wine production in Europe.

Familia Torres takes a deliberate approach to succession planning. Through its advisory board, succession planning follows a systematic process where the identified successor for the presidency undertakes a certain period (usually a minimum of one year) of training through different courses. Additionally, hands-on training on the governance of the business is offered through an analysis of different projects and businesses.

Notably, Familia Torres also employs a strategy where the members of the family engaged in the family business take courses on either viticulture (the science and practice of cultivating grapes) or oenology (the science and study of wine and winemaking), which are in line with the core business of the family business.

¹ <https://www.torres.es/en/about-familia-torres>

² <https://www.theguardian.com/business/2025/may/17/top-winemaker-spanish-vineyards-climate-crisis-familia-torres>

These two examples show that family involvement can be an asset if anchored in merit.

6.2 Governance structures and practices

Governance is a critical element for family businesses. Well-defined governance structures improve a family business's chances of survival by clearly defining the interaction and management of family members in the business, thus mitigating conflict. Additionally, clear governance structures provide a more structured approach to decision-making.

Key governance structures for family businesses include a family constitution and family institutions such as the family assembly and family council. The family constitution

lays down the values and vision of the family, policies on employing family members, authority and responsibility of family members, conflict resolution mechanisms, and succession plans, among others. "The family assembly is a formal forum for discussion for all family members about business and family issues" (Abouzaid, 2018), while the "family council is a working governing body that is elected by the Family Assembly among its members to deliberate on family business issues" (ibid) and is usually formed when the family grows to 30 or more members. Several well-established family businesses like Hermes and Chanel have family constitutions, though these are private. Box 5 provides some excerpts from the family employment policy of SABIS.

Box 5: SABIS

SABIS is a fifth-generation education management organization founded in 1886 in Beirut, Lebanon. The SABIS education system is currently implemented in 21 countries with 70,000 students globally.

Employment Philosophy

The driving force behind our decisions should be the best interest of the organization and not that of individual family members.

1. We would like to attract the most qualified people to SABIS®, both family and non-family.
2. A job at SABIS® is neither a birthright nor an obligation for family members.
3. Once hired, family members will be treated as all other non-family employees.
4. There is no guarantee that family employees will be promoted to top management positions, simply because they are part of the family.
5. Family employees are expected to set the example in terms of dedication, performance, and conduct.
6. We cannot afford to carry individuals, whether family members or not, who do not make a full contribution.

Existence of an Open Position

SABIS® must have a position available for which the applying family member is qualified. SABIS® will not create a position for a family member unless the growth of the business justifies it, which is to be decided by the Board. Furthermore, non-family employees will not be dismissed to make room for family members.

Source: Extracted from IFC FAMILY BUSINESS GOVERNANCE HANDBOOK (2018, pg.24)

The key lesson that family businesses in Uganda can learn from SABIS is that clear policies should guide family involvement.

6.3 Innovation and adaptation

Family Businesses often have a strong attachment to tradition and family history, yet the world is fast changing. Hence, family businesses must balance tradition and innovation to adapt to changing and disruptive market conditions, technological advancements, and consumer preferences. One strategy adopted has been to focus on

refining existing products, services, or processes to meet changing market needs while maintaining the core values, mission, and legacy of the family business. For example, several vehicle manufacturers are moving into electric cars or innovating around processes, like Walmart launching an e-commerce site.

Some family businesses have encouraged innovation among the young generation, which has enabled diversification into different sectors. Box 6 provides an example of how the Mulliez family business has encouraged innovation among the younger generation.

Box 6: Mulliez Family Association (AFM)

AFM is a French family business founded in 1904 as a textile mill. The business is now composed of over 200 companies, employing about 600,000 people in over 35 countries¹.

AFM deliberately encourages innovation among the young generation. Through the Club des Entrepreneurs (CDE), founded in 2008, AFM offers structured support and seed funding to entrepreneurial family members, which has enabled the business to diversify into different businesses, including supermarkets, home decor companies, hardware stores, restaurants, electronic device shops, and sporting goods stores, among others².

¹ <https://vc4a.com/creadev/>

² <https://gtadvisors.com/establishing-pathways-for-the-next-generation-to-be-entrepreneurial-within-the-family-business/>

7. CONCLUSIONS AND RECOMMENDATIONS

7.1 Conclusion

Family businesses are the backbone of Uganda's private sector and a vital source of employment, innovation, and intergenerational wealth creation. This study examined the factors influencing the sustainability of family businesses in Uganda. The study combined desk reviews and primary data collection through qualitative interviews with family business owners. The qualitative data collection included 36 KIs with family business owners and their children or managers in Central, Western, Eastern, and Northern regions of Uganda.

Findings show that family involvement is central to continuity, with visionary founders, supportive spouses, and merit-based participation enhancing stability and professionalism. Strategic planning that is inclusive and forward-looking drives innovation, adaptability, and competitiveness. Strong governance structures such as boards, family councils, and family constitutions promote transparency, accountability, and balanced decision-making. Effective succession planning through early mentorship, hands-on experience, and formal transition frameworks ensures leadership continuity and minimizes conflict.

Financial discipline emerged as a cornerstone of sustainability. Businesses that maintain separate personal and business finances, reinvest profits, and adopt structured financial systems achieve steady growth and resilience. Similarly, merit-based recruitment and continuous staff training strengthen professionalism and productivity, while social capital, both internal (trust among family members) and external (relationships with communities and suppliers), supports credibility and long-term viability.

Environmental consciousness is increasingly embedded in family business operations, with practices like waste recycling, tree planting, and energy conservation reducing costs and enhancing brand value. Conflict resolution and resilience mechanisms further contribute to stability, allowing businesses to navigate shocks such as political instability, pandemics, or loss of founders.

Purpose-driven founders motivated by service, experience, and legacy set the foundation for long-term success. The sustainability of family businesses in Uganda, therefore, depends on the interplay of visionary leadership, strong governance, prudent financial management, inclusive human resource policies, adaptability, and the preservation of family values and legacy. Family businesses are also enhancing sustainability by prioritizing quality standards through collaboration with UNBS, peer benchmarking, and hiring technical specialists. These practices build credibility, operational excellence, and resilience.

The findings, however, show that family businesses in Uganda face multiple operational and external challenges that threaten sustainability. Succession planning remains a key problem with limited interest from successors, cultural biases favouring sons, founder dominance, sibling rivalry, and complexities in polygamous families, creating conflicts over leadership. Financial management is undermined by weak accountability, mixing of family and business finances, and lifestyle-driven spending, thus reducing reinvestment and growth.

Human resource challenges include entitlement among family employees, difficulty enforcing discipline, and skills gaps in the wider labour market, compounded by limited formal guidance on managing family business dynamics. Environmental sustainability is constrained by high costs, low financial returns, and inconsistent government enforcement.

Government support gaps further exacerbate these challenges, with burdensome taxation, unpredictable policy changes, limited tax education, corruption in enforcement, high interest rates and regulatory inconsistencies exposing formal family businesses to unfair competition from informal operators.

7.2 Recommendations

7.2.1 Recommendations for family businesses

1. Streamline family involvement

- Clearly define the roles and responsibilities of family members to avoid conflicts and ensure accountability.
- Encourage merit-based participation for family members, assigning roles according to competence

rather than relationship.

2. Strengthen governance structures

- Establish or formalize functional and competent boards (who understand your business) with a mix of family and independent non-family members to ensure accountability and professionalism.
- Encourage consultative decision-making that includes all key family stakeholders to foster shared commitment.

3. Treat succession as a process, not an event

- Involve the young generation early so that they can understand the business vision early enough and appreciate how the business functions. This involves identifying potential successors early based on their interests and skills, introducing early mentorship, and providing exposure to all business operations and leadership responsibilities.
- Build structures of authority and mechanisms to maintain them. Develop written succession plans, family constitutions, or legal frameworks to ensure smooth leadership transitions.
- Invest in formal training, apprenticeships, and capacity-building programs to prepare the next generation for effective leadership.

3. Strengthen regulatory enforcement and consistency

- Standardise and consistently enforce licensing, quality, and environmental regulations to ensure fairness and reduce undue burdens on compliant family businesses.
- Enhance monitoring of informal operators to reduce market distortions, unsafe products, and unfair competition.

7.2.2 Policy Actions

1. Streamline taxation and provide incentives

- Simplify tax structures for family businesses and reduce the multiplicity of taxes to enhance predictability and long-term planning.
- Introduce targeted tax incentives and holidays for indigenous family businesses to support growth, reinvestment, and competitiveness.
- Institutionalise regular tax education and sensitisation programs to improve compliance, reduce corruption, and foster trust between FBs and URA.

2. Enhance access to affordable financing

- Strengthen the government-backed financing schemes or credit facilities to ensure lower interest rates and reduce the cost of borrowing for local family businesses.
- Facilitate equitable access to investment support and financial instruments that are on par with foreign competitors.

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ANNEXES

Annex 1: Disaggregated Family Business Characteristics

Case	Year founded	Age of Business	Sector	Location	Founder Gender	Founder Education level	Founder age	Respondent Gender	Respondent Role	Family members in Business	Family members in Management	No. of employees	Business generation	Intention to Transfer
1	1986	40	Multiple (Real estate, technology (printing), manufacturing (food and beverage), hospitality)	Kampala	Male	Secondary	50	Male	Founder	4	0	4000	2	Yes
2	1986	39	Multiple (transport/logistics, grain trading, real estate)	Kampala	Male	Primary	65	Male	Co-owner	4	2	500	2	Yes
3	2000	25	Education	Kampala	Male	Degree	59	Male	Founder	10	4	200	2	Yes
4	2021	4	Multiple (Trade, logistics, real estate)	Kampala	Male	Diploma	55	Male	Founder	4	4	24	1	Yes
5	1999	26	Education	Kampala	Both	Grade 3 teachers	63	Female	Founder	5	5	89	1	Yes
6	2004	21	Manufacturing	Kampala	Female	Degree	70	Female	Founder	10	5	30	2	Yes
7	1995	30	Manufacturing (Agro processing)	Sheema	Male	Diploma	57	Male	Co-owner	6	5	48	1	Yes
8	1988	37	Multiple (Hospitality, Transport, Fuel, Manufacturing, Construction)	Kampala	Male	Secondary	66	Male	Founder	6	6	5000	2	Yes
9	1988	37	Trade (Furniture)	Kampala	Female	Certificate		Female	Next generational leader	10	2	87	2	Yes
10	1997	28	Manufacturing	Kampala	Male	Primary		Male	Executive Director	12	3	1000	1	Yes
11	1987	38	Education	Mukono	Female	Post graduate	70	Female	Founder	5	2	285	1	Yes
12	2000	25	Service (Out door advertising)	Kampala	Male	Secondary	72	Male	Founder	3	3	8	1	Yes
13	1973	52	Automotive	Kampala	Male	Degree	81	Male	Co-owner	2	2	120	2	Yes
14	1994	31	Education	Kampala	Female	Diploma	57	Female	Founder	8	3	180	2	Yes
15	1991	34	Manufacturing	Kampala	Male	Degree		Female	Co-owner	3	3	5	2	Yes
16	1992	33	Manufacturing (Agro processing)	Wakiso	Male	Bachelors	76	Male	Next generational leader	2	2	350	1	Yes
17	2010	15	Hospitality	Jinja	Male	Post graduate	69	Male	Co-owner	5	5	120	2	Yes
18	2007	18	Restaurant	Jinja	Male	Degree	53	Male	Founder	2	1	24	1	Yes
19	2020	5	Manufacturing (Food & beverages)	Jinja	Female	Degree	75	Female	Founder	9	6	15	1	Yes
20	2010	15	Manufacturing	Mubende	Male	Degree		Male	Manager	9	3	100	1	Yes
21	1995	30	Multiple (Hospitality & Agriculture)	Mubende	Male	Degree		Female	Next generational leader	2	2	11	1	Yes
22	2018	7	Hospitality	Fort Portal	Male	Secondary		Male	Operations Manager	3	1	58	2	Yes
23	2011	14	Multiple (Agriculture, i.e. Agro processing & real estate)	Fort Portal	Male	Secondary	87	Male	Founder	3	2	1000	2	Yes
24	1989	56	Manufacturing	Fort Portal	Male	No education		Male	Supervisor	4	3	100	3	Yes
25	2011	14	Service	Mubende	Male	Secondary	77	Male	Co-founder	4	4	32	1	Yes
26	2019	6	Multiple (Hospitality, Financial services and distribution)	Masaka	Male	Diploma	60	Male	Founder	15	5	70	1	Yes
27	2003	22	Retail Trade	Masaka	Male	Secondary	50	Male	Founder	5	2	15	1	No
28	2011	14	Transport	Mbarara	Male	Secondary	70	Male	Founder	2	2	400	1	No
29	2002	23	Multiple (Trade and Construction)	Mbarara	Male	Diploma	69	Male	Founder	5	4	65	1	Yes
30	1996	29	Hospitality	Masaka	Female	Primary	67	Female	Founder	2	1	60	2	Yes
31	2006	19	Hospitality	Masaka	Male	Secondary		Male	Next generational leader	4	3	40	2	Yes
32	1984	41	Education	Mbarara	Female	Diploma	66	Female	Founder	3	3	60	1	Yes
33	2008	17	Education	Gulu	Female	Post graduate	46	Female	Founder	3	2	145	1	Yes
34	2016	9	Trade (Electronics)	Gulu	Male	Bachelors	35	Male	Founder	4	4	27	1	Yes
35	1994	31	Manufacturing	Lira	Male	Diploma		Male	Next generational leader	4	3	45	2	Yes
36	2014	11	Hospitality	Gulu	Female	Bachelors	35	Female	Founder	2	2	50	1	Yes

Annex 2: Family Business Definition

Case	Family Business Definition
1	It is one where you intend to create a generational legacy. It's not about a short-term exit. It's about carrying a vision across lifetimes.
2	It is a consolidated engagement where people come together to develop a business and serve the community in the region.
3	It is myself, father, my nuclear family, and all people that I can ably work with and comfortably work with.
4	It is a unit that brings together people of the same blood or belonging, possibly with different professions or backgrounds. Key positions of power—like managing director or general manager—must be held by family members. Others may work within the business, but the ultimate benefits go to the family. This ensures unity, trust, and sustainability.
5	It is something very interesting and I think thing a very beautiful thing to do because you always have hope that you will leave a legacy behind
6	It is a business you start together with your family. You may start without capital, but human capital is your family who are not charging.
7	It is a business started and run by the family. It can be supported by workers and the surrounding people, but its core is family ownership and management
8	It is when family members decide to run something successfully
9	It is an enterprise that is family-owned and family-run.
10	It is a business where the founder and the ecosystem around him or her, meaning wife, children, end up getting involved in the affairs of running the business. The understanding that all the resources gathered to start the business come from the family and its ecosystem. That would be my resources gathered to start the business come from the family and its ecosystem.
12	It is a nuclear family running a business. Family is father, mother, daughter, and son.
13	An entrepreneur starts a company and involves one or more family members
15	It is a partnership that is being done by family members who are beneficiaries to probably this Particular project they're trying to maybe set up or that is already in existence. So your members, that you're all beneficiaries, you're all entitled to it, and you're trying to see to it that how can we grow this.
16	It is one where majority ownership sits with family members and where there is an intention to pass the business to the next generation. It often involves family members in ownership, management, or work operations in at least two of the three circles (ownership, management, and employment). Even if professionals run the business, the family aspect in ownership and succession intentions typically defines it.
17	It is work, work. Even at home, everything is about work. Family moments become discussions about business. It bonds you together—though it tests relationships with divergent views. But when it works, it's powerful.
18	It is where an individual, with help from household members, starts a venture and executes it together—sharing tasks and supporting each other
19	It is business with a vision, mission, and targets. It must be built on trust and hard work—time, thinking, and effort.
20	It is the business being micro, small or big. Business owned and operated by family members with the assistance of other employees. In fact, it is owned by family members but operated by both family members and other employees.
21	It's something that joins you as a family and keeps you together. So if you destroy that, then you are no more.

22	It is something that in order for you to create continuity in this family business, you will need so much time, a lot of patience, passion, and love for your business.
23	A family business should be something that the family should have hope in that it will grow and give hope and identity to the family. Which will grow and give them some benefits in the future and sustain the family.
24	It is that one thing that brings together a family in terms of income for the family that everyone in the family comes together to make it work.
26	It is a family entity made up of the parents and their children
31	A place where as family gets an opportunity to bond while generating revenue. I think a family business should ideally be involved with at least a few members of the family in the operational and sustainability of that business. The family business should have family members involved in it to be called the family business.
33	It generates and transfers wealth and community impact across generations. Its success depends on robust systems, genuine buy-in from those who 'own' its culture, and careful succession planning.
34	It is an entity created to generate and transfer wealth and impact to future generations, serving the community and God.
35	It is a venture driven by hard work and emotional commitment, requiring clear succession and professional governance to thrive.
36	It is an enterprise driven by work and emotional commitment; success rests on shared vision and resilience.

Annex 3: Interview guide**Dynamic Role of Family Businesses in Employment Generation and Household Incomes****Interview Guide**

Hello. My name is _____. I am working with the Economic Policy Research Centre. We are conducting a study to understand how established family businesses in Uganda operate, what helps them succeed over time, how regulations affect them, major constraints faced by these businesses, and how lessons from established family businesses in Uganda can support future generations.

The study involves conducting key informant interviews with established or renowned family businesses like yours across the country and you were selected as a key informant. Therefore, I request an interview with you and ask some questions about your family business. The interview will take **about 30 to 45 minutes**. All your answers will be kept confidential and not shared with anyone except members of our study team. The study results will also not include names or identifying information of any of the key informants to ensure confidentiality. If I ask you any question you are uncomfortable answering, please let me know, and I will go on to the next question. You can also stop the interview at any time. You may contact the person listed on this card if you need more information about this research study.

GIVE CARD WITH CONTACT INFORMATION

Do you have any questions?

May I begin the interview now? (Seek consent to record)

INTERVIEWER NAME..... INTERVIEWER SIGNATURE.....

Demographic & Business Information

Name of business (optional): _____

Year business was established: _____

Sector/Industry: _____

Location (district/town): _____

Gender of founder: ☐ Male ☐ Female

Highest level of education completed (founder):

☐ Primary ☐ Secondary ☐ Diploma ☐ Degree ☐ Postgraduate

Gender of respondent: ☐ Male ☐ Female

Age of respondent: _____ years

Highest level of education completed:

☐ Primary ☐ Secondary ☐ Diploma ☐ Degree ☐ Postgraduate

Role in the business: ☐ Founder ☐ Co-owner ☐ Successor/Next-gen Leader

Number of family members working in the business: _____

Number of family members in management positions: _____

Approximate number of total employees: _____

How many generations have managed the business after the founder? _____

If first generation, do you have intentions of transferring the business to the next generation? _____

Owner/founder characteristics

1. What inspired you to start (or lead) this family business?
2. How has your business evolved overtime?
3. What work or entrepreneurial experience did you have before starting or joining the business?
4. What role do the founder and family members play in running this FB (Probe on vision bearer, spousal support, family ethos, etc)

Strategic planning

5. How is the long-term vision of this business shaped?
(Probe on strategic and operational plan, who are the stakeholders involved in their development, family involvement)
6. How do you align your family's vision with the business's long-term goals?

Governance structures

7. How do you make business decisions when multiple family members are involved? (Probe if there are any governance structures in place like board of directors, advisory council in place; if the business has a board of directors, probe the board composition in terms of size, age, gender, and family composition)
8. Have you developed any rules, policies, or practices to guide how the family works in the business? (Have you created formal rules or agreements about family roles in the business?)
9. How do you handle disagreements or conflicts about business matters at the board level?
10. Are there any non-family members involved in ownership? (If yes, does the family own the majority of the business? How are non-family members involved in the board?)
11. What governance practices would you recommend to other family-owned businesses?

Succession planning

12. How do you (or previous leaders) plan for leadership transition in the business?
13. What processes are in place to prepare the next generation for leadership?
14. What challenges have you faced in succession planning, and how did you address them?
15. How do you manage relationships between different generations involved in the business?

16. What advice would you give to first-generation businesses planning for succession?

Compliance issues

17. How are quality standards adhered to in the business?
18. In your view, what can you tell us about taxes in relation to the FB?
19. Besides salary, what other benefits do you provide to workers (NSSF etc)?
20. What would you say is missing or could be improved in terms of regulation or government support?

Management (Financial and Human resources)

21. What financial practices have been most helpful (e.g., separation of ownership and operation, budgeting, saving, reinvestment, access to credit) for the long-term sustainability of the business? Why? (Probe on sources of finance i.e. debt versus internal finance)
22. What financial management lessons would be valuable for younger or first-generation family businesses? Why?
23. What human resource practices have been most helpful for the long-term sustainability of the business? Why? (Probe on how family members are involved in the recruitment of staff)

Trust

24. What actions do you take to build and maintain trust among family members involved in the business? (Probe on actions of openness, honesty, reliability, kindness, and competence)
25. How do you ensure that trust is upheld between generations or during leadership transitions?
26. How do you build trust with your customers, partners, and community?
27. Are there instances where people you have trusted for a long time have disappointed you? (How did you go about that?)

Social capital and network ties

28. What types of relationships have been most helpful to your business (e.g., friends, mentors, religious groups, alumni, family)?
29. How do you maintain and grow these personal and professional networks?
30. What recommendations would you give first-generation businesses about building social capital?

Environmental Sustainability

31. What sustainability practices has your business adopted? Why?
32. How do they impact daily operations?
33. What barriers are preventing your business from becoming more sustainable?

Resilience

34. What major challenges or crises (e.g., economic especially financial internal vs debt finance, social, political) has your business ever experienced?
35. How did you and your family respond to these challenges? (probe for lessons learned)
36. How is your business prepared to withstand/respond to future shocks or uncertainty?

Final Reflections

37. What would you say is the single most important factor behind your business's long-term success?
38. What are the three leading challenges in running this family business?
39. What support (e.g., training, funding, mentorship) would help your family business thrive in the long term? Why?
40. Do you find it necessary to create an umbrella organisation for FBs? (e.g. for collective bidding, negotiations etc)
41. If you were to start this business over again, what would you do differently?
42. Is there anything else you'd like to share about your experience running a family business in Uganda? Please elaborate more.
43. In your words, define a family business.



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