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Facilitating Family Business Diversification Through Extra-Industry Network: Evidence From South Eastern Nigeria

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ABSTRACT

Extra-industry network facilitates the identification of opportunities, development of the requisite up-to-date capabilities and acquisition of other complementary resources needed for diversification. However, in spite of these contributions, family businesses in South Eastern Nigeria that are involved in extra-industry network are still staffed with persons, whose capabilities are not regularly improved; to some extent rarely extending their capabilities to other lines of business. Consequent upon these, this study sought to examine the effect of extra-industry network on family business diversification in South Eastern Nigeria. Survey design was adopted for the study. Proportionate stratified random sampling and simple random sampling techniques were employed to select the sample size. Linear regression was used to analyze the collected data through questionnaire. It was found that extra-industry network has significant and positive effect on family business diversification. This study therefore presents extra-industry network to family business founder/CEOs or descendant/CEOs as a strategy for achieving family business diversification. The study recommends collaboration among family firms from diverse industries. This has the advantage of enhancing the diffusion of knowledge/experience on various types of businesses. The trickledown effect of such diffusion is that it can trigger family businesses to use existing or new technologies to start new businesses for the purpose of further satisfying existing or new markets.

Keywords: Extra-industry Network, Family Business, Family Business Diversification, Igbo People, South Eastern Nigeria

INTRODUCTION

The oldest and most dominant type of business in the world today is family business (Abouzaid, 2008; European Family Business, 2012). In family business, the owning family controls the capital, participate in the management of the company and have the will to transmit the company to the next generation (Bchini, 2014). The high level of interrelationship between the dynamics of family and business (Aldrich & Cliff, 2011) has increased the involvement of family businesses in networks. These networks are the connections, interconnections, relationships or linkages between an entrepreneur and his external actors (outsiders) in the environment that are based on ties (Sirec & Bradac, 2009).

Networks provide the entrepreneurs with support, exchanges and resources that constitute strategic tools with which they pursue business development (Seerat, Ali & Arif, 2011). However, not all networks are of equal value to the entrepreneur (Bagwell, 2007). Thus, networks are continuously changing because they are not static with respect to network type and the state of the business development in focus. This has necessitated first the use of different networks in the different states of family business development. Second, the use of a combination of weak and strong ties in the pursuit of business development. The ties among family members are strong, while the ties between the family business and other stakeholders of the business are weak. Hamid (2013) noted that strong ties are reliable, but do not offer

useful information like weak ties, while weak ties act as “bridges” to information sources not necessarily contained within an entrepreneur’s strong tie.

One type of network that family business owner-managers commonly get involved in is extra-industry network. Extra-industry network exposes the actively involved actors to new opportunities in other industries and on how to acquire the requisite capabilities. All over the world, there abound family businesses that have leveraged their networks to achieve diversification. In Nigeria, the Chief Executive Officer (CEO) of Ibeto Group, Chief Cletus Ibeto went into business as an apprentice to an already established auto spare parts dealer. He later established his own auto spare parts business in South Eastern Nigeria with the support of the different networks he was involved in. Today, Ibeto Group has diversified into hospitality, real estate, petrochemicals, agriculture and cement. Anagbogu (2008) opined that the indigenous people of South Eastern Nigeria are Igbo people. They are famous throughout Nigeria and beyond. Igbo people’s greatest propensity for entrance into family entrepreneurship and exceptional performance has been traced to their renowned zeal, tenacity and positive attitude in business (Onuoha, 2013; Ottih, 2014). In addition, Igbo people are energetic, collectivist (appreciates family achievement), particularist (attaches great importance to family relationship), courageous, hospitable, entrepreneurial, live a communal life and belief in the brotherhood of all men. These characteristics have helped them to establish business enterprises all over the country and beyond.

In spite of the contributions of extra-industry network to the development of family businesses, family businesses in South Eastern Nigeria are still staffed with persons, whose capabilities are not regularly improved; to some extent rarely extending their capabilities to other lines of business. This is evident in the many family businesses like Chief Augustine Ilodibe’s Ekene Dili Chukwu transport company that have become moribund, remained small and technically narrow despite their years of operation. This study therefore examined the effect of extra-industry network on family business diversification in South Eastern Nigeria. The study is significant as the result will expose family business founder/CEOs to the need to maintain a good relationship with members of their family and extra-industry network. The findings will also spur them to leverage on the established relationships to access the resources they need for diversification. Increase in diversification will mean more job opportunities, corporate social responsibilities, infrastructural development and tax revenue to the tiers of government.

LITERATURE REVIEW

Family Business

A family is composed of a group of people usually living together in a society. When it is comprised of husband, wife and children it is called a nuclear family. It is a polygamous family when it is composed of husband, wives and children. The extended family is made up of husband, wife or wives and children, as well as all those who are related to them by blood or marriage. These include grandparents, uncles, aunties, nephews, nieces, step brothers and sisters. Aderonke (2014) opined that the extended family system in Nigeria is characterized by the “care syndrome”. The “care syndrome” encourages dependency. This is a trend where the less successful members look up to the most successful member of the family for help. Ayranci (2010) asserted that families establish family business to: create opportunities for their children; perpetuate family inheritance; hold the family together; and give the families financial independence and inheritance.

Family business can be established either through solo or family efforts. When a family business is established through solo, single or lone effort, it is called a single owner family

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business. Family businesses established through the joint efforts of two or more members of a family are referred to as a family owner business. The family of the single owner holds significant stakes in the family firm. In family owner businesses, the two or more family-related individuals hold significant stakes in the same firm. Family owners develop a more familiar orientation among themselves because they live and work together. Consequently, they are acquainted with the family needs, and maintain the family control and management of the business through reluctance to invest and/or access external finance (Le Breton-Miller & Miller, 2009). Single owners develop weaker ties with many stakeholders and employ more growth strategies than family owners (Miller et al., 2011).

Poza (2014) defined family business as a unique synthesis of: firstly, ownership control by two or more family members; secondly, managerial influence through active participation, advisory role, board membership or active shareholding; thirdly, concerns for family relationships; and finally, the possibility of continuity across generations. For the purpose of this study, family business is a small, medium-sized, large or multinational enterprise established or bought over through a solo or family (two or more individuals related by blood or marriage) entrepreneurial efforts and operated based on a high level of trust, commitment, familiness, involvement and control by the owning family and a somewhat fused ownership, management and/or governance systems with the founder, descendant or external CEO directing the achievement of the developmental and trans-generational visions of the business.

Extra-industry Network

Extra-industry network is the tie or connection a firm has with other firms outside the focal firm's industry (Stam & Elfringe, 2008). This tie is valuable to new firms (Bellavitis et al., 2014). Extra-industry tie helps the focal firm to gain power and potential to identify opportunities, access diverse knowledge, heterogeneous and complementary resources that are not readily available within the focal firm's industry. It facilitates the learning of competencies and technologies (Stam & Elfringe, 2008), approaches, perspectives and idea that are not well established in the focal firm's industry (Hargadon, 2002). Extra-industry network function as a scanning device to enable entrepreneurial firms identify new trends and bring different combinations of resources faster than firms that lack extra-industry connections (Bellavitis et al., 2014). Extra-industry network allows a firm to diversify its connection across different industries thereby avoiding to be controlled by the firms that control critical resource exchanges (Pfeffer & Salancik, 1978). Therefore, other firms are dependent on the firm (Kotter, 1979). Extra-industry network is the relationship a firm maintains with firms that are established outside the focal firm's industry for the purpose of enhancing the identification of opportunities and acquisition of resources that are needed for diversification.

Family Business Diversification

Diversification is the beginning of a new business activity through an existing company or business unit (Brost & Kleiner, 1995). It is the process through which a business group enters into multiple lines of business (Bru & Crespi-Cladera, n.d.). Ozkan-Canbolat (2014) defined diversification as the degree of producing goods and services in different industries or increase in the number of businesses a firm operates in different industry classification. Diversification is a family business group's way of extending their capabilities into new lines of business (Bru & Crespi-Cladera, n.d.). A business group is a collection of legally independent firms that are connected by social ties (i.e., family, kinship and friendship) and economic links (i.e., ownership, financial and commercial) that leads to operational links (Guillen, 2005; Granovetter, 2005; Bru & Crespi-Cladera, n.d.). Companies choose diversification when they

want to grow or develop. During the diversification process, owner-managers of these companies stick to strategies that are compatible with maintaining socio-emotional wealth (Hernandez-Trasobares & Galve-Gorriz, 2016). The owner-managers select the market and technology for the new business. It can be new or existing market; new or existing technology. The basis for the selection is usually the available resources and the acquired capabilities (Scur & Queiroz, 2017).

Diversification can be related or unrelated. Bru and Crespi-Cladera (n.d.) noted that related diversification is the process of entering into multiple industries where resources and capabilities for factors such as sales force, advertisement, technologies and distribution can be shared. In addition, Ozkan-Conbolat (2014) asserted that if the activity of an organization in a new sector is showing a direct relationship with its activity in the old sector in terms of skills it is called a related diversification. If it does not show a direct relationship, it is called unrelated diversification. There are two main costs that are associated with diversification in family business. The cost of hiring a professional manager and cost of reduced firm's control by the family (Bru & Crespi-Cladera, n.d.). Therefore, family business diversification is the use of a family business group's resources to start a new line of business.

THEORETICAL FRAMEWORK

The resource dependence theory, agency theory and resource-based view are reviewed to form the theoretical underpin for this study.

Resource Dependence Theory

Resource dependence theory was propounded by Jeffrey Pfeffer and Gerald Salancik in 1978. The theory states that firms create interdependent relationships with their external environment owing to the uncertainties from their uncoordinated social units and external environment. Subsequently, these interdependent relationships are transformed into linkages for the purpose of acquiring and sharing resources with which to improve their effectiveness, performance and outcome (Pfeffer & Salancik, 1978; Sengenberger & Pyke, 1992). Family businesses depend on resources such as finance, knowledge and advice which are only available outside their formal boundaries (Naldi & Nordqvist, 2008). They are linked to these resources through networks (Chuairuang, 2013). These interdependent relationships can be managed through: (1) the acquisition of control over critical resources that firms' need thereby reducing the focal firms dependence on others; or (2) the acquisition of control over critical resources that others need, thus increasing others dependence on the focal firm through agency relationships. Therefore, agency theory complements resource dependence theory (Chuairuang, 2013).

Agency Theory

The agency theory as propounded by Michael Jensen and William Meckling in 1976 holds that a business enterprise has a set of agency relationships among its numerous stakeholders. The stakeholders include business owners, managers, customers, suppliers, creditors, employees and the community. These relationships involve agency costs, which arise when the agent and the principal have separate goals and ambitions (Jensen & Meckling, 1976; Chuairuang, 2013; Barrett, 2014). The agency costs also exist because of the transaction costs involved in resolving the conflict of interest between owner-managers and capital providers. The relative transaction costs will vary depending on the amount being borrowed. The agency problems that may arise from the relationships are resolved when the capital providers use various types of protective covenants and monitoring devices to monitor the behaviour of the agents so as to protect themselves (i.e., the principals). The resource-based view adds to agency theory by reducing or eliminating the agency costs that are normally present when the

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property and administration of a business are in the hands of people who are not related by kinship (Chuairuang, 2013).

The general management literature has seen the more recent development of multiple agency perspective (Arthurs, Hoskissen, Busentiz & Johnson, 2008) that moves beyond a simplistic principal-agent dichotomy and considers multiple governance roles of the same participants in the firm's governance mechanism. Development of multiple agency theory research have begun to recognize that it is not a universal theory that applies in the same way in different institutional settings, but rather its applicability depends upon the context (Brutton, Filatotchev, Chahine & Wright, 2010). In the small family firm environment where owners and managers are one and the same, conflict in such firm is between the small firms and their capital providers. In quoted family businesses, the task of furnishing adequate incentives and monitoring falls first on the board of directors (Chuairuang, 2013).

Resource-Based View

The resource-based view was first theorized by Birger Wernerfelt in 1984. It holds that firms are bundles of productive resources with different bundles of these resources being either very costly to copy or inelastic in supply (Wernerfelt, 1984; Barney, 1991; Ferreira, Azevedo & Ortiz, 2011). Resource-based is defined as the resources and capabilities possessed by competing firms that may be long lasting, while a firm's resources are those tangible and intangible assets that are tied semi-permanently to the firm (Barney, 1991; Ichrakie, 2013).

No business enterprise has all the resources it requires. Thus, business enterprises need to either obtain the "bought" or "support" resources they need from other entrepreneurs or business enterprises in their business environment. In family business research, the resource-based view has been employed to associate certain features that enhance performance/development in family business to the resources and capabilities displayed by family businesses. The features are family members' commitment and dedication, and customers trust and perception. The resources and capabilities are human capital, social capital, patient capital, survivability capital, governance structure and networks. According to the resource-based view, the capabilities of a firm confer upon it the resources to develop (Premaratne, 2002; Duran-Encalada, Martin-Reyna & Montiel-Campos, 2012; Chuairuang, 2013).

Effect of Extra-Industry Network on Family Business Diversification

Ozkan-Canbolat (2014) conducted a study to explore the impact of network characteristics on diversification strategies within business groups. Questionnaire research design was adopted for the study. The sample size of 147 was selected from the 2010 membership list of the Turkish Industry and Business Association. The generated data were analyzed using decision tree with the aid of UCINET and SPSS. It was found that organizations which are located relatively at the central part of the network and also have high level of ability to span structural holes take more risk when using diversification strategies.

Dries, Pascucci and Gardebroek (2012) carried out a study to examine the inter-linkages between farm household diversification strategies in rural Italy. The study data were generated from the 2006 Italian Farm Accountancy Data Network. Diversification was explained based on internal and external characteristics. External determinants include the distance to urban population centers, landscape features and social capital in the local community. Internal determinants include farm size, specialization, tenancy restrictions, labour use and business structure. The generated data were analyzed using multivariate probit

model. The results showed that the relationship between a firm and other firms within and outside the focal firm's industry enhances diversification.

METHODOLOGY

Survey design was adopted for this study. The population of the study was made up of all the family businesses in Abia, Anambra, Ebonyi, Enugu and Imo States. The population of businesses which were obtained from the respective States Ministries of Commerce and Industry were screened based on predetermined criteria. The criteria were that: (i) one or more of the founder/CEO's family member work in the business; (ii) the business was established between 1970 and 2017; (iii) the business is not moribund; (iv) the business is located in the founder's state of origin or residence; and (v) the business has not less than 5 but not more than 200 staff. Based on the aforementioned criteria, the population of the study was 2632. This is made up of 658 family businesses (i.e., number of founder/CEOs), 1749 upper level male managers and 225 upper level female managers. The sample size of 335 was computed using Krejcie and Morgan (1970) formula.

The choice of South Eastern Nigeria was premised on the commonplaceness of family businesses in the five States that make up the zone, the challenges of family business diversification in the zone and the need to enhance the diversification of these family businesses. The choice of the period 1970 to 2017 is premised on the fact that the period was first characterized by turbulent and competitive business environment that was occasioned by the post Nigerian-Biafran civil war events. Subsequently, the period witnessed economic boom caused by crude oil boom, economic recession caused by the corrupt practices involving all those at the highest echelon of the country's leadership and the global economic crisis that was first triggered globally by the failure of series of insurance companies and banks and in Nigeria by the corrupt practices involving top bank executives, and the release of several entrepreneurship incentives to enhance the performance of enterprises. In spite of these incidences and incentives, this period witnessed the establishment, failure and closure of many family businesses in South Eastern Nigeria.

Proportionate stratified random sampling and simple random sampling techniques were employed in this study. Proportionate stratified random sampling technique was employed to allocate to the states, family businesses (or founder/CEOs), upper level male managers and upper level female managers strata a representative proportion of the sample size. The proportionate stratified random samples were computed using Bowley (1937) formula. The Table of Random Numbers was employed as a simple random sampling method to select from each state the family businesses that were studied. The variables in the questionnaire were measured on a 5-point Likert scale that ranged from strongly agree (5) to strongly disagree (1) (Appendix I). The questionnaire was validated by two management lecturers in the Department of Management, University of Nigeria, Enugu Campus. Thereafter, corrections were effected on it based on the suggestions of the lecturers. The validity was reconfirmed using Bartlett's Test of Sphericity and Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy. The results showed that the Bartlett's Test was significant (1598.794, Sig. = 0.00), while the KMO (0.746) was above 0.70 as recommended by Neuman (2006). The reliability of the questionnaire was confirmed by the overall Cronbach's alpha value of 0.793.

Research Hypothesis

Extra-industry network has significant and positive effect on family business diversification.

Model Specification

The general model for this study is given as:

FBD= ʃ(EIK) --(i)

Where
FBD= family business diversification
EIK= extra-industry network

The general linear regression model is given as:
$Y = \beta_0 + \beta_1 X + e$ -- (ii)

Where
Y= estimated value of the dependent variable
β_0= the intercept of the line with Y - axis
β_1= the slope. It estimates the rate of change in Y for a unit change in X
X= independent variable
e= random error

The effect of extra-industry network on family business diversification is tested using the model in equation (iii). Data analysis using the model helped to investigate the effect of extra-industry network on family business diversification in South Eastern Nigeria. The apriori expectation was that extra-industry network is expected to positively affect family business diversification, while the absence of family business involvement in extra-industry network was expected to negatively affect family business diversification.

$FBD = \beta_0 + \beta_1 EIK + e$ -- (iii)

Where
FBD= family business diversification
β_0 = the intercept of the line with Y - axis
β_1= the slope. It estimates the rate of change in Y for a unit change in X
EIK= extra-industry network
e= random error

Overall, out of the 335 questionnaire that were administered, 330 were retrieved, while only 320 were useable. This implied a response rate of 97.0%. The response rate suggests that the generated data were adequate for the study. The responses to the questionnaire item statements were analyzed using frequency counts and simple percentages. The hypothesis was tested using linear regression with the aid of SPSS (Version 21.0 for Windows) at 5% level of significance. The decision rule was to reject the null hypothesis if the p-value is less than or equal to 5%. Otherwise the null hypothesis is not rejected.

DATA ANALYSIS AND RESULTS

Summary of the Analysis of the Coded Responses on the Questionnaire Item Statements

The summary of the analysis of the coded responses on the questionnaire item statements (Appendix I) are presented in Table I. The analysis is based on a 5-point degree of response (i.e., Strongly Agree = SA, Agree = A, Undecided = U, Disagree = D and Strongly Disagree = SD). Inferences were drawn from the analysis based on a threshold of 3.0 from a possible point of 5.0. This represents the mean of the attached weights to the responses (i.e., 5+4+3+2+1/5).

Table I: Analysis of the Coded Responses on Questionnaire Item Statements 1-4

Degree of Response	QIS1		QIS2		QIS3		QIS4		Total	
	F	**%**	**F**	**%**	**F**	**%**	**F**	**%**	**F**	**%**
SA	83	25.94	123	38.44	99	30.94	73	22.81	**378**	**29.53**
A	111	34.69	48	15.00	137	42.81	108	33.75	**404**	**31.56**
U	24	7.50	19	5.94	6	1.88	44	13.75	**93**	**7.27**
D	96	30.00	72	22.50	64	20.00	67	20.94	**299**	**23.36**
SD	6	1.87	58	18.12	14	4.37	28	8.75	**106**	**8.28**
Total	**320**	**100.0**	**320**	**100.0**	**320**	**100.0**	**320**	**100.0**	**1280**	**100.0**
Mean	**3.53**		**3.33**		**3.76**		**3.41**		**3.51**	
S	1.69		1.62		1.79		1.65		1.68	

Note: QIS = Questionnaire Item Statement, F = Frequency, SA = Strongly Agree, A = Agree, U = Undecided, D = disagree, SD = Strongly Disagree, S = Standard Deviation

Source: Author's Computation, 2017

The analysis of the responses to the questionnaire item statement one in Table I revealed that 60.63% (194) of the respondents affirmed the statement. The analysis further revealed that the aggregate mean value of the responses (3.53) is higher than the threshold of 3.0. Thus, it can be inferred from the statistics that opportunities, technologies and complementary resources that are not readily available within the focal firm's industry are accessed from other industries to exploit new or existing markets. To ascertain whether competencies and strategies that maintain socio-emotional wealth which are not well established in the focal firm's industry are learnt from other industries, questionnaire item statement two was analyzed. Table I revealed that 53.44% (171) of the respondents confirmed statement two. The aggregate mean value (3.33) of the responses is higher than the threshold of 3.0. It can thus be inferred from the statistics that competencies and strategies that maintain socio-emotional wealth which are not well established in the focal firm's industry are learnt from other industries.

Questionnaire item statement three was analyzed to determine whether the basis for the selection of connections across different industries is usually the availability of resources and capabilities. Table I revealed that 73.75% (236) of the respondents affirmed the statement. The responses revealed an aggregate mean value (3.76) that is higher than the threshold of 3.0. This statistics suggest that family business founder/CEOs usually select connections across different industries based on the availability of resources and capabilities. Responses on questionnaire item statement four were analyzed to ascertain whether linkages across different industries help focal firms to control critical resource exchanges. Table I revealed that 56.56% (181) of the respondents affirmed item statement four. The responses gave an aggregate mean value (3.41) that is higher than the threshold of 3.0. Based on this statistics it can be inferred that linkages across different industries help focal firms to control critical resource exchanges. Based on the overall affirmation by 61.09% of the respondents and the overall aggregate mean value of 3.51, it can be inferred that extra-industry network has effect on family business diversification in South Eastern Nigeria.

Test of Hypothesis

H_0: Extra-industry network has no significant and positive effect on family business diversification.

H_a: Extra-industry network has significant and positive effect on family business diversification.

The results of the goodness-of-fit and the significance of the regression of family business diversification on extra-industry network are presented in Tables II(a) and II(b).

Table II(a): Goodness-of-fit of the Regression of Family Business Diversification on Extra-industry Network

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.708	.501	.550	.411	1.987

Predictors: (Constant), Extra-industry network
Dependent Variable: Family business diversification
Source: Author's Computation, 2017

Table II(b): Significance of the Regression of Family Business Diversification on Extra- industry Network

	Standardized Coefficients		Standardized Coefficients			Collinearity Statistics	
Model	**B**	**Std. Error**	**Beta**	**T**	**Sig.**	**Tolerance**	**VIF**
1**(**Constant**)**	3.698	.304		12.164	.001		
Extra-industry network	.153	.018	.142	8.500	.013	.893	1.211

Predictors: (Constant), Extra-industry network
Dependent Variable: Family business diversification
Source: Author's Computation, 2017

The regression model statistics in Table II(a) showed that a strong relationship exists between extra-industry network and family business diversification (R = .708). This depicts that extra-industry network influences family business diversification. The coefficient of determination (R^2) of .501 reveals that extra-industry network makes a significant contribution to family business diversification. The adjusted R^2 showed that extra-industry network explained 55.0% of the total variance in family business diversification (Adj. R^2 = .550), while the standard error of .411 reveals that extra-industry network is significant in explaining the variation in family business diversification. This implies that extra-industry network contribute to family business diversification. The Durbin-Watson statistics value of 1.987 which is approximately 2.000 depicts that there is no autocorrelation in the errors of the regression model. Therefore, extra-industry network is significant. The collinearity statistics in Table II(b) showed a tolerance value of .893 and a VIF value of 1.211. Since the tolerance value is higher than .40 and the VIF value is less than 2.500, it implies that the data has no collinearity problem. Table II(b) further showed that the effect of extra-industry network on family business diversification is significant and positive (β = .142, t = 8.500, P< .05). Therefore, we reject H_0 and conclude that extra-industry network has significant and positive effect on family business diversification.

DISCUSSION AND CONCLUSION

The result of this study is consistent with that obtained by Ozkan-Canbolat (2014) and Dries, Pascucci and Gardebroek (2012). Ozkan-Canbolat found that organizations which are located relatively at the central part of the network have high level of ability to span structural holes and take more risk when using diversification strategies. Dries et al. found that social capital and networks are important in developing diversification in Italian rural areas. Furthermore, the presence of both synergies and trade-offs were found in different types of diversification. This result shows that the relationship between a firm and other firms that are outside the focal firm's industry enhances diversification.

When family business founder/CEOs want to grow their business they choose a diversification strategy that maintains their socio-emotional wealth (Hernandez-Trasobares & Galve-Gorriz, 2016) and selects a new or existing market and technology based on available resources and capabilities (Scur & Queiroz, 2017). Diversification is a family business group's way of extending their capabilities into new lines of business (Bru & Crespi-Cladera, n.d.) through an existing company or business unit (Brost & Kleiner, 1995). Family business diversification is facilitated by the connection the focal firm has with firms outside the focal firm's industry. The connection a firm has with firms outside the focal firm's industry helps the focal firm especially if it is new to diversify its connection across different industries, identify opportunities and access resources that are not readily available within the focal firm's industry (Stam & Elfringe, 2008; Bellavitis et al., 2014). The diversification efforts of family businesses are not without costs. The two main costs associated with diversification in family businesses are the cost of hiring a professional manager and the cost of reduced firm's control by the family (Bru & Crespi-Cladera, n.d.).

For a family business to be influenced by extra-industry network, the founder/CEO or descendant/CEO and employees of the business should be actively involved in relationships that encourages and facilitates resource acquisition and sharing. This is important since extant literature reveals that extra-industry network is a form of intangible resource. The contribution of this study to the family business literature therefore is that it presents extra-industry network to family business founder/CEOs or descendant/CEOs as a strategy for achieving family business diversification. Collaboration involving family firms from diverse industries should be encouraged among family businesses as it has the advantage of enhancing the diffusion of knowledge/experience on various types of businesses. The trickledown effect of such diffusion is that it can trigger family businesses to use existing or new technologies to start new businesses for the purpose of further satisfying existing or new markets.

The study is limited to the small and medium sized family businesses in South Eastern Nigeria which has five out of the nation's thirty six states and Abuja. This limitation affects the generalization of the results. In addition, the study is limited by the attitude of respondents towards information divulgence in the geopolitical zone. Skepticism on the essence of the information sought for reduces both the quality and quantity of information elicited from the respondents. Therefore, further studies in this area can be carried out in other geopolitical zones of Nigeria or other parts of the world to ensure the generalization of the results. To make-up for the withdrawn information by the questionnaire respondents, researchers conducting further studies in this area can employ qualitative methodology or better still a triangulation method that will comprise questionnaire and interview techniques.

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APPENDIX I

Questionnaire Item Statements

S/N	Item Statement	SA	A	U	D	SD
	Effect of Extra-industry Network on Family Business Diversification					
1.	Opportunities, technologies and complementary resources that are not readily available within the focal firm's industry are accessed from other industries to exploit new or existing markets.					
2.	Competencies and strategies that maintain socio-emotional wealth which are not well established in the focal firm's industry are learnt from other industries.					
3.	The basis for the selection of connections across different industries is usually the availability of resources and capabilities.					
4.	Linkages across different industries help focal firms to control critical resource exchanges.					