

# Assessing selected determinants of the success of small and medium-sized family businesses

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# ABSTRACT

South Africa has a social capital economic system that establishes various opportunities for individuals to start their own businesses, this creates a climate for entrepreneurs to explore the business market and start their own business. If family businesses are that important and fundamental to the sustainability of countries it is definitely relevant to assess and monitor these businesses over a wide range of issues.

The field of this study falls within the subject discipline of entrepreneurship and focuses on gaining insight into small and medium-sized family businesses. The study has not restricted to a particular trade and all participants who fall under the definition of Ibrahim and Ellis (2004: 5) have been recognised to take part in this study.

In this study the author set out to determine the causes affecting the success of family businesses, as well as identifying a few variables that had to be measured to better understand their impact and influence on the success of family businesses.

The author also examined other aspects regarding the subject, in order to get a better understanding concerning family businesses, and to understand what they have to offer. The definition that has been used in this study is supplied, as well as the advantages and disadvantages regarding family businesses. This has been done to ensure that the researcher understand what type of business constitutes a family business.

The empirical study has been conducted by means of a field study, using a structured questionnaire as the main component. The purpose of the literature review was to gain insight into selected determinants of family business success, according to a structured questionnaire developed by Prof. Stephan van der Merwe (NWU).

**Keywords: Family business, entrepreneurial orientation, commitment, job satisfaction, life satisfaction, perceived success.**

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# CHAPTER 1

## NATURE AND SCOPE OF THE STUDY

### 1.1 INTRODUCTION

According to Chrisman, Chua and Steier (2003:441-448), academic research on traditional subjects such as finance, organisation and strategic management has a long tradition. By contrast, the theory on the family businesses has long been overlooked by academics, despite the economic importance of these firms (Chrisman *et al.*, 2003: 441-448). Only in recent decades have an increasing number of researchers started directing their scholarly attention to these organisations (Craig, Moores, Howorth & Poutziouris, 2009:282; Moores, 2009:167; Heck, Hoy, Poutziouris & Steier, 2008:317; Sharma, 2004:1). Although a relatively new field compared to the traditional fields mentioned above, the area of family businesses has established itself as an independent and well-defined field and continues to gain momentum today (Astrachan, 2003:567-572).

Morgan (2007:1) emphasises two important elements that help with economic growth: firstly the large, multi-national corporations, and secondly the small and medium-sized family businesses. According to Morgan (2007:1), the study of large multi-national corporations is necessary within their contexts, as they contribute considerably to global growth, but at the same time, the importance of small and medium-sized family businesses must not be overlooked.

Small and medium-sized family businesses are part of the primary forms of business structure in the world, and are seen as one of the main economic drivers in the local and global economies (PricewaterhouseCoopers Family Business Survey, 2008: 5).

According to Poza (2004:3), the percentages of family owned businesses in various countries are France and Germany (60 percent), Portugal, Belgium and the United Kingdom (70 percent), the Netherlands (74 percent), Finland, Greece and Cyprus (80 percent) and the United States of America 95 percent. Another business survey also states that about one-third of all top 500 companies registered in the United

States of America are indeed family businesses (IFERA, 2005; Moore & Barrett, 2002:7).

Van der Merwe and Ellis (2007) state that in the last 300 years, family businesses that form part of the SME made a constructive contribution in the South African economy, and that family businesses form a vital and essential part of the South African economy. Nearly 80 percent of businesses registered in South Africa are family businesses, and 60 percent of those businesses are listed as JSE companies (Farrington, 2009:65; Ackerman, 2001:365).

Frequent attempts have been made to articulate and define family businesses. For the aim of this study, the definition of Ibrahim and Ellis (2004:5) has been adopted.

They define a family business as follows:

- A single family owns 51 percent of the business.
- At least two family members are involved in controlling or operating activities in the business.
- The transfer of leadership to the next generation family members is anticipated.

The South African National Small Business Act (South Africa, 102 of 1996) and National Small Business Amendment Act (South Africa, 29/2004: 2) define micro, very small, small and medium-sized businesses as businesses that employ less than 200 full-time equivalent of paid employees.

This study investigates small and medium-sized family businesses in South Africa, and concentrates on the determinants that have an effect on the success of these businesses.

Identifying a suitable definition and measure of business success has been especially important in the study of family businesses (Hienerth & Kessler, 2006:2). Past definitions of success that have previously been used in family business research, are often ambiguous, considering that each business strives to achieve a host of differing financial and non-financial goals (Hienerth & Kessler, 2006:2; Olson, Zuiker, Danes, Stafford, Heck & Duncan, 2003:639-666; Duncan, & Dane and Winter, 1999:197).

To identify some of the suitable success determinants and evaluating them, is of utmost importance for this study of family businesses (Wakoh & Collins, 2001:32), this could help to obtain an authentic picture of the overall success, which could be helpful with the recommendations.

This analysis starts with a problem statement and objectives, followed by the scope of the study. A part of the research methodology has been to carry out a literature review, where after an empirical study has been conducted, followed by the limitations of the study and suggestions for future research.

## **1.2 PROBLEM STATEMENT**

South Africa has a social capital-economic system that offers various opportunities for individuals to start their own businesses. This creates a climate for entrepreneurs to explore the business market and start their own businesses. The South African Government also realises the role that family businesses play and the important position they preside over in society, to ultimately contribute to the growth of the country, for both economic and stability reasons.

If family businesses are that important and fundamental to the sustainability of countries, it is relevant to assess and monitor these businesses on a wide range of issues.

A worrying factor though is that research performed by the Global Entrepreneurship Monitor (GEM) confirms that the survival rate for start-ups is low, and that the opportunities for entrepreneurial activity in South Africa are the lowest out of all the

reviewed developing countries. Globally the picture is not better, given that 30 percent of family businesses survive until the second generation, and as little as 14 percent make it beyond the third generation (Venter & Boshoff, 2007:42, Bjuggren & Sund, 2001:12, Matthews, Moore & Fialko, 1999:159).

This study has concentrated only on the topics of family business success and aims to identify and discuss some of the determinants that affect the success of a family business. These determinants can by no means be a complete and exhaustive list of all the determinants that may and will have an influence on the family businesses, both positively and negatively.

It is thus of utmost importance to understand and analyse the determinants that have an effect on the success of the family business as an entity. The two worlds of family and business oppose each other, causing an issue that requires to be assessed in this study. Sometimes these determinants are not evident to the family members, because of the day to day business trends, such as keeping a competitive advantage, or just keeping the doors open. Furthermore, the uniqueness of family businesses is in the fact that a single family has a significant influence on the business (Hall & Nordqvist, 2008:51).

This study has also assessed the importance of innovation in family businesses. Despite the significance of this issue, only a few studies have addressed innovation in family businesses (McAdams, Reid & Mitchell, 2010:437). The intention of this has been to identify possible determinants which affect the implementation of the innovative process negatively.

For the South African Government, the rest of the world, as well as the individuals involved in the family businesses, the need for understanding the different determinants affecting the success of these businesses is critical. By understanding these factors, family businesses could be preserved, improved and evolve into more sustainable family businesses.

## **1.3 OBJECTIVES OF THE STUDY**

### **1.3.1 Primary objectives**

The primary objectives of the study are to explore selected determinants on the perceived success of small and medium-sized family-owned businesses in South Africa, and to make recommendations that will ensure an effective management strategy for managing these aspects in family businesses.

### **1.3.2 Secondary objectives**

In order to address the primary objective, the following secondary objectives have been formulated:

- To define small and medium-sized family businesses.
- To gain an understanding into the dynamics of the family business by means of a literature study.
- To investigate and identify the determinants impacting on family business success.
- To assess the determinants such as, commitment of family members, entrepreneurial orientation, and job/life satisfaction.
- To validate the questionnaire by means of a statistical analysis.
- To draw particular conclusions from the empirical study, and offer practical recommendations to family businesses that may help with the success.

## 1.4 SCOPE OF THE STUDY

### 1.4.1 Field and sector of the study

The field of this study fell within the subject discipline of entrepreneurship and focusses on gaining insight into small and medium-sized family businesses. The study has not been restricted to a particular trade and all participants who fall under the definition of Ibrahim and Ellis (2004: 5) have been identified to take part in this study.

### 1.4.2 Geographical demarcation of the study

The targeted population for the study includes small and medium-sized family businesses in South Africa, within the North West and Gauteng Provinces. Figure 1.1 is a map of the greater South Africa, indicating the geographical area where the study has been conducted.

**Figure 1.1: Map of South Africa**



**Source:** <http://www.gotouchdowntravelandtours.wordpress.com>

## 1.5 RESEARCH METHODOLOGY

Research is an analytical and efficient search for new and suitable information on a particular study. According to Chinnathambi, Philominathan and Rajasekar (2013:2),

research is a process of finding solutions to scientific and social problems through objective and systematic analysis. It is a search for knowledge and the discovery of hidden truths. In research, knowledge means information about subjects. The information might be gathered from different sources, such as experience, human beings, books, journals or nature (Chinnathambi *et al.*, 2013:2).

To address the primary and secondary objectives of the study, the research has been divided into the following two elements:

- Firstly, the conducting of a literature review regarding small and medium-sized family businesses.
- Secondly, performing an empirical study to assess the determinants that affect the success of family businesses.

### **1.5.1 Literature review**

A literature review has been conducted to acquire a better theoretical understanding of the possible determinants that may have an influence on the success of family businesses. This has been done to ensure the sustainability of small and medium-sized family businesses.

In Chapter two, the literature review offered an introduction, followed by the term, family business, being clearly defined. The uniqueness of the family businesses as well as the advantages and disadvantages thereof was reviewed in order to obtain a better understanding on why family businesses are so successful. The last and most important part of the literature review has assessed all the determinants that impact on family success.



The following determinants have been researched in the literature review:

- Family harmony.
- Perceived future continuity.
- Innovation.
- Autonomy.
- Risk-taking.
- Competitive aggressiveness.
- Commitment.
- Job/life satisfaction.

A literature review has been done from textbooks, journals, past dissertations and theses, as well as various other sources, including the Internet.

## **1.5.2 Empirical study**

### 1.5.2.1 Construction of the questionnaire

An empirical study will be done by means of a questionnaire, developed by Stéphan van der Merwe from the Potchefstroom Business School, North-West University. This questionnaire focused on the wellness of family businesses. Based on the questionnaire, some determinates that can have an impact on family wellness or success have been identified; elements such as commitment, entrepreneurial orientation, job satisfaction, satisfaction with life and perceived success.

For the purpose of this study, all active family members in the business have been required to complete the questionnaire. The survey comprises of the following sections: A through G where the first five sections and was based on a 5-point Likert-type scale ranging from 1 = strongly disagree to 5 = strongly agree.

Section A aims to investigate the attitudes of family members towards their commitments to their small and medium-sized family businesses.

Section B measured the possible concerns and attitudes of the family members with regard to entrepreneurial orientation existing in their family businesses.

Sections C and D measures selected aspects concerning how individuals' attitudes are towards their family businesses with regard the job satisfaction, as well as their satisfaction with their lives.

Section E aims to assess the current perceptions that family members have, with regard to the success of their family businesses.

Sections F and G have been included so as to gather the biographical information of the participants and to identify the structural information of the participating businesses.

#### 1.5.2.2 The study population

The study population of this research was small and medium-sized family businesses in South Africa. All of the participants were engaged in an active role in the business. Convenience sampling (Welman, Kruger & Mitchell, 2005:56) by means of a snowball sampling technique was chosen.

The reason for convenience sampling being used was because of the ease of use and the volunteering of selected units, with regard to availability or easy access, as well as the fact that there is no comprehensive database available in South Africa for family businesses. The advantages of this type of sampling are the availability of and the speed with which data can be gathered.

The family businesses were contacted to determine whether they qualified, as explained by the definition of Ibrahim and Ellis (2004:5), and furthermore requested to participate in the research. All the qualifying participants were given a questionnaire to fill in and where necessary, a personal interview was conducted to assist them with the relevant questions and with the filling in the questionnaire.

A letter was submitted to all the participants, explaining the reason for and the importance of the study, as well as the relevant timeframes.

#### 1.5.2.3 Data collection

Data collections were done in two fold, namely by distributing hard, as well as electronic copies of the questionnaire. After the distribution, electronic mail messages were sent to the participating family businesses to thank them for participating, to explain the purpose of the study, and to assure them of the confidentiality with which the information would be handled. In this study, research codes were used instead of identifying information, so as to protect participants' answers while data documents were stored or out in the open. Having the data protected by a study code, also protected the identity of the participants. Follow-ups with regard to the completion of the questionnaires and any problems that may have surfaced were done verbally and by electronic communication.

#### 1.5.2.4 Statistical analysis

All the questionnaires were gathered from the different participating family businesses. The descriptive and statistical data were scrutinised and interpreted to form an opinion and possible conclusions. The reliability of the questionnaires was calculated with the Cronbach alpha coefficients. The relationships between the dependent variable (perceived business success) and the selected determinants of success were investigated by means of multiple linear regression analyses.

### **1.6 LIMITATIONS OF THE STUDY**

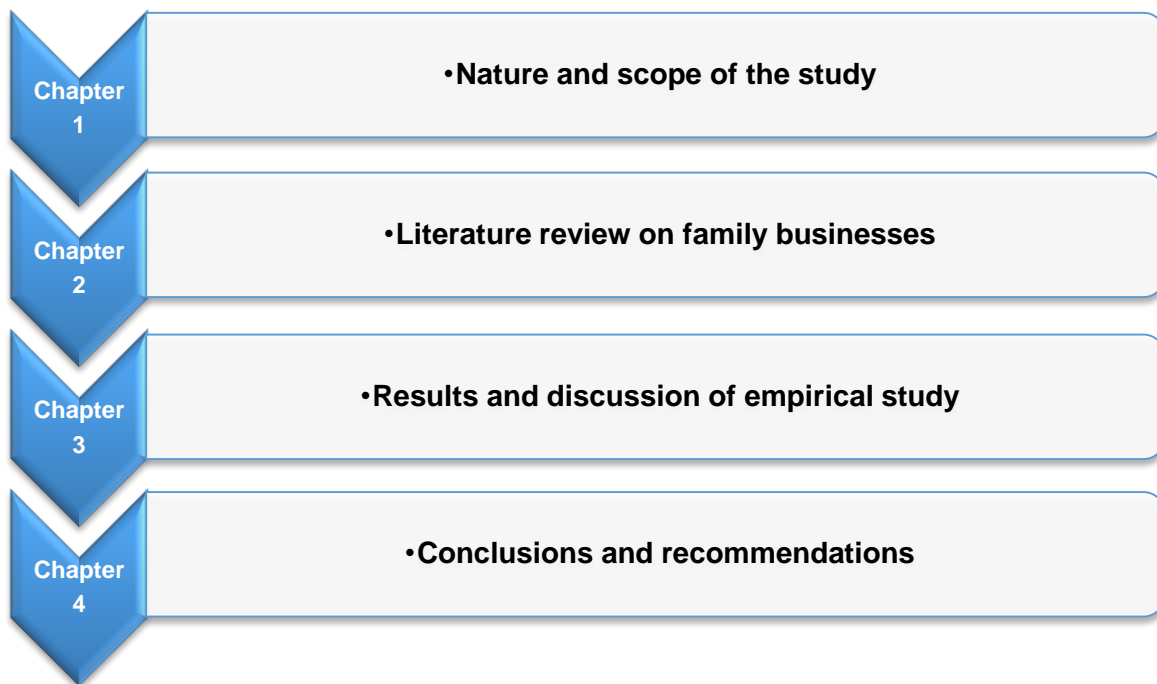
The evaluation of the study results was of critical importance. Certain limitations in the study were identified which should be understood and taken into account. The value of the research must not be underestimated, but possible limitations can be valuable for further studies.

- A possible limitation of this study could be that the research sample size cannot be viewed as an accurate representation of all South African family-owned businesses.
- The study of selected determinants, with regard to family business success, has been taken into account, but none of the other well documented and studied issues has been investigated.
- The questionnaire only investigates selected determinants that are thought to affect the success of family businesses, but this is by no means an exhaustive list.
- Although the study was focuses on South African family businesses, the majority of literature relates to international family businesses.
- The turnaround period in receiving back the completed questionnaires, could have had an effect on the results, due to the geographical scale of the distribution of the questionnaires.
- The possible emotional and personal feelings of respondents could have been heightened by this questionnaire, which could mean that the results may not have been an accurate reflection, because of the current state of the respondents' emotional state of mind.

## **1.7 LAYOUT OF THE STUDY**

The layout of the study is provided in Figure 1.3. This study is divided into four chapters; which are summarised below.

**Figure 1.2: Layout of the study**



#### Chapter 1 – Nature and scope of the study

This chapter investigates the background of the study. As an introduction, a few elements of family businesses, the role of family businesses as well as their performance in both local and international economies are investigated. Primary and secondary objectives for the study are introduced in the problem statement. By doing this the importance of the research as well as the need for it, has been defined. Research has been done through a literature review and empirical research.

Empirical research has been done by way of a questionnaire, which was filled in by a predetermined study population and statistically analysed. Limitations of the study are given, and the layout of the chapter is also set.

#### Chapter 2 – Literature review on family businesses

The literature review consists of an across the board study that forms part of the research. The definitions of the family business, along with are given. The advantages and disadvantages of family businesses, as well as the effect that innovation has in family businesses, are also discussed. The role and influence that

the older generation have on the success on the business with regard to innovation are investigated as well.

### Chapter 3 – Results and discussion of the empirical study

This chapter comprises of a discussion of the research methodology that has been utilised in this study. The study population, the collecting of data and the presentation, the discussion of the results, as well as the explanation of the statistical methods used in the analytical process have also been included in this chapter.

### Chapter 4 – Conclusions and recommendations

In this chapter, conclusions based on the findings are provided, followed by recommendations to ensure the future success of family businesses. The achievement of the objectives of the study has been evaluated, and suggestions for further studies also presented in the chapter.

# **CHAPTER 2**

## **LITERATURE REVIEW ON FAMILY BUSINESSES**

### **2.1 INTRODUCTION**

It is a well-documented fact that family businesses play an important role in both the stability and the health of the global economy (Farrington, Venter & Van der Merwe, 2011:51; Ibrahim, McGuire & Soufani, 2009:1). Businesses that are managed and owned by families are, for better or for worse, different from other organisations. Family businesses are exceptionally complex for various reasons, one of which is that they are started by a founding member of the family, but are often preserved and passed on to a successor within the family (Venter, 2003). The action of opening and controlling, a family business is entrepreneurial in nature. In fact, some research in the entrepreneurial field of study recognises a connection between entrepreneurship and family businesses (Nordqvist & Melin, 2010; Venter, 2004; Zahra, Hayton & Salvato, 2004; Hoy & Verser, 1994).

The important component of family businesses is that the business is much more about family than it is about business. The problems and difficulties inherent in managing and owning a family business are more human and relationship orientated than in non-family businesses, that are technical and money orientated (Rivers, 2005:2). Distinguishing family-owned businesses from non-family owned businesses naturally considers separate institutions or functions, such as the family (social function) and the family business (business function) (Sundaramurthy & Kreiner, 2008:418; Emens & Wolper, 2000:3).

The social function satisfies the emotional and social needs as well as the need of belonging to the family structure. The interactive pattern and decision-making process are also determined by the social function. This however, is not always based on a rational model, but rather on emotions. The business function drives the outcome-orientated elements in the family business (Ibrahim & Ellis, 2004:44; Emens *et al.*, 2000:3). According to Rivers (2005:2), the family business starts as a family unit in which each family has their own unique unwritten rules, principles and

communication methods. This may have an impact on the business, as with family businesses, families are a priority. Family businesses represent the majority of the existing businesses in South Africa; they also employ millions of people; these employees are dependent on the success of the businesses with regard to income and security. These important factors determine which elements affecting family businesses must be investigated. This could help with the successful implementation of possible strategies so as to ensure a successful, productive and sustainable family business.

Chapter two consists of a literature review. The concept of small and medium-sized family businesses is defined along with a brief description of the importance and impact that family businesses have on the global economy. The middle part of the chapter investigates the uniqueness, as well as the advantages and disadvantages of family businesses. Chapter two concludes with a study of the possible determinants that have an effect on the success of family businesses.

## **2.2 DEFINING FAMILY BUSINESSES**

It would not be appropriate to do a study on family business success without first exploring the definitions of what a family business is, and to qualify the extent to which this study corresponds to that definition or not.

It is evident that many researchers and scholars like Sharma (2004:3), Chrisman, Chua and Sharma (2003:8), Astrachan, Klein and Smyrniotis (2002:45) and Jaffe (1991:27), have compiled their own definitions of what a family business is, and that these definitions differ with considerable variance according to its suitability and fitness for their own purposes. Astrachan *et al.* (2002:45) state that, for a definition to be functional, two elements must exist, namely firstly it must be unambiguous and transparent in a way that it can be quantified; and secondly the definition should measure what it is purports to measure and must assist in providing reliable and replicable research results.

According to Litz (1995:72), when trying to define/develop family business definitions, two conceptual approaches must be identified. The first approach must



focus on the structural dimensions of the organisation and use the two core constructs of ownership and management to present a basic sorting logic; while secondly, the approaches centre on intra-organisational aspirations from an economical and analytical perspective.

Utilising a broad or narrow definition, the importance and value that family businesses have in the world, cannot be underestimated. According to Balshaw (2003:24), the general definition refers to the fact that the family has some control over the strategic decisions and direction that the company is moving towards, and the intention to keep the business under family control. This narrow definition would require multigenerational involvement in the management of the business.

A review of the literature has revealed numerous elements that are used by authors to help with the definition of family businesses (Aronoff, Astrachan & Ward, 2002:4; Neubauer & Lank, 1998:5):

- The percentage of the shares (capital) owned by a family.
- The employment of family members in executive or other positions.
- The extent to which family involvement is maintained in the future of the business.
- The possible employment of non-family members in management and as other employees.
- The number of generations that form part of the owning of the family business.
- The number of families that form part of the management, and have ownership of the business.
- Families accepting control with regard to their own business.

- The acceptance of non-family members of the fact that they work for a family business.
- The magnitude to which descendants of the founder have management and ownership control.
- The extent of the family business, mainly the number of employees.

It is important to note that this list is neither complete nor mutually exclusive; most of the relevant variables used in the literature have however been noted.

Poza (2004:6) provides the literature with a working definition which is a unique synthesis combination of the following elements:

- Two or more family members of a family or partnerships of families have control of more than 51 percent of the business.
- Family members have a strategic influence on the management of the business.
- The concern for family relationships.
- Through the generations, the dream and vision of the business must continue.

It is of great importance to adopt definitions that are based on the requirements as set out by the topic. As in the case of the problem statement, the definition for this research was adopted from Ibrahim and Ellis (2004:5), where they defined a family business as follows:

- A single family owns 51 percent of the business or more.

- The business management and operational activities are handled by more than two family members.
- It is anticipated that the transfer of leadership to the next generation will take place.

The chosen definition ensures that information that is not needed in this study, as well as possible concerns and complications that may have a negative effect on family successes, are reduced to the minimum. Unrelated data have a compromising effect on studies; thus by following this method, the researcher avoids producing a trough reflection with regard to the objectives, as stated in Chapter one.

The definition assists with the identification of family businesses that fit the profile, which in turn will assist with analytical data and prevent skew results.

### **2.3 THE UNIQUENESS OF FAMILY BUSINESSES**

Family business research has increased since the mid-1990's, however, the importance of the field of family business research, clearly indicates that there is a need for concentrated research on the uniqueness of family businesses and the elements that differentiate them from other organisational forms (Gomez-Mejia, Cruz, Berrone & De Castro 2011:695).

The uniqueness of a family business revolves around the influence that the family has on the vision and control mechanisms, the creation of unique resources, capabilities and management action patterns (Sharma, 2004; Chua, Chrisman & Sharma, 1999). This power makes the family business unique and it creates patterns of goals, strategies and structures which are implemented and which can differ radically from non-family businesses.

One gets families; one gets businesses and then there is the combination of both. According to Ibrahim and Ellis (2004:44; 45), the uniqueness of family businesses exists in the sense that they vary in various crucial ways from non-family businesses

and that the overriding characteristic of family businesses is the ability to promote a “sense of belonging”.

### **2.3.1 Characteristics of the family business**

Family businesses are dynamic and diverse and are affected by both internal and external forces acting on them. These characteristics shape the business into its unique form and style, which in return produce its unique culture (Aronoff *et al.*, 2002:236). These characteristics might exert a negative or positive effect on the business, but could also be influenced by the managing thereof.

Some family business characteristics develop as a result of pure entrepreneurship, with many being founded to meet the demand for a particular service or product and developing the skills and know-how to deliver these. By doing this the family businesses create sound business and financial structures and strategies for the future (Aronoff *et al.*, 2002:28; Aronoff, 1998:181-185).

Other defining characteristics are that ownership (shareholding) and control (directorship and management) are kept within the family, and that owners of family businesses involve people who are like-minded, while keeping control of strategic, operational and succession levels.

#### **The following can be seen as characteristics of a family business**

- Quicker and more flexible decision-making

Gadajlovic, Carney, Chrisman and Kellermanns (2012:5) suggest that owners and managers of family businesses have diverse and mixed sets of personal motives, some economic and some non- economic, that drive their decision making in family firms.

Owners of family businesses often believe that they are more agile and flexible than their corporate competitors, which means that they are better able to exploit gaps in the market.

Some companies cited the current economic challenge as a business opportunity and have been able to move quickly to acquire the businesses of competitors at historically low prices.

- The entrepreneurial mind-set and orientation.

Family business owners tend to be self-driven, fearless, hands-on individuals, who believe in themselves and in what needs to be done. They are generally proud and emotionally attached to their achievements and therefore keep it within the family (Pricewaterhousecooper: 2013).

Family business owners in South Africa believe that they play a vital role in their country's economy. This includes job creation, supporting long-term employment and adding stability to a balanced economy. Family businesses view themselves as entrepreneurial and risk-taking (Pricewaterhousecooper: 2013).

- A more personal approach to business based on trust.

Family firms are notable for the strength of their culture and values. This belief often grows stronger with time. Many believe that they win business because they are closer to their customers, and have a more personal relationship with them; they are indeed chosen precisely because they are not multinational (Pricewaterhousecooper: 2013).

- Longer term thinking and a broader perspective.

The family firm is in many ways the epitome of 'patient capital', as these businesses are more willing to invest for the long-term, and do not suffer from the constraints of the quarterly reporting cycle and the need for quick returns, as imposed on their listed competitors (Pricewaterhousecooper: 2013).

Family firms consider these distinctive qualities as a source of real competitive advantage and integral to their business model. This sentiment is just as strong among those who have been brought in from outside to manage the firms, as it is among family members. It is also clear though, that other aspects of this business model can be a hindrance to growth, whether by generating internal conflict or rendering the business to risk averse. The researcher will investigate some of these issues in more detail in due course (Pricewaterhousecooper: 2013).

### **2.3.2 Structure of the family business**

Family businesses not only function in a different manner than non-family businesses, but also differ in a variety of other critical aspects. This is supported by Chrisman *et al.* (2003:12), who state that the structure of the family business is unique in design and is wired differently to non-family businesses. Family businesses have to deal with the unique elements of three different systems within these businesses.

System theory is a holistic and interdisciplinary approach which acknowledges that nothing is determined by a single factor. That is, by understanding complex concepts within the family business, one cannot be limited to either an individual or a system viewpoint, but must integrate both. This approach, while appealing, is difficult for many researches to adopt, given their strong disciplinary training and professional affiliations. However, understanding the complexity of this systems involved in a family business is critical to sustaining the venture (Carsrud & Brännback, 2010:53-70).

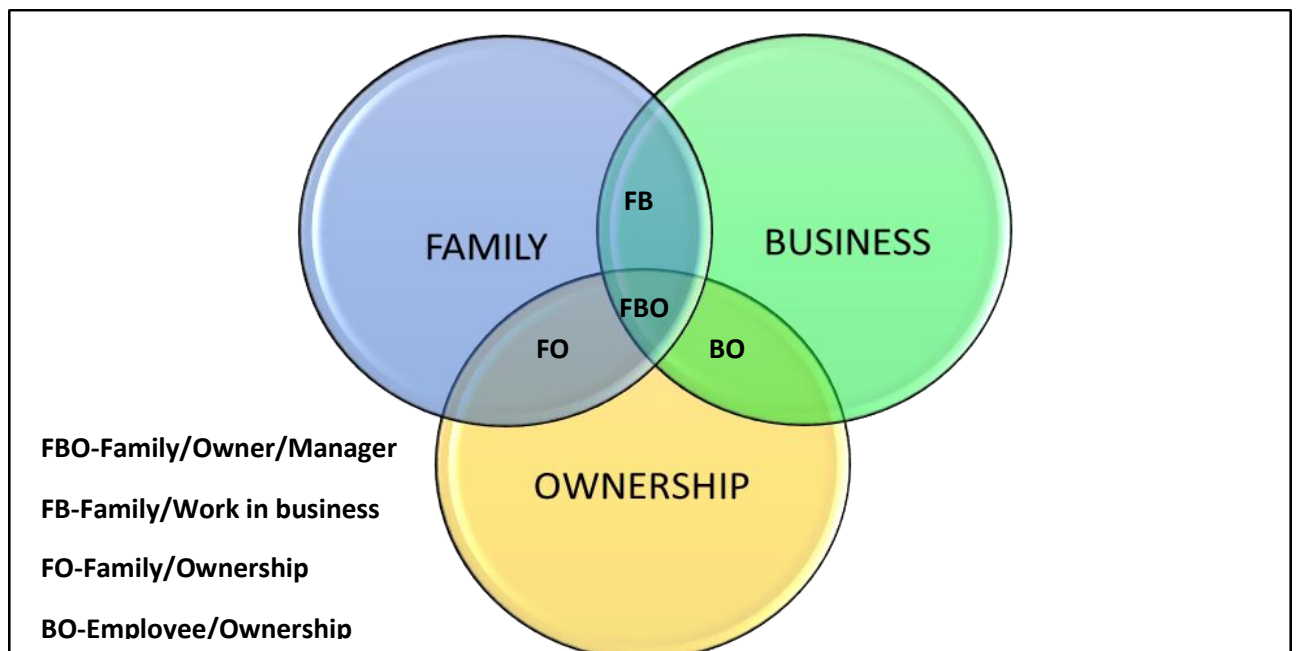
According to Poza (2004:8) and Jaffe (1991:52), these three systems and their differences are:

- The family business is an emotional basis with a focus on loyalty, care and the nurturing of family members.

- A business system has a fundamental task based with a focus on operational effectiveness.
- The owner's focus on the performance, return on investment and growth of the business.

As illustrated in Figure 2.1, it is clear that the family business comprises of three separate but overlapping domains. This is also emphasised by Roberts (2005:16); the business cannot be run as a family, neither can the family be run as a business.

**Figure 2.1: The System Theory Model of Family Businesses**



**Adopted from:** Jaffe (1991: 54)

It is clear to see that the owner is integrated in all 3 systems of the family business, as opposed to the other members of the family and the employees who are only exposed to the dynamics which concern them, like family and ownership or employee and ownership.

### **FBO-Family members and business managers and owners**

The system overlaps most in this zone that represents family members, business employees and owners. The likelihood of confusion about relationship and boundaries between family, business and ownership decisions are the highest here (Jaffe, 1991: 54).

### **FB-Family members, working but do not own shares**

These are members who take ownership of the business as a result of natural succession; for instance sons or a daughter (Jaffe, 1991:54).

### **FO-Family members owning part of the business but not working in it**

This may include passive shareholders, such as children or spouses who inherit a part of the business. It is imperative to recognise these members for their contributions to the business, although they are not involved in the daily operations (Jaffe, 1991:54).

### **BO-Employees owning and working in the business**

In general these members have a unique perspective on the business, combined with different expectations and desires (Jaffe, 1991:54). An important characteristic of this is that both family and non-family members can form part of the management team of the business.

It is important to note that the four interlocking areas of the family business and ownership system, as indicated above, give a clear indication that individuals on different segments have entirely different experiences and expectations from the same family business (Voeller, Fairburn & Thompson, 2002:19).

The most important and critical element is how the family members manage this overlapping of the three systems.



### **2.3.3 The integration of the family and business**

Family members form an integral part of the success of family dynamics in the business, whether they are active or not. The significance of understanding these dynamics are of utmost importance. One of the differences between family business systems and non-family business systems, is that family businesses are emotionally and mentally driven, which create room for individual patterns of behaviours, whereas non-family businesses are operationally or financially driven (Gersick, Davis, Mccollom, Hampton, M. & Lansberg, 1997).

The problem can be escalated if the family is caught up between these two systems and do not understand the implications thereof.

The dynamics must be carefully managed in order to ensure a long-term sustainable family business (Swart, 2005: 31).

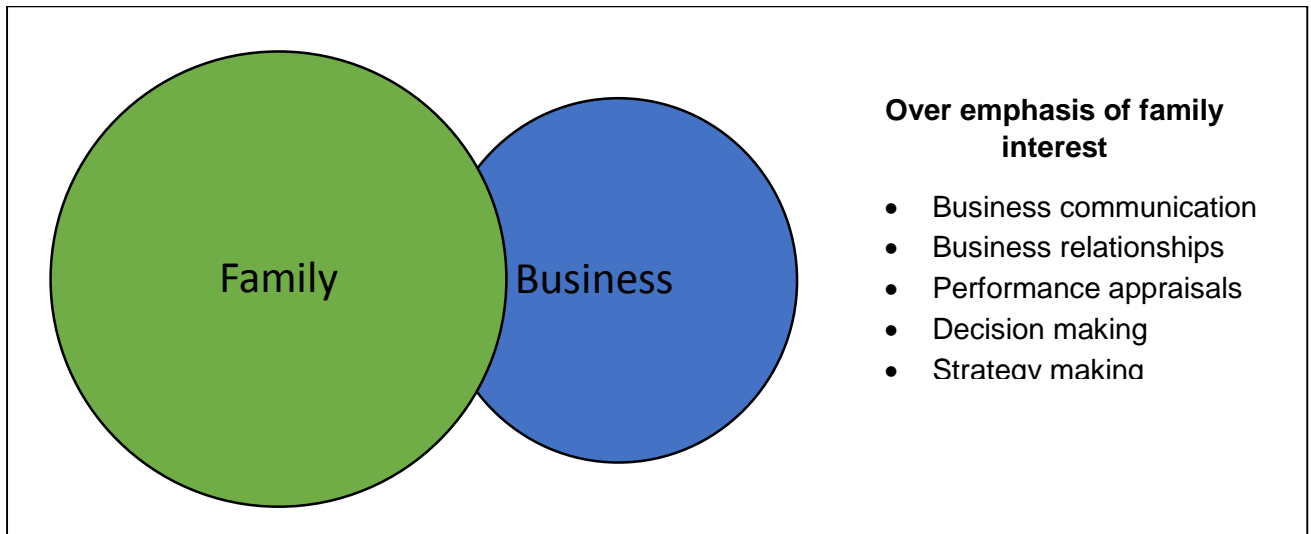
Numerous methods are available to detach the family from the business. These methods are discussed next and are measurements to help to obtain family harmony and ensuring future continuity.

#### **2.3.3.1 Family first system**

According to Poza (2004:9), in family first businesses, employment in the business is a birth right - this system strengthens the view of nepotism. Because a family first business exists primarily for the purpose of the family, salaries and perks that transfer from the business to the family members, are often extensive.

The family first system, with regard to the management dynamics, is often an open discussion rather than an action or performance based system.

**Figure 2.2: Off-Balance. “Family first”**



**Source:** Carlock and Ward (2001:6)

Ibrahim and Ellis (2004:109) suggest that the family first system may distract and drain management, weaken the comprehensive advantage of the family business and also increase the potential for conflict between managers and shareholders. If the family system is dominant, the business issues as well as the needs are neglected. The family first approach is impartial with regard to profitability, and other performance standards, because of the fact that they tend to focus on consensus and friendship (Chrisman *et al.*, 2005:555-575).

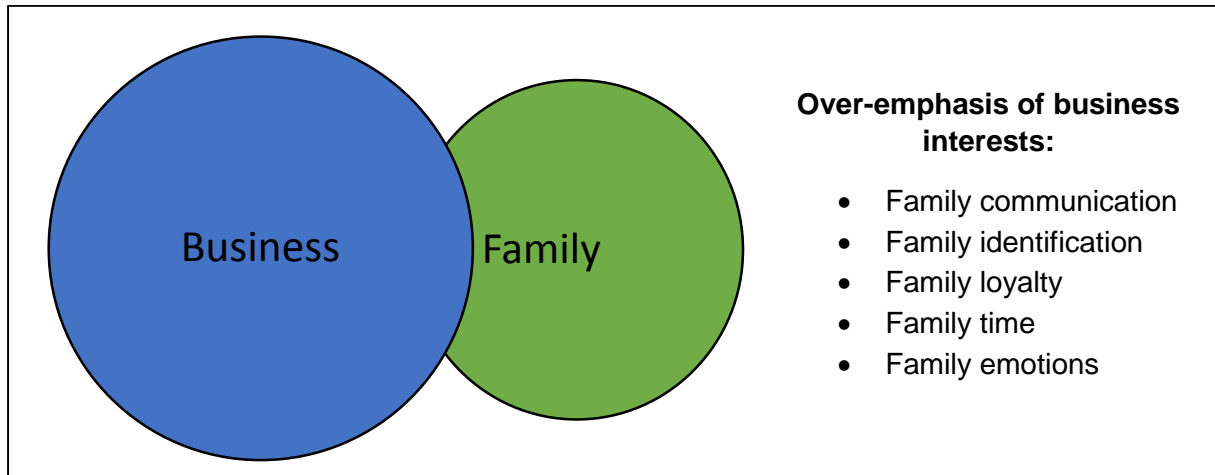
According to Carlock and Ward (2001:6), a business that places the family first, often overlooks making objective performance appraisals and also neglects the development of family members. Only if these matters are controlled and managed, can this system be to the advantage of the business and the family (Ibrahim & Ellis, 2009:109; Carlock & Ward, 2001:6).

### 2.3.3.2 Business first system

This system is more focused on the general setup of regular and non-family businesses, which comprises of owners, managers, employees and combinations of family and non-family members. The importance of task-orientation with regard to

commitment and productivity from all employees is of utmost importance. The focus in this system is more on the customer than on the family (Jaffe, 1991:54).

**Figure 2.3: Off-balance "business first"**



**Source:** Carlock and Ward (2001:6)

This system has an adverse effect on the needs and issues of the family and the sustainability and growth of the business, which can all lead to the destruction of the family's harmony (Reid, Dunn & Adams., 1998:55).

According to Carlock and Ward (2001:6), a business first system can lead to clashes between family members who do not relate to each other, and family members who are psychologically in competition with the business itself.

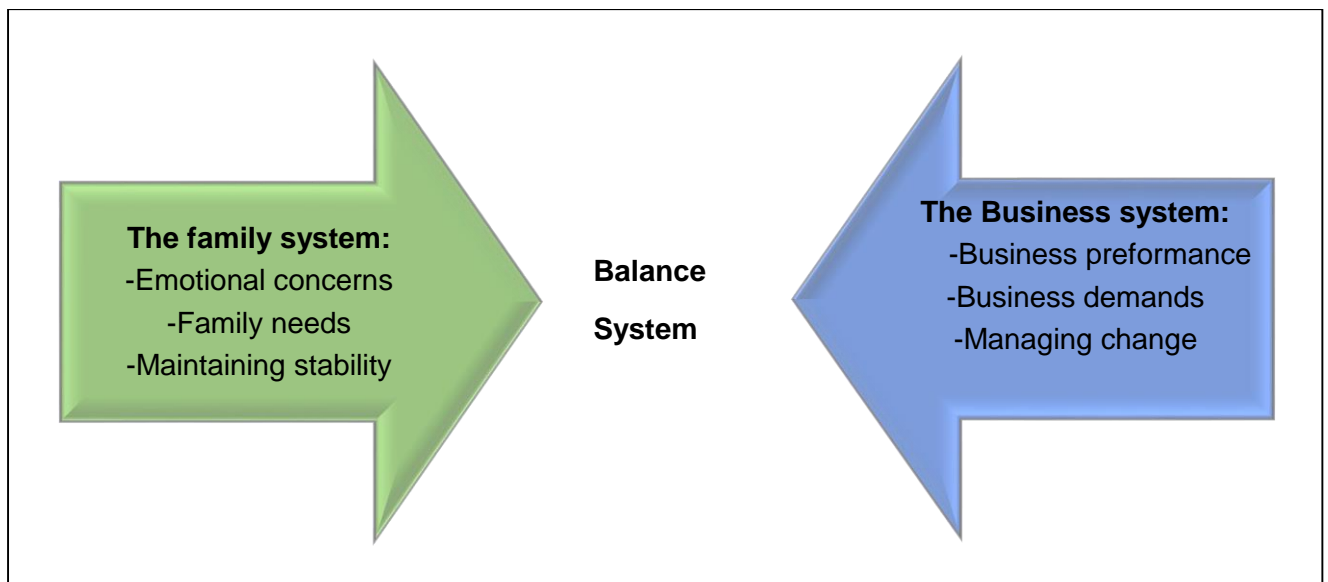
### 2.3.3.3 Balancing family and business systems

Equivalent focus with regard to the family and the business has been proven to be the best combination that provides a successful family business as well as strategies to match it (Aronoff *et al.*, 2002:127; Carlock & Ward 2001:6).

According to Aronoff and Ward (1996:9), the balance system provides a culture of mutual respect and care between the business and the family by setting up separate governance processes which allows efficient management of the family business's family.

Again, this system is not without its challenges, as it can lead to conflicting goals and confusion in the business or family system. According to Carlock and Ward (2001:7), the following conflicting goals can be created:

**Figure 2.4: Conflicting Goals**

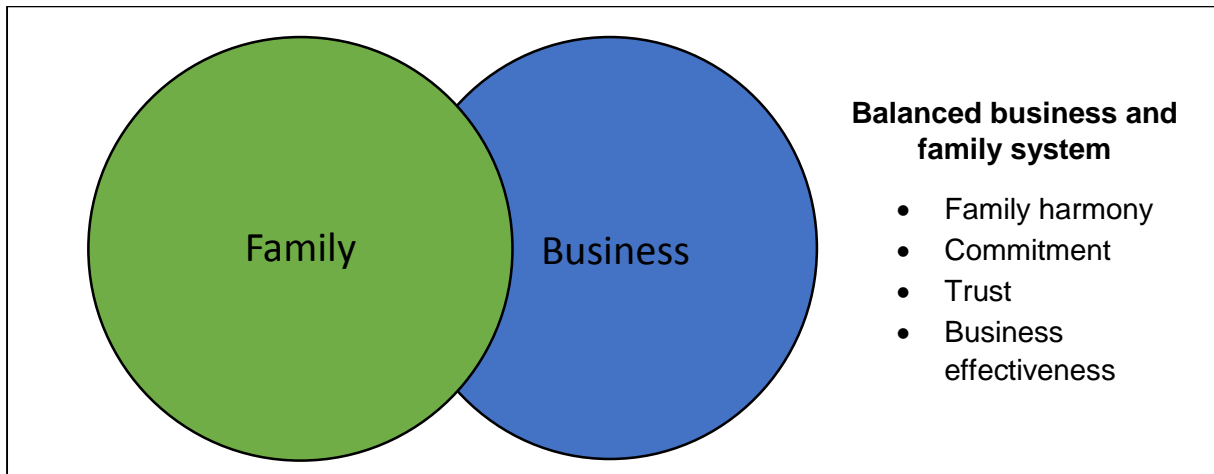


**Source:** Own compilation

These conflicting roles materialise because of family emotions which focus inwards, and the family's general struggle to develop. On the other hand the company is task driven and focuses outwards, toward the external environment; exploiting changes so that the business can grow (Swart, 2005:31; Emens & Wolper, 2000:2).

Compromises between the family's and the business's perspectives must take place so as to provide a win-win situation for both systems.

**Figure 2.5: Balanced system**



**Source:** Carlock and Ward (2001:6)

#### 2.2.2.4 Ownership system

As indicated in Section 2.3.3, a family business comprises of three systems. Until recently, references have been made about family and business systems, but in ownership systems the members (family or non-family) own a business and are responsible for the day to day operations as well as strategic issues, such as the drawing up of policies and the implementation of it.

The responsibilities of the business regarding the short and long-term strategies are also controlled by this system; it hires top management and helps with the creation and management of plans that enable the company to be a future leader (Jaffe, 1991:54).

Jaffe (1991:52; 54) also acknowledges that members in management or who own shares in the family business, focus more on profits, information and marketable goals. He also states that potential problems may occur if members are unsure of which part of the system should take precedence over the other in a possible situation. The different views have an effect on the productivity and strategy of the company.

## **2.4 CONTRIBUTIONS OF THE FAMILY BUSINESS**

The field of the study of the family business goes back only to 1975, when consultant, entrepreneur and family business educator, Dr. Leon Danco published his pioneering work: *Beyond survival: A guide for the business owner and his family* (Poza, 2004:21).

According to Johansson, Sjögren and Bruggren (2009:1), family businesses have been treated as an anachronism, in traditional economics, as well as by leading business historians. The conventional view has been that family firms constituted one type of the initial phase in enterprise development, followed by a public company phase.

The view regarding family businesses has been, that it is slow growing, having a flat organisational structure and are only interested in supporting themselves and their immediate families (Johansson *et al.*, 2009:1).

Today, these views are partly regarded as obsolete, since empirical studies have shown that there are many large, dynamic, innovative, and profitable family firms in markets all over the world (Johansson *et al.*, 2009:1). This is also strengthened by Astrachan and Carey (1995:1-13), who state that many scholars view family businesses as the cutting edge of corporate performance, job creation, flexibility, customization capabilities and speed to market.

In recent years, according to Venter and Boshoff (2007:42) and Venter, Boshoff and Maas (2003:1), family businesses have made a very clear and immense impact on the economies of the world, and are increasing in importance due to their ability to become major contributors in the countries where they reside.

## **2.5 ADVANTAGES AND DISADVANTAGES OF FAMILY BUSINESSES**

The interaction, as well as the integration of the family and business, provides us with a unique business unit. Owners believe that combining family members in the same business environment provides the best atmosphere for a successful business

and for the employees (Leach & Bogod, 1999:5). This in itself provides the family business with not only the advantages of a non-family business, but also the disadvantages.

Family-businesses need to follow the same business principles as non-family businesses, but the advantage that they have is that there are fewer constraints on their ability to follow these principles, or lesser motives to abandon them, than in non-family businesses (Chrisman *et al.*, 2006: 721).

**Some of the advantages of family businesses are discussed below.**

- *Shared values, beliefs and visions*

Successful family businesses usually maintain exceptional focus on their core business or markets, and family members are dedicated to the success of their family business (Ibrahim & Ellis 2004:7).

The deeply entrenched values and beliefs are the cement that keeps the family unit together; this provides an identity and a sense of mission to succeed (Ibrahim & Ellis, 2004:7; Aronoff & Ward, 2001:1).

Everyone has high stakes in the family business in terms of investment, employment and local status, and therefore family members must work hard to succeed in the common goals and vision (Chrisman *et al.*, 2006:722; Allio & Allio, 2005:4).

- *Loyalty, trust and family spirit*

According to Ibrahim and Ellis (2004:8), loyalty towards the business and the family unit develops an element of responsibility that results in working harder, and helps to stay clear of the self-serving elements that have adverse effects on the business. During economic downfalls and business struggles, the family spirit helps to overcome these crises and promote family unity.

- *Strong sense of mission and collective goals*

As proposed by Astrachan and Mc Millan (2003:33), the optimal functioning of family businesses is dependent upon shared goals and a sense of purpose; and by working together in a coherent manner, these goals and missions are more likely to survive and prosper.

- *Long-term commitment*

Family members cannot just be viewed as employees or managers, but they must be regarded as owners and part of the social concept known as family. Family members have a sense of loyalty and commitment; they are in it for better or worse (Miller *et al.*, 2008:57; Chrisman *et al.*, 2006:722).

Family members closely identify with the business and because of this they care deeply about the long-term future of the business, due to their reputation and future that are at stake (Allio & Allio, 2005:4; Ibrahim & Ellis, 2004:8).

Additional advantages that have been identified, but not explained, are the following:

- Perception of the family name.
- Economic independence.
- Flexibility of work, time and money.
- Speed of decision making.
- Extensive business expertise.



## Disadvantages

- *Family internal strife*

One of the biggest disadvantages is the internal strife among family members, which may be caused by differences in values and viewpoints (Ibrahim & Ellis, 1994:7). It may lead to undesirable behaviour, poor work performance, goal conflict and the demise of the family business.

The biggest challenge of internal strife is that it could become extremely complex in family businesses, which are run by large families, and have survived for a number of generations (Kets de Vries, 1996:15).

- *Different visions between generations*

Children want to be richer, have bigger businesses and succeed faster, and also, the power of control where the older generation seeks continued dominance, and the younger generation wants its independence.

Generational conflict of core values and missions may have a hindering effect on the growth of the business. The rejection by younger or next generations regarding established work methods and entrepreneurial vision must be guarded against. Predecessors should demonstrate flexibility in exploring new management strategies and ideas for innovation (Galob, 2012).

- *Poor succession planning*

PricewaterhouseCoopers' survey 2012 shows that of their 2000 business samples, only half of the family businesses had a succession plan in place, and of those, only half had designated a particular person to take over the reins. Ward (2004:3) confirms this by indicating that approximately half of all family businesses fail to make it to the next generation, due to insufficient succession planning.

Family business owners may become hesitant to put their passion in the hands of another generation. If succession planning is not in place, it may lead to harsh family fighting that, if not handled quickly and correctly, can end up in the courtroom (Ibrahim & Ellis, 1994:8). The majority of family businesses find it difficult to talk about or implement succession planning, this is evident in the frequency with which family businesses are sold or shut down, because of the unsatisfactory handling of the succession process (Kets de Vries, 1996:65).

- *Bad perception of the family name*

Perceptions of customers regarding the family businesses, is that it is sentimental and conflict-ridden; subject to conservatism and cronyism and therefore slow growing and often short lived (Ibrahim & Ellis, 2004:9). This can create an image that may result in customers being averse to doing business with them (Miller *et al.*, 2008: 57).

- *Nepotism*

“Advancement of relative or family members on the basis of family rather than on merit,” has a negative and weakening effect on the business and puts additional stress on the management team. Kets de Vries (1996:19) states that management repeatedly reveal a blind eye or look the other way when it comes to the inadequacies of the appointed family member.

Additional disadvantages that have been identified, but not explained, are as follows:

- Tunnel vision.
- Role confusion.
- The exclusion of family members outside the business.
- Unprepared next generation leaders.

- Poor strategic planning.
- Governance challenges.

## **2.6 SUCCESS IN THE FAMILY BUSINESS**

Previous empirical studies have revealed that the success of family firms depends on the effective management of the overlap between family and business, rather than on resources or processes in either the family or the business systems (Olson *et al.*, 2003).

The importance between the alignment of the definition of success and the successful use of it by key players in the family business is of utmost importance.

Alignment of family members' perspectives of what "success" means to them, could be a predictor of success of the family business, and by aligning these perspectives it could promote an agreement on appropriate approaches of the involvement of key family and non-family members in the business. The opposite is also true, namely a mismatch in the definitions of success or goals for the different family members who strive towards achievement for the family business could head for a tenacious source of conflict (Astrachan & McMillan, 2003).

The definition of success in family business studies is, to say the least, ambiguous, because family businesses aim to achieve a mixture of financial and non-financial goals (Olson *et al.*, 2003; Stafford *et al.*, 1999). To identify some of the suitable success determinants and evaluate them, is of utmost importance in the study of family businesses (Wakoh & Collins, 2001:32). This helps to obtain an authentic picture of the overall success, which is helpful when it comes to recommendations.

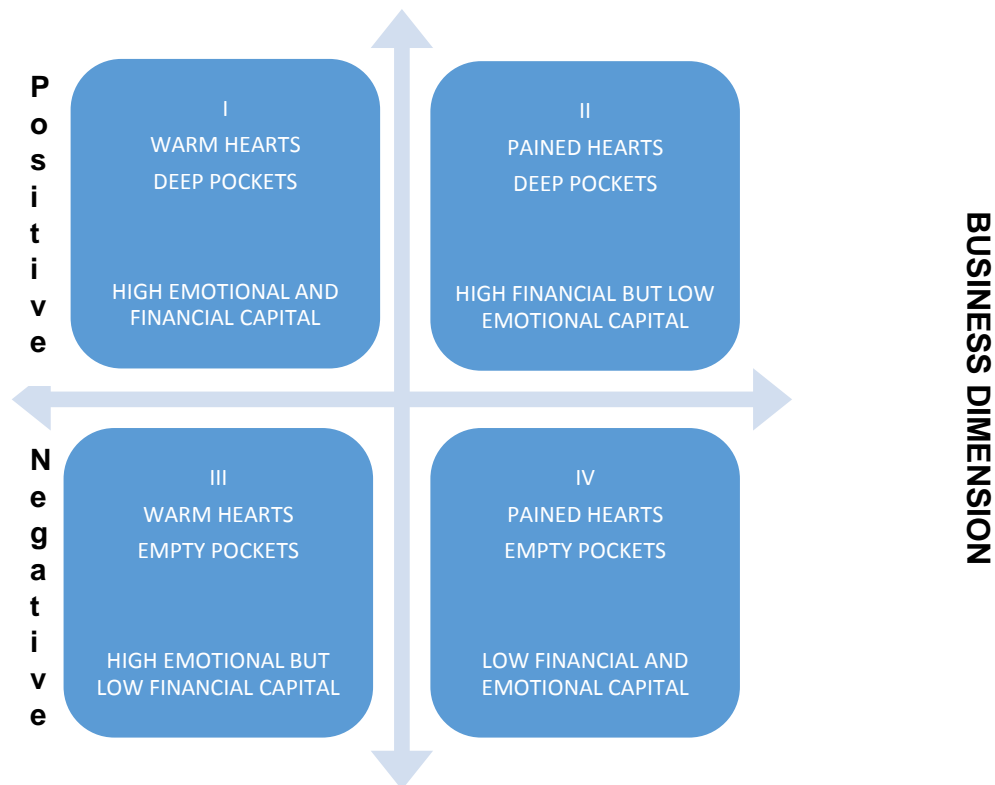
According to Sharma (2004), the majority of studies are expressed in terms of growth and sustainability, meaning that most of the elements; such as the number of employees, profit, turnover, or other indicators of growth that are used to depict the

success of a business. However, especially in small family businesses, the business owner or family often has no intention of expanding their businesses.

## 2.7 PERFORMANCES OF FAMILY BUSINESSES

The combination of family and business dimensions has an incredible effect on the performance of the family business. At any time in the lifecycle of the family businesses, it could happen that success in one or any of these dimensions, could take place. Using a two by two matrix (Figure 2.6), four variations of the performance of family firms could be conceptualized (Davidsson, 2003; Sorenson, 1999).

**Figure 2.6: Performance of Family business**  
**FAMILY DIMENSION**



**Source:** Davidsson, 2003; Sorenson, 1999

Positive performance in the family and business dimensions illustrate a family business with a high cumulative emotional capital and high cumulative financial capital respectively.

### **Warm hearts – deep pockets**

Family businesses in Quadrant I are successful businesses; they experience profitable business returns and family harmony; they enjoy high cumulative stocks from both financial and emotional capital that help in times of economic and emotional distress. Staying in this quadrant over a sustained period of time would be the most desirable performance combination for the family business.

### **Pained hearts – deep pockets**

Quadrant II businesses are characterised by business success, but on the negative side, prone to failed family relationships. This scenario takes place where the business expands globally, and is combined with expertise who help the business to increase its profits. All of this however has an adverse effect on the relationships of the family members, which are usually strained by discontent and conflict. Such firms carry high stocks of financial capital, but are low on family emotional capital.

Interpersonal and social issues are fundamental to maintaining a successful family business, the fact is that a good relationship can overcome a bad business decision, while the opposite is more difficult to attain (Olson *et al.*, 2003). This is because, unlike non-family members, relationships among family members are closely linked, wherein the tremors of one bad relationship are felt throughout the tightly spun web of other relationships (Astrachan, 2003).

Thus, the long-term survival of firms in this quadrant is dependent on them developing support mechanisms aimed at mending family relationships and moving toward Quadrant I.

### **Warm hearts – empty pockets**

Quadrant III represents the family business that is a low performer, but the relationships between the family members are strong. In other words, a combination of high levels of emotional capital but low financial capital exists here. The strong family relationships prevent them from focusing on the poor performance of the

business, but in the long run, with depleting resources, stress will intrude in this relationship and will have an adverse effect on the family business.

Although the nature of the intervention required for turning these companies toward Quadrant I, is different from those required by businesses in Quadrant II; if the family business wants long-term sustainability, a move toward Quadrant I will be necessary.

### ***Pained hearts — empty pockets***

In Quadrant IV, family businesses perform negative in both the family relationships and the business end. Although failure in the business dimension can be seen as a learning experience (Davidsson, 2003), the family dimension will not be so easy to rectify and will most probably have a long-term effect on the family. Sometimes a lot of the families do not recover from this. Although the most desirable position for these businesses would be Quadrant I, they may have to follow the path through Quadrant II or III to reach that happy state.

In general, care must be exercised in the path followed, and strategies used to move toward a more favourable quadrant must ensure that family businesses avoid tripping into the next worst quadrant instead (Davidsson, 2003; Sorenson, 1999).

## **2.8 DETERMINANTS OF FAMILY SUCCESS**

In this study, an attempt has been made to identify some off the independent determinants that may influence the effect on the success of the family business (dependent variable).

These determinants have been incorporated into the questionnaire, analysed, and processed into a recommendation and the finding of what the possible impact it had on family businesses in South Africa, for the selected region.

Whatever the determinants of family success are, it still remains an intricate part of the functioning of the business; it needs to be understood as well as managed. By

doing this, it will assist in the survival of the business and also improve the competitive advantage that family businesses enjoy.

## **2.8.1 Dependent variables – Perceived success of family businesses**

### 2.8.1.1 Family harmony

A shared vision of the ultimate purpose of the business and its future is built upon and supportive of family trust and harmony (Sharma, Chrisman, Pablo & Chua, 2001). Morris, Williams, Allen and Avila (1997:385-401), using a sample of 209 family businesses, found that family harmony is more critical than the development of the successor or the succession plan itself. Hess (2006:x) states that a successful family business is one that does not destroy or weaken family harmony. Slaughter (2008:117) states that perceived future continuity has a strong linear relationship with family harmony in a family business. This indicates that the greater the level of family harmony, the greater the possibility that business continuity will occur (Farrington, 2009:271). In other words, to survive and to be successful, family members need to cultivate their personal relationships with one another (Swart, 2005:38).

Harmony in the family business can affect many aspects of the business and may have a direct impact on the day-to-day operations of the business, as well as the bottom line. It can also affect the acceptance regarding the different roles of family members, the willingness of family members to continue with the business and the effect of the relationships between the owner and possible future successor (Venter & Boshoff, 2006:27).

The effect and success of harmony depend on numerous factors that have to be in sink. Some of these factors represent a high level of trust, care for each other's well-being, willingness to acknowledge others' achievements and just being there for each other in general aspects of life (Van der Merwe & Ellis, 2007:24). This is also strengthened by Van der Merwe, Venter and Farrington (2012:71) who state that harmony relies on the support, appreciation, care, emotional attachment and cooperation.

Furthermore, Van der Merwe and Ellis (2007:23) determined that, for a harmonious atmosphere to exist, the following three measures need to be actively managed.

**Effective communication** is essential to the whole process, so without the flow of dialogue up and down, the company structure conflicts due to uncertainty. This is sure to deteriorate the barriers of harmonious existence, and when these problems arise in the family business, active steps must be taken to **manage these conflicts** as quickly as possible, which can be done through the establishment of **management forums**.

The following characteristics of harmonious family relationships could be found in the following situations where family members:

- Get along with one another, inside and outside the working environment (Carlock & Ward, 2001:73).
- Appreciate each other's differences (Astrachan & McMillian, 2003:1).
- Acknowledge each other's achievements (Neubauer & Lank, 1998:142).
- Are emotionally attached and close to each other (Neubauer & Lank, 1998:142).
- Support each other (Neubauer & Lank, 1998:142).
- Care for each other (Neubauer & Lank, 1998:142).
- Are having fun and therefore encourage each other in order to increase their efforts (Swart, 2005:73).

According to Leach and Bogod (1999:30), family harmony among active or non-active members requires the correct balance between the overlap or integration of



the family and the family business (section 2.3.3). The effective management of these overlaps provide the family business with the best possibility to promote harmony and to sustain it.

The variable, family harmony, was evaluated by a 5-point Likert-type scale, ranging from 1 = strongly disagree to 5 = strongly agree.

The following items were used:

- Our family members prefer to cooperate with each other rather than compete with one another.
- Our family members acknowledge each other's achievements.
- Our family members encourage each other to put in their best efforts.
- Our family members are emotionally attached to one another.
- Our family members support each other.
- Our family members appreciate each other.
- Our family members care about each other's wellbeing.
- Our family members get along well, both inside and outside the working environment.

#### 2.8.1.2 Perceived future continuity

According to Venter, Van der Merwe and Farrington (2012:71), future continuity refers to the fact that the family business provides for future generations in aspects like employment, wealth, involvement and legacy. In other words, continuity refers to the family business specifically continuing as a family business.

According to Carlock and Ward (2001:54), the commitment of the family to the future continuity of the family business, is a priority, as it supports the development of a shared future vision and the continuity plan of the family business.

The importance of family business continuity towards economic growth (Chapter 1) cannot be underestimated as a lack of it has an adverse effect on the growth rate of countries. Family business founders frequently have their own ideas and visions of what the future continuity of the business should be (Voeller, Fairburn & Thompson, 2002:30).

According to Ward (2005:44), strategic implementation of the family business strategy must focus on the process regarding future continuity. The reason for this is that family members might have different visions and aspirations of what continuity entails, and by not understanding this, possible conflict may break out, which is negative for the harmony of the company (Ward, 2005:45). To ensure mutual understanding, visions and aspirations Ward (2005:47) suggests that family meetings, not business meetings, be held, to ensure that the vision of the business is understood and that all the active members in the family business contribute to this process.

.Another factor that plays a role is the way that family members are able to handle stress and disturbances; this is a clear indication of sustainability and continuity (Astrachan, 2003:570). The existence of stress and disturbances will lead to a breakdown in communication, which will increase conflict between family members while all of this will impact continuity negatively.

It could be argued that all elements that affect the harmony of the family business, could also affect the continuity of the family business (Van Der Merwe, 2007:2). Several empirical studies (see for example Letele-Mataboee 2009; Slaughter, 2009; Van der Merwe & Ellis, 2007) support the relationship between the perceived future continuity and family harmony in a family business, as well as a strong correlation between family harmony and family business continuity (Santiago, 2000; Venter, 2003; Barach & Ganitsky 1995; Malone, 1989). This implies that the greater the level of family harmony, the greater the possibility that business continuity will occur.

Commitment of the family members to the continuity of the business is a priority, as this supports the development of a joint future vision, as well as a strategy for continuity (Carlock & Ward, 2001:54). These commitments urge the family members to conserve finances and resources so that the business can grow for the next generation.

The future continuity has distinct past and future elements, thus family executives must ensure that a respected and established legacy is handed over from the previous generation to the next one (Miller & Le Breton-Miller, 2005:37).

The variable, perceived future continuity, will be evaluated by a 5-point Likert-type scale ranging from 1 = strongly disagree to 5 = strongly agree.

The following items have been used:

- I see our family business as continuing into the future.
- I see our family business as a legacy to be handed over to future generations.
- I see our family business as a means to create wealth for future generations.
- I see our family business as a means to sustain harmonious family relationships for future generations.
- Continuing the business into the future will give future generations the opportunity to be involved in the family business.
- Continuing the business into the future will provide employment opportunities for future generations.

## **2.8.2 Independent determinants – Entrepreneurial orientation**

Entrepreneurial orientation originally involves the processes, practices and the strategy-making process that establish the foundation for entrepreneurial actions and decisions (Rauch, Wiklund, Lumpkin & Frese, 2009:763; Chang, Lin, Chang & Chen, 2007:999), and is constantly implied in the literature as a key for success to higher performance (Yamada & Eshima, 2009:1).

George and Marino (2011:1000) state that entrepreneurial orientation is established by its dimensions, and that the dimensions are not manifestations of the entrepreneurial orientation construct.

The entrepreneurial orientation construct has been broadly debated (Covin & Lumpkin, 2011:855). There is regrettably no agreement on matters such as an appropriate definition of the construct, its domain or its dimensionality (Covin & Lumpkin, 2011:856).

Lumpkin and Dress (1996) have established five dimensions of entrepreneurial orientation. The first three were originally developed by Miller in 1983. Miller (1983:771) defines an entrepreneurial firm as “one that engages in product market innovation, undertakes somewhat risky ventures, and is first to come up with ‘proactive’ innovations, “beating competitors to the punch.” As mentioned above, entrepreneurial orientation is a concept that has been coined to refer to this type of strategic orientation. Miller’s (1983) original operationalization contained three dimensions, namely innovativeness, pro-activeness, and risk-taking. This was later extended by Covin and Slevin in 1989, with autonomy and competitive aggressiveness.

Empirical studies prove a positive relationship between the dimensions of entrepreneurial orientation, business performance, and business success. The positive utilisation of these dimensions along with the essential marketing-related issues, are very important to ensure success in the business environment.

For the purpose of this study, it is our belief that entrepreneurial orientation refers to the business strategic orientation, one which captures the specific entrepreneurial aspects of decision-making styles, methods and practices (Lotz & Van der Merwe, 2013:16).

### **2.8.3 The dimensions of entrepreneurial orientation**

#### **2.8.3.1 Autonomy**

Autonomy represents a business's willingness to let family members or non-members, lead and work in a business, and to act with the highest possible amount of independence in pursuing goals or opportunities for the business (Lumpkin & Dess 1996:140, Lee & Sukoco, 2007:551).

Depending on the structure of the business, as well as the management style, the principle autonomy is mostly applied by the decision makers. Some managers give autonomy to a lower level in the business, which creates autonomous leaders and also improves decision making.

Encouragement of autonomy can happen by ways of "top-down" or "bottom-up" approaches. By using the "top-down" approach, managers support programs that promote autonomy and provide incentives to employees, who engage in the entrepreneurial process and autonomous decision making (Dess & Lumpkin, 2005:149). According to Dess, Ireland, Zahra, Floyed and Janney (2003:355), such business design features may be as important to entrepreneurial success as the other dimensions of the entrepreneurial orientation. Encouragement by way of the "bottom-up" approach requires special incentives and structural arrangements designed to develop and build support for entrepreneurial initiatives (Lumpkin, Cogliser & Schneider, 2009:49).

According to Martin and Lumpkin (2003), family business owners restrict their own autonomy by involving more people in the decision-making process, resulting in lower levels of external autonomy among family businesses, than non-family businesses.

Regarding internal autonomy, family businesses make less use of formal monitoring and other control measures than non-family businesses; thus indicating more internal autonomy (Arzubiaga, Iturralde & Maseda, 2012:444).

When looking at the studies, a case can be made as to whether family businesses are suitable or not for autonomy to aid performance. Family businesses would seem to be suitable, as they involve members and non-members granted freedom with regard to decision-making (Chrisman, Chua, & Litz, 2004:335-354). Because family businesses are often privately and jointly held, the owners give more leeway to employees, because the failed initiatives are concomitant with increased autonomy, and are more easily tolerated or justified (Carney, 2005: 249-265).

The opposite is also true, family businesses are inclined to be more autocratic and centrally controlled (Dyer & Handler, 1994:71-83), which means that decision-making skills are left to a single owner or manager, leaving very little room for autonomy by other members.

Because compelling cases can be made that autonomy could both help and hinder family businesses, an investigation of the autonomy-performance linkage is not only relevant for practitioners and scholars, it is also important to consider context, such as the level of environmental dynamism and national culture, to discover more subtle aspects of that relationship.

The variable, autonomy, was evaluated with a 5-point Likert-type scale, ranging from 1 = strongly disagree to 5 = strongly agree.

The following items were used:

- I have enough autonomy in my job to do my work without continual supervision.

- Our family business allows me to be creative and try different methods to do my job.
- Employees (including family members) in our family business are allowed to make decisions without going through elaborate justification and approval procedures.
- Employees (including family members) in our family business are encouraged to manage their own work and have the flexibility to resolve problems.
- I seldom have to follow the same work methods or steps while performing my major tasks from day to day.

The above research has already indicated a relationship between entrepreneurial orientation and perceived success, therefore it is hypothesised that:

**H<sup>1</sup>: There is a significant relationship between autonomy in the workplace and the perceived success of the family business.**

#### 2.8.3.2 Innovativeness

Fast changing technologies, changes in customer demands, and the growing levels of global competition mean that the day to day business environment is marked by continuous fluctuations (Ireland & Webb, 2009:1). The ability of a business to continuously develop new products, processes or services will lead to a key competitive success factor (Drejer, 2006:143), as well as first mover advantages. Businesses that lack in this area may unintentionally be out of business within a few years (Ramachandran, Devaranjan & Ray, 2006:86).

Having an entrepreneurial orientation constitutes a commitment to innovation, among other dimensions in the strategic process (Kuratko & Audretsch, 2009:3). Innovativeness reflects the tendency of the business to engage in and support new

ideas, as well as creative processes that can lead to new products or services (McFadzean, O'Loughlin & Shaw, 2005:353).

Most of the descriptions and definitions of innovation represent a starting point from practices or conditions already in existence (Schilling, 2005:43). According to Johnson (2001:139), the process of innovation can be regarded as any change in the product or service which, in most instances, is invisible to the user, except for physical costs or quantity changes.

The relationship between a firm's performance and innovativeness offers the highest degree of consensus (Casillas & Moreno, 2010:269), with most of the studies finding a positive relationship (Subramanian & Nilakanta, 1996, Kleinschmidt & Cooper, 1991).

As a result there is an increase which recognises that innovation has become the only sustainable source of growth, competitive advantage and wealth (Drejer, 2006:143).

The variable, innovativeness, has been evaluated with a 5-point Likert-type scale, ranging from 1 = strongly disagree to 5 = strongly agree.

The following items have been used:

- Our family business regularly introduces new services/products/processes.
- Our family business places a strong emphasis on new and innovative products/services/processes.
- Our family business has increased the number of services/products offered during the past two years.
- Our family business is continually pursuing new opportunities.



- Over the past few years, changes in our processes, services and product lines have been quite dramatic.
- In our family business there is a strong relationship between the number of new ideas generated and the number of new ideas successfully implemented.
- Our family business places a strong emphasis on continuous improvement in products/service delivery/processes.
- Our family business has a widely held belief that innovation is an absolute necessity for the business's future.
- Our leaders seek to maximise value from opportunities without constraint to existing models, structures or resources.

Based on this background, the following hypothesis was formulated:

**H<sup>2</sup>: There is a significant relationship between innovativeness and perceived success in family businesses**

### 2.8.3.3 Risk-taking

DeWett (2004:258) defines the term risk as the extent to which there is uncertainty about whether potentially significant and/or disappointing outcomes of the decision could be realised. Sharma and Dave (2011:50) also state that risk-taking as an element of entrepreneurial orientation may have the biggest impact on the success of the business, compared to innovativeness and pro-activeness.

Risk forms part of the day to day operations of any business and almost every decision taken by managers will have a risk factor included (Von Stamm, 2008:387). Massive debt and substantial resource commitments in relation to a new entry are examples of risky behaviour. Risk-taking firms show a tendency to “take bold actions such as venturing into unknown new markets” (Lumpkin & Dess, 2001:431).

Family business owners experience two types of risks as they manage their businesses. The first, and the most common one, is business risk that results from the erraticism in a firm's performance. Some of this risk is industry-related, which indicates the pace of change in the business's competitive landscape. This is also true for the effects on the company's earnings, which are affected by technology, economy and social changes. The second type of risk is firm-related, reflecting the unique qualities of the firm and its senior decision makers. Family firms have idiosyncratic assets, cultures, and managerial processes that induce uncertainty about the consistency of their earning streams. The intangible values that create a quality business for families (Habbershon, Williams & MacMillan, 2003:451- 465) could also be a source of this uncertainty.

The assumption regarding the direct correlation between risk-taking and innovativeness is also important. According to Morris *et al.* (2008:62), this relationship is far more complex. The risk factor is also high when ignoring new business opportunities and combined with little innovations.

The variable, risk-taking, has been evaluated with a 5-point Likert-type scale ranging from 1 = strongly disagree to 5 = strongly agree.

The following items have been used:

- When confronted with uncertain decisions, our family business typically adopts a bold posture in order to maximise the probability of exploiting opportunities.
- In general, our family business has a strong inclination towards high-risk projects.
- Owing to the environment, our family business believes that bold, wide-ranging acts are necessary to achieve the business's objectives.

- Employees are often encouraged to take calculated risks concerning new ideas.
- The term 'risk-taker' is considered a positive attribute for employees (including family members) in our business.
- Our family business is very often the first to introduce new products/services/processes.
- Our family business typically initiates actions that competitors respond to.
- Our family business continuously seeks out new products/processes/services.
- Our family business continuously monitors market trends and identifies future needs of customers.

The relationship between risk-taking and success is not clear (Rauch, Wiklund, Lumpkin, Frese, 2009), including the fact that tried-and-true strategies may lead to performance, but risky strategies may lead to performance changes, since some projects fail while others succeed (Wiklund & Shepherd, 2005:75). Against this background the following hypothesis has been subjected to further studies:

**H<sup>3</sup>: There is a positive relationship between risk-taking and the perceived success of family businesses.**

#### 2.8.3.4 Pro-activeness

According to Madsen (2007:187), pro-activeness refers to a posture of anticipating and acting on the future requirements of the market. First movers can claim dominance of the distribution channels (Wiklund & Shepherd, 2005:75) - from this it can be construed that pro-active businesses are the leaders in the markets and not the followers (Sharma & Dave, 2011:47).

It is important to realise that when changes are made to a product or service, it does not define pro-activeness, but can be a simple reaction to the current market situation. According to Lumpkin and Dess (1996:146), implementing change in the business, combined with analysing future prospects and conditions, will lead to a proactive strategy and competitive advantage.

By being proactive, according to Casillas and Moreno (2010), the business reveals greater performance and growth - it is because of this fact that the following relationship has been considered.

**H<sup>4</sup>: The positive relationship between pro-activeness and the perceived success of family businesses.**

#### 2.8.3.5 Competitive aggressiveness

Competitive aggressiveness refers to a firm's propensity to directly and intensively challenge its competitors to achieve entry or improve position, that is, to outperform industry rivals in the marketplace (Lumpkin & Dess, 1996:148). Competitive aggressiveness can be reactive as well. This means for instance, that a new entry which is an imitation of an existing product or service would be considered entrepreneurial if the move implies an aggressive, head-to-head confrontation in the market. It is important to understand the difference between competitive aggressiveness and pro-activeness. Competitive aggressiveness is how the business relates to its competitors and how it responds to the demand in the market (Chan, Lin & Chen, 2007:999), this means that the main reason for competitive aggressiveness is to outperform rivals in the market and to prepare for possible competition (Antonicic & Hisrich, 2003:15). Pro-activeness focuses on meeting the demand.

According to Lumpkin and Dess (1996:148), competitive aggressiveness also embraces non-traditional ways of competing in an industry, such as new ways of distributing or marketing products. Martin and Lumpkin (2003:x) state that as later generations are involved in a family business, competitive aggressiveness

decreases. They claim that the so-called family orientation overtakes entrepreneurial orientation as the company is passed on through generations. According to them, the founding generations are more characterised by entrepreneurial concerns, while later generations are more characterised by family concerns, which lead to a decreasing entrepreneurial orientation in terms of competitive aggressiveness, risk-taking and autonomy (Martin & Lumpkin, 2003:x).

The variable, competitive aggressiveness, has been evaluated with a 5-point Likert-type scale ranging from 1 = strongly disagree to 5 = strongly agree.

The following items have been used:

- In dealing with competitors, our family business typically adopts a very competitive undo-the-competitor posture.
- Our family business is very aggressive and intensely competitive.
- Our family business effectively assumes an aggressive posture to combat trends that may threaten our survival or competitive position.
- Our family business knows when it is in danger of acting overly aggressive (this could lead to erosion of our business's reputation or to retaliation by our competitors).

Against this background, the following relationship is hypothesised:

**H<sup>5</sup>: There is a positive relationship between competitive aggressiveness and perceived success of family businesses.**

## **2.8.4 Job and life satisfaction**

### **Job satisfaction**

Although job satisfaction has been researched in various fields and contexts for more than half a century, it is still of interest today (Eyupoglu & Saner, 2009:686). This interest may be due to the likelihood that job satisfaction results in behaviours, such as productivity, absenteeism, turnover and interpersonal relations (Eyupoglu & Saner, 2009:686).

According to Van der Merwe, Venter and Farrington (2013:39), job satisfaction refers to workers who experience their participation in the family business as gratifying, worthwhile, as well as having their job expectations realised. Vallejo (2009:138) is of the opinion that it is important for family businesses to maintain high levels of job satisfaction among family members.

Coetzee (2002:45) also describes job satisfaction as either a constructive or a negative attitude that individuals have about their jobs. In their study, Buitendach and Rothmann (2009:2) define job satisfaction as an active or affective function of the perceived relationship between what a person wants from his/her job, and what the person perceives as offered. This is confirmed by Apollis (2010:26), who points out that job satisfaction includes an individual's perceptions and evaluations of a job, which are in turn influenced by the individual's circumstances, including his or her needs, values and expectations. Individuals therefore evaluate their jobs on the basis of factors that they regard as being important to them.

Job satisfaction results from the way a person perceives his/her job, and also job-related matters such as salary, relationships with colleagues and the amount and quality of support received from managers (Coetsee, 2002:45). Even more importantly, an individual's attitude about his/her job results from his/her perception of the degree to which there is a good fit between the individual and the organisation (Coetsee, 2002:45).

People who perceive their workplace and working conditions to be positive are likely to experience job satisfaction. Job satisfaction is the most important determinant of the quality of an employee's work-life (Coetsee, 2002:45), and according to Warr (2007:19) an important measurement of an individual's happiness at work. According to Buitendach and Rothmann (2009:1), job satisfaction is relevant to employees' physical and mental well-being. This is supported by Roelen, Koopmans and Groothoff (2006:433), who believe that a strong relationship exists between low job satisfaction and burn-out, depression, anxiety and low self-esteem.

Several studies show that job satisfaction has a significantly positive influence on organisational commitment, and that job satisfaction is a mediator between organisational commitment and other variables influencing organisational commitment (Cullinan, Bline, Farrar & Lowe, 2008; Liu & Ramsey, 2008; Lok & Crawford, 2001). However, some studies (Yiing & Ahmad, 2009) have found no significant relationship between job satisfaction and organisational commitment. It is suggested that the links between organisational commitment and job satisfaction are complex, and it is not clear which one is an antecedent of the other (Mosadeghrad, Ferlie & Rosenberg, 2008:211; Elizur & Koslowsky, 2001:594). According to Upadhyay, Singh and Singh (2010), the nature of the relationship between job satisfaction and organisational commitment, is an issue that has not yet been resolved.

These variables can be arranged according to two dimensions, namely intrinsic and extrinsic. Intrinsic rewards refer to the job tasks themselves, and include variety and achievement of personal goals. These are psychological rewards that are experienced directly by an individual, thus being defined as rewards that are part of the job itself (Gibson, Ivancevich & Donnely, 1991). It is also defined as psychological rewards that are experienced directly by an employee (Stoner & Freeman, 1992). Extrinsic rewards are experienced in aspects that have little to do with the job task or the content of the work itself. Co-workers, working conditions, and salary, fall in this category (Buitendach & Rothmann, 2009:2).

Extrinsic rewards are provided by an outside agent, such as a supervisor or work group. These rewards are defined as rewards external to the job (Gibson *et al.*, 1991). Pay, promotions, interpersonal relationships, status, and fringe benefits, are some examples of extrinsic rewards. Responsibility, achievement, autonomy, personal growth, challenges, completed work, and feedback characteristics of the job, are instances of intrinsic rewards.

One of the best known theories on job satisfaction is that of Herzberg (1957), who argued that the opposite of job satisfaction is not job dissatisfaction, but no satisfaction. Similarly, the opposite of job dissatisfaction is not job satisfaction, but no job dissatisfaction. Intrinsic factors (e.g. achievement and responsibility), lead to job satisfaction when present, but do not produce dissatisfaction when absent. Extrinsic or hygiene factors (e.g. company policies, supervision and salary), cause dissatisfaction when inadequate, but do not cause satisfaction, even when they are present (Hertzberg: 1957).

Job satisfaction has been researched by way of structured questionnaires that form part of the Minnesota Satisfaction Questionnaire (MSQ short form). This questionnaire was developed by the University of Minnesota in 1977. The design of this questionnaire met the objectives of the study, therefore the researcher decided to utilise it. The MSQ focuses specifically on intrinsic and extrinsic job satisfaction scales, where, unlike intrinsic job satisfaction, extrinsic job satisfaction has little to do with the work task itself (Buitendach & Rothmann, 2009:2).

For the purpose of this study, intrinsic and extrinsic job satisfaction will be measured with a 5–point Likert-type scale ranging from 1 = strongly disagree to 5 = strongly agree.

- Being able to keep busy all the time.
- The chance to work alone on the job.



- The chance to do different things from time to time.
- The chance to be somebody in the community.
- The way my boss (or family members) handles his/her employees.
- The competence of my supervisor (or other family members) in making decisions.
- Being able to do things that do not go against my conscience.
- The way my job provides for steady employment.
- The chance to do things for other people.
- The chance to tell people what to do.
- The chance to do something that makes use of my abilities.
- The way the family business policies are put into practice.
- My pay and the amount of work I do.
- The chances for advancement on the job.
- The freedom to use my own judgement.
- The chance to try my own methods for doing the job.
- The working conditions.
- The way my co-workers (including family members) get along with each other.

- The praise I get for doing a job.
- The feeling of accomplishment I get from my job.

### **Life satisfaction**

Life Satisfaction has emerged as a significant factor in organisational behaviour. As defined by Diener and Diener (1996), life satisfaction is the cognitive component of subjective well-being. Subjective well-being may be perceived as an individual's evaluation of his or her quality of life (Ye, Yu & Li, 2012). Life satisfaction measures the overall well-being resulting from one's appraisal of life in general (Graves, Ohlott & Ruderman, 2007). It is an individual's conscious, cognitive appraisal of the quality of his or her life (Headey & Wearing, 1991). Diener, Suh, Lucas and Smith (1999) allude to the fact that life satisfaction is an enduring indicator of an individual's successful adjustment to changes in life.

Life satisfaction has been researched with the help of the following questions:

- In most ways, my life is close to my ideal.
- The conditions of my life are excellent.
- I am satisfied with my life.
- So far I have gotten the important things I want in life.
- If I could live my life over, I would change almost nothing.
- Life is worth living.
- All in all, I am satisfied with my life these days.

## **Relationship between job and life satisfaction**

There are three conventional paradigms that address the relationship between life satisfaction and job satisfaction, namely (1) the spill over model, which maintains that there is a positive correlation between job satisfaction and life satisfaction; (2) the compensatory model, which maintains that the two constructs are negatively related; and the segmentation model, which maintains that there is no correlation between the two factors (Bamundo & Kopelman, 1980). However, most contemporary research tends to consistently support the spill over model (Ilies, Wilson & Wagner, 2009).

### **2.8.5 Family member commitment**

Commitment is one of the fundamental pillars on which much of the positive approach towards family business research is built (Eddleston, Morgan & Pieper, 2011:113). Commitment is also recognised as one of the most sought-after characteristics in next generation family members to contribute towards ensuring the continued success of such businesses (Eddleston *et al.*, 2011:113; Sharma & Irving, 2005:114).

Carlock and Ward (2001:54) and Handler (1989a:171), affirm that one of the determining success factors of the family business is the way that both family members and non-family members are committed to the success of the business. The commitment of all the role players including non-family members, as well as non-active members who are involved in the business, have a direct impact on the success of the family business. This is strengthened by Letele-Mataboee (2012:16), who defined the commitment of family members as having pride, a sense of belonging, an emotional attachment to the family business, and the responsibility to provide a great deal of effort and time, so as to ensure the success of the family business.

To determine the influence that family commitment has on the success of the family business, the three-component model of Meyer and Allen that is still regarded as the

dominant model with regard to organisational commitment (Sonlinger, Van Olffen & Roe, 2008:70; Benstein, Vandenberg, Vandenberghe & Stinglhamber, 2005:468), has been used.

Meyer and Allen (1984) initially stated that a distinction should be made between the two components of organisational commitment, namely, affective and continuance commitment. Affective commitment conveys an emotional connection to, identification with, and involvement in the family business. Continuance commitment indicates the apparent cost connected to leaving the family business (Meyer, Stanley, Herscovitch & Topolyntsky, 2002:21). According to Meyer *et al.* (2002:21), there is a third component of commitment, namely normative commitment, which indicates the need or an obligation to stay in the business. Two more mind-sets, namely calculative and imperative commitment has been also added later (Sharma & Irving, 2005; Meyer & Herscovitch, 2001:300).

Meyer and Herscovitch (2001:299) describe commitment as forced, experienced as a frame of mind, or a psychological state that directs an individual towards a course of action of importance in order to achieve one or more targets.

Making this applicable to family members who form part of the family business; the target is the family business, whilst the progress of action or focal behaviour, that these family members feel obligated to engage in, is to pursue a career in the family business (Sharma & Irving, 2005:14). Meyer and Herscovitch (2001:300) conclude that commitment is characterised by distinguishable mind-sets that shape the behaviour of an individual.

In this study, we will only be focusing on the first three components namely, affective, continuance and normative commitment.

### **Affective commitment**

Affective commitment is the individual's psychological or emotional connection to involvement in and identification with the organisation (Meyer & Allen, 1991:67). A strong link between positive work-related behaviours, that include attendance and

organisational citizenship, has also been found in employees with affective commitment (Meyer, Stanley, Herscovitch, & Topolnytsky, 2002). Aamodt (2004:323) strengthens this idea by stating that affective commitment reflects the extent to which an employee wants to remain in, care for, and exert effort for the organisation. It also reflects an employee's acceptance of and excitement about organisational goals (Greenberg, 1994:85).

Individuals or family members with emotional connections usually stay with the business because they see their individual employment relationship as harmonious with the goals and values of the organisation for which they currently work. The development of affective commitment involves alignment with the organisation and the internalisation of principles and standards that form part of the organisation (Beck & Wilson, 2000).

Such alignment, in turn, leads to the conviction that the career ambitions of an individual can be satisfied in the context of the organisation. Affective commitment between the individuals and the organisation is perceived as being an open-ended interchange, rather than a contracted, focused, transactional contract (Morrison, 1994:1547). Drawing from a political viewpoint, Van Dyne, Graham and Dienesch (1994:756) describe such relationships as covenantal, as they are characterised by reciprocated trust, collective standards, and the quest of mutual ends that are not specifiable in advance.

Commitment, as defined in the family business literature, is coherent with the definition of affective commitment as used in the organisational commitment literature. Handler (1989:171) states that commitment to family business continuation occurs when the family identifies the worth of the business, and is willing to work collectively to ensure the success of the business. This family value transforms into the family's operating norms and is practiced by the family members, through sharing, helping, and contributing, within the context of the business.

In the context of family businesses, commitment is based on a family member's strong connection with, and the aspiration to contribute to the family business. According to Sharma and Irving (2005:17), an individual with strong affective

commitment to the business, illustrates a firm belief and an acceptance of the business goals. Furthermore members with this type of commitment make a positive impact on the business because of the high levels of commitment (Sharma & Irving, 2005:17).

Affective commitment, for the purpose of this study, has been measured with a 5–point Likert-type scale ranging from 1 = strongly disagree to 5 = strongly agree. This construct has been measured with the following eight items:

- I would be happy to spend the rest of my career with the family business.
- I enjoy discussing the family business with people outside it.
- I feel as if the family business’s problems are my own.
- I do not think I could become as attached to another organisation as I am to the family business.
- I feel like part of the family at the family business.
- I feel emotionally attached to the family business.
- The family business has personal meaning for me.
- I feel a strong sense of belonging to the family business.

### **Continuance commitment**

Continuance commitment reflects awareness of the perceived costs of leaving the organisation, both economic and social (Meyer & Allen, 1991:67), and is based on the cost-avoidance mind-set (Sharma & Irving, 2005:20). This type of commitment refers to the calculated, rational link of the employee with regard to the benefits and the costs associated with staying with or leaving the business (Letele-Mataboee,

2012:51; Yiing & Ahmad, 2009:53; Jernigan *et al.*, 2002:565). This also illustrates the beliefs of the employee that he/she must remain with the business because of time, expenses and the complexity of finding another job (Letele-Mataboee, 2012:51).

The possibility for an increase in the need to stay with the organisation can surge as the relation dawns that the options are few. However, in a study in which the commitment levels of temporary workers to their businesses have been studied, affective commitment tested higher than continuance commitment (Van Breugel, Van Olffen & Ollie, 2005). Perhaps needing employment (temporary worker) increases affective commitment more than continuance commitment in certain situations.

One of the main differences between continuance commitment and affective commitment is that employees remain with the business because of monetary values, and not because of the desire. This differs from affective commitment, where employees remain with an organisation because they want to and are familiar with the organisation and its principles (Lumley, Coetzee, Tladinyane & Ferreira, 2011:100).

This element of commitment has been used by researchers to predict significant employee outcomes including turnover, citizenship behaviours, job performance, absenteeism, and tardiness (Meyer *et al.*, 2002). In a study of 232 employees in a variety of occupations, Irving, Coleman, and Cooper (1997) have found continuance commitment to be positively related to an external locus of control. This means that employees who believe that they have little control over their environment, are more likely to suffer a feeling of being stuck in their current occupation (Luthans, Baack & Taylor, 1987).

Increased levels of continuance commitment display increased levels of role conflict and role uncertainty, as well as withdrawal thoughts (Meyer *et al.*, 2002). In such a scenario, it has an adverse effect on the employee as well as the organisation; the employee remains in an uncomfortable position out of need or because of an absence of alternatives. This can potentially lead to contamination of the work group.

Disagreement concerning whether continuance commitment is a uni- or multi-dimensional construct (Meyer & Herscovitch, 2001:61-89), exists. Whereas some studies suggest that continuance commitment is uni-dimensional, others provide evidence for the presence of two components (Sharma & Irving, 2005:20). One component reflects perceived sacrifices or the costs associated with leaving; this is also called calculative commitment (Sharma & Irving, 2005:21). The second component is the acceptance of a lack of alternative employment opportunities, which Sharma and Irving (2005:21) call imperative commitment.

Continuance commitment has been measured by an eight-item 5–point Likert-type scale. These items are:

- It would be hard for me to leave the family business right now, even if I wanted to.
- My life would be disrupted if I decided that I wanted to leave the family business now.
- I am afraid of what might happen if I quit my job without having another one lined up.
- It would be costly for me to leave the family business now.
- Right now, staying with the family business is a matter of necessity as much as desire.
- I feel that I have few options to consider leaving the family business.
- One of the serious consequences of leaving the family business would be scarcity of available alternatives.



- One of the major reasons I continue to work in the family business, is that leaving would require personal sacrifice – another organisation may not match the overall benefits I have.

### **Normative commitment**

Normative commitment is founded on an individual's feeling of obligation to work for a family business (Sharma & Irving, 2005). In the case of organisational commitment, an individual with high levels of normative commitment feels obligated to remain with the organisation (Meyer & Allen, 1991:61). There is a sense of being locked into the organisation, although they may not perceive this negatively, they may rather accept the influencing force and wish to establish and maintain satisfying relationships.

Normative commitment involves a feeling of ethical obligation to continue working for a particular organisation. Elements that could be taken into account can be feelings of indebtedness, the need for reciprocity or organisational socialisation. Normatively committed employees feel that they ought to remain with the organisation (Aamodt, 2004:323).

As with affective commitment, the focal behaviour demonstrated in the instance of normative commitment, is a decision to follow a career in the business. Regarding affective commitment, the push element is an experienced commitment to do so, rather than an inherent desire to engage in the behaviour (Sharma & Irving, 2005:19). This impression that one ought to work for an organisation has many similar associations and significances related to affective commitment, though often to a lesser degree.

The adopted idea of responsibility and commitment allows employees' continued membership that is appreciated by a specific organisation (Allen & Meyer 1990: 1-18).

Normative commitment considers a person's ethical compass and sense of responsibility to the organisation (Marsh & Mannari, 1977).

Normative commitment has been measured with the following items:

- I think that people these days move from organisation to organisation too often.
- I believe that a person must always be loyal to his/her organisation.
- Jumping from organisation to organisation seems unethical to me.
- I believe that loyalty is important and therefore I feel a strong sense of moral obligation to remain.
- If I get another offer for a better job elsewhere, it would not feel right to leave the family business.
- I was taught to believe in the value of remaining loyal to one organisation.
- Things were better in the days when people stayed with one organisation for most of their careers.
- I think that wanting to be a company man or company women is sensible.

The above research has already indicated a relationship between entrepreneurial orientation and perceived success, it is therefore hypothesised that:

**H<sup>6</sup>: There is a significant relationship between commitment in the workplace and perceived success in the family business.**

**H<sup>7</sup>: There is a significant relationship between commitment in the workplace and job satisfaction in the family business.**

**H<sup>8</sup>: There is a significant relationship between commitment in the workplace and life satisfaction in the family business.**

## **2.9 SUMMARY**

In this study, the author set out to determine the determinants affecting the success of family businesses. The researcher also identified variables that were measured to better understand their impact and influence on the success of the family businesses.

The researcher reviewed other aspects as well, so as to gain a better understanding regarding family businesses and to comprehend what they have to offer. The definition that was used in this study was given, as well as the advantages and disadvantages regarding family businesses. This was done to ensure an understanding of what type of business constitutes a family business. Family businesses have a major influence on economies throughout the world. Without these businesses, which provide the majority of most countries' Gross National Product, as well as employment and economic stability, many countries would struggle to survive. It is therefore important to understand the elements and dynamics of family businesses in order to ensure the long-term sustainability of these businesses.

Family success was studied by viewing the following determinants

- Family harmony.
- Perceived future continuity.
- Innovation.
- Autonomy.
- Risk-taking.

- Competitive aggressiveness.

In Chapter three the results of the questionnaire is analysed and discussed.

# **CHAPTER 3**

## **RESULTS AND DISCUSSION OF EMPIRICAL STUDY**

### **3.1 INTRODUCTION**

Empirical research was performed by means of a structured questionnaire in order to determine the outcome of the research hypotheses as set out in Chapter 2. To accomplish credited empirical research, three activities were required. The first activity was measurement and was obtained with relevant scores that were in correspondence with the concept studies. Secondly was the research design that assisted with processes on how to obtain participants and determinants and how scores were to be obtained and measured. Lastly analyses were performed to illustrate the scores in single measures and specifically to associate relationships that may exist between scores across different measures.

The key objective of this research was to determine selected determinates that may have an effect on the success of small and medium-sized family businesses in South Africa. A total of 43 family businesses participated in the study, which returned 102 questionnaires. These family businesses were located in the South African provinces of North West and Gauteng.

This chapter attempts to present the results of the study, in context with the research objectives and design, as mentioned in Chapter one, as well as to present the results in relation to the wider problem statement. In order to establish a meaningful report of the results, it was critical that the discussions correlated with the findings as set out in Appendix A. The discussion further contained the various methodological issues and considerations regarding the gathering of the data.

### **3.2 GATHERING OF INFORMATION**

In this section the development and construction of the questionnaire is discussed, as well as the population and the process of gathering information. This section also

presents a thorough explanation of the various methodological issues and considerations regarding the obtaining and handling of the data used in the study.

### **3.2.1 Development and construction of the questionnaire**

The empirical study was conducted by means of a questionnaire, developed by Stéphan van der Merwe from the Potchefstroom Business School, North-West University. This questionnaire focused on the wellness of the family business. Based on the questionnaire, some determinates that could have an impact with regard to family business success, were identified; elements like commitment, entrepreneurial orientation, job satisfaction, satisfaction with life and perceived success.

The survey comprised of the following sections, namely A through G where the first four sections were based on a 5-point Likert-type scale ranging from 1 = strongly disagree to 5 = strongly agree. It contained questions and items relevant to the primary research problem, as well as a categorisation of these questions and relevant items. Refer to Appendix A for a detailed layout of the questionnaire.

Section A aimed to investigate the attitudes of family members towards the commitments to the small and medium-sized family business.

Section B measured the possible concerns and attitudes of the family members with regard to the entrepreneurial orientation that exists in the family businesses.

Section C and D measured selected aspects concerning how individuals' attitudes were towards their family businesses, with regard to job satisfaction as well as their satisfaction regarding their lives.

Section E aimed to investigate the current perception that family members had with regard to the success of the family business.

Section F was included to gather the biographical information of the participants and to identify the structural information of the participatory businesses.

Section G required completion only by the active, senior generation owner-managers of the business, in order to gather structural information regarding the business.

### **3.2.2 Data Collection**

This study focused on small and medium-sized family businesses with family members who are actively involved in the businesses within the North-West and Gauteng Provinces of Southern Africa.

Data collections were done two-fold, by distributing the questionnaires as hard copies as well as electronically. After the distribution, electronic mail messages were sent to the participating family businesses, to thank them, to explain the purpose of the study again, as well as to assure them of the confidentiality with which the information would be handled. In the study, research codes were used instead of identifying information, so as to protect participants' answers when data documents were stored or out in the open. Having the data identified by a study code, protected the identity of the participants. Follow-up communication with regard to the completion of the questionnaires and to resolve any problems that may have surfaced, was initiated verbally and electronically.

Over the six week period, phone calls as well as e-mails were sent to the respective businesses, reminding them of the due date as well as to make arrangements for the collection of the questionnaires. This was also done to ensure that as many as possible questionnaires were collected and used for the analysis of the study. Despite these precautions, there were still businesses that failed to complete or return some of the questionnaires.

The data collected was statistically analysed using Statistical 10 (Stat soft, 2010). The data from the questionnaires was coded, investigated and transformed into useful outputs such as frequency. A frequency table was used to draw conclusions and make recommendations regarding the determinants that had a successful effect on family businesses in South Africa.

### 3.3 RESPONSES TO THE SURVEY

The study made use of the snowball sampling method, which forms part of the convenience sampling method. A total of 145 printed copies were dispatched out and a total of 102 usable questionnaires were returned for this sample. This constitutes a response rate of 70.34% and a sample size of 43 family businesses.

### 3.4 RESULTS OF BIOGRAPHICAL DATA

In section F of the questionnaire, the information needed for the biographical data was captured, which included five main categories. This information was used to structure the foundation of the statistical analysis.

Section G captured biographical data regarding the companies' structure, but this was only required to be filled in by the senior executive managers of the family businesses.

#### 3.4.1 Age group categories of family members

- Purpose of the question and results obtained

The intention of Question F1, Section F of the questionnaire (Refer to Appendix A), was to determine the age group classifications of participants. Table 3.1 presents the age group classifications of all the family members that responded to the survey.

**Table 3.1: Age group classifications of respondents**

Age group	Frequency	Percentage
≤ 29	17	16.70%
30-39	28	27.50%
40-49	29	28.40%
50-59	22	21.60%
60+	6	5.90%
<b>Total</b>	<b>102</b>	<b>100.00%</b>



- Analysis of the results

The majority of the respondents in Table 3.1 were represented by the 40 to 49 year age group, making up 28.40% of all members in the family business. This was closely followed by the 30 to 39 years group of 27.50%. The 50 to 59 year group, combined with the younger than 29 years of age, made up 38.30%. Interestingly, the percentage of those older than 60 years of age was very low and made up for only 5.90% of the sample.

### 3.4.2 Gender of family members

- The purpose of the question and the results obtained

The purpose of Question F2, in Section F of the questionnaire (refer to Appendix A) was to determine and differentiate between the numbers of male and female respondents. The respondents had to choose either the male or the female category in the questionnaire.

The following table describes the gender of the participating candidates (Table 3.2).

**Table 3.2: Gender distribution of the family**

Gender	Frequency	Percentage
Male	67	65.70%
Female	35	43.40%
<b>Total</b>	<b>102</b>	<b>100.00%</b>

- Analysis of the results

Table 3.2 above indicates the relation of males (65.70%) to females (43.40%) that took part in the study.

### 3.4.3 Marital status of family members

- Purpose of the question and the results obtained

The purpose of Question F3, in Section F of the questionnaire (refer to Appendix A), was to determine the marital status of all the participants. This was important to analyse due to the fact that marriage influences the way that businesses are managed. It also affects decision making. The marital status of all the family business members is represented in Table 3.3.

**Table 3.3: Marital status of family members**

Marital Status	Frequency	Percentage
Single	15	14.70%
Married	82	80.40%
Divorced	5	4.90%
Widow/er	0	0.00%
<b>Total</b>	<b>102</b>	<b>100.00%</b>

- Analysis of the results

The analysis of Table 3.3 revealed that the vast majority (80.40%) was married. The second category (14.70%) was the respondents who were single. Five were divorced, making up 4.90% of the participants.

### 3.4.4 Relationship to the family

- Purpose of the question and the results obtained

The purpose of Question F4, in Section F of the questionnaire (refer to Appendix A), was to determine the relationship of all active family members to the senior owner-managers. By researching this, the information indicated whether the family members were directly or indirectly related to the senior generation owner/managers. Relationships form a critical part of the business, and affects the succession, as well

as the different ideas and ways of operating that are introduced by new generations. The relationship of all the active family members to the senior generation owner-managers is presented in Table 3.4 below.

**Table 3.4: Active family members' relationships to the senior generation's owners-managers**

Relationship	Frequency	Percentage
Owner	42	41.20%
Spouse	17	16.70%
Brother	9	8.80%
Sister	3	2.90%
1 <sup>st</sup> Son	9	8.80%
2 <sup>nd</sup> Son	6	5.90%
3 <sup>rd</sup> Son	1	1.00%
1 <sup>st</sup> Daughter	4	3.90%
2 <sup>nd</sup> Daughter	2	2.00%
3 <sup>rd</sup> Daughter	0	0.00%
In-laws	3	2.90%
Other	3	2.90%
Not indicated	3	2.90%
<b>Total</b>	<b>102</b>	<b>100.00%</b>

- Analysis of the results

Table 3.4 showed that 42 out of the 102 businesses analysed (41.20%) still had an active owner managing the business. The spouse of the owner-manager was involved in 17 businesses (16.70%).

The combined sibling percentage of 11.70%, illustrated the involvement of other family members in the business dynamics. First sons had the highest relationship to the owner-managers, where 8.80% of the owners' first sons were actively involved in the business. Combining this with the rest of the children, who contributed 12.80% of

the participants, might indicate the natural progression of close family members into the business.

In-laws comprised of 2.9% of participants, while only three other family members filled in the other category (grandfathers and uncles form part of these members). Three respondents failed to indicate their relationships on the questionnaire.

### 3.4.5 Highest academic qualifications

- Purpose of question and the results obtained

The purpose of Question F5, in Section F of the questionnaire (refer to Appendix A), was to determine the highest academic qualifications of the participants. The formal qualification levels of the family members could make a difference in the way business methods and principles are implemented, and perhaps how decisions are made, which may have an effect on the success of the family business.

The highest academic qualifications of all the participating family members are presented in Table 3.5.

**Table 3.5: Highest academic qualifications of respondents**

Highest academic qualifications	Frequency	Percentage
Lower than matric	7	6.90%
Matric	35	34.40%
Certificate	13	12.70%
Diploma( Technical College or Technicon)	25	24.50%
University degree	15	14.70%
Post graduate qualification	7	6.90%
<b>Total</b>	<b>102</b>	<b>100.00%</b>

- Analysis of the results

Table 3.5 indicates that a matric qualification constituted the largest single group of all the responses, representing 34.40% of the respondents. A total of 7 (6.90%)

respondents indicated that they had a qualification lower than matric, the last four components combined made for 58.80% of the make-up of the family business surveyed, illustrating that most of the members received some form of formal education before starting employment in the family business.

### **3.5 RESULTS OF THE STRUCTURAL INFORMATION OF FAMILY BUSINESS**

Section G of the questionnaire was only completed by the senior generation owner-managers of the contributing family businesses. This section analysed information regarding the structure of the business, the number of permanent employees in the business, family business's turnover, the business's industry, the age of the business, the number of generations that have owned the family business, and the business's legal status.

#### **3.5.1 Number of permanent employees**

- Purpose of the question and the results obtained

The purpose of Question G1, in Section G of the questionnaire (refer to Appendix A), was to obtain the number of employees employed by the businesses, as well as to determine whether the family businesses could be classified as small or medium-sized businesses. The number of employees is presented in Table 3.6.

**Table 3.6: Permanent employees employed by family businesses**

Number of employees	Frequency	Percentage
1-4	14	32.60%
5-10	8	18.60%
11-25	10	23.30%
26-50	6	14.00%
51-100	2	4.60%
101-200	3	7.00%
201-500	0	0%
500 +	0	0%
<b>Total</b>	<b>43</b>	<b>100%</b>

- Analysis of the results

The majority of businesses (32.60%) had between one and four employees. A total of 8 businesses (18.60%) had five to ten employees, while ten businesses (23.30%) had between 11 and 25 employees. A total of six businesses (14.00%) had between 26 and 50 employees. The last two categories', namely 51-100 and 101-200, employees, were employed by two (4.60%) and three (7.00%) family businesses respectively.

### **3.5.2 Annual family business turnover**

- Purpose of the question and the results obtained

The purpose of Question G2, in Section G of the questionnaire (refer to Appendix A), was to obtain information on the financial success of the family business. It also provides an indication about the size of the business. Table 3.7 presents the annual turnover of family businesses in the study.

**Table 3.7: Annual turnover of family businesses**

Annual turnover	Frequency	Percentage
< R1m	8	18.60%
R1m-R2.5m	11	25.60%
R2.5m-R10 m	12	27.90%
R10m-R50m	8	18.60%
R50m-R100m	1	2.30%
> R100m	1	2.30%
Not indicated	2	4.70%
<b>Total</b>	<b>43</b>	<b>100%</b>

- Analysis of the results

These results indicated that most family businesses operated with an annual turnover of R50 million and less, making up 90.70% of the total sample. Eight businesses reported a turnover of between R10 million and R50 million. There was one exception noted on the table, with a turnover of more than R100 million a year. Two participants did not indicate their annual turnover.

### **3.5.3 Family business industry focus**

- Purpose of the question and the results obtained

The purpose of Question G3, in Section G of the questionnaire (refer to Appendix A), was to obtain information on the industry that the family businesses operated in. This was a good indicator regarding the turnovers, permanent employees, highest academic qualifications and even gender participation.

Table 3.8 presents the industries the respondents' family businesses operated in.

**Table 3.8: Family businesses' industry focus**

Industry focus	Frequency	Percentage
Automotive	0	0.00%
Agriculture	0	0.00%
Farming	1	2.33%
Construction	7	16.28%
Food	4	9.30%
Real estate	1	2.33%
Retail	7	16.28%
Wholesale	2	4.65%
Manufacturing	3	6.98%
Services	13	30.23%
Other	2	4.65%
Not indicated	3	7.00%
<b>Total</b>	<b>43</b>	<b>100%</b>

- Analysis of the results

The participating businesses were erratically distributed between the different industry classifications. A total of 13 (30.23%) businesses, which represents the largest group in the study, operated in the services sector. The construction and retail categories were both represented by seven (16.28%) respondents. A total of four (9.30%) family businesses represented the food sector. Three (6.98%) represented the manufacturing sector, two (4.65%) were in wholesale as well as other sectors, and one business (2.33%) was involved in real estate. Unfortunately 3 (7.00%) respondents did not indicate the industry that they operated in.



### 3.5.4 Age of the family business.

- Purpose of the questions and the results obtained

The purpose of Question G4, in Section G of the questionnaire (refer to Appendix A), was to determine the age distribution of the participating family business. This was important in order to identify the sustainability and longevity of the family businesses.

Table 3.9 presents the age distribution of the respondent family businesses.

**Table 3.9: Age of family business**

Number of years	Frequency	Percentage
1-3 years	5	11.60%
4-5 years	2	4.70%
6-10 years	5	11.60%
10+ years	31	72.10%
<b>Total</b>	<b>43</b>	<b>100%</b>

- Analysis of the results

When looking at Table 3.9, it is clear to see that most of the family businesses (72.10%) have been in business for more than 10 years. A total of five (11.60%) had been in business between one and three years, two (4.70%) had been in business between four and five years while 5 (11.60%) had been in business between six and ten years.

### 3.5.5 Number of generations that have managed and owned the family business

- Purpose of the question and the results obtained

The purpose of Question G5, in Section G of the questionnaire (refer to Appendix A), was to obtain information on the number of generations that formed part of the ownership as well as the management of the family businesses. This question could possibly give a better indication as to the sustainability and longevity of the family businesses. Table 3.10 presents the number of generations that have managed and owned the participating family businesses.

**Table 3.10: Number of generations that have managed and owned family business**

No. of generations	Frequency	Percentage
1 <sup>st</sup> generation	19	44.20%
2 <sup>nd</sup> generation	12	27.90%
3 <sup>rd</sup> generation	3	7.00%
5 <sup>th</sup> generation	1	2.30%
Not indicated	8	18.60%
<b>Total</b>	<b>43</b>	<b>100.00%</b>

- Analysis of the results

The table clearly indicates that family businesses have difficulty to survive after the second generation. Almost half (44.20%) of the current family businesses are still owned and managed by the first generation owner-managers, or the founders of the businesses. Second generations formed 27.90% of the respondents, which correlated with the literature study that suggested that only 30% of family businesses survive until the second generation. Only three (7.00%) family businesses were in their third generation, and one (2.30%) company was in its fifth generation. Eight (18.60%) respondents left the question unanswered.

### 3.5.6 Legal status of the family business

- Purpose of the questions and the results obtained

The purpose of Question G6, in Section G of the questionnaire (refer to Appendix A), was to obtain information on the legal statuses of the family businesses. The legal statuses of the respondent family businesses are illustrated in Table 3.11.

**Table 3.11: Legal statuses of the businesses**

Legal status	Frequency	Percentage
Proprietorship	8	18.60%
Partnership	5	11.60%
Company(private)	11	25.60%
Company(public)	2	4.70%
Close Corporation	11	25.60%
Co-operative	0	0.00%
Business Trust	3	7.00%
Franchise	2	4.70%
Other	1	2.30%
<b>Total</b>	<b>43</b>	<b>100%</b>

- Analysis of the results

From the majority of the businesses that participated in the survey most (25.60%) were private companies or close corporations. Many were proprietorships, which made up 18.60% of the total sample, five (11.60%) were partnerships, three (7.00%) of the companies' legal statuses were Business Trusts, while two (4.70%) were public companies and franchises respectively. One participant selected other.

### 3.6 RELIABILITY OF THE QUESTIONNAIRE

Cronbach alpha coefficients were calculated in order to establish the internal consistency between the items of the questionnaire (Page & Meyer, 2000:292).

**Table 3.12: Cronbach alpha coefficient of variables**

Determinate	Cronbach alpha coefficient
Affective commitment	0.833
Con commitment	0.846
Normative commitment	0.862
Autonomy	0.807
Innovativeness	0.906
Risk-taking	0.855
Pro-active	0.761
Competitive aggressiveness	0.802
Job satisfaction	0.957
Life satisfaction	0.920
Future continuity	0.907
Harmony	0.948
Success	0.923

The Cronbach alpha coefficient was calculated with the average correlations of the variables in the test (SAS Institute, 2005:295); the greater the coefficient is, the more reliable the scales are. If a Cronbach alpha coefficient is greater than 0.7, it could be interpreted as reliable and internally consistent (SAS Institute, 2005).

### 3.7 ANALYSING FAMILY MEMBER COMMITMENT

Section A of the questionnaire (refer to Appendix A), measured the commitment of family members towards the family business.

The Likert scale type questionnaire was used in establishing commitment. Questions representing disagreement with the statement had a low score while agreeing with the statement had a higher score.

The descriptive statistics and alpha coefficients of the construct measuring the determinants are indicated in Table 3.13.

**Table 3.13: Descriptive results of the analysis of family member commitment**

Construct	N	Mean	Std. Deviation	Alpha
Affective Commitment	102	3.936	0.69004	0.833
Continuance Commitment	102	3.868	0.64265	0.846
Normative Commitment	102	3.890	0.58135	0.862
<b>Total Commitment</b>	<b>102</b>	<b>3.898</b>	<b>0.56074</b>	<b>0.934</b>

Table 3.13 indicates a highly acceptable Cronbach alpha coefficient, which range from 0.833 to 0.862, thus the scale indicates an internal consistency and reliability.

### 3.7.1 Affective commitment

Affective commitment achieved a score of  $\bar{x} = 3.936$  and  $s = 0.69004$ . Bearing in mind that the scale was one to five, this signifies general agreement with the statement/items concerned with the affective commitment of the family members, although not very high.

### 3.7.2 Continuance commitment

As with the affective commitment scale, continuance commitment achieved a score of  $\bar{x} = 3.868$  and  $s = 0.64265$ . This represented an above average agreement per the statements/items concerned with the continuance commitment of family members to the family business.

### 3.7.3 Normative commitment

Family members obtained a score of  $\bar{x} = 3.890$  and  $s = 0.58135$ , which was the second highest agreement of the constructs. This represented a relatively high agreement per the statements/items concerned with the normative commitment of the family members to the family business.

The last construct measured the combined total commitments of the three constructs. It clearly indicated a high agreement ( $\bar{x}=3.898$ ;  $s=0.5607$ ) with all of the statements that was measured by the construct.

## 3.8 ANALYSING ENTREPRENEURIAL ORIENTATION

Section B of the questionnaire gathered data from the businesses with regard to the constructs of entrepreneurial orientation. It was noted that some dimensions were rated as very important for some family businesses such as autonomy and innovativeness, while other dimensions were irrelevant or not very important to some businesses, such as risk taking.

Table 3.14 illustrates the constructs of entrepreneurial orientation with the mean of application and recognition measured. The standard deviation further indicated how the reported data was distributed. It provided the number to be added to, or subtracted from the mean value so as to obtain the highest or lowest accurate perspective without being concerned about the effect of outliers.

**Table 3.14: Constructs of entrepreneurial orientation**

Construct	N	Mean	Std. Deviation	Alpha
Autonomy	102	3.806	0.65324	0.807
Innovativeness	102	3.859	0.59170	0.906
Risk-taking	102	3.443	0.71806	0.761
Pro-activeness	102	3.660	0.62813	0.761
Competitive aggressiveness	102	3.540	0.67889	0.802
<b>Average Entrepreneurial Orientation</b>	<b>102</b>	<b>3.695</b>	<b>0.56158</b>	<b>0.952</b>

The average entrepreneurial orientation mean is  $\bar{x} = 3.695$ , indicating that most of the family business's members were to some extent recognising and applying some of the constructs of entrepreneurial orientation. All five constructs obtained an average mean higher than 3.

### 3.8.1 Autonomy

In Section B of the questionnaire, the first five statements were used to measure the autonomy levels in the businesses. Table 3.15 illustrates the autonomy levels that the entrepreneurs provided their employees with for being creative.

**Table 3.15: Autonomy levels in the participating businesses**

Question	N	Mean	Std. Deviation
B1	101	4.248	0.7267
B2	102	4.029	0.8612
B3	102	3.500	0.9622
B4	102	3.775	0.8194
B5	102	3.490	0.9518
<b>Average Autonomy</b>	<b>102</b>	<b>3.808</b>	<b>0.8643</b>

Statement B1 proposed that the employees had enough autonomy to perform work without supervision, and accounted for a mean value of 4.248. Statement B2, had the second highest mean rating ( $\bar{x} = 4.029$ ), and described a positive feeling regarding the family business. It also indicated a tolerance regarding creative and new ways for the employees to do their daily tasks, when combined with statement B4, which had a mean value of  $\bar{x} = 3.775$  and thus indicated that the employees were encouraged to manage their own work and have flexibility to resolve possible problems. Question B3 stated that the employees were allowed to make decisions on their own and the result indicated that entrepreneurs and managers were less favourable to these circumstances ( $\bar{x} = 3.500$ ).

The average autonomy result with an average mean of 3.8080 ( $\bar{x} = 3.8080$ ), could be an indication that entrepreneurs and managers of small and medium-sized family businesses maintained a high level of autonomy when it was task related, but they wanted to be in control concerning decisions that might impact their businesses.

### 3.8.2 Innovativeness

Questions B6 to B14, Section B of the questionnaire, have viewed information regarding the levels of innovativeness in family businesses. These results are displayed in Table 3.16.

**Table 3.16: Innovativeness levels in the participating businesses**

Question	N	Mean	Std. Deviation
B6	102	3.843	0.8174
B7	102	3.814	0.8758
B8	102	3.902	0.8845
B9	102	4.000	0.7175
B10	102	3.608	0.9137
B11	102	3.686	0.7033
B12	102	3.912	0.6764
B13	102	4.069	0.6931
B14	101	3.901	0.7417
<b>Average Innovativeness</b>	<b>102</b>	<b>3.859</b>	<b>0.7840</b>

The scores indicated a high level of innovation in the businesses ( $\bar{x} = 3.859$ ), with a standard deviation of 0.7840 ( $s = 0.7840$ ), which signified that all of the family businesses felt the same way.

Question B13, with a mean of 4.069 ( $\bar{x} = 4.069$ ), combined with B14's mean of  $\bar{x} = 3.901$ , gave a good indication of the importance of innovation, as well as the maximising value regarding the opportunities without the constraints. For any



innovative entrepreneur, these two statements should be positive and the result was therefore not surprising

Question B9 with a mean rating of 4.00 ( $\bar{x} = 4.00$ ), indicated the importance of growth for the businesses, as well as their longevity. The fact that this question rated high, is a clear indication that businesses look at possible opportunities to promote growth. By searching for new opportunities, the high score of B13 can be connected to these, because opportunities provide possible innovation possibilities to better the existing processes or offer new innovative processes.

Question B10, with the lowest result of 3.608 ( $\bar{x} = 3.608$ ), shows that the most businesses have not been involved in much change recently, which could be accredited to difficult economic periods and the idea that many entrepreneurs prefer not to take risks at this stage.

### 3.8.3 Risk-taking

The levels of risk-taking in the respective businesses are displayed in the following table (Table 3.17).

**Table 3.17: Risk-taking levels in the participating businesses**

Question	N	Mean	Std. Deviation
B15	102	3.578	0.8377
B16	101	3.238	0.9607
B17	102	3.461	0.8863
B18	102	3.490	0.8530
B19	102	3.431	0.9388
<b>Average Risk-Taking</b>	<b>102</b>	<b>3.530</b>	<b>0.8444</b>

Question B15 stated that entrepreneurs are very eager to exploit opportunities ( $\bar{x} = 3.578$ ), but in contrast, the lowest score for B16 indicated that these entrepreneurs were not so eager to take on high risk projects ( $\bar{x} = 3.238$ ). Combined with Question

B19 with a mean of  $\bar{x} = 3.431$ , it stated that many entrepreneurs did not consider the term risk-taker as a positive attribute, thus the assumption could be made that these entrepreneurs were risk adverse.

### 3.8.4 Pro-activeness

Questions B20 to B23 (Section B of the questionnaire) determined pro-activeness among entrepreneurs. It is important for family businesses to be conscious of the conditions and activities of other businesses that surround them, in order to prepare themselves for possible future changes.

Table 3.18 represents the level of pro-activeness in the participating businesses.

**Table 3.18: Pro-activeness level in participating businesses**

Question	N	Mean	Std. Deviation
B20	102	3.510	0.8530
B21	102	3.637	0.6863
B22	102	3.716	0.8942
B23	102	3.775	0.8432
<b>Average Pro-Activeness</b>	<b>102</b>	<b>3.659</b>	<b>0.8192</b>

The tabulated scores show an average mean value of 3.6590 ( $\bar{x} = 3.659$ ), which indicated that there was a strong sense of pro-activeness in the businesses. Attention was drawn to Questions B22 and B23 with respected means of  $\bar{x} = 3.716$  and  $\bar{x} = 3.775$ . This was a clear indication that the presented family businesses had entrepreneurial characteristics by way of identifying new products or services and exploring new market trends. Another interesting fact was that Question B20's mean ( $\bar{x} = 3.510$ ), was the lowest of all the questions, indicating that the family businesses were not keen to be first to introduce new products/services/processes. A possible reason could be that they were risk adverse.

### 3.8.5 Competitive aggressiveness

Competitive aggressiveness, measured the competitive attitudes of the businesses. These attitudes could be influenced by the types of industries that the businesses dealt with. Table 3.19 gives the analysed results of the dimension, competitive advantage.

**Table 3.19: Competitive aggressiveness levels in the participating businesses**

Question	N	Mean	Std. Deviation
B24	102	3.461	0.7793
B25	102	3.461	0.8522
B26	101	3.465	0.9227
B27	101	3.733	0.8233
<b>Average Competitive Aggressiveness</b>	<b>102</b>	<b>3.440</b>	<b>0.8953</b>

The scores indicated a high average mean for competitiveness ( $\bar{x} = 3.440$ ) in the family businesses. The statement B27 indicated that the businesses were aware of danger, or when they were acting overly aggressive, which was indicated by a mean of  $\bar{x} = 3.733$ .

### 3.8.6 Assessment of the combined results

The different elements of independent variables were discussed in the previous sections (3.8.1-3.8.5). The results of these independent variables were combined to create an overall picture of entrepreneurial orientation, which is illustrated in Table 3.20.

**Table 3.20: Survey results of entrepreneurial orientation**

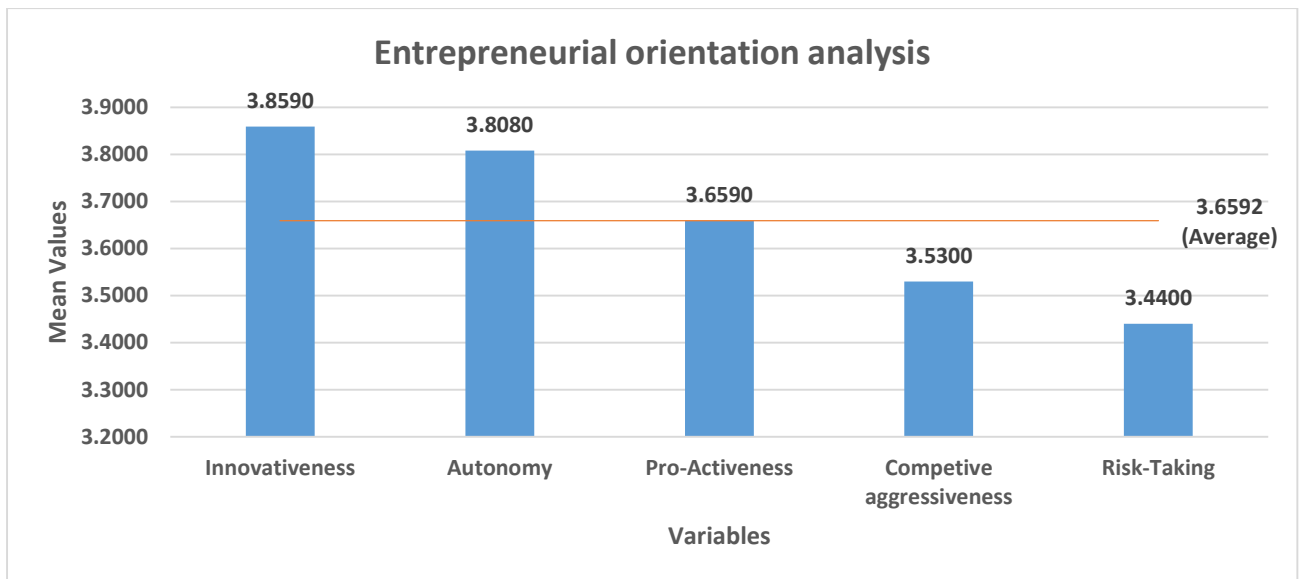
Variable	Respondents	Mean	Std. Deviation
Innovativeness	102	3.859	0.7840
Autonomy	102	3.808	0.8643
Pro-activeness	102	3.659	0.8192
Competitive aggressiveness	102	3.530	0.8444
Risk-taking	102	3.440	0.8953
<b>Average</b>	<b>102</b>	<b>3.659</b>	<b>0.8414</b>

A mean value of three on the five-point Likert scale indicated a neutral opinion. The average means of the five independent variables that form entrepreneurial orientation, were  $\bar{x} = 3.659$ , indicating a positive perception towards entrepreneurial orientation in general, but with room for improvement.

The results are graphically illustrated in Graph 3.1 which compares the different variables from the highest to the lowest against the average.

As illustrated in Graph 3.1, the strongest agreement was with innovativeness ( $\bar{x} = 3.859$ ) and autonomy ( $\bar{x} = 3.808$ ), both with results higher than the average mean. Agreement regarding pro-active ( $\bar{x} = 3.6559$ ), competitive aggressiveness ( $\bar{x} = 3.530$ ) and risk-taking ( $\bar{x} = 3.440$ ), indicated a lower than average mean result.

**Graph 3.1: Entrepreneurial orientation analysis**



### **3.9 ANALYSING FAMILY MEMBERS' JOB SATISFACTION**

Section C of the questionnaire dealt with job satisfaction in the participating businesses. The study was done to estimate the stance of intrinsic and extrinsic factors.

Tables 3.20, 3.21 and 3.22 explain the two distinct scales mentioned above, and also the average scores of job satisfaction.

#### **3.9.1 Intrinsic elements**

Intrinsic rewards refer to the job tasks themselves and include variety and the achievement of personal goals in the family businesses. The results explored the psychological rewards that were experienced directly by the family members. The intrinsic values are illustrated in Table 3.21.

**Table 3.21: Intrinsic elements of job satisfaction**

Intrinsic Construct	Mean	Std. Deviation
C1	4.186	0.7275
C2	3.931	0.8590
C3	3.971	0.7766
C4	3.931	0.7347
C7	3.980	0.9118
C8	3.960	0.8114
C9	3.931	0.8704
C10	3.755	0.9167
C11	3.990	0.9065
C15	3.990	0.7379
C16	3.951	0.7496
C20	4.118	0.8241
<b>Average Intrinsic</b>	<b>3.975</b>	<b>0.8188</b>

The tabulated scores show an average mean value of 3.975 ( $\bar{x} = 3.975$ ), which indicates that there was a strong sense of intrinsic job satisfaction in the participating family businesses. Important to note was that Question C1, keeping busy all the time, scored the highest mean value of 4.186 ( $\bar{x} = 4.186$ ), which indicated that it was important for members to work and stay busy the entire time. Question C20, with a mean of 4.118 ( $\bar{x} = 4.118$ ), stated that accomplishment and feeling good and proud about my work and the service that I deliver, is very important regarding job satisfaction.

A clear indication that family members realised the need to put their own personal contributions and judgement into their activities, was indicated by Questions C15 and C16, with a mean value of 3.990 and 3.951 respectively. Question C2, with a mean value of 3.931 ( $\bar{x} = 3.931$ ), was one of the lowest of all the questions, indicating that although family members try their own methods of doing their jobs, the need for working together and getting everyone's inputs, were also important.

The chance to tell people what to do, scored the lowest out of all the results ( $\bar{x} = 3.755$ ), again this could be because the family members maybe feel that it is not their place to do it or that everyone is working together.

### 3.9.2 Extrinsic elements

Extrinsic rewards are experienced in aspects that have little to do with the job task or the content of the work itself. Co-workers, working conditions and salaries fall in this category. The results of the extrinsic values of the participating family businesses are shown in Table 3.22.

**Table 3.22: Extrinsic elements of job satisfaction**

Extrinsic Construct	Mean	Std. Deviation
C5	3.882	0.8120
C6	3.922	0.7132
C12	3.901	0.7142
C13	3.851	0.7796
C14	3.902	0.7245
C19	3.657	0.9387
<b>Average Extrinsic</b>	<b>3.853</b>	<b>0.7804</b>

Two of the highest scores illustrated, were the way people were handled (C5,  $\bar{x} = 3.975$ ), and the way policies were introduced and implemented in the businesses (C12,  $\bar{x} = 3.901$ ). Both of these elements indicated the need for respect as well as the feeling that all members were important and needed. Rating the highest, C6 with an mean score of 3.922 ( $\bar{x} = 3.922$ ), indicated that family businesses members felt that it was of utmost importance that the supervisor or family members should be able to make the decisions as well as to manage the business into the future.

The scores showed an average mean value of 3.853 ( $\bar{x} = 3.853$ ), which indicated that there was an above average rating for extrinsic job satisfaction in the participating family businesses.

**Table 3.23: General elements of job satisfaction**

General Construct	Mean	Std. Deviation
C18	4.069	0.6334
C19	3.657	0.9387
<b>Job Satisfaction</b>	<b>3.944</b>	<b>0.7977</b>

The importance of working conditions scored high with a mean of 4.069 ( $\bar{x} = 4.069$ ), which represented that the general safety, as well as the facilities to do the work correctly and sufficiently, was important. The score for Question C16 indicated that the praise I get for doing the job is not so important ( $\bar{x} = 3.657$ ).

In general the average mean for all 20 questions was above average with a score of 3.944 ( $\bar{x} = 3.944$ ), which indicated a positive feeling toward job satisfaction in the participating businesses.

### 3.10 ANALYSING FAMILY MEMBERS' SATISFACTION WITH LIFE

The purpose of the Section D (refer to Appendix A) was to assess how the general view of family business members was regarding their satisfaction with life. Table 3.24 gives the indications regarding this.

**Table 3.24: Satisfaction with life levels in the participating businesses**

Construct	N	Mean	Std. Deviation
D1	102	3.824	0.7501
D2	102	3.647	0.9297
D3	100	3.850	0.8572
D4	102	3.833	0.9237
D5	102	3.461	1.0405
D6	102	4.098	0.8023
D7	102	3.951	0.7227
<b>Average Life Satisfaction</b>	<b>102</b>	<b>3.809</b>	<b>0.8609</b>



The three most important questions in this section, namely D3, D6 and D7, scored the highest means of 3.850, ( $\bar{x} = 3.850$ ), 4.098 ( $\bar{x} = 4.098$ ), and 3.951 ( $\bar{x} = 3.951$ ) respectively, which was a clear indication that participating family members were satisfied with life. This was also strengthened by the average mean for life satisfaction of 3.809 ( $\bar{x} = 3.809$ ), that indicated an above average score regarding life satisfaction.

### 3.11 ANALYSING PERCEIVED SUCCESS

Section E of the questionnaire (refer to Appendix A), gathered data from the businesses with regard to the constructs of perceived success. Perceived success was divided into three important sub-categories, namely future continuity, harmony and success. These constructs were studied and explained in detail.

#### 3.11.1 Perceived Future continuity

The construct, perceived future continuity, obtained an average score of 3.929 ( $\bar{x} = 3.929$ ), and a standard deviation of  $s = 0.8102$  as presented in Table 3.25. This indicated a relatively high agreement with the statement concerned with perceived future continuity.

**Table 3.25: Perceived future continuity in participating businesses**

Construct	N	Mean	Std. Deviation
E1	102	4.098	0.8146
E2	101	3.960	0.8357
E3	102	3.980	0.7575
E4	102	3.863	0.7583
E5	102	3.912	0.8686
E6	101	3.762	0.8264
<b>Average Perceived future Continuity</b>	<b>102</b>	<b>3.929</b>	<b>0.8102</b>

The positive outlook regarding the future continuity of the family businesses in the future was illustrated in Question E1, with a mean of 4.098 ( $\bar{x} = 4.098$ ). This

indicated that family members saw themselves as being involved in the family business, and improving the business for coming generations.

This was strengthened by E2 and E3 with means of  $\bar{x} = 3.960$  and  $\bar{x} = 3.980$  respectively, which refer to the fact that the family business could provide for future generations with aspects like employment (E6), wealth, involvement and legacy.

### 3.11.2 Family Harmony

The average score of the constructs,  $\bar{x} = 4.0723$ , indicated that respondents, overall, strongly agreed with the statements and suggested that the items measuring family harmony could be perceived as true.

**Table 3.26: Family harmony in participating businesses**

Construct	N	Mean	Std. Deviation
E7	102	4.020	0.8323
E8	102	4.010	0.7642
E9	102	4.118	0.7616
E10	102	4.000	0.8084
E11	102	4.098	0.7773
E12	102	4.098	0.7899
E13	102	4.167	0.6761
E14	102	4.069	0.8929
<b>Family Harmony</b>	<b>102</b>	<b>4.072</b>	<b>0.7878</b>

The importance of being there for family members, irrespective of the situation, was indicated by question E13, with a mean score of 4.167 ( $\bar{x} = 4.072$ ). In general all participating family businesses concurred that family harmony was positive and that family members supported each other; appreciated everyone; acknowledged each other's achievements; and that they were there for each other on an emotional basis; as well. Competiveness between each other was also low.

### 3.11.3 Success

The responses to business success are summarised in the table below. In general all the questions were expressed in terms of growth and sustainability, meaning that most of the elements like the number of employees, profit, turnover, or other indicators of growth were used to depict the success of a business.

**Table 3.27: Business success in participating businesses**

Construct	N	Mean	Std. Deviation
E15	102	3.873	0.9084
E16	99	3.798	1.0593
E17	102	4.059	0.7938
E18	102	3.971	0.9060
E19	102	4.088	0.7591
E20	102	3.902	0.9175
<b>Average Business Success</b>	<b>102</b>	<b>3.948</b>	<b>0.8907</b>

In general there was an above average score regarding business success,  $\bar{x} = 3.948$ , while growth and profits also scored above average. Employee growth, E16 with a mean of,  $\bar{x} = 3.798$ , was the lowest, which could be created by the economic conditions or innovative processes. The financial wellbeing of the family businesses, with a mean of  $\bar{x} = 3.902$ , according to the participating family members, was also positive.

### 3.12 MULTIPLE REGRESSION ANALYSES RESULTS

In order to assess whether the independent variables had an influence on the dependent variables, a multiple regression analysis was performed. This is illustrated in the following section.

### 3.12.1 The influence of the dimensions of family commitment in perceived success

#### 3.12.1.1 Multiple regression of family commitment on future continuity

**Table 3.28: Multiple regression results: Impact of family member commitment on the dependent variable, future continuity, among family members**

Model	Non standardised coefficient		Standardised coefficient	t - value	p - value
	B	Std. Error	Beta		
Constant	0.6729	0.3474		1.9370	0.0556
Affective commitment	0.3401	0.1026	0.3511	3.3164	0.0013 *
Continuance commitment	0.1361	0.1166	0.1308	1.1670	0.2461
Normative commitment	0.3578	0.1144	0.3111	3.1261	0.0023 *

$R^2 = 0.488$

(\*  $p < 0.05$ )

A percentage of 48.40% of the variation in the future continuity of the participating family businesses was explained by the different components of family member commitment. The findings indicated a normal relationship between affective commitment (3.3164;  $p < 0.05$ ) of family members and the dependent variable of future continuity. A relationship existed between normative commitment (3.1261;  $p < 0.05$ ) and future continuity.

The hypothesis that there was a positive relationship between the affective commitment ( $H^8$ ) and the normative commitment ( $H^{10}$ ) of family members, and future continuity was therefore accepted. Continuance commitment ( $H^9$ ) and future continuity among family members were rejected.

The positive regression coefficient indicated that the future continuity of the family business was related to affective and normative commitment of the participating family members, but no relationship between continuance commitments could be established.

### 3.12.1.2 Multiple regression of family commitment on family harmony

**Table 3.29: Multiple regression results: Impact of family member commitment on the dependent variable family harmony among family members**

Model	Non-standardised coefficient		Standardised coefficient	t - value	p - value
	B	Std. Error	Beta		
Constant	0.2442	0.2898		0.8425	0.4015
Affective commitment	0.2777	0.0856	0.2836	3.2456	0.0016 *
Continuance commitment	0.3183	0.0973	0.3027	3.2711	0.0015 *
Normative commitment	0.3867	0.0955	0.3327	4.0500	0.0001*

$R^2 = 0.651$

(\*  $p < 0.05$ )

Table 3.29 indicates that, in practice, a significant percentage (65.1%) of the variation in family harmony in the participating family businesses was explained by the different components of family member commitment, such as affective, continuance and normative commitment of family members.

The multiple regression analysis indicated a significantly positive relationship between the commitment dimension, normative commitment (4.050;  $p < 0.05$ ), and the dependant variable, harmony. There was a normal relationship between affective commitment and harmony (3.2456;  $p < 0.05$ ), as well as between continuance commitment and harmony (3.2711;  $p < 0.05$ ) among family members, respectively.

The hypothesis that there was a positive relationship between affective commitment ( $H^8$ ), continuance commitment ( $H^9$ ), and normative commitment ( $H^{10}$ ), of family members, and family harmony among family members respectively, were therefore accepted. The positive regression coefficients indicated that the family harmony of

the family businesses was related to affective, continuance, normative commitment and the participating family members.

### 3.12.1.3 Multiple regression of family commitment on family success

**Table 3.30: Multiple regression results: Impact of family member commitment on the dependent variable family success among family members**

Model	Non standardised coefficient		Standardised coefficient	t - value	p - value
	B	Std. Error	Beta		
Constant	0.9469	0.4312		2.1958	0.3046
Affective commitment	0.4528	0.1273	0.4085	3.5567	0.0006 *
Continuance commitment	0.3415	0.1448	0.2869	2.3589	0.0203 *
Normative commitment	-0.0276	0.1421	-0.0210	-0.1943	0.8463

$R^2 = 0.397$

(\*  $p < 0.05$ )

Table 3.30 indicates that, in practice, a significant percentage (39.70%) of the variation in business success in the participating family businesses was explained by the different components of family member commitment.

The multiple regression analysis indicated a significantly positive relationship between the commitment dimension, affective commitment (3.5567;  $p < 0.05$ ), and the dependent variable business success. There was a relationship between continuance commitment and business success (2.3589;  $p < 0.05$ ).

The hypothesis that there was a positive relationship between affective commitment ( $H^8$ ) and continuance commitment ( $H^9$ ) of family members, and family success among family members respectively, was therefore accepted. Normative commitment ( $H^{10}$ ), and family success among family members, were rejected.

The positive regression coefficient indicated that the family success of the family business was related to affective and continuance commitment of the participating

family members, but no relationship could be established with normative commitment.

### 3.12.2 The influence of the dimensions of family commitment in life satisfaction

**Table 3.31: Multiple regression results: Impact of family member commitment on the dependent variable life satisfaction among family members**

Model	Non-standardised coefficient		Standardised coefficient	t - value	p - value
	B	Std. Error	Beta		
Constant	0.4574	0.3674		1.2449	0.2162
Affective commitment	0.4877	0.1085	0.4749	4.4964	0.0000*
Continuance commitment	-0.0099	0.1233	-0.0089	-0.0799	0.9365
Normative commitment	0.3778	0.1210	0.3099	3.1210	0.0024*

$R^2 = 0.49$

(\*  $p < 0.05$ )

The variations of the dependant variable, with a percentage of (49%) that was received by the participating family businesses, was explained by the three different components of family member commitment.

The analysis indicated a significant positive relationship between the independent variable, affective commitment (4.4964;  $p < 0.05$ ) of family members, and the dependent variable, life satisfaction, among family members, respectively. Also shown is the fact that normative commitment (3.1210;  $p < 0.05$ ) had a normal relationship with regard to the dependant variable of life satisfaction.

The hypothesis relating to the positive relationship between the two independent variables, namely affective commitment ( $H^8$ ), normative commitment ( $H^{10}$ ) and the dependent variable life satisfaction, were therefore accepted. The hypothesis relating

to the positive relationship between continuance commitment (H<sup>9</sup>) and life satisfaction among family members were rejected.

The positive regression coefficient stated that life satisfaction among family members was related to affective and normative commitment of family members in the participating family businesses, but this was not the case for continuance commitment.

### 3.12.3 The influence of the dimensions of family commitment in job satisfaction

**Table 3.32: Multiple regression results: Impact of family member commitment on the dependent variable job satisfaction among family members**

Model	Non-standardised coefficient		Standardised coefficient	t - value	p - value
	B	Std. Error	Beta		
Constant	0.05010	0.2450		2.0446	0.0436
Affective commitment	0.2071	0.0723	0.2419	2.8638	0.0051*
Continuance commitment	0.2335	0.0823	0.2540	2.8389	0.0055*
Normative commitment	0.4433	0.0807	0.4362	5.4925	0.0000*

$R^2 = 0.674$  (\* p < 0.05)

Table 3.32 indicates that, in practice, a significant percentage (67.4%) of the variation in job satisfaction in the participating family businesses was explained by the different components of family member commitment, namely affective, continuance, and normative commitment of family members.

The multiple regression analysis indicated a significantly positive relationship between the commitment dimension, normative commitment (5.4925; p < 0.05) and the dependant variable, job satisfaction. There was a normal relationship between affective commitment (2.8638; p < 0.05) and continuance commitment (2.8389; p < 0.05), with regard to job satisfaction among family members, respectively.



The hypothesis that there was a positive relationship between affective commitment (H<sup>8</sup>), continuance commitment (H<sup>9</sup>), and normative commitment (H<sup>10</sup>) of family members and job satisfaction among family members respectively, were therefore accepted.

The positive regression coefficient indicated that job satisfaction of the family businesses was related to affective, continuance and normative commitment, and of the participating family members.

### 3.12.4 The influence of the dimensions of entrepreneurial orientation in job satisfaction

**Table 3.33: Multiple regression results: Impact of entrepreneurial orientation on the dependent variable job satisfaction among family members**

Model	Non-standardised coefficient		Standardised coefficient	t - value	p - value
	B	Std. Error	Beta		
Constant	0.8686	0.2537		3.4233	0.0009
Autonomy	0.2450	0.0887	0.2709	2.7612	0.0069*
Innovativeness	0.2809	0.1315	0.2813	2.1352	0.0353*
Risk-taking	0.1684	0.0860	0.2047	1.9583	0.0531**
Pro-activeness	0.0920	0.0987	0.0979	0.9327	0.3533
Competitive aggressiveness	0.0402	0.0761	0.0462	0.5281	0.5987

$R^2 = 0.637$  (\* p < 0.05; \*\*p < 0.10)

A percentage (63.70%) of the variation in job satisfaction of the participating family businesses was explained by the different components of entrepreneurial orientation, namely autonomy, innovativeness, risk-taking, pro-activeness and competitive aggressiveness.

The findings indicate a normal relationship between the independent variables Autonomy (2.7612;  $p < 0.05$ ), Innovativeness (2.1352;  $p < 0.05$ ), and Risk-taking (1.9583;  $p < 0.10$ ), of entrepreneurial orientation and the dependent variable of Job satisfaction. No relationship between Pro-activeness and Competitive aggressiveness with regard to job satisfaction could be established.

The hypotheses that there was a positive relationship between autonomy ( $H^1$ ), innovativeness ( $H^5$ ) and risk-taking ( $H^3$ ), of entrepreneurial orientation and job satisfaction, was therefore accepted. Pro-activeness ( $H^4$ ), and competitive aggressiveness ( $H^5$ ) of entrepreneurial orientation, were rejected.

The positive regression coefficient indicated that the job satisfaction of the family business was related to autonomy, innovativeness and risk-taking of the participating family members, but no relationship between pro-activeness and competitive aggressiveness could be established.

### 3.12.5 The influence of the dimensions of entrepreneurial orientation in life satisfaction

**Table 3.34: Multiple regression results: Impact of entrepreneurial orientation on the dependent variable life satisfaction among family members**

Model	Non-standardised coefficient		Standardised coefficient	t - value	p - value
	B	Std. Error	Beta		
Constant	0.6081	0.3699		1.6440	0.1034
Autonomy	0.1893	0.1293	0.1745	1.4632	0.1467
Innovativeness	0.2496	0.1918	0.2084	1.3016	0.1962
Risk-taking	0.0757	0.1254	0.0767	0.6041	0.5472
Pro-activeness	0.0998	0.1439	0.0884	0.6934	0.4898
Competitive aggressiveness	0.2519	0.1109	0.2413	2.2708	0.0254*

$R^2 = 0.464$  (\* $p < 0.05$ )

The variations of the dependant variable, with a percentage of 46.40%, that were received by the participating family businesses, were explained by the five different components of entrepreneurial orientation.

The analysis indicated normal positive relationships between the independent variable, competitive aggressiveness (2.2708;  $p < 0.05$ ) of family members, and the dependent variable, life satisfaction among family members. No relationship between autonomy, innovativeness, risk-taking and pro-activeness with regard to life satisfaction could be established.

The hypothesis relating to the positive relationship between the independent variable, competitive aggressiveness ( $H^8$ ), and the dependent variable, life satisfaction, were therefore accepted. Autonomy ( $H^1$ ), innovativeness ( $H^2$ ), risk-taking ( $H^3$ ) and pro-activeness ( $H^4$ ) of entrepreneurial orientation were rejected.

The positive regression coefficient indicated that the life satisfaction of the family businesses was related to the competitive aggressiveness of the participating family members, but no relationship could be established between autonomy, innovativeness, risk-taking and pro-activeness.

### **3.12.6 The influence of the dimensions of entrepreneurial orientation in perceived success**

Multiple regression analysis was applied to establish the comprehensive relationship between the independent variable (entrepreneurial orientation) and the direct variable (perceives success). On the grounds of the results obtained from the multiple regression analysis, the hypotheses could either been accepted or not.

### 3.12.6.1 Multiple regression of entrepreneurial orientation on future continuity

**Table 3.35: Multiple regression results: Impact of entrepreneurial orientation on the dependent variable future continuity among family members**

Model	Non-standardised coefficient		Standardised coefficient	t - value	p - value
	B	Std. Error	Beta		
Constant	1.0472	0.3637		2.8796	0.0049
Autonomy	0.2220	0.1272	0.2169	1.7455	0.0841*
Innovativeness	0.2033	0.1885	0.1800	1.0784	0.2836
Risk-taking	0.0141	0.1233	0.0151	0.1144	0.9091
Pro-activeness	0.0907	0.1414	0.0852	0.6410	0.5230
Competitive aggressiveness	0.2466	0.1090	0.2505	2.2620	0.0260**

$R^2 = 0.418$  (\*  $p < 0.10$ ); \*\*  $p < 0.05$

A percentage (41.80%) of the variation in future continuity of the participating family businesses was explained by the different components of entrepreneurial orientation, such as autonomy, innovativeness, risk tasking, pro-activeness and competitive aggressiveness.

The finding indicated a normal relationship between the independent variables autonomy (1.7455;  $p < 0.10$ ) and competitive aggressiveness (2.2620;  $p = < 0.05$ ) of entrepreneurial orientation, and the dependent variable of future continuity. No relationship could be established between innovativeness, risk-taking and pro-activeness with regards to future continuity.

The hypotheses that there was a positive relationship between autonomy (H<sup>1</sup>), and competitive aggressiveness (H<sup>5</sup>) of entrepreneurial orientation, and future continuity, was therefore accepted. Innovativeness (H<sup>2</sup>), risk-taking (H<sup>3</sup>), and pro-activeness (H<sup>4</sup>) of entrepreneurial orientation, were rejected.

The positive regression coefficient indicated that the future continuity of the family businesses was related to autonomy and competitive aggressiveness of the participating family members, but no relationship could be established between innovativeness, risk-taking and pro-activeness.

### 3.12.6.2 Multiple regression of entrepreneurial orientation on family harmony

**Table 3.36: Multiple regression results: Impact of entrepreneurial orientation on the dependent variable family harmony among family members**

Model	Non-standardised coefficient		Standardised coefficient	t - value	p - value
	B	Std. Error	Beta		
Constant	0.9296	0.3264		2.8480	0.0054
Autonomy	0.4329	0.1141	0.4185	3.7932	0.0003*
Innovativeness	-0.1209	0.1692	-0.1059	-0.7147	0.4765
Risk-taking	0.1564	0.1106	0.1663	1.4143	0.1605
Pro-activeness	0.2016	0.1269	0.1874	1.5883	0.1155
Competitive aggressiveness	0.1938	0.0979	0.1947	1.9800	0.0506* *

$R^2 = 0.541$  (\*  $p < 0.05$ ; \*\* $p < 0.10$ )

Table 3.36 indicates that, in practice, a significant percentage (54.10%) of the variation in family harmony in the participating family businesses was explained by the different components of family member entrepreneurial orientation.

The multiple regression analysis indicated a significantly positive relationship between the entrepreneurial orientation dimension, autonomy (3.7932;  $p < 0.0$ ), and the dependant variable, family harmony. There was a normal relationship between competitive aggressiveness and family harmony (1.9800;  $p < 0.10$ ) among family members. No relationship could be established between innovativeness, risk-taking and pro-activeness with regard to family harmony.

The hypothesis that there was a positive relationship between autonomy (H<sup>8</sup>), and competitive aggressiveness (H<sup>8</sup>) of family members, and family harmony among family members respectively, was therefore accepted. Innovativeness (H<sup>2</sup>), risk-taking (H<sup>3</sup>), and pro-activeness (H<sup>4</sup>) of entrepreneurial orientation, were rejected.

The positive regression coefficient indicated that the family harmony of the family business was related to autonomy and competitive aggressiveness of the participating family members, but no relationship could be established between innovativeness, risk-taking and pro-activeness.

### 3.12.6.3 Multiple regression of entrepreneurial orientation on family success

**Table 3.37: Multiple regression results: Impact of entrepreneurial orientation on the dependent variable family success among family members**

Model	Non-standardised coefficient		Standardised coefficient	t - value	p - value
	B	Std. Error	Beta		
Constant	1.1166	0.4004		2.7885	0.0064
Autonomy	0.2543	0.1400	0.2171	1.8160	0.0725*
Innovativeness	-0.2297	0.2076	-0.1777	-1.1062	0.2714
Risk-taking	0.4431	0.1357	0.4159	3.2649	0.0015**
Pro-activeness	-0.0535	0.1557	-0.0440	-0.3437	0.7318
Competitive aggressiveness	0.4000	0.1201	0.3550	3.3317	0.0012**

$R^2 = 0.461$  (\* p < 0.10; \*\*p < 0.05)

A percentage (46.10%) of the variation in family success of the participating family businesses was explained by the different components of entrepreneurial orientation.

The finding indicated a normal relationship between the independent variables, autonomy (1.8160; p < 0.10), risk-taking (3.2649; p < 0.05), and competitive

aggressiveness (3.3317;  $p < 0.05$ ) of entrepreneurial orientation, and the dependent variable of family success. No relationship could be established between innovativeness and pro-activeness with regard to family success.

The hypotheses that there was a positive relationship between autonomy ( $H^1$ ), risk-taking ( $H^3$ ) and competitive aggressiveness ( $H^5$ ) of entrepreneurial orientation and family success was therefore accepted. Innovativeness ( $H^2$ ) and pro-activeness ( $H^4$ ) of entrepreneurial orientation were rejected.

The positive regression coefficient indicated that the family success of the family business was related to autonomy, risk-taking and competitive aggressiveness of the participating family members, but no relationship could be established between innovativeness and pro-activeness.

### **3.13 SUMMARY**

The empirical study was conducted by means of a field study using a structured questionnaire as the main component. The purpose of the literature review was to gain insight into selected determinants of family business success, according to a structured questionnaire developed by Prof. Stephan van der Merwe (NWU).

The family business survey included seven sections that were received back from 43 family businesses. The total number comprised of 102 fully completed questionnaires. The area of study was the North West and Gauteng Provinces.

The survey comprised of sections, namely A through G, where the first four sections were based on a 5-point Likert-type scale, ranging from 1 = strongly disagree to 5 = strongly agree. It contained questions and items relevant to the primary research problem, as well as the categorising of these questions and items that had relevance to each other. The last sections were used to gather biographical information and structural information regarding the businesses. The data collected from the completed questionnaires was processed by the Statistical Consultation Services of the North-West University, using Statsoft Inc (2010) and SPSS (2010).

The main purpose of this chapter was to present and analyse the empirical results of this study. This chapter comprised of an introduction and a section gathering data, which included the development and construction of the questionnaire and the process of data collection. The second part of the chapter explored the responses to the survey, results and analysis of the biographical data, results and analysis of the family business information, and the reliability of the questionnaire, as well as multiple regressions between the dependent and independent variables.

The reliability of the research instrument (questionnaire) was established by means of applying the Cronbach alpha coefficient to each of the constructs. None of the constructs' Cronbach alpha coefficients was lower than the routine cut-off value of 0.70, which indicated that the latent constructs in the questionnaire, had acceptable reliabilities and could thus be accepted as internally consistent.

In general the biographical results stated that the majority of respondents were between the ages of 30-39 (27.50%) and 40-49 (28.40%). As illustrated in Table 3.1, the gender distribution was males (65.70%) to females (43.40%), and 80.40% was married (Table 3.3).

The annual turnover was between 1 million and 50 million, which contributes the majority of the study (90.70%), services (30.23%), while construction and retail were 16.28% each. The age of the family businesses was around ten years (72.10%), with the 1<sup>st</sup> generation forming 44.20% of the participating family businesses, and the 3<sup>rd</sup> generation constituting only seven percent.

Family member commitment on average indicated an above average agreement with all the statements, which was indicated by the following scores, namely  $\bar{x} = 3.898$ ;  $s = 0.5607$ .

The average mean of the five independent variables that form entrepreneurial orientation, was  $\bar{x} = 3.659$ , indicating a positive perception towards entrepreneurial orientation in general, but with the space to improve.



In general the average mean for all 20 questions, with regard to job satisfaction, was above average, with a score of 3.944 ( $\bar{x} = 3.944$ ), which indicated a positive feeling toward job satisfaction in the participating businesses. The researcher could view in more detail the two divisions of the job satisfaction questionnaire, namely intrinsic that scored an average of 3.975 while extrinsic was 3.853.

As illustrated in Table 3.20, the strongest agreement was with innovativeness ( $\bar{x} = 3.859$ ) and autonomy ( $\bar{x} = 3.808$ ), all with results higher than the average mean. Agreement regarding pro-active ( $\bar{x} = 3.6559$ ), competitive aggressiveness ( $\bar{x} = 3.530$ ), and risk-taking ( $\bar{x} = 3.440$ ), indicated a lower than average mean result.

The life satisfaction and perceived success were above average; which illustrated that life/job satisfaction had a positive effect on family businesses success.

### **Multiple regression of family commitment on perceived success.**

The findings indicated that a normal relationship between affective commitment (3.3164;  $p < 0.05$ ) and normative commitment (3.1261;  $p < 0.05$ ) exist with regard to future continuity. Table 3.29 indicated that affective, normative and continuance commitment had an effect of family harmony.

The positive regression coefficient indicated that the family success of the family business was related to affective and continuance commitment of the participating family members, but no relationship could be established with normative commitment.

### **Multi regression of family commitment on life/job satisfaction**

There was an influence from the dimensions of family commitment on life satisfaction and job satisfaction. The analysis indicated a significant positive relationship between the independent variable affective commitment (4.4964;  $p < 0.05$ ) of family members, and the dependent variable life satisfaction, among family members,

respectively. Also indicated was the fact that normative commitment (3.1210;  $p < 0.05$ ) had a normal relationship with regard to the dependant variable of life satisfaction.

Job satisfaction indicated a positive relationship between all three of the commitment dimensions.

### **Multi regression of entrepreneurial orientations on life/job satisfaction.**

The positive regression coefficient indicated that the life satisfaction of the family business was related to competitive aggressiveness of the participating family members, but no relationship could be established between autonomy, innovativeness, risk-taking and pro-activeness.

The positive regression coefficient indicated that the Job satisfaction of the family business was related to autonomy, innovativeness and risk-taking of the participating family members, but no relationship could be established between pro-activeness and competitive aggressiveness.

### **The influence of the dimensions of entrepreneurial orientation on perceived success**

The positive regression coefficient indicated that the future continuity of the family business was related to autonomy and competitive aggressiveness of the participating family members, but no relationship could be established between innovativeness, risk-taking and pro-activeness.

The positive regression coefficient indicated that the family harmony of the family business was related to autonomy and competitive aggressiveness of the participating family members, but no relationship could be established between innovativeness, risk-taking and pro-activeness.

The positive regression coefficient indicated that the family success of the family business was related to autonomy, risk-taking and competitive aggressiveness of the participating family members, but no relationship could be established between innovativeness and pro-activeness.

Chapter 4 will be viewing conclusions and possible recommendations.

# **CHAPTER 4**

## **CONCLUSION AND RECOMMENDATIONS**

### **4.1 INTRODUCTION**

The conclusion and recommendations are discussed, based on the determinants that have an effect on family business success, as discussed in the literature study (Chapter 2) and the empirical study (Chapter 3). With special reference to the primary and secondary objectives, this chapter deals with the research results. Conclusions are reached with feasible proof and reasonable assumptions are made in this chapter, with the relevant research results supporting those assumptions.

This chapter also examines the assessment done, so as to confirm that the research objectives have been met and how the defined results correlate with the initial objectives formulated.

Some recommendations are made for further research on the subject of the determinants of success in small and medium-sized family businesses. These recommendations will also help with the educational aspects, such as educating these family businesses in order to become market leaders.

### **4.2 CONCLUSIONS ON THE EMPIRICAL STUDY**

Possible conclusions are drawn based on the data that is provided in Chapter 3. Firstly conclusions with regard to the biographical information of the participating family members are drawn, followed by an assessment relating to the Cronbach alpha coefficients, evaluating the reliability of the questionnaire.

The different determinants of family success are assessed and conclusions regarding the combined results are discussed. Furthermore the relationships between entrepreneurial orientation and commitment with perceived success, job and life satisfaction are discussed.

The empirical research includes 43 family businesses that have participated in the study and produced a total of 102 questionnaires. These family businesses were located in the South African Provinces of the North West and Gauteng.

#### **4.2.1 Conclusions on the biographical data analysis**

A total of 102 family members from 43 family businesses have participated in the research study. The following biographical factors will be looked at in more detail:

- Age.
- Marital status.
- Relationship to senior generation family member.
- Highest academics qualifications.

#### **Age**

Table 3.1 indicates that the majority of the participants are between the ages of 30-59 (77.50%), and that 55.90% of them fall between the ages of 30-49, which indicates a good potential for the future successors of the business. The 27.50% that constitutes 28 of all participants fall in the age group 50 to 60 years and are all active in the day to day running of their businesses. They must however prepare themselves to transfer their businesses within the next five to ten years to the younger generations. About 17% of all family members are younger than 29 years, this means that there is a major portion of the family who have either just entered the family business, or are busy completing their secondary education.

#### **Marital status**

Analysing marital status is important due to the fact that marriage influences the way that businesses are managed, and it also has an effect on decision making. Table

3.3 indicates that 80.40% of all the participating family members have been married, which can be viewed as positive, due to the fact that married people tend to stick to the family business. It could also lead to risk adversity though, and being influenced against family members' commitment and judgements.

### **Relationship to senior generation family member**

The indication that the majority of active family members is made up of siblings (12 or 11.70%) or children (22 or 21.60%), is another suggestion that the need for success of the family business, is of utmost importance, as well as that the family members view the business as viable and long-term employment. This could however also lead to potential sibling rivalry, which could have a negative effect on the business.

### **Highest academic qualifications**

Table 3.5 indicates that the number of participants with qualifications lower than matric is 6.90%, which show the importance of the family business to be sustainable and successful. Participants with a matric certificate, add up to 47.10%, which may lead to a solid and reliable basis for the family members, as formal qualifications have an impact on the way the business is run and also the type of decisions that are made. The group with secondary qualifications (46.10%), like technicon/technical diplomas and university/post graduate degrees, could ensure that the family business is built on a solid platform of expertise and knowledge.

### **4.2.2 Conclusion on family business information**

A number of 43 family businesses have participated in the study. They were located in Gauteng, Potchefstroom and Klerksdorp. Section G of this questionnaire has been completed by the senior generation owner-management only. The following elements are examined:

- Number of permanent employees.
- Annual business turnover.
- Family business industry.
- Age of the business.
- Generation involved in the business.
- Legal status of the business.

### **Number of permanent employees**

In general, as indicated by Table 3.6, the majority of family businesses employ between 1 and 50 permanent employees. This is equal to 38 (88.40%) of the entire frequency. The one to four segments had the highest count with 32.60%. These types of businesses are classified as very small to small businesses. In this study 11.60% could be classified as medium businesses (between 51 and 200 employees).

### **Annual business turnover**

Businesses with an annual turnover of less than R1 million rand, makes up 18.60% of the sample; this can be viewed as a positive sign as these could be young businesses that should increase their turnovers as they grow. The majority of turnover falls between R1 million to R50 million annually, and make up 72.10% of the participating family businesses. Unfortunately the larger businesses represent only 4.60% of the family businesses, which could be because family businesses do not always transfer successfully from one generation to the next.

## **Family business industry**

The industries that have participated in the study can be viewed in Table 3.8. The service industries that form the biggest part of the study at 30.23%, provide intangible products and services to the general market in both construction and retail, and forms 16.28% of the participants. All of the industries used in the study have experienced vulnerability in terms of price hikes, inflation, petrol increases, as well as employee problems. These could have a big effect on business and must be examined and controlled.

## **Age of the business**

The minority of participating businesses (27.90%) have only been operating between one to ten years, while 72.10% has been operating for ten years and longer. This is a good sign, meaning that if the company breaks through the first 3 years, the chances for success are better and the possibility for succession increases.

## **Generation involved in the business**

In Table 3.10, it is clear to see that the most of the family businesses are in their first or second generation. This strengthens the general view that most family businesses struggle to survive past the third generation. In this study 72.10% falls in this category and only one family business has reached the fifth generation. Taking into account the importance of and the reliance of family members on the success of the business it is important to understand this problem and to come up with possible solutions.

## **Legal status of the businesses**

This is especially important when managing or considering succession and ownership planning. Close corporations (25.60%) form the majority of the participants, which could also be because of the fact that most of the micro and small businesses are registered in this way. The tendency of larger companies to



transform their structure into private companies is also illustrated in Table 3.11, where this status has represented 25.60% of the participating family businesses.

#### **4.2.3 Conclusion on the reliability of the questionnaire**

Results by way of the Cronbach alpha coefficient have indicated that the instruments used to calculate family commitment, namely entrepreneurial orientations, job/life satisfaction and perceived success have been reliable. The general norm is that any coefficient higher than 0.7 is good. In this study the lowest was 0.761 (pro-activeness) and the highest 0.957 (job satisfaction), while all other determinants has been between these coefficients.

#### **4.2.4 Conclusion on family member commitment**

In general, the overall commitment of the participating family businesses has been good, with the average score being 3.89 on a Likert-scale of one to five. Affective commitment's average has been the highest of the three, which illustrates that participating family members has emotional connections and experienced the worth of the business, because of which they want to stay and are willing to work hard for the business.

When looking at normative commitment, the commitment to work and also view one's job as an ethical obligation, it is clearly important in this aspect. What is interesting though, is that, with regard to continuance commitment, the feeling with respect to the possibility of role conflict and uncertainty, is not a big issue, and family members have felt that everyone knows their place and job description.

#### **4.2.5 Conclusion on entrepreneurial orientation**

In general entrepreneurial orientation indicates an above average measurement with regard to the five constructs that form entrepreneurial orientation. As indicated in Table 3.15, the highest means are represented by autonomy and innovativeness. With regard to autonomy, it is clear that family members enjoy working and fulfilling

their duties without being scrutinised or supervised the entire time. The responsibilities that the employees have regarding the management of their own work and problem solving, is of utmost importance.

The importance regarding innovativeness for the participating family businesses can be viewed in the illustrated answers and in Table 3.16. The connection regarding company growth and innovative processes is understood and its importance is amplified. The businesses know that to be competitive and to be part of the market leaders, they must focus on innovation. Although the importance and need for innovativeness is understood, in the study it has been clear to see that family businesses do not invest enough time or money in this important element, and therefore this worrying factor is attended to in the recommendations.

Pro-activeness indicates the importance of knowing what new trends, products and possible changes the competitors are implementing so as to improve their businesses. Even though this was the third highest construct, and its importance is understood, most of the family businesses hesitate to be the first in the market regarding new products or processes. This combined with the low score of risk-taking (next section) is a clear indication that most of the family businesses tend to be risk adverse.

Risk-taking will always form part of the entrepreneurial process, since taking on new projects entails some form of risk, which can be financial, logistical or production process oriented. In this study, participating businesses had the tendency to shy away from risk-taking and thus have not revealed a positive view of risk-takers. This is attended to in the recommendation section.

#### **4.2.6 Conclusions on family members' job satisfaction**

The two segments of job satisfaction, namely intrinsic and extrinsic values, can be viewed in detail in Table 20 and Table 21. The average of the two being 3.975 and 3.853 respectively. This has illustrated an above average score with regard to the responses of the participating family businesses.

Considering the intrinsic value, it is clear that family members feel the need to work and contribute positively to the family business. The feeling of being proud and having achieved something worthwhile is of utmost importance. From the results, it is a clear fact that working together is of utmost importance. This again illustrates that it promotes good family harmony.

As with any business, the way the people in the business are handled; policies are introduced, and both are affected, have a major role in the extrinsic values of a business. Both these elements scored the highest value in the study, again illustrating how important it is that workers must form part of the process regarding employee problems or change of policies. There has also been a general feeling that managers or supervisors must earn their positions, and not be promoted because of the fact that they are part of the family.

#### **4.2.7 Conclusions on family members' satisfaction with life**

Satisfaction with life has a personal as well as a work related element. In this study the author only looked at the work related element, and the participating family members' life satisfaction stance. In general the family members are happy with their current stage in life, which can be viewed as a positive attribute for the family business, because it could lead to a possible increase in productivity and future growth for the business.

#### **4.2.8 Conclusions on family members' perceived success**

Perceived success is divided into three constructs, namely perceived future continuity, family harmony, and success.

Perceived future continuity has scored an average mean of 3.929 which indicates a general positive trend towards future continuity in general. The statement regarding the family business's continuity into the future is the highest, again indicating a

positive response as well as the feeling that the company is here to stay, and that the business will provide for the employee's needs, as well as for future generations.

Family harmony in general, in all participating family businesses has concurred that family harmony is positive and that family members support each other, appreciated everyone, acknowledge achievements and that they are there for each other on an emotional basis as well. Competiveness between each other is also low. This is very important, due to the fact that when family harmony is not balanced, communication, commitment and business success will suffer.

Success as defined by growth and turnover in employment, thus indicating that the family members feel that the family business is above average, in this regard. An interesting fact is that the increase in employment has not scored very high, which could be due to economic issues, or because the business is not actually growing, as well as that the family members may think that the business is stagnant.

#### **4.2.9 Conclusion of family commitment on perceived success**

With regard to future continuity, there has been a clear indication that a relationship exist between affective commitment and normative commitment. Both of these elements show positive p-values of 0.05. Having a positive result on affective commitment illustrates that the family members accepts the goals, and have a desire to be part of the business. Affective commitment, combined with normative commitment, which group with the moral obligation to stay and to make it work might have an effect on the perceived success of the family.

Family harmony has been affected by all three commitments, but especially normative commitment, with a p-value of 0.05, which indicated a significant positive relationship between family harmony and normative commitment. Again this illustrates the obligation of family members to keep the business together and promote family harmony.

When looking at family success, the multiple regression indicates that there is a strong relationship between affective and continuance commitment. This is illustrated by the p-value of 0.05.

In general, examining the analyses of the multiple regression in this study, the following is clear, namely that family members who choose to follow a career path in the business, are fuelled by desire (affective commitment). This will lead to harmonious family relationships combined with a feeling that the business will be handed over as a legacy to the next generation. Family members whose decisions are based on a feeling of obligation (normative commitment), will display a commitment-focal behaviour relationship that is stronger than when the decisions are based on perceived costs.

#### **4.2.10 Conclusions of family commitment on satisfaction with life**

Life Satisfaction has emerged as a significant factor in organisational behaviour. When examining commitment and the importance it has on life satisfaction, it is clearly illustrated by Table 3.30 that affective commitment has a significant positive effect on life satisfaction, and also on normative commitment. By having a positive result on affective commitment, it again illustrates that the family members accept the goals and have a desire to be part of the business. By making that decision, it provides family members with life satisfaction, and the feeling that life is worth living and that they are content with it. Normative commitment combined with the moral obligation to stay and to make it work will have an effect on the satisfaction with life.

#### **4.2.11 Conclusion of family commitment on job satisfaction**

Affective, continuance, and normative commitment, all have, according to the multiple regression results, an effect of job satisfaction. People who perceive their workplace and working conditions to be positive, are likely to experience commitment which in turn will improve job satisfaction. Job satisfaction is the most important determinant of the quality of an employee's work-life and an important

measurement of an individual's happiness at work. All of this is influenced by commitment.

#### **4.2.12 Conclusion of entrepreneurial orientation on job satisfaction**

When viewing job satisfaction and the constructs of entrepreneurial orientation, it is clear that autonomy (p-value = 0.05), innovativeness (p-value = 0.05), and risk-taking (p-value = 0.10), have the biggest impact. Autonomy controls how family members feel regarding the way they are able to do their work, such as without continual supervision, being creative, managing their own work, and having the flexibility to resolve problems. This will ultimately have a positive effect on job satisfaction.

Innovations promote new ways of doing business and make it interesting. It teaches alternative ways of doing day-to-day jobs, boosts job satisfaction, and also increases the intrinsic value of job satisfaction.

Risk-taking, although the lowest, also has an effect on job satisfaction, which will put additional stress on the family business's members, and in turn decreases job satisfaction. This could be deducted from the result of Question B19, which indicated that family members or businesses do not view the term risk taker as positive.

#### **4.2.13 Conclusion of entrepreneurial orientation on life satisfaction**

Life satisfaction is only influenced by competitive aggressiveness (p-value=0.10), which indicates a normal relationship between the two. In general the competitive aggressiveness score has been low, which is an indication that it could have a positive or a negative effect on life satisfaction. In the study, the importance of competitive aggressiveness is understood, but a feeling prevailed that it is not very important.

#### **4.2.14 Conclusion of entrepreneurial orientation on perceived success**

Future continuity has a positive relationship with autonomy (p-value = 0.05) and competitive aggressiveness (p-value = 0.05). Both of these elements are important while examining perceived success. Autonomy in family businesses includes elements like having the opportunity to do my work my way, not the same way all the time, with the minimum supervision, and by giving my own personal touch to my work. This promotes the feeling that the family business is going somewhere and that there is a possibility for future growth as well as employment. Competitive aggressiveness is important due to the fact that one must protect one's business against competitors as well as possible market trends that may have an effect on future continuity.

Autonomy (p-value = 0.05) and competitive aggressiveness (p-value = 0.10), with regard to family harmony, have had the best relationship. Family harmony is the way the family members treat, support and encourage each other, while part of autonomy is the support, believe and responsibility that family members have that allows them to fulfil their work to the best of their abilities. Competitive aggressiveness could be strong if there is family harmony, due to the fact that they understand the importance of the business and the future depends on what the family members do and the way that they protect the business.

Family success indicates a positive relationship with autonomy (p-value = 0.10), risk-taking (p-value = 0.5), and competitive aggressiveness (p-value = 0.05). Again family success has to do with growth in employment and turnover, therefore these three elements of entrepreneurial orientation help with the success of the business by taking risk, although it is calculated risks, by protecting the family business from elements that have a negative effect on it. The fact that employee numbers scored low on the study is maybe an indication that family members view non-family members as a risk, and that they possibly wants to protect the business and possible business secrets.

## **4.3 RECOMMENDATIONS**

The basic aim of the study is to make recommendations that can increase family business success and by doing this, ensure the continuity and longevity of these businesses.

Based on the analyses and conclusions by way of information that has been gathered from the review and the empirical study, it is now possible to make recommendations. These recommendations are made on the basis of the population size, and since each family business is unique, the results and recommendations are subjective to the businesses that participated in this study.

### **4.3.1 Family member commitment**

Where family commitment is fostered in family businesses, several suggestions are put forward:

- Family businesses should institute and uphold family meetings, as well as methods or structures to increase, enable and assure the useful and ongoing sharing of information, ideas, attitudes and feelings.
- The younger generation family members should have a say in the business. They must be trained and developed and be given regular feedback in an uplifting and motivated way regarding their performance and competencies. By doing this a stronger sense of commitment from family members will immerge into the family business.
- Family members should be part of the planning and decision-making processes in the family business.
- Family businesses should invest time and effort to foster harmonious family relationships based on the commitment of family members to the family business.



### **4.3.2 Innovativeness**

The following recommendations can be followed to enhance innovativeness in the family business.

- **Innovation capacity**

Many family businesses do not plan for the future or invest in developing the innovative capacity and capabilities of the family members or the business. Considering the fact that most of the family businesses have a long-term plan to survive and to be passed on to the next generations, it makes sense to invest in innovation in the long run. This will decrease the threat of liquidation and makes it easier for family businesses to pursue innovative strategies.

- **Involvement**

Family members involved in the business, must be challenged with the innovation process when they want to improve the climate for innovation. When the family business has an intention to improve innovation, the family members and non-family members need to be encouraged so as to demonstrate these ideas to the business. This could also be achieved by promoting autonomy, while freedom of expression will encourage the family members to be innovative.

Processes must be put in place to promote innovativeness. These processes must allow employees to communicate ideas. Management also plays a vital role in encouragement, as well as the willingness of employees in this regard.

- **Knowledge and skills**

The knowledge and skills of the family members in respect of innovation could be viewed as a significant determinant of innovation. The same goes for the abilities and intellectual capabilities of the family members. Their aptitude to grasp changes,

and to act on them in a decisive manner, may also have an effect on the business. It is important for family members to be up to date with new market trends and technology, and also to be encouraged by management to introduce new elements that could have a positive effect on the business. The availability of resources must also be focussed on, so as to promote further education, knowledge, and success.

- **Teamwork**

The importance of cross-functional teams is increasingly emphasized in the innovation context. Cross-functional will help with the increase in knowledge sharing, growing the trust in the business, and overcoming spatial and organisational barriers. By bringing different family members together with diverse functional knowledge and expertise, will increase potential and provide the ideal opportunity to generate new and useful products and processes that could increase innovation.

#### **4.3.3 Risk-taking**

Risk-taking in family businesses might not be firmly grounded in systematic and formal procedures, and thus not have enough inclusion of outsiders' perspectives and opinions. This combined with the fact that family businesses might not understand the possible outcomes, as well as have difficulty to predict this, could have a negative effect on risk-taking.

To overcome the above mentioned elements, the following processes could be introduced:

- Install formal control and monitoring systems, such as active boards, financial controls, and strategic planning, in order to improve performance despite higher agency costs and the risk of losing flexibility.
- Better control, evaluation, and external monitoring could support a more calculated risk-taking that is guided toward projects that are better evaluated and scrutinized, and whose outcomes are therefore better understood.

- Do market research, identify new products and do a viability study to see if the new product or the alterations to the existing product line will be successful.

#### **4.3.4 Job Satisfaction**

When viewing how to intergrade a positive change with regard to job satisfaction in the family business, the following recommendations could be introduced:

- Identifying possible shortcomings and gaps that family members may have, and initiate a personal development plan that is utilised not only for improving competencies but also for future development. This could ensure that both the vision and strategy of the individuals as well as the organisation are fulfilled.
- Have regular meetings where all employees participate, and include all family members in the decision making process as far as possible. This will also serve as teambuilding, because all the family members would feel like they are part of a team. This could provide a perfect platform for family members to communicate possible issues or changes in strategies.
- Family members and management must be visible, thus being actively involved in the business and speaking to family members regarding general matters, not just work related issues.
- Some of the golden threads that help to create a positive job satisfaction are fairness, just treatment, openness, including personnel in identifying and solving problems, recognition, and valuing employees. All of these contribute to a satisfactory workplace.
- Identify which are in/out of your subordinates' control. Coach them on the issues that are in their control. Support them when things are out of their control and assist them in devising a strategy to fix it.

- Transparent standards which are fair regarding recognition must be upheld. When the opportunity arises to give recognition to an individual in front of his colleagues, ensure that it is a special occasion.
- Regularly monitor the absenteeism of employees, as there is definitely a negative correlation between absenteeism and job satisfaction.

#### **4.4 CRITICAL EVALUATION OF THE STUDY**

The success of this study is determined upon the realisation of the primary and secondary objectives, as indicated in Section 1.3 of this study.

##### **4.4.1 Primary objectives re-visited**

The primary objectives of this study were to empirically explore and identify the related determinants impacting directly or indirectly on the family business's success within small and medium-sized family owned businesses situated in the North West and Gauteng Provinces in South Africa.

##### **4.4.2 Secondary objectives re-visited**

In order to address the primary objective, the following secondary objectives were formulated and examined:

- To define small and medium-sized family businesses as well as micro, very small, small and medium-sized family businesses.
- To gain an understanding of the dynamics of the family business by means of a literature study.
- To investigate and identify the determinants impacting on family business success.

- To assess the determinants such as commitment of family members, entrepreneurial orientation and job/life satisfaction.
- Validation of the questionnaire by means of statistical analysis.
- Draw particular conclusions from the empirical study and offer practical recommendations to family businesses that could assist with their success.

The first secondary objective, namely to define small and medium-sized family business as well as micro, very small, small and medium-sized family businesses, was achieved through the comprehensive literature study in Chapter two. This chapter supplied a structured understanding of family businesses in general and the determinants that influence family business success.

The second secondary objective of this study was to gain an understanding of the dynamics of the family businesses, by means of a literature study. This was realised through the empirical research discussed in Chapter two and concluded in Chapter four.

The third and fourth secondary objectives were to investigate and identify the determinants impacting on family business success and to establish the influence that determinants such as commitment of family members, entrepreneurial orientation, and job/life satisfaction, has on family business success. This was realised through the empirical research discussed in Chapter two and concluded in Chapters three and four.

The fifth secondary objective was to determine the reliability of the questionnaire. Here the Cronbach alpha coefficient was used to assess the internal consistency between the items of the questionnaire in Chapter three and concluded in Chapter four.

The sixth secondary objective was to understand and draw particular conclusions from the empirical study, and to offer practical recommendations to family

businesses that could assist with their success. This was realised through the detailed empirical research discussed in Chapter three and concluded in Chapter four.

The conclusion could thus be made that all the secondary objectives were achieved. The fact that the secondary objectives were realised, and the recommendations for further study were put forward in Paragraph 4.5, brings to conclusion that the primary objectives were also achieved.

#### **4.5 SUGGESTIONS FOR FUTURE STUDIES**

This study on the determinants that influence the family business success was conducted by utilising 43 participating businesses in the provinces of North West and Gauteng only. The ideal would have been to widen the study to other provinces in South Africa, but utilising a sampling method other than convenience sampling to establish to a more accurate extent what influence these selected determinants have on the family business. A possible study could furthermore be done by comparing industries to see whether the determinants had the same effect on them.

In this study, all 43 participating family businesses were owned by white people. Possible studies could be done to examine the effect of the determinants on establishments owned by different races, and if there is a possible correlation.

#### **4.6 SUMMARY**

This chapter concluded the study with regard to the determinants that could have a possible effect on family business success. As was noted in this chapter, different elements, such as commitment, entrepreneurial orientations, as well as job/life satisfaction, had effects on family business success.

From the conclusions a set of recommendations were made to all participating family businesses. These focused on the three dominant areas of family member commitment, innovation and risk-taking.

Suggestions for future research were discussed with the idea of conducting a more comprehensive study on the same subject matter and including a larger population and more a diverse race group.

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## APPENDIX A: Questionnaire

Code number: \_\_\_\_\_

# **FAMILY BUSINESS DIAGNOSTIC QUESTIONNAIRE**

### **Compiled by:**

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# FAMILY BUSINESS DIAGNOSTIC QUESTIONNAIRE

Family businesses are unique in the sense that family interests have to be brought into balance with the business interests of the family business. Should the interaction between the interests of the family and the business not be managed efficiently, this may lead to a serious conflict of interest, which will be detrimental to the long-term survival of the family business.

The target population of this study is small and medium-sized family businesses (businesses that employ less than 200 permanent employees). For the purpose of this study, a **family business is defined** as a business where at least 51 percent of the business is owned by a single family; at least two family members are involved in the management or operational activities in the business; and the transfer of leadership to next generation family members (succession) is anticipated.

**All family members employed by the family business (active members) should complete the questionnaire – including members of the senior and next (younger) generation family. Inactive members (not employed by the business) do not have to complete the questionnaire.**

This questionnaire is designed to collect information to measure the position of various aspects in a family business. It may form the basis for assisting the family business in the light of their very important role in the economy, to take corrective and pro-active steps in order to be successful.

Your answers will be dealt with in the utmost confidence. No person, not even in the family or the business, will ever see your answers. The value of the diagnosis depends on the honesty and open-heartedness with which you answer the questions.

Once you have completed the questionnaire, please place it in the envelope provided. Seal the envelope. The person who co-ordinates the survey in your business will collect the envelopes and return them to the researcher.

Thank you in anticipation for your co-operation. We hope that you will find the questionnaire interesting and stimulating.

## GENERAL INSTRUCTIONS

Virtually all the questions may be answered by making a cross in the relevant block. Use the following key: 1 = Strongly disagree; 2 = Disagree; 3 = Neutral; 4 = Agree; 5 = Strongly agree. **You must select the number which best describes how you feel about the item.** For example, should you be asked the extent to which you agree with the statement:

"I feel emotionally attached to the family business."

and you feel that you agree, you will mark the number 4 (**4 = Agree**) as in the example:

		Strongly disagree	..... Neutral			Strongly agree
		1	2	3	<del>4</del>	5
<b>A6</b>	<b>I feel emotionally attached to the family business.</b>				<del>4</del>	

It is essential that in every instance you indicate your choice clearly with a **pen**.

Please complete the sections of the questionnaire as follows:

- **Family members employed by the business (active family members)** should complete Sections A, B, C, D, E and F (personal information).
- The **senior generation executive manager** should complete all the sections (including Section G)

**Please read the full instructions and make sure that you complete the right sections. It is important that you complete all the questions in the relevant sections.**

## SECTION A: COMMITMENT

The following statements concern your attitude towards your commitment to the family business.

Please rate the extent to which you agree or disagree with the following statements by making an "X" over the appropriate number on the 1 to 5 point scale next to the statement.

**Please take note that 1 = Strongly disagree and 5 = Strongly agree.**

	1 = <i>Strongly disagree</i>	2 = <i>Disagree</i>	3 = <i>Neutral</i>	4 = <i>Agree</i>	5 = <i>Strongly agree</i>
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	STATEMENT	SCALE				
A1	I would be happy to spend the rest of my career with the family business.	1	2	3	4	5
A2	I enjoy discussing the family business with people outside it.	1	2	3	4	5
A3	I feel as if the family business' problems are my own.	1	2	3	4	5
A4	I do not think I could become as attached to another organization as I am to the family business.	1	2	3	4	5
A5	I feel like "part of the family" at the family business.	1	2	3	4	5
A6	I feel emotionally attached to the family business.	1	2	3	4	5
A7	The family business has personal meaning for me.	1	2	3	4	5
A8	I feel a strong sense of belonging to the family business.	1	2	3	4	5
A9	It would be hard for me to leave the family business right now even if I wanted to.	1	2	3	4	5
A10	My life would be disrupted if I decided I wanted to leave the family business now.	1	2	3	4	5
A11	I am afraid of what might happen if I quit my job without having another one lined up.	1	2	3	4	5
A12	It would be costly for me to leave the family business now.	1	2	3	4	5
A13	Right now, staying with the family business is a matter of necessity as much as desire.	1	2	3	4	5
A14	I feel that I have few options to consider leaving the family business.	1	2	3	4	5
A15	One of the serious consequences of leaving the family business would be scarcity of available alternatives.	1	2	3	4	5
A16	One of the major reasons I continue to work with the family business is that leaving would require personal sacrifice – another organization may not match the overall benefits I have.	1	2	3	4	5
A17	I think that people these days move from organization to organization too often.	1	2	3	4	5
A18	I believe that a person must always be loyal to his/her organization.	1	2	3	4	5
A19	Jumping from organization to organization seems unethical to me.	1	2	3	4	5
A20	I believe that loyalty is important and therefore I feel a strong sense of moral obligation to remain.	1	2	3	4	5

1 = <i>Strongly disagree</i>	2 = <i>Disagree</i>	3 = <i>Neutral</i>	4 = <i>Agree</i>	5 = <i>Strongly agree</i>
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A21	If I get another offer for a better job elsewhere I would not feel it was right to leave the family business.	1	2	3	4	5
A22	I was taught to believe in the value of remaining loyal to one organization.	1	2	3	4	5
A23	Things were better in the days when people stayed with one organization for most of their careers.	1	2	3	4	5
A24	I think that wanting to be "a company man" or "company women" is sensible.	1	2	3	4	5

## SECTION B: ENTREPRENEURIAL ORIENTATION

The following statements concern your attitude towards the entrepreneurial orientation of the family business.

Please rate the extent to which you agree or disagree with the following statements by making an "X" over the appropriate number on the 1 to 5 point scale next to the statement.

**Please take note that 1 = Strongly disagree and 5 = Strongly agree.**

1 = <i>Strongly disagree</i>	2 = <i>Disagree</i>	3 = <i>Neutral</i>	4 = <i>Agree</i>	5 = <i>Strongly agree</i>
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	STATEMENT	SCALE				
B1	I have enough autonomy in my job without continual supervision to do my work.	1	2	3	4	5
B2	Our family business allows me to be creative and try different methods to do my job.	1	2	3	4	5
B3	Employees (including family members) in our family business are allowed to make decisions without going through elaborate justification and approval procedures.	1	2	3	4	5
B4	Employees (including family members) in our family business are encouraged to manage their own work and have flexibility to resolve problems.	1	2	3	4	5
B5	I seldom have to follow the same work methods or steps while performing my major tasks from day to day.	1	2	3	4	5
B6	Our family business regularly introduces new services/products/processes.	1	2	3	4	5
B7	Our family business places a strong emphasis on new and innovative products/ services/processes.	1	2	3	4	5
B8	Our family business has increased the number of services/products offered during the past two years.	1	2	3	4	5
B9	Our family business is continually pursuing new opportunities.	1	2	3	4	5
B10	Over the past few years, changes in our processes, services and product lines have been quite dramatic.	1	2	3	4	5

1 = <i>Strongly disagree</i>	2 = <i>Disagree</i>	3 = <i>Neutral</i>	4 = <i>Agree</i>	5 = <i>Strongly agree</i>
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B11	In our family business there is a strong relationship between the number of new ideas generated and the number of new ideas successfully implemented.	1	2	3	4	5
B12	Our family business places a strong emphasis on continuous improvement in products/service delivery/processes.	1	2	3	4	5
B13	Our family business has a widely held belief that innovation is an absolute necessity for the business' future.	1	2	3	4	5
B14	Our leaders seek to maximise value from opportunities without constraint to existing models, structures or resources.	1	2	3	4	5
B15	When confronted with uncertain decisions, our family business typically adopts a bold posture in order to maximise the probability of exploiting opportunities.	1	2	3	4	5
B16	In general, our family business has a strong inclination towards high-risk projects.	1	2	3	4	5
B17	Owing to the environment, our family business believes that bold, wide-ranging acts are necessary to achieve the business' objectives.	1	2	3	4	5
B18	Employees are often encouraged to take calculated risks concerning new ideas.	1	2	3	4	5
B19	The term 'risk-taker' is considered a positive attribute for employees (including family members) in our business.	1	2	3	4	5
B20	Our family business is very often the first to introduce new products/services/ processes.	1	2	3	4	5
B21	Our family business typically initiates actions that competitors respond to.	1	2	3	4	5
B22	Our family business continuously seeks out new products/processes/ services.	1	2	3	4	5
B23	Our family business continuously monitors market trends and identifies future needs of customers.	1	2	3	4	5
B24	In dealing with competitors our family business typically adopts a very competitive undo-the-competitor "posture.	1	2	3	4	5
B25	Our family business is very aggressive and intensely competitive.	1	2	3	4	5
B26	Our family business effectively assumes an aggressive posture to combat trends that may threaten our survival or competitive position.	1	2	3	4	5
B27	Our family business knows when it is in danger of acting overly aggressive (this could lead to erosion of our business's reputation or to retaliation by our competitors).	1	2	3	4	5



## SECTION C: JOB SATISFACTION

The following statements concern your attitude towards your job satisfaction in the family business.

Please rate the extent to which you feel (dis)satisfied with the following statements by making an "X" over the appropriate number on the 1 to 5 point scale next to the statement.

**Please take note that 1 = Strongly disagree and 5 = Strongly agree.**

1 = <i>Strongly disagree</i>	2 = <i>Disagree</i>	3 = <i>Neutral</i>	4 = <i>Agree</i>	5 = <i>Strongly agree</i>
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	STATEMENT	SCALE				
		1	2	3	4	5
C1	Being able to keep busy all the time.	1	2	3	4	5
C2	The chance to work alone on the job.	1	2	3	4	5
C3	The chance to do different things from time to time.	1	2	3	4	5
C4	The chance to be "somebody" in the community.	1	2	3	4	5
C5	The way my boss (or family members) handles his/her workers.	1	2	3	4	5
C6	The competence of my supervisor (or other family members) in making decisions.	1	2	3	4	5
C7	Being able to do things that don't go against my conscience.	1	2	3	4	5
C8	The way my job provides for steady employment.	1	2	3	4	5
C9	The chance to do things for other people.	1	2	3	4	5
C10	The chances to tell people what to do.	1	2	3	4	5
C11	The chance to do something that makes use of my abilities.	1	2	3	4	5
C12	The way the family business policies are put into practice.	1	2	3	4	5
C13	My pay and the amount of work I do.	1	2	3	4	5
C14	The chances for advancement on the job.	1	2	3	4	5
C15	The freedom to use my own judgement.	1	2	3	4	5
C16	The chance to try my own methods of doing the job.	1	2	3	4	5
C17	The working conditions.	1	2	3	4	5
C18	The way my co-workers (including family members) get along with each other.	1	2	3	4	5
C19	The praise I get for doing a job.	1	2	3	4	5
C20	The feeling of accomplishment I get from my job.	1	2	3	4	5

## SECTION D: SATISFACTION WITH LIFE

The purpose of this section is to assess how you view your satisfaction with life. The following are statements of life satisfaction that you may agree or disagree with.

Please rate the extent to which you disagree or agree with the following statements by making an "X" over the appropriate number on the 1 to 5 point scale next to the statement.

**Please take note that 1 = Strongly disagree and 5 = Strongly agree.**

1 = <i>Strongly disagree</i>	2 = <i>Disagree</i>	3 = <i>Neutral</i>	4 = <i>Agree</i>	5 = <i>Strongly agree</i>
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	STATEMENT	SCALE				
		1	2	3	4	5
D1	In most ways my life is closely to my ideal.					
D2	The conditions of my life are excellent.					
D3	I am satisfied with my life.					
D4	So far I have gotten the important things I want in life.					
D5	If I could live my life over, I would change almost nothing.					
D6	Life is worth living.					
D7	All in all, I am satisfied with my life these days.					

## SECTION E: PERCEIVED SUCCESS

The following statements concern your perception of the success of the family business.

Please rate the extent to which you agree or disagree with the following statements by making an "X" over the appropriate number on the 1 to 5 point scale next to the statement.

<i>1 = Strongly disagree</i>	<i>2 = Disagree</i>	<i>3 = Neutral</i>	<i>4 = Agree</i>	<i>5 = Strongly agree</i>
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	STATEMENT	SCALE				
		1	2	3	4	5
E1	I see our family business as continuing into the future.	1	2	3	4	5
E2	I see our family business as a legacy to be handed over to future generations.	1	2	3	4	5
E3	I see our family business as a means to create wealth for future generations.	1	2	3	4	5
E4	I see our family business as a means to sustain harmonious family relationships for future generations.	1	2	3	4	5
E5	Continuing the business into the future will give future generations the opportunity to be involved in the family business.	1	2	3	4	5
E6	Continuing the business into the future will provide employment opportunities for future generations.	1	2	3	4	5
E7	Our family members prefer to cooperate with each other rather than compete with one another.	1	2	3	4	5
E8	Our family members acknowledge each other's achievements.	1	2	3	4	5
E9	Our family members encourage each other to put in their best efforts.	1	2	3	4	5
E10	Our family members are emotionally attached to one another.	1	2	3	4	5
E11	Our family members support each other.	1	2	3	4	5
E12	Our family members appreciate each other.	1	2	3	4	5
E13	Our family members care about each other's wellbeing.	1	2	3	4	5
E14	Our family members get along well both inside and outside the working environment.	1	2	3	4	5
E15	Our family business has experienced growth in turnover over the past two years.	1	2	3	4	5
E16	Our family business has experienced growth in employee numbers over the past two years.	1	2	3	4	5
E17	Our family business is profitable.	1	2	3	4	5
E18	Our family business has experienced growth in profits over the past two years.	1	2	3	4	5
E19	I regard our family business as being financially successful.	1	2	3	4	5
E20	The financial wellbeing of our family business is secure.	1	2	3	4	5

## SECTION F: PERSONAL INFORMATION

The following information is needed to help us with the statistical analysis of the data for comparisons among different interest groups. All your responses will be treated confidentially. Individual responses will not be seen by any one in the business. We appreciate your help in providing this important information.

Mark the applicable block with a cross (X). Complete the applicable information.

F1	In which age group do you fall?	≤ 29	30 - 39	40 - 49	50 - 59	60+
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F2	What is your gender?	Male	Female
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F3	What is your marital status?	Single	Married	Divorce	Widow(er)
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F4	What is your relationship to the family? (Owner/senior generation executive as the basis)						
	Owner	Spouse	Brother	Sister	1 <sup>st</sup> son	2 <sup>nd</sup> son	3 <sup>rd</sup> son
	1 <sup>st</sup> daughter	2 <sup>nd</sup> daughter	3 <sup>rd</sup> daughter	In-law	Other: Specify:		

F5	State your highest academic qualification. Mark the applicable block with a cross (X).	
	Lower than matric	
	Matric	
	Certificate	
	Diploma (Technical College or Technicon)	
	University degree	
	Post graduate degree	

F6	State other jobs/careers before you entered the family business (if applicable)
	Specify

## SECTION G: STRUCTURE OF THE BUSINESS

This section should be completed by the senior generation executive manager of the family business.

Mark the applicable block with a cross (X). Complete the applicable information.

<b>G1</b>	<b>How many permanent employees are employed by the family business?</b>							
	1-4	5-10	11-25	26-50	51-100	101-200	201-500	500+

<b>G2</b>	<b>What is the turnover of the family business per year?</b>					
	< R1 m	R1 – R2.5 m	R2.5 – R10 m	R10 – R50 m	R50 – R100 m	> R100 m

<b>G3</b>	<b>In which industry does the business operates?</b>				
	Automotive	Agriculture	Farming	Construction	Food
	Real estate	Retail	Wholesale	Manufacturing	Services
	Other: (Specify):				

<b>G4</b>	<b>What is the age of the business (years)?</b>
	Specify:

<b>G5</b>	<b>How many generations of the family managed and owned the family business over the years (number)?</b>
	Specify:

<b>G6</b>	<b>What is the legal status of the business?</b>			
	Proprietorship	Partnership	Company (private)	Company (public)
	Close Corporation	Co-operative	Business Trust	Franchise
	Other or combination (specify):			

**THANK YOU FOR YOUR TIME.**