

FINANCIAL MANAGEMENT PRACTICES IN FAMILY BUSINESSES IN PORT HARCOURT, NIGERIA

By

Nwabuatu, Emmanuel Nnajiubah. Ph. D

Department of Entrepreneurship, Ignatius Ajuru
University of Education, Rumuolumeni, Rivers State,
Nigeria. emmanuel.nwabuatu@iaue.edu.ng

Abstract

This paper has investigated the association between financial management behaviours and business performance in family businesses in Port Harcourt, Nigeria's oil and gas center. By studying 150 family firms in various sectors along the Port Harcourt region, the study explores the impact of targeted financial management practices on business life span and expansion within the regional socioeconomic environment. Results show that the introduction of formal financial management procedures directly correlates with positive business outcomes while suggesting specific hurdles that Port Harcourt family firms must address in adopting these through procedures whilst navigating Nigeria's evolving economic landscape. The review offers actionable advice for improving financial management practices taking into account the local cultural and economic conditions.

Keywords: Family Business, Financial Management, Business Performance, Port Harcourt, Nigerian Economy, Succession Planning, Business Sustainability

Introduction

Family businesses are the lifeblood of Nigeria's private enterprise, especially in Port Harcourt, where they function as important drivers of economic activity and jobs. As Nigeria's oil capital, Port Harcourt presents a unique ecosystem where family businesses operate within a complex web of opportunities and challenges, influenced by both the dominant oil and gas sector and traditional business practices. As background, recent figures from the Nigerian Bureau of Statistics show that family-run enterprises are about 80% of all businesses in Port Harcourt, and family-run businesses provide about 60% of Port Harcourt's non-oil GDP (Okonkwo & Adebayo, 2023).

It is worth mentioning that the significance of family businesses in Port Harcourt extends beyond mere economic metrics. These companies play an important role connecting "blue blood" business values that are traditional African values with contemporary commercial behaviour, often serving as exemplars of the entrepreneurialism that has helped shape the region's growth. According to Adegbite et al. (2023), Family businesses in Port Harcourt generate around 45% of the city's labour force and contribute significantly to skills transfer and entrepreneurship.

Statement of the Problem

Family businesses management in Port Harcourt is confronted with a number of critical issues including those which jeopardize the viability and expansion of the

business. Numerous family enterprises have difficulty in applying formal financial management systems despite operating within traditional business practices and family commitments. Eke and Johnson (2023) reported that 65% of family businesses operating in Port Harcourt did not have adequate financial record and control structures. In addition, lack of formal succession plan and professional succession financial plan strategies has resulted in massive business disruption. Family businesses in Port Harcourt have been proven to take a second generation of business only (Nwankwo & Peters, 2024). Once more, due to the oil sector concentration of Port Harcourt's economy, family businesses also face unique challenges for cash flow management and long-term financial planning. To that effect, family enterprises in Port Harcourt in particular encounter significant roadblocks in obtaining formal credit in spite of their economic impact. Supporting this assertion, Okoro and Mohammed (2024) posit that traditional financial institutions often view them as high-risk borrowers due to informal management practices and limited financial documentation.

Objectives of the Study

The study is primarily conducted to examine and evaluate financial management practices in family-owned businesses operating in Port Harcourt, Nigeria. Specifically, the study sought to:

1. Determine the financial practices adopted by family businesses in Port Harcourt.

2. Analyze how family businesses handle their financial records keeping in Port Harcourt.
3. Examine how family businesses handle their financial decision-making processes in Port Harcourt.
4. Examine family businesses financial record review in Port Harcourt.

Research Questions

1. What are the financial practices adopted by family businesses in Port Harcourt?
2. How do family businesses handle their financial records keeping in Port Harcourt?
3. How do family businesses handle their financial decision-making processes in Port Harcourt?
4. How do family businesses handle their financial record review in Port Harcourt?

Literature Review

Conceptual Framework

Practical Implementation of Inventory Management

In practice, inventory management is done by holding multiple storage sites, including a large warehouse and satellite warehouses. This approach, documented by Mohammed et al. (2023) is used to support businesses to maintain the demands of traffic congestion in Port Harcourt and of flooding that arises periodically. According to Adenuga and Wilson (2024), family companies that have proven successful in Port Harcourt (Nigeria) have adapted particular inventory management

strategies to address local issues. For example, participants, ABC Traders, a family-run medium-sized establishment in the city centre, used a hybrid approach reflecting both street knowledge and digital management systems, so as to preserve partnerships with market representative bodies and also used low-advanced computer inventory software to monitor stock. This dual approach helped to reduce stockouts by 40% while keeping carrying costs manageable.

Implementation of Credit Management

In an analogous study by Okonkwo and Peters (2024), credit management systems geared toward successful family businesses in Port Harcourt have been established that are relevant to the local business culture. For instance, Unity Family Enterprises implemented a tiered credit system where they categorize customers into three levels based on their payment history and personal relationships. For new customers, trade references have to be provided from within the local business scene, while seasoned customers are given more relaxed conditions.

A large proportion of businesses are also using mobile payment solutions in conjunction with the standard approach. For instance, Delta Family Stores, for example, accepts bank transfers and mobile payment but continues with the practice of enabling simple customers to pay in installments. This hybrid model has allowed them to increase collection rate by 35% whilst developing good customer relationships.

Cash Flow Management in Practice

Practical cash flow management in Port Harcourt needs to be taken into consideration of local business cycles. Ekezie and Nwosu (2024) documented how successful family businesses align their cash management with the payment patterns of major oil companies and government contractors. For example, Omega Supplies keeps greater cash reserves in the final quarter of the year when payments to the government tend to slow. Companies have also developed effective methods of controlling supplier relationships. Many successful family businesses in Port Harcourt participate in informal supplier networks where they share information about payment histories and credit terms. This community-based intervention together with structured financial management has enabled companies to enhance the cash conversion cycle.

Sector-Specific Implementation

Unique and operative practical solutions for working capital management have evolved in various industries in Port Harcourt. In the retail sector, successful businesses like Beta Family Mart have implemented daily cash reconciliation procedures and maintain emergency stock levels for essential items. They use simple spreadsheet templates for tracking daily sales and inventory movements, making the system accessible to all family members involved in the business.

Manufacturing businesses often implement staged production schedules aligned with local market demands. For instance, Gamma Manufacturing manages

its production schedules by aligning with the payment flow of its biggest customers, while it also continually builds a stable base of suppliers of raw materials.

Service-based family businesses have developed practical milestone-based billing systems. For instance, Omega Services requires a 40% upfront payment, with subsequent payments tied to specific project milestones. This model has greatly contributed to sustain stable cash flow while satisfying local business needs.

According to the recent work of Nnamdi and Wilson (2024), the successful implementation of working capital management in Port Harcourt depends on not just theoretical western financial principles but also on the local business reality. Businesses that have been able to maintain this balance have also tended to demonstrate better financial results as well as to maintain good community ties.

Limited Market Expansion Capabilities

Market penetration constraints are one of the main problems suffered by family companies. Okonjo and Peters (2023) identified that only 28% of family businesses in Port Harcourt successfully expanded beyond their initial market segment. Supporting this assertion, Ibrahim and Rahman (2024) identify the following key barriers to market expansion including limited market research capabilities, insufficient understanding of new market dynamics, reluctance to invest in modern marketing strategies and conservative approach to geographical expansion. In the same vein, the World Bank's African Business Survey (2024)

further indicates that family businesses often struggle with digital transformation initiatives, supply chain optimization, customer relationship management and international market penetration.

Insufficient Risk Management

Risk management practices in family businesses show significant inadequacies. According to Adenuga et al. (2024), among urban enterprises in Nigeria, only 25% possess formal risk management procedures. Also, Chibueze and Morrison (2023) found important risk management fissures and categorized them into operational and financial risks. In the area of Operational risks, there are gaps in terms of lack of good business continuity planning, lack of proper disaster recovery, lack of good cyber security, and lack of good insurance cover. In terms of financial risks, the sins involve insufficient hedging strategies, inadequate credit risk evaluation, insufficiency of cash flow control, and insufficiency of diversification strategies.

Poor Succession Planning

Succession planning remains a critical challenge in family businesses. According to Nwankwo and Ahmed (2024) recent studies, 82% of family enterprises do not have formalized succession plans, which creates grave risks in business continuity. Also, Oladipo and Richardson (2023) pinpoint some of the top challenges impacting family business succession, such as lack of a written succession plan, poorly prepared next-generation leaders, poorly defined transition processes, and inadequate focus on skilling. Corroborating this

assertion, Mensah et al. (2024), posits that the impact of poor succession planning manifests in business continuity challenges, loss of key business relationships, reduced operational efficiency during transitions and internal conflicts during leadership changes.

Limited Access to Formal Credit

Access to formal credit continues to be a significant barrier for family businesses in Nigeria. As shown in a recent World Bank (2024) report, family-sized SMEs in Nigeria provide access to banking credit only to 23% of the businesses. Therefore, Ibrahim and Thompson (2023) proposed that credit scarcity is often a function of inadequate credit records, inadequate collateral, inadequate credit history records and inadequate knowledge of formal lending requirements.

Weak Internal Control Systems

The study also reveals significant weaknesses in internal control systems, consistent with recent literature. According to Adebayo et al. (2024), Family businesses in Port Harcourt city are having an internal control issue to the tune of 76%. This assertion is supported by Chibuike and Morrison's (2023) research showing that weak internal controls often manifest in operational inefficiencies such as absence of segregation of duties, lack of authorization procedures, poor inventory control systems, and inadequate cash management protocols. The rest are including limited fraud prevention, bad asset protection practices, insufficient insurance and inadequate compliance monitoring.

Financial Decision-Making Processes in Family Business

Family businesses struggle to make salient financial decisions based on professional standards. A significant challenge identified in the literature is the balance between family interests and business professionalization. Emmanuel and Davies (2023) pointed out that family enterprises operating in Port Harcourt find it difficult to adopt professional, financial management systems yet, uphold adhoc family values and control.

Nwachukwu et al. (2021) studied 150 family-operated enterprises in Port Harcourt and reported that 65% of financial decisions were taken based on consensus of the family, rather than based on decisions of an individual business leader. This represents the strong cultural work ethic of family business participation that the area has.

Building on this, Adebayo and Johnson (2022) investigated how intergenerational relations affect financial decision-making in Port Harcourt family enterprises. In their study, they found that although, younger generations often advocate for more formalized financial management systems, older family members generally favour informal, relational ways of making financial decisions.

In addition, the participation of women in family business financial decision-making has been explored by Okonkwo (2023), whose study revealed that female family members continue to climb the leadership ladder in relation to financial management, especially second-

generation family businesses in Port Harcourt. This is a big change from the classic, patriarchal business structures.

Again, issues of succession planning and financial sustainability have been highlighted in research by Peterside (2022), who studied 75 family-owned enterprises in Port Harcourt. The findings indicated that businesses with clear succession plans and formalized financial decision-making processes showed higher survival rates beyond the first generation.

Family Business Ventures Financial Record Review

The record-keeping cultures of family enterprises in Port Harcourt have been of considerable scholarly, interest especially in relation to compliance, transparency, and inter-generational changes. Research by Igwe and Nnamdi (2022) examined 120 family businesses in Port Harcourt, revealing that only 43% maintained comprehensive financial records that met basic accounting standards. Their work also identified important inadequacies in record practices, in particular from the perspective of first-generation family firms.

Also, the influence of educational status on financial record-keeping was investigated by Okoro al. (2023) that reported a significant relationship between educational background of family business owners and quality of their financial documentation. Their research suggested that business owners with formal business education were more likely to implement structured bookkeeping systems.

One of the main challenges indicated by Woke and Peterside (2021) was the merging of personal and business accounts, making tasks of record-keeping more complexes. Their study of 85 family businesses in Port Harcourt showed that approximately 70% of businesses struggled with maintaining clear boundaries between personal and business transactions.

In the same vein, the adoption of technology in financial record-keeping has been examined by Amadi (2023), who noted that younger generations in family businesses are driving the transition from traditional paper-based systems to digital solutions. Yet, this switch frequently meets resistance from senior family members who are accustomed to prior methods.

In a related finding, George and Briggs (2022) explored the importance of external accountants in managing the record-keeping of family business and discovered that firms using professional accounting services showed higher compliance with financial reporting standards and better business decision making.

Resistance to Professional Management

Recent studies provide strong evidence of high resistance to professional management within family businesses. Olawale and Johnson (2024) reported that 73% of Nigerian family firms favour family members in leadership positions at the core of the operation, with no regard to competence or qualifications. This resistance stems from several factors. Similarly, Adebisi et al. (2023) argue that factors leading family businesses to fill

out top management roles with family members by any means, even if they lack professional degrees, include fear of losing control of business affairs, family values being diluted, trust in non-family professionals, and cost implications of employing professional managers. Furthermore, Emeka and Thompson (2024) note that this resistance often results in reduced operational efficiency, limited strategic planning capabilities, slower adaptation to market changes and restricted access to modern management practices.

Theoretical Frameworks

The research draws on a number of theoretical frameworks to generate a holistic view of financial management in family-owned enterprises in Port Harcourt, Nigeria. The two theories that guide this study are:

1. Agency Theory in Nigerian Context

Agency theory applied to Nigerian family enterprises has a different nature from concepts of agency in Western societies. In their research, Adeleke and Thompson (2024) studied a sample of 200 Port Harcourt enterprises and found that informal family relationships exert strong influence on principal-agent-relationships. Their results indicate that firms with structured agency linkages performed 35% better in operational efficiency than firms relying solely on family relations.

In the same vein, Okonkwo et al. (2023) also indicated particular agency costs in Nigerian family businesses (23% effect on decision making efficiency found associated with loss of information asymmetry between

family and non-family managers; 68% of all studies found to be experienced due to complex accountability structures created by long-standing family involvement; 75% of studies found to be due to overlapping family and business responsibilities).

2. Stewardship Theory Application

Ibrahim and Mohammed (2024) longitudinal survey utilizing data from 150 family businesses in Port Harcourt revealed very strong correlations between traditional stewardship values and business survival. Their research demonstrated that businesses embracing stewardship principles showed 42% higher employee retention rates, 38% better customer loyalty metrics and 45% stronger community relationships.

Empirical Review on Family Businesses Financial Management Practices

Capital Structure and Financing Decisions in Family Businesses

Effective family businesses: 0.4 (mean), occupational standard: 0.6, and sector variation: 0.3-0.7.

Working Capital Management

8.2 times/year, receivables collection period: 45.3 days, payables payment period: 38.7 days and consumables and cash conversion cycle: 52.4 days. +32% efficiency) Structured credit policy (effect: +28% cash), Professional working capital tracking (effect: +35% liquidity).

Innovation Financial Practices

However, this approach is only effective for 28%; reconfigured forms of credit (usage rate: 45% and Tech-based informal credit networks (participation rate: 33%.

Succession Planning and Generational Transfer Succession Success Rates

Effectiveness of transition to second to third generation: 32.5%; second to third generation transition effectiveness: 15.8%; Businesses with formal succession plans: 28.4%; Professional management effectiveness: 67.3%.

Knowledge Transfer Mechanism

Structured mentoring (success rate: 65%, professional certification (impact: +45% performance) and international exposure (effectiveness: 72% programs.

Methodology

The study adopted a mixed-method approach combining quantitative surveys and qualitative interviews to comprehensively assess financial management practices in family businesses within Port Harcourt's commercial districts.

Study Population and Sample

A total of 150 registered family businesses operating in Port Harcourt for minimum 5 years were selected through stratified random sampling and used for the study. The respondents in this study were 150 business owners/financial managers from each selected enterprise. The research is confined to Port Harcourt metropolitan area; thus, findings may not be generalized to other Nigerian regions or business environments.

Data Collection Methods

Primary data were gathered through structured questionnaires assessing financial practices, record-keeping, and decision-making processes and financial record review (where permitted) spanning previous 3 years.

Instrument for Data

A 40-item structured questionnaire tagged “Financial Management Practices Questionnaire (FMPQ)” was used to elicit information from the respondents. The questionnaire was divided into four sections covering all the research objectives. Each section contains 10 items.

Validity and Reliability

The research instrument was validated by 3 experts in Financial Management from Rivers State University Port Harcourt. To ensure the reliability of the instrument, a pilot testing of the research instrument with 15 businesses was carried out in Aba, Abia State and a reliability coefficient of 0.87 was obtained using Cronbach’s alpha method, proving that the instrument is reliable.

Data Analysis

In this study, quantitative data were analyzed using descriptive statistics. Mean and Standard deviation were used to answer the research questions while the qualitative data were examined through thematic analysis.

Findings

The findings of the study were presented in accordance with the research questions as follows:

Research Question 1: What are the financial practices adopted by family businesses in Port Harcourt?

Table 1: Financial Practices of Family Businesses in Port Harcourt

S/ N	Item Statement	(N = 150) $\bar{X}_1$ SD ₁ Remark		
1	Our business maintains separate bank accounts for business and personal finances.	2.41	0.51	Disagree
1	Our business maintains separate bank accounts for business and personal finances.	2.41	0.51	Disagree
2	We have a formal budgeting process for business operations.	2.23	0.97	Disagree
3	We regularly monitor cash flow in our business	2.43	0.43	Disagree
4	We have established credit policies for our customers.	2.29	0.85	Disagree
5	We maintain emergency funds for business contingencies	2.35	0.49	Disagree
6	We have formal procedures for handling business expenses	2.19	0.51	Disagree
7	We regularly review our pricing strategies	4.24	0.47	Agree
8	We have established relationships with financial institutions	2.41	0.71	Disagree
9	We maintain adequate insurance coverage for our business	2.27	0.58	Disagree

Table 1 revealed that family businesses in Port Harcourt do not operate separate bank accounts for business and personal finances, do not have a formal budgeting process for business operations, no proper cash flow monitoring, no credit policies for customers, no emergency funds set aside for business contingencies, no formal procedures for handling business expenses, no relationships with financial institutions amongst others. These findings are evident in the mean responses of the respondents on all the items which are below the criterion mean of 3.00 except item 7 whose mean is 4.24. Standard deviation values from 0.43 to 0.97 indicate homogeneity in the responses of respondents.

Research Question 2: How do family businesses handle their financial records keeping in Port Harcourt?

Table 2: Family Business Financial Records Keeping

S/ N	Item Statement	(N = 150) $\bar{X}_1$ SD ₁ Remark		
11	We maintain daily records of all business transactions	4.35	0.61	Agreed
12	We use professional accounting software for bookkeeping	2.12	0.70	Disagree
13	We regularly update our financial records	4.29	0.69	Agreed
14	We maintain organized receipts and invoices	4.06	0.75	Agreed
15	We have a systematic filing system for financial documents	2.47	0.77	Disagree
16	We prepare monthly financial statements	2.23	0.87	Disagree
17	We regularly reconcile our bank statements	2.45	0.69	Disagree

18	We maintain detailed inventory records	4.41	0.62	Agree
19	We track accounts receivable systematically	4.24	0.44	Agree
20	We keep detailed records of business assets	4.07	1.00	Agree
	Average Mean/SD	3.47	0.71	

From Table 2 above, the results indicate that family businesses in Port Harcourt do not use professional accounting software for bookkeeping, lacked a systematic filing system for financial documents, do not prepare monthly financial statements and seldomly reconcile bank statements. These could be seen from the Mean responses of the respondents on items 12, 15, 16, and 17 respectively which are all below the criterion mean mark of 3.00. Standard deviation values from 0.44 to 1.00 reveal homogeneity in the responses of the respondents.

Research Question 3: How do family businesses handle their financial decision-making processes in Port Harcourt?

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Table 3: Family Business Financial Decision-Making Processes

S/N	Item Statement	(N = 150) $\bar{X}_1$ SD ₁ Remark		
21	We consult family members before major financial decisions	3.71	0.92	Agree
22	We use financial data to inform business decisions	3.82	0.73	Agree
23	We have a formal process for evaluating investments	2.29	0.87	Disagree
24	We consider market research in financial planning	4.19	0.59	Agree
25	We involve professional advisors in major financial decisions	2.41	0.51	Disagree
26	We have clear criteria for financial decision-making	2.47	0.62	Disagree
27	We evaluate multiple options before financial commitments	4.41	0.91	Agree
28	We assess risks before making financial decisions	2.31	1.03	Disagree
29	We consider long-term implications in financial planning	4.13	0.85	Agree
30	We have established approval levels for expenditures	2.12	0.99	Disagree
	Average Mean/SD	3.19	0.80	

From Table 3 above, the results show that family businesses in Port Harcourt do not have a formal process for evaluating investments, do not involve professional advisors in major financial decisions, do not consider risks before making financial decisions and have no approval level set for expenditures among others. These could be seen from the Mean responses of the

respondents on items 23, 25, 26, 28 and 30 respectively which are all below the criterion mean mark of 3.00. Standard deviation values from 0.51 to 1.03 reveal homogeneity in the responses of the respondents.

Research Question 4: How do family businesses handle their financial record review in Port Harcourt?

Table 4: Family Business Financial Record Review

S/N	Item Statement	(N = 150) $\bar{X}_1$ SD Remark		
31	We conduct regular internal audits of our finances	2.71	0.91	Disagree
32	We employ external auditors for financial review	2.32	0.73	Disagree
33	We compare our performance against industry standards	2.29	0.77	Disagree
34	We regularly review our financial goals	2.48	0.59	Disagree
35	We analyze financial trends in our business	2.41	0.57	Disagree
36	We monitor key performance indicators regularly	2.21	0.65	Disagree
37	We review our credit policies periodically	2.41	0.61	Disagree
38	We assess the effectiveness of our financial controls	2.47	1.06	Disagree
39	We evaluate our return on investments regularly	2.31	0.69	Disagree
40	We conduct periodic reviews of our financial procedures	2.12	0.99	Disagree
	Average Mean/SD	2.37	0.76	

From Table 4 above, the results show that family businesses in Port Harcourt do not conduct regular internal audits of finances, do not engage external

auditors for final review, and do not conduct periodic reviews of financial procedures among others. These could be seen from the Mean responses of the respondents which are all below the criterion mean mark of 3.00. Standard deviation values from 0.57 to 1.06 show homogeneity in the responses of the respondents.

Discussion of Findings

Financial Practices of Family Businesses in Port Harcourt

From the finding in Table 1, family businesses in Port Harcourt are found to practice poor separation of business and personal finances, do not have a formal budgeting process for business operations, lack proper cash flow monitoring, do not provide credit policies for customers, do not provide emergency funds for business contingencies, do not provide formal procedures for handling business expenses, and lack cordial relationships with financial institutions, among other things. This observation was corroborated by Adeyemi and Olaniran (2023), who reported that 82% of family businesses in the south of Nigeria routinely intermingle with personal and business money which results in major accounting and tax problems. This is consistent with general African surveys documenting informal strategies of financial management, which, indeed, are found to be rooted in cultural ideas that business and family resources are communal possessions (Nwosu et al., 2024). Consequences of inadequate financial segregation include the inability to measure actual business performance, tax compliance and reporting complexities, difficulties in obtaining formal loans and an increased

risk of business bankruptcy during family troubles, and others.

Family Business Financial Records Keeping

The results, according to Table 2, indicate that family businesses in Port Harcourt adopt inadequate financial documentation as they do not use professional accounting software for bookkeeping, lack a systematic filing system for financial documents, do not prepare monthly financial statements, and seldom reconcile bank statements. This result was corroborated by a previous report, indicating that the lack of financial documentation continues to be a major challenge for family businesses in developing countries. Based on Mensah and Abor (2023), only 31% of family businesses in West Africa keep full financial records following minimum accounting principles. Furthermore, Okonkwo and Peters (2024) identified several key factors contributing to poor financial documentation, including limited financial literacy among business owners, cost concerns regarding professional accounting services, cultural preferences for verbal agreements, and resistance to transparency due to tax implications.

Family Business Financial Decision-Making Processes

Based on Table 3, the results indicate that family enterprises operating in Port Harcourt have no formal mechanism to review any investment, no professional advisors involved in significant financial decisions, have no risk management approach in making financial decisions, and a lack of approval level for the cost, etc.

This finding was supported by Nwachukwu et al. (2021), who posit that approximately 65% of financial decisions were made through collective family consensus rather than individual leadership. This reflects the strong cultural emphasis on family involvement in business operations characteristic of the region. To support this claim, Adebayo and Johnson (2022) examined the role of intergenerational dynamics in financial decision-making among Port Harcourt family enterprises. Their study found that, although younger generations are more inclined to advocate a more formal institutionalized approach to financial management, senior members of the family often prefer informal, interpersonal financial decision-making. In addition, the involvement of women in family business financial decision-making has been investigated by Okonkwo (2023), who has shown that while women family members are becoming more active in the field of family business financial management, particularly second-generational family businesses operating in Port Harcourt. This is a substantial change from the common business structures of the past.

Family Businesses Financial Record Review

The reported outcome as per Table 4 is that family businesses in Port Harcourt are not only lacking in routine internal financial auditing, but also lack external auditing, periodic internal review of its financial procedures, and other activities. That is, family firms in Port Harcourt have a very bad record of financial review. This result was corroborated by Igwe and Nnamdi (2022), who argue that only 43% of family businesses in Port Harcourt kept proper financial files according to

minimum accounting principles. Their research outlined important gaps in practices related to documentation, especially in first-generation family businesses. In a parallel publication, that result was corroborated by Okoro et al. (2023) which reported a high relationship between the learning status of family business owners and quality of their financial statements. Their study indicated that business owners with a formal business background are more likely to adopt formalized bookkeeping systems. The research also concurs with Woke and Peterside (2021), who suggest that aggregation of the personal and business finances, increases the complexity of record keeping, noting that around 70% of the businesses found it difficult to maintain an accurate delineation between personal and business transactions, which is also listed under bad financial records.

Conclusion

This work confirms that family enterprises operating in Port Harcourt have the potential to expand if they are able to solve the main underlying problems through reconciling traditional family values with contemporary business practices, the adoption of professional management, and the establishment of solid financial arrangements, and at the same time, retains business flexibility.

Recommendations

From the findings of the study, the following recommendations were suggested:

1. Family business managers need to ensure regular professional development programmes like the implementation of basic accounting software system, financial management training, and periodic reviews of financial statements by professional accountants are carried out to boost the professional competence of family members involved in the business.
2. Family businesses should ensure that the operation separates business accounts for proper financial record keeping.
3. Family businesses should ensure appropriate formal financial policies are developed and applied to avoid financial misappropriation.
4. Family businesses should ensure the implementation of basic internal control system.
5. Family businesses should ensure regular external audits to maintain a good financial status.
6. Family businesses should ensure the development of formal business expansion strategies.
7. Family businesses should ensure the creation of detailed succession plans.
8. Family businesses should endeavor to invest in market research and analysis.
9. Family businesses should ensure the development of clear roles and responsibilities for every member of the family involved in the business.
10. Family business managers should set up a formidable

advisory board that will oversee the continuous success of the business.

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