Factors influencing the next generations' succession decisions for family businesses in South Africa

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ABSTRACT

The involvement of the next-generation family members on succession decisions can improve continuity of the business. Although several factors can influence an individual's choice of career, including in relation to joining the family business, parental support is the most influential. The primary objective of the study was to investigate factors influencing the next-generations' succession decisions for family businesses in SA. Given that challenges usually emerge during succession decisions especially when the founder wants to pass down the torch to his/her children. This can discontinue the business if a proper process is not instituted.

This study investigated several factors that affect succession decisions, especially regarding their influence on the next generations. The findings provide a foundation to understand the extent of influence when the next-generation is involved in the process of succession decisions. The results will add to the existing knowledge, educate family business founders in making better succession decisions, and influence policymakers in addressing formal issues regarding succession decisions which will ensure longevity and promote economic growth for family businesses in South Africa.

The study was quantitative and utilized a cross-sectional research design to collect primary data. The structured questionnaire was distributed to selected university student respondents who belonged to family-owned businesses in South Africa. The sample was identified using a method called convenience, total sampling, and snowball techniques. The analysis of data was conducted using IBM SPSS 28.0, t-Test, and Regression Analysis. The results stated that parental support and commitment levels to the firm significantly influence the next-generation succession decisions. This implies that parental guidance and mentorship are important in the family business as it fosters interest in taking over and commitment to the business in the future. The study equally revealed that the self-efficacy factor does not influence the next-generation succession decisions, as the literature review suggested.

Keywords: the next-generation, family business, succession decisions, parental support, self-efficacy, commitment to the family business.

DECLARATION

I, **Oluchi Jane Maduka** hereby declare that this research report “Factors influencing the next-generations’ succession decisions for family business in South Africa” is my own work. This report has not been submitted before for any requirement of degree or diploma in this or any university. All materials obtained from other sources has been duly acknowledged and referenced in this report. This work is being submitted in partial fulfilment of the requirements for the degree in Master of Management in the field of Entrepreneurship and New Venture Creation at the University of Witwatersrand, Johannesburg.

Signed at --

On 31st day of March 2023

DEDICATION

To my husband Ugonna Stanley Maduka; this journey would not have been possible without your love, patience, and support. To my children, Uchenna, and Oluchi thank you for your understanding and endurance.

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Definition of terms

This section consists of the adopted definitions for the proposed research to enable a clear perspective of the theory.

Family business - A business is categorized as a family business if the family retains voting control of the business and family members are involved in the running of the business (Sharma, 2004). A family business is also referred to as a family firm or family enterprise and widely recognised enterprise in the world. Commonly refer as any business run and managed by a family member, and passed on, or expected to be passed on to the next-generation (Venter et al., 2015). This definition is adopted for this study.

Succession Decision - Succession decisions refer to the process of identifying a family member to fill a key position of leadership in the firm. It is a measure undertaken to transfer ownership and leadership to the next-generation (Venter et al., 2015).

Parental support - Parental support refers to the parental behaviour towards children by way of encouraging, expression or providing physical support that can be attributed to children's normal development which is evident from support, praise, encouragement, and physical affection (Chan et al., 2020; Hackett & Byars, 1996).

Self-efficacy - Boyd et. al., (1997) defined self-efficacy as the confidence of an individual to perform various skills and tasks with a desirable outcome (McAuley, 1985). In the family business, self-efficacy relates to the successor's belief in managing and controlling the family business (Higginson, 2010).

Commitment to the family business - Commitment to the family business can be defined as zeal or a state of mind that prompts the next-generation successor to take over the leadership of the business (Bozer et al., 2017).

The firm - The firm in its context involves the nature of family businesses and the willingness to accept the next-generation as potential leaders that occupy leadership roles in the firm (Katila & Eriksson, 2013).

CHAPTER 1: INTRODUCTION

This section begins with the background and context of the study, followed by the theory, problem statement, purpose of the research, detailing the research questions intended to guide the entire study, objectives, and the importance of the study. The chapter ends with a conceptual definition of terms and contributions to knowledge.

1.1 Background of the study

The prevalence of family businesses is all around the world, which can be seen in the form of corner shops with few family members or multinational establishments with several employees. However, the authors (Davis, Hampton and Lansberg) of generation to generation: life cycle of family business book stated that "the economic condition and importance of family businesses are often underestimated" (Davis et al., 1997 p.5). In most cases, it is often difficult to study a family business in relation to succession, and financial performance, due to most family-owned firms not being obliged to make public their performance, or succession planning, and ownership/succession is predominantly distributed through trust, blood, ties, or voting, thereby making provision for future generations (Davis et al., 1997).

In some countries, a firm is considered a family business, if a family member is the controlling shareholder; that is an individual with adequate shares to assure the highest voting right more than other shareholders, while in other countries, a firm is classified as a family business if a family member controls more than 50% of the voting right and 32% for a publicly listed firm (Zellweger et al., 2015). The Family Business Association of Southern Africa (FABASA) defines a family business "*as an enterprise in which the majority of the votes are held by the person who established or acquires the business and possesses 25% of voting rights through his or her share capital and at least one family member sits on the board*" (FABASA, 2014b).

FABASA (Family Business Association of Southern Africa) is the official body that represents family businesses in Southern Africa and acts as the spokesperson/body that interprets family business views, while promoting the business interest (FABASA, 2014a). The mandate of FABASA involves assisting the family business in relation to corporate governance, best practice, sustainability development and proper guidance towards succession (Visser & Chiloane-Tsoka, 2014).

The South African family business trajectory has experienced significant growth which can be attributed to the strategic/rationalization processes of large organisations. The government of South Africa also recognises the contribution and key role of a family business in relation to economic growth and development (Visser & Chiloane-Tsoka, 2014). According to a survey conducted on family businesses by PricewaterhouseCoopers in 2013, it reported a significant increase in revenue for both international and South African organisations. It noted a revenue increase of 65% internationally and 75% in South Africa (PWC, 2021). However, this contribution socio-economically, and the vital role of family businesses has not received adequate attention needed to sustain family businesses in South Africa (Jones et al., 2018; Visser & Chiloane-Tsoka, 2014).

These results indicate opportunities as well as the increasing presence of family businesses both internationally and especially in South Africa. Apart from the opportunities presented, a family business is a very important aspect of any economy because it contributes to many factors such as job creation, skill development, innovation, and trade (Orole, 2020). Most family-owned businesses face many challenges such as issues pertaining to the family members' relationship, managing business and family, ownership, control, management, and one being noted as succession decisions. These challenges influence the growth, success, and sustainability of the business (Molly et al., 2010; Visser & Chiloane-Tsoka, 2014).

It is evident that family businesses lack longevity and hardly survive after the founder/s which leads to a monumental decrease in scarcity of skills and ownership transfer, also, equally reduces the opportunity for economic growth (Agarwal et al., 2016). Although family capital has been invested in the business for sustainability and future purposes, the inadequate of proper succession planning results in the discontinuity of family businesses (Ungerer & Mienie, 2018). Thus, the family succession decision is key and plays a vital role in the success and continuity of the business. Regardless, only 13% of family businesses survive the third generation (Agarwal et al., 2016), and the success of those family businesses may be attributed or associated with the advantage of next-generation involvement through succession decisions that are driven by the business values and goals (Handler, 1992).

Several researchers have identified succession decisions as one of the frequently discussed topics in the family business (Venter et al., 2015). However, there is a need to understand the factors that contribute to effective succession decisions and transition, especially in the next-generation members and their goals (Sharma et al., 2003). It has been inferred that most family members have little interest in engaging in the family business, which draws attention to the lack of understanding of the next-generation processes (Garcia et al., 2019). Therefore, factors that contribute to the next-generations' involvement in the family business are limited (Garcia et al., 2019). The process of succession decisions has shown to be essential in the South African family business' success, continuity and economic growth, this study was conducted to investigate the factors influencing the next-generations' succession decisions for the family business in South Africa (SA).

1.2 Theoretical Background of the study

Over time, the theoretical frameworks, and studies regarding family business succession in relation to academic approaches used in the accessible literature include the Stewardship theory, Agency theory, Field theory, and Resource-based theory (Barrett, 2014). Several psychological factors have been employed by researchers to investigate their influence on succession for family businesses.

Jensen and Meckling, (1976) developed the agency theory and suggested that the theory focuses on how the management of a business is centred around an individual's ability, and interest among owners, managers, and stakeholders, where each has different objectives (Baralieva &Eddleston, 2011; Davis et al., 1997; Miller & Le Breton-Miller, 2006). The agency theory was credited to Stephen Ross and Barry Mitnick in 1973; through their work where Ross is responsible for the economic theory of agency, and Mitnick for establishing the concept of agency theory (Davis et al., 1997). The application of the agency theory has shifted over the years from its origins of economics and finance to relational issues (Mustakallio et al., 2002; Schulze et al., 2001).

In 1989, Donaldson and Davis introduced the stewardship theory and proposed that the theory would enable managers to act as responsible stewards of the business they control and maintain a strong relationship between satisfaction and business growth. The stewardship perspective deals with founders or parents behaviour that act as stewards and custodians guided by the family business goal (Sharma et al., 2003).

The resource-based theory is equally important to family businesses, as the resources are used in different aspects within the business to enhance performance (Barney, 2001), which suggests that family-owned business success relies on strategic management and the effect from family traits such as a good relationship among family members. Additionally, the theory focuses on the preparation of future generations, heirs, or successors and the relationship that motivates family members to improve communication within the company for better transitioning (Sieger et al., 2011).

Furthermore, some researchers in previous studies have noted the argument among authors regarding the applicability of the stewardship theory in comparison to the agency theory vis-a-vis the family business and indicated that both theories contribute influential insight to the knowledge regarding family business succession (Madison et al., 2016; Miller & Le Breton-Miller, 2006). Although, past studies have also investigated other theories to describe the phenomenon of succession decisions for family businesses; family business succession planning (Nonkwelo, 2019), intra-family dynamics and succession planning (Urban & Nonkwelo, 2020), succession planning in a family-owned business (Chesley, 2017).

To draw empirical analysis of the next-generations succession decisions for a family business in South Africa (SA), both theories (stewardship and agency) are effective to analyse the extent of influence on parents and the next-generation in relation to succession decisions in the family business (Mendoza & Woodman, 2017).

The operations and existence of family businesses have defiance centuries (Davis et al., 1997). The study of family businesses began with a few articles in the 1960s and 1970s which centered mainly on typical problems that deter family business organisations, such as siblings' rivalry, and unprofessionalism. However, in the 1980s, several researchers started showing interest in different studies about family businesses (Davis et al., 1997). It appeared that the unexpected interest in the family business was triggered by the emergence of the 1983 special issue on organisational dynamics (Melin et al., 2013), an issue that created awareness on family businesses as a research topic and established ideas for further studies (Wilson et al., 2014). The last 30 years has witnessed and observed significant increased publication journals and articles on family businesses, which was encouraged shortly after the special issue in 1988, with 4 021 published in the current century (2000s) (Sharma, 2015; Wilson et al., 2014).

Moreover, the evidence that small businesses play a crucial role in any economy cannot be overlooked, however, less is understood that the majority of these small businesses are family businesses with succession decision issues, which require adequate attention (Patel et al., 2012). Even though a sizeable amount of multi-national businesses are family-controlled, a majority of family businesses are small or medium-sized and faced with the same succession problem and thus the possibility of the next-generation facing the same predicament is eminent, considering that they are the future of the business (Bjuggren & Sund, 2000; Petty et al., 1999).

Several factors have been identified to influence the next generation succession decisions and processes within a family business. These factors have the potential of providing support and the commitment levels required for the next-generation to continue with the family business (Morris et al., 1996). Although, the next-generation mainly starts with no role in the family business, they progress to managers/leaders because most future generations are often well prepared for the leadership roles and succession decisions made for them according to the family relationship; these factors ensure that succession decisions focus on the next-generation as the success of the family business relies on them (Morris et al., 1996). This study adopted the stewardship and agency theories to explain and describe their relationship with succession decisions regarding the next-generation for family businesses in South Africa (SA).

In addition, there is a notable difference between a family business and non-family business; the management structures, processes and succession decisions are obvious steps in the family business in ensuring the transfer of leadership from one generation to the next which needs proper planning, and implementation. Some theories have been used to understand how family businesses operate. The agency theory views a family business as a set of contracts among interested individuals which stipulates the family members as principals while the appointed CEO is the agent. The system theory, states that since a family business is an independent entity, family and business will always impact each other (Barrett, 2014).

The field theory indicates that members of the family should direct their field of interest with the business activities and involvement to aid adequate integration and entrepreneurial skills, which should be a priority for family members as it will enable them to take on leadership roles and continue the business to the next-generation (Hall et al., 2001; Siebels & zu Knyphausen-Aufseß, 2012).

Considering that these theories (stewardship and agency) are relevant in a family business both in the past and today, particularly succession planning/decisions. This study adopted these theories because of their appropriateness, explanatory power, and ease of adequate provision for meaningful insights in relation to the next-generations' succession decisions for family businesses in SA. According to a FABASA newsletter publication "A *family business is something of a sacred trust. It is not to be exploited for the benefit of one generation*" (FABASA, 2021, p.1). Stewardship is all about the preservation of a family business for next-generations, with the hope that they will look after the business well enough to make money from it, invest it, and grow it to become sustainable for the future. It is all about preserving the values that the founders established which will be passed to the next-generation.

The agency theory on the other hand, is all about the principal (founders) delegating the agents (next-generation) with the authority to manage and take control of the family business for sustainability and growth (Tsai et al., 2006). These theories have been relevant in the past and will be in the years to come because a future without founders in it, makes one realize that there is a need to empower and mentor the next-generation to assume leadership in the business for economic growth, job creation, sustainability, and ensuring that the values and principles are preserved and passed down.

1.2.1 Entrepreneurship theories in family businesses

The economic theory of Richard Cantillon (1680-1734) has become a widely accepted theory about entrepreneurship. Cantillon defined an entrepreneur as someone who purchases the means of production and combines them to produce a new product. He then classified economic agents into three categories: hirelings, entrepreneurs and landowners. He felt entrepreneurs are the most powerful and favoured as they connect producers to consumers (Boutillier & Uzunidis, 2014; Thornton, 2020). Family businesses adhere to this theory because they link producers to customers. An example of this, is when a family owns a retail shop that sells a variety of goods.

In the resource-based theory of entrepreneurship, an entrepreneur uses resources to solve a problem (Hitt et al., 2017). It is therefore imperative for the next-generation to utilize the available resources when they take over the business to ensure that the business performance exceed initial expectation. In addition to economic theory, a sociological theory of entrepreneurship suggest that social context affects entrepreneurship as well (Pounder, 2015). One's desire for a good life and a good social network are some of the factors that will make one a successful entrepreneur. Thus, to ensure effective succession decisions, parent and the next-generation need to maintain good relation.

Succession cannot be overlooked in the operation of a family business. Appropriate decisions and processes needs to in place to guarantees a successful transition in leadership, which will ensure continuity, stability and conducive working environment for all and the business. Adequately minimizes challenges and rifts among family members as families experiences conflicts during the succession period (Phikiso & Tengeh, 2017).

1.3 Context of the study

This research study was contextualized in South Africa, mainly in the three major provinces namely; Gauteng, Western Cape and KwaZulu-Natal, and their major cities such as Johannesburg, Cape Town, and Durban, where about 60% of listed businesses on the Johannesburg Stock Exchange (JSE) represent family businesses (HOVE & Troskie, 2019). The contribution of the family business to the economy in South Africa is dated for the last 300 years (Venter et al., 2015). Emphasis is constantly required in fostering family businesses in South Africa as they are an important aspect of the economy and make up 90% of businesses globally, fast becoming key players and formidable in both developed and developing economies (Venter et al., 2010).

A study conducted by the Global Entrepreneurship Monitor (GEM) on 48 economies in 2019/2020 indicated that 75% of businesses in the United States of America (USA) are family businesses and contribute to the country's Gross Domestic Product (GDP), while 70-90% of the firms in Europe are considered family businesses (Kelley et al., 2020). In South Africa, family businesses contribute 50% to the growth of the economy and family members that are involved in the running of family-owned businesses make up 80% of all businesses (Kelley et al., 2020; Urban & Nonkwelo, 2020).

The contribution of a family business to the economy and the number of family businesses is expected to increase, however, the fast growth shown by family businesses is due to many large organizations' justifications for stagnancy and the inability to create jobs (Bjuggren & Sund, 2001). This presents an opportunity for a family business to tap into these issues and ensure a continuous contribution to the economic growth in South Africa (Bjuggren & Sund, 2001). The crucial role played by a family business in the South African economy should be given proper attention and its survival prioritized.

Several researchers have noted that one in four family businesses barely survive into the second generation and only one in ten make it to the third generation, and can be said to be the main reason for this lack of longevity is succession decisions (Chua et al., 2003; Tengeh & Phikiso, 2021). Most family businesses lack planning, processes, and plans of succession which follows a pattern and are some of the reasons for the lack of survival from one generation to the next (Orole, 2020).

Orole, (2020) also noted that the swift growth in South African small and medium-sized businesses (SMEs) can be attributed to the initiative by the Government that aims at promoting small businesses and empowering these organisations which has created an opportunity for family businesses to grow rapidly. However, less is understood of the socio-economic contribution of family businesses in South Africa (Urban & Nonkwelo, 2020), and limited information on the conditions of family business success. There are many challenges facing family businesses such as succession, governance, management, structure, and generational changes but the major focus areas are the conflict among family members, succession, and leadership roles (Chua et al., 2003; PWC, 2021).

Ramadani et.al., (2017) also noted that the succession planning, process, and pre-planning are included in the succession challenges faced by family businesses which contributes to a lack of longevity and successful transitioning from one generation to another. This research study will focus on a literature review of family business succession decisions in South Africa from the perspective of different generations of family members involved in any family business. Additionally, South Africa operates under a mixed legal system made up of English law, Roman-Dutch law, Precedents, and statutes (Nonkwelo, 2019). It is essential to note that these rules apply to succession in the family business and recognize every member of the family both male and female.

Family businesses in Europe generate more than 70% of their GDP annually, however, their economic importance is underestimated and less than half survive the next-generation (Lenčéšová et al., 2018). In the United States of America (USA) of a family-owned business, only 3% survive the third generation (Blumentritt et al., 2013), therefore, successful transitioning is key to enabling the sustainability of family businesses globally.

1.4 Problem Statement

The possibility of the next-generation occupying leadership roles in family businesses can be challenging as family relationships are found to predict intra-family successors (Garcia et al., 2019). Often, perceived family obligation increases the chance of a successor into the family business, and parents are the core of the family, through their behaviour and style of parenting (Blumentritt et al., 2013).

The lack of continuity of family businesses is not new to South Africa, given that succession decisions is a big challenge that affect continuity and ownership transfer (Venter, 2007). According to the family business survey by PWC (2018), which reported that an average of 75% of Sub-Saharan African family business founders intend to transfer ownership and management of the business to the next-generation compared to 28% of their global counterparts (Orole, 2020). However, the willingness of the next-generation to continue the business is usually influenced by several factors.

Several studies have been conducted on how parents groom their intended successors from the founder (Bozer et al., 2017) but limited information is known about the successor's perspective (Cabrera-Suárez et al., 2018; Chan et al., 2020). Garcia et al., (2018), mentioned that while the successor is confident about their abilities, joining the family business may not be their preferred choice due to fear of losing their independence. The transfer of ownership in a family business can be challenging, as it can be impacted by favouritism within family members and the family member closest to the owner may get ownership. This can result to rift among other family members and might be the reason of problems in the family business, which will also reduce the productivity and effectiveness in the business (NiDirect, 2023).

While favouritism and nepotism in the family are a major cause of dissatisfaction and the low level of continuity of family businesses, factors like high competition in the market, change in trends, low profitability of the business and lack of access to technology and skills do not favour the intention of the new generation to continue with the business (Merchant *et al.*, 2018). The low level of continuity in family businesses is an issue, as the medium to carry forward the tradition and culture within the family business is lost. Thus, the artistic skills known to the family members of the business are not passed down to the new generation (LeCounte, 2022).

Evident has shown that there are few studies in Africa, and especially in South Africa that centers on family business succession decisions in relation to the next-generation likelihood when becoming the successor; the nature of parental support, self-efficacy, level of commitment to the firm, and their influence on succession decisions is understudied. According to Venter, (2015), studies regarding family business succession has been carried out on large non-family businesses in South Africa.

It has been established that there are factors influencing the next-generations family members' relationships and the continuity of family businesses (Handler, 1990), however, the factors influencing the next-generations' succession decisions for family businesses in South Africa remain neglected. Given this, there is potential to investigate factors influencing the next-generations' succession decisions, specifically parental behaviour which may lead to support towards the next-generation's involvement in the family business.

Garcia et al., (2018), proposed a model that linked parental support to the next-generations involvement through self-efficacy and commitment, however, this model was empirically tested and pertains to first and second generations, but will apply to the next-generation which is the objective of the proposed study (Chan et al., 2020). Given the recent focus on the next generation transition in the family business, the proposed study concentrates on the next-generation (Chan et al., 2020).

Orole, (2020) mentioned that many family businesses do not survive in order to be established as family businesses. The Institute, (2021) stated that in the family business, only 30% of family businesses make it to the second generation (Institute, 2021). In South Africa, "the lack of sustainability of family businesses over multiple generations is evident" (Ungerer & Mienie, 2018). This can be attributed to the inefficiency of a proper succession decisions process which can impact the outcome from parents to the next-generation in the firm. The current study recognizes this deficit and the effect it poses on the economic growth in South Africa given that majority of businesses in the country are presumed family businesses.

In South Africa, the rate of family business' survival from the first to the second generation is discouraging and has a significant impact on the social and economic cost, owing to most businesses in the country being made up of family businesses (Tengeh & Phikiso, 2021; Urban & Nonkwelo, 2020). This loss can be attributed to the failure in addressing the dynamics of the management structure and processes regarding ownership, which refers to the parents and successors, the next-generations in the firm (Nonkwelo, 2019; Orole, 2020).

Family businesses play an essential role in any economy, in the USA family businesses form 80% of all businesses and contribute 50% to the GDP (Economic Trade Family USA, 2019); in Europe, 60-70% form family businesses and contribute 45-65% of the GDP (European Family Business, 2012) in comparison to the USA. In countries such as India, Italy, and Latin America, family businesses form 90.98% of the GDP and contribute to 80% of employment. Most businesses started at the kitchen table which warrants the support of family members and is evident in most developing countries that struggle with financial assistance from the government. In South Africa, 50% of the economic growth comes from family businesses and estimates show that 80% of businesses are family-owned (Kelley et al., 2020), of which 60% are listed on the JSE (Johannesburg Stock Exchange).

1.5 Research objective and research questions

1.5.1 Research objective

The objective of this study is to investigate the factors (parental support, self-efficacy and level of commitment to the firm) that influence the next-generations' succession decisions for family-owned businesses in SA.

1.5.2 Research question(s)

To what extent does parental support, level of commitment to family business and self-efficacy among the next generation positively influence the succession decisions of family businesses among the next-generation in South Africa?

1. To what extent does parental support influence the succession decisions of family businesses among the next generation in South Africa?
2. What is the influence of self-efficacy of the next generation on succession decisions of a family business in South Africa?
3. What influence does the level of commitment of the next generation have on the succession decisions of a family business in South Africa?

1.6 Significance of the study

The present study attempts to address the gap in literature and in so doing, makes imperative contributions. Firstly, the study extends the limited research on the understanding of factors influencing the next-generations' succession decisions for family businesses in South Africa. Moreover, it considers these factors as antecedents of succession decisions while extant research on succession decisions, planning and the next-generation has primarily focused on the dysfunctional pattern in family firms rather than next-generation family members (Ferrari, 2022). This study is one of the few studies to investigate the factors influencing the next-generations' succession decisions and the outcome on the continuity of family businesses. For instance, studies carried out by (Bar-Haim, 2019) suggested that parental support and commitment towards the family business impact the succession decision of the next-generation. Additionally, (Buckman et al., 2019; Chesley, 2017) highlighted that the joint efforts of the family members and effective succession planning can enhance the business' chances of survival. Further to this, (Craig et al., 2015) stated that the succession decisions of family businesses by next-generation members can increase the integration of innovation and technology in the business and increase its productivity and profitability.

This study integrates two theoretical approaches (i.e., Stewardship and Agency theory). The current study extends the research concerning succession decisions and next-generation related factors by investigating the influence of parental support, self-efficacy, and level of commitment to the firm. These theories support the explanation of a proposed relationship between parental support, self-efficacy, level of commitment to the firm and the succession decisions of the next-generation. It has been found to be a compelling theory for understanding the role of founders/parents as custodians of the business in shaping the succeeding generations to take over. A key proposition of these theories is the ability to demonstrate the critical role of the next-generation in progressing the business (Woodman, 2017). Hence, by integrating stewardship and agency theory to the factors (parental support, self-efficacy, level of commitment to the firm), it supplements the theoretical development and how it influences the next-generations' succession decision for family businesses in South Africa.

Researchers have continued to conduct studies on the family businesses that have seen a massive improvement over time, given that succession topics were dominant in the 1980s (Achtenhagen et al., 2017; Luan et al., 2018; Sharma, 2004) and maintained the focus till the 2000s before the emergence of several topics gaining spotlight (Colli, 2003; Debicki et al., 2009; Sharma, 2004). Family-owned businesses are formed and operated with the intention that they will achieve their owners' purpose, thus succession decisions are an obvious method or tradition that every family business encounters. According to Daspit et al., (2016), two or more members of a family should run the firm, and at least 51% of the business should be in the ownership of a particular family for it to be designated a family-owned business. Several researchers have continuously examined the persistence of succession decisions in family businesses which over time have followed the same pattern of succession and debated whether the succession literature focus should entail firm, siblings, or family in defining the quality of a family-owned enterprise (Orole, 2020). Fang et al., (2021) made notice of the competing and, which at times, causes overlapping interests that are distinctive to the family business context.

1.6.1 Contribution to the body of knowledge

This research contributes to family business entrepreneurship literature by recognizing the next-generation in the firm's perspective regarding factors that influence the outcome of succession decisions within a family-owned business in South Africa. The study examined the influence of parental support, self-efficacy, and commitment to the firm, and how they influence the succession decisions made by the next-generation in family businesses of South Africa (Nonkwelo, 2019; Vera & Dean, 2005). In addition, this research focuses on the next-generation in the firm, which presents the opportunity for information sharing and knowledge in preparing them on how to cope with challenges when they join the family business.

1.6.2 Contribution to the firm context

This study provides relevant and meaningful insights to address the challenges that exist within family business structures. Schwert, (1993) ascertained that the purpose of conducting studies on family businesses is to provide a comprehensive overview, inform, understand, and guide the future structure and practices (Sharma et al., 2012).

It is imperative to promote support to the next-generation in the firm and encourage those who are willing to join the family business on their own accord without the fear of losing their autonomy, this needs to be recognized and included in the succession decision. In the context of the firm, the present study will help with identifying the factors that encourage the new generations for the succession of the business to ensure the continuation of the firm.

1.6.3 Contribution to public policy

Given the key role of the family business and the rapid growth of transition from generation to generation, policies are required to foster entrepreneurial activities such as job creation, innovation, people and skills development, and the knowledge to allow individuals to promote entrepreneurship through a family business in South Africa. Subsequent studies on family business succession decisions and the challenges it poses will enable the government and policymakers to develop a strategy and incubator programs to support entrepreneurs and provide a conducive environment where start-ups and entrepreneurs can strive (Heck et al., 2006).

Furthermore, conflicts in the family business that relate to succession decisions can cause damage and lead to a disruption in the operation, decrease in production, business closure, and disorientation among family members. Considering that family businesses are the drivers of economic growth in South Africa (Blumentritt et al., 2013; Nonkwelo, 2019), proper guidelines and rules are essential to foster the longevity of family businesses by ensuring that the guidelines provided lead to unbiased succession decisions. Prior studies identify the importance of public policies for the overall economic growth in South Africa; however, the presented study determines the impact of public policies in influencing the behaviour and intention of the public.

1.6.4 Contribution to learning (Education)

The current system of learning has equipped individuals with knowledge, skills, and experience to excel in leadership roles and undertake managerial positions to compete with their counterparts in different enterprises both in the family business and non-family business (Bozer et al., 2017). This research study will serve as an additional contribution to family business literature which will aid in creating awareness and providing the assistance required for the next-generations, and those currently in the firm.

1.7 Assumptions

The following assumptions were made prior to the commencement of this study:

- The respondents will find the research instrument easy to understand.
- All participants are proficient in English.
- The study sample population works for family-owned businesses.
- The participants will answer the questions truthfully and provide accurate and relevant data in relation to the proposed hypotheses.

1.8 Report outline

Chapter 1 provided the context and theoretical background of the study, problem statement, and contribution of the study (in terms of the literature, policy, and business context). It concludes with the assumptions of the study and report outline.

Chapter 2 consists of the literature review on the next-generations' succession decisions for family businesses in South Africa, which informs the definitions of the ideas, basic concepts, and the establishment of issues for the study. The research hypotheses and conceptual framework are introduced, and an illustration of universal approaches which rely on their contribution to the business are provided in relation to external and internal aspects (Li & Daspit, 2016).

Chapter 3 details the research methodology, design and research instrument used for data collection, population sample and how the data was analysed and interpreted.

Chapter 4 depicts the data analysis and reports the empirical findings. These include the presentation of results in the form of graphs, tables and interpretations of the analysis conducted.

Chapter 5 delineates the data analysis presented and discusses the research empirical findings.

Chapter 6 presents the conclusion, implications, recommendations, and focus areas for future research.

2 CHAPTER 2: LITERATURE REVIEW

The primary objective of the literature review is to understand and evaluate the opinions of different scholars and academicians related to the undertaken research to examine and determine the factors influencing the next generations' succession decisions for family businesses in South Africa. These perspectives are critically reviewed and audited in alignment with the research aims and objectives. The sections that are discussed to help achieve the objective of this chapter are the literature background of family businesses, succession decision planning, parental support for next-generation members, self-efficacy of next-generation members and their level of commitment to the business. To conclude the chapter, the information regarding the gap of knowledge from the previously published literature is presented.

2.1 Introduction

In recent years, there has been significant coverage given to family business succession from researchers. The study of family businesses is fast becoming popular and visible among leading journals, articles and some publications devoted specially to family business study (Ng, 2020; Sageder et al., 2018). This section will provide a clear view of the current state of family business research, what other researchers have done and investigated, relevant theories guiding the study and the study hypotheses. It is structured as follows; the introduction and literature on entrepreneurship and how it relates to the family business especially in South Africa for the purpose of contextualizing the study, with respect to entrepreneurship theories such as the economic theory (Boutillier & Uzunidis, 2014), resource-based theory (Hitt et al., 2017), sociology theory (Pounder, 2015), and succession (Phikiso & Tengeh, 2017), followed by an Economic overview and comparison, linkage of the study variable to literature review, theoretical background and framework, succession decision planning, parental support for next-generation, self-efficacy for next-generation, level of commitment to the business for next-generation, conceptual framework, hypotheses testing and concludes with a summary of the chapter.

2.2 Background of family businesses

The early research studies on family business succession, present a critical review of the available literature. Collins, (2010) studied the implications for family business succession and determined that there are several factors that influence the family business succession or transfer of ownership decision. In this regard, (Miller et al., 2003) conducted research on the problem faced by family businesses in relation to succession and stated that the succession policy, strategy, management, business, and tradition plays a significant role in succession. Furthermore, Lam (2009), stated that parents/founders and successors are regarded as important factors influencing family business succession. This study did not investigate the other factors outside of the family that other studies had investigated.

The succession decisions should consider the strength and capabilities of all family members who are interested in managing and controlling the business, regardless of their position in the family whether, first, second or third generation. Issues such as commitment to the business need attention as pre-planning and inclusion of every family member can mitigate conflicts and future contradictions.

2.2.1 Comparison of family and non-family business

The main difference between a family business and other businesses is the employment process that takes place in non-family owned business, which relates to qualification, experience and interest (Rautamäki & Römer-Paakkanen, 2016), while in the family-owned business is the involvement of family members and how their private lives and business are interwoven (Venter et al., 2015), family members are practically invited to the business by birthright or blood ties. This allows them to venture into entrepreneurship by virtue of this process, others due to their chosen career path and interests while generations are either supported, encouraged, or directed to be engaged in the business. This is further supported by the agency theory, as suggested by Tajer et al., (2022).

2.2.2 Factors affecting family business succession.

The literature review identified common factors that several studies concluded had an influence on family business succession. They are implications for family business succession where the family business is influenced in relation to succession (Collins, 2010), the succession strategy, management and key role tradition and culture play in relation to succession (Miller et al.,, Steier (2003). Parents/founders and successors are an important factor influencing family business succession decisions (Lam, 2009); the ability to believe in the capability of oneself (Petro et. al., 1996); the lack of survival to next-generation and the significant impact both on social and economic costs (Tengeh & Phikiso, 2021; Urban & Nonkwelo, 2020). These factors have been noted to have a significant influence on family business succession in relation to the next-generation, as they are predominately used in various and past research. This resulted in the development of the conceptual framework for this study on the factors influencing the next generations' succession decisions for family businesses in South Africa.

(Wang et al., 2019) hypothesized in their study, that the independent variables of a successors' ability/knowledge and the level of commitment to the business or willingness are correlated to the dependent variable of family business succession decisions. The study found that parents/founder's approval has no influence on the successor's (the next-generation) ability, however, it has a positive influence on the level of commitment to the business. Hence, parental support, self-efficacy, and the level of commitment to the firm will be explored in this study as independent variables and succession decisions as the dependent variable for family businesses in South Africa.

2.2.2.1 Succession Decision

Succession decisions refer to the process of identifying a family member to fill a key position of leadership in the firm. It is a measure undertaken to transfer ownership and leadership to the next-generation (Venter et al., 2015). Gender equality and a successful transition are key to a prosperous family and business. As inferred from different studies, a successful transition in succession decisions involves three main components to ensure a smooth succession in the family business (Venter et al., 2015; Kiwia et al., 2019; Bąkiewicz, 2020), these are listed below:

- ❖ Pre-planning phase – guidelines, documentation, and steps before the planning phase.
- ❖ Succession planning – adequate ownership structure, management system succession decisions.
- ❖ Managing the founder’s departure.

2.2.2.2 Parental support

This study focused on the influence of parental support in succession decisions, which is characterized by parents’ expression of acceptance, comfort, and how they respond to their children which contributes to their development. These can be attributed to children’s normal development which is evident from support, praise, encouragement, and physical affection (Chan et al., 2020; Hackett & Byars, 1996).

Parental support results in positive outcomes measured from the children’s report and self-esteem is a result of how much support children get from their parents, which can influence their career development. In family business succession decisions, parental support can be influential, appropriate, or unethical because parents can deliberately influence the outcome of succession decisions and direct their children towards the family business without allowing them to choose their career paths (Bjuggren & Sund, 2001; Bozer et al., 2017).

2.2.2.3 Self-efficacy

Boyd et. al., (1997) defined self-efficacy as the confidence of an individual to perform various skills and tasks with a desirable outcome (McAuley, 1985). Being persistent and resistant in attaining a certain level means high self-efficacy regardless of the challenges and obstacles one may face (Cabrera-Suárez et al., 2018). In the family business, self-efficacy relates to the successor’s belief in managing and controlling the family business (Higginson, 2010). This is different from other career-related self-efficacy and the reason is that a family business requires a different type of skill, confidence, and capabilities (Higginson, 2010).

2.2.2.4 Commitment to the family business

Commitment to the family business can be defined as a zeal or state of mind that prompts the next-generation successor to take over the leadership of the business (Bozer et al., 2017); this is a commitment different from the family because a commitment to the family business transitions to involvement in the business but a commitment to the family leads to non-involvement in the family business to avoid family conflicts that are associated with engaging in the business (Cabrera-Suárez et al., 2018; Chan et al., 2020).

2.3 Succession decision planning

The idea of succession stems from anthropology, and it is based on the relationship between family and change, as well as the importance of being prepared for it (Meroño-Cerdán, 2022). Instead of being a one-time event, succession planning is an ongoing activity that takes place over a prolonged period. When preparing a succession, it is vital to consider the dynamics of both the family and the business that are involved. This will improve the likelihood of the succession being successful. Even though many family businesses have not shown much concern, a few authors have stressed the relevance of the necessity for active practices that may secure the continuity of family businesses, as supported by the family system theory (Ajidahun, 2018). The pursuit of "family interest" sometimes works against these sorts of enterprises due to the intricacy of the family firm and the always evolving environment in which it operates (Nguyen, et al., 2021). Therefore, the capacity of the family business to be creative, inventive, and accountable is a significant factor in determining whether it will continue to survive in the foreseeable future. Phikiso et al., (2021) state that the management of family businesses must contend with the obvious challenge of ensuring that the interests of the family and the interests of the firm are matched.

Succession from one generation to the next is a challenge to many family businesses, especially in South Africa, where the survival rates are low. (Colli, 2003), noted that approximately 55% of effective transitions from the first generation survive the second generation and only about 13% to the third generation (Bozer et al., 2017), currently this figure has decreased to 30% from the first generation and the survival rate to the second and next-generation has decreased to 10% (Mlotshwa, 2022).

2.3.1 Managing succession decisions

Managing succession decisions takes effect as the family business grows and family members increase, there is a tendency to make adequate plans on how to manage succession decisions before the family starts experiencing conflicts in this regard. According to (Cray et al., 2017), as family businesses grow older and expand, succession decisions must be implemented and parents / founders pass on their blessings to the next-generation to run the business. Conversely, contrary to the natural assumption that most family businesses have a succession plan, many of them do not. In South Africa, only 17% of family businesses have legalized succession plans which have been discussed and implemented.

Research shows that the figure has not gone up in the recent past. 68% of the next-generation who owned their parent's companies believed that their business strategies aligned with those that were previously used by their parents, but anecdotal evidence shows that to be false (Ghee et al., 2015). In the UK, on the other hand, strategic formation and decision-making in the family can be a problem because of the conflicting interests between parental support, self-efficacy, and their level of commitment to the firm (Dunn, 1996). Family members in the UK who support next-generation succession noted that the next-generation have a strong influence on the family business, however, they also stated that different family generations need diverse succession plans and strategies (Muriithi et al., 2016).

2.3.2 Challenges of family business succession

Family business successions face several challenges, which are not common in non-family businesses because problems are passed on from one family generation to the next. Issues can occur due to conflicts arising from varying personal goals, interests, and differences among the generations of family members. These disputes need to be resolved before they cause tension, which could lead to the destruction of the family business (Gilding et al., 2015). An example of this is the Gucci family-owned business, which is a very big family business but faced internal chaos caused by differences among family members, arguments, and lawsuits (Pieper, 2018).

The most common, and probable detrimental risks are caused by conflicts with in-laws, relatives, and shareholders. Other challenging issues are that of compensation, and the failure of parents to appropriately plan for succession, making it hard for them to articulate their vision to the potential successors, who are the next-generation. These issues differ from those of other countries such as the UK where succession decisions of family businesses lead to complexities in interpersonal and group dynamics, marital problems, and ownership dispersion issues, especially in a case where the third generation is the successor and the first and second generation, feel as though they are not respected, as they would expect (Devins & Jones, 2015). In Nigeria, the conflicts and challenges arising are mostly related to the traditional beliefs that, sons and daughters should not possess similar rights when it comes to the succession of a family business (Oyeladun, 2020). The Nigerians believe in the traditional laws where the first sons of different generations are meant to handle all big responsibilities and are believed to have more rights than other siblings (Oyeladun, 2020).

2.3.3 Legal and financial regulation

According to Neubauer and Lank (2016), family owner-managers in South Africa agree that compliance with the set regulations is a big problem and this affects the business and its succession. The owners of these businesses assert that financial incentives from the government meant to support such businesses are insufficient and the owners do not have enough money to meet the regulations of the business (Neubauer & Lank, 2016). This becomes a problem especially during succession because the successors, who are the next-generation, must deal with the problems once the business is passed on to them (Arzubiaga et al., 2021).

In the UK, financial relations between the parent and the next-generation are often complex and faced with many uncertainties. Sharing the liabilities of the business between the parent and the next-generation, in most cases splitting the assets, could be challenging (Heath, 2018). From a regulatory perspective, the parent, who is the owner-manager, owns both the business and personal property; this makes the separation between the parent and the next-generation complicated, especially in cases where there are many.

This study provides an abstract, introduction, and literature review on family business succession decisions in South Africa, from the perspective of a parent/s and the next-generation. Nevertheless, more research is required to give comprehensive results pertaining to succession decisions in South Africa and a comparison of the succession decisions between South Africa and other countries, both within Africa and globally.

2.4 Parental support on next-generation succession decisions

For children who grow up in families with established businesses, the major question that surrounds their career options is about joining the family business or not (Schröder, Schmitt-Rodermund, & Arnaud, 2011). Parental support is a perceived subject that is attributed to behaviour that is guided by cognitive appraisal processes and people actively interpreting their contextual output (Chan et al., 2020). With regard to succession decisions particularly with next generations, this behaviour is motivated by parents who are interested in their children following in their footsteps, thus, they will support them in fostering the family business instead of pursuing alternative careers. According to a study conducted by Schröder, Schmitt-Rodermund, and Arnaud (2011), it was revealed that the role of parents in the career planning of their children is influenced by preferences and the preparation by the parents for succession. It was highlighted that the intention of parents towards succession, along with the extent to which preparation is done plays a vital role.

Furthermore, the study specified that parents who make their children participate in the business and provide information regarding family business practices promote the succession intention to their children. Similarly, the stewardship theory as referred to in the studies carried out by Jamil et al. (2021), emphasizes the importance of building confidence among employees or family members associated with the business to align their interests with organisational interests.

According to the research conducted by Chlosta et al., (2012), the role of parental support influences the decision of children towards succession decisions with the help of the social learning theory by Bandura. The study revealed that due to the presence of role models in the family business, the likelihood of succession decisions among children is greater. Moreover, the encouragement and support given by parental role models to the children positively influences the succession decision. In support of this study, additional research by Firman et al., (2019) detected that the succession decisions taken by the children must be supported by parents through the process of sharing information about the family business and enhancing the knowledge of children regarding the business activities and practices.

Another study conducted by Martin-Cruz et al., (2020) found that the role of parents is essential in developing learning mechanisms in children that will help them acquire the core abilities for sustaining the family business. The study discovered that the role of parental support in succession decisions creates a learning mechanism that enables the children to increase their commitment to the family business and removes any negative impressions about it to make them engage in the business with an increased will. As a result, parental support is considered an indirect variable that influences the succession decision of next-generation family members in family businesses in South Africa, as shown in figure 2.

2.4.1 African aspect of parental support on next-generation succession

In Africa and South Africa, a moral obligation towards the future generation is a major cultural practice in relation to the parental support subject (Behrens, 2012). In the case of an extended family, more than three generations relate to a family, and each member considers him/herself as part of the family business (Bohman et al., 2009). While families are changing so that they can manoeuvre through conflict while the owner of a business is alive, complexity arises at their death (Buckman et al., 2019). If such a family had children, succession might be easier. However, if the surviving members are the next-generation, the extended family creates chaos, where male relatives such as uncles, brothers, and male cousins make the argument that succession cannot be given to the third generation before the second generation, according to African culture. Aunts and grandmothers find themselves in support of their male counterparts and spouses, as dictated by most African cultures (Julius

Giarmarco, 2017; Lansberg, 1988). Sometimes, conflicts might escalate to the extent of legal interventions.

2.4.2 The 5+5+5 Bernelli Entrepreneurial Learning Model

The Bernelli Entrepreneurial Learning Method is a model developed from over two decades of family business research. It provides an outline to produce entrepreneurial leaders amongst those who will use the learned skills to start their ventures while some will grow companies (Chesley, 2017; Iannarelli & Mischel, 2008). Whether the next-generation decides to be involved in the family enterprise, find work outside the family firm, or run their own business, they employ this acquired knowledge and skills to guide their choices and leadership styles (Chesley, 2017; Nonkwelo, 2019).

Most research studies suggest that being exposed to a family business provides a continuous learning experience for generations as they grow. The Bernelli 5+5+5 Model of Entrepreneurial Learning presents the concept that children can master entrepreneurial structured knowledge recognized in the family business model through adulthood by simulating what they are exposed to (Ramadanti et al., 2021).

BEL is a 5+5+5 model suggesting five skills, stages, and steps that the next-generation might encounter. The skills are personal initiative, leadership, social skills, handling of money, and marketing while the stages are exposure to business, hands-on experience, technical expertise, leadership, and formal professional training. All five stages of entrepreneurial development make available a perfect window to investigate the next-generation succession within family businesses in South Africa (Maharajh, 2021; ÖZDEMİR). The five steps taught by parents are continuity, business problem identification and solving, networking with entrepreneurs and advisors, mobilizing resources, and learning from each experience.

a. ***5 Skills***

Personal initiative in the five skills group represents the ability to understand and know where to check for opportunities. Leadership skills characterize the ability to make efficient and accurate decisions when needed, especially under stressful conditions. Social skills are the ability to understand people in the organization and the skill of handling money represents the ability to manage business or organization assets. Finally, marketing skills epitomize the ability to sell the company ideas, as well as to attract customers (Iannarelli & Mischel, 2008; Maharajh, 2021).

b. ***5 Stages***

Considering the five encountered stages, the next-generation in a family business needs exposure to the business. They must be actively involved in the business to gain hands-on experience. They should, also, gain external experience in aspects related to the business and formally enter into a business setting where they get leadership opportunities (Iannarelli & Mischel, 2008).

c. ***5 Steps***

Regarding the five steps, the next-generation should have continuity where they are guided through the five stages while focusing on the five skills. They should undergo the problem-solution stage where they are exposed to problems at first and provided with options to solve these problems later. They must meet and greet business role models, for example, by going on business trips to set an example for the enterprise. Moreover, they need to create networks with various stakeholders related to the business. Finally, they need to recap their experience through support, encouragement, and engagement at the individual level (Iannarelli & Mischel, 2008; Ramadanti et al., 2021).

While the 5+5+5 Bernelli Entrepreneurial Learning (5+5+5 BEL) Model offers a comprehensive and fitting lens to observe parent-next-generation succession, it disregards character qualities as a means of predicting entrepreneurial conduct. Personality determinants in entrepreneurship studies have been unsuccessful as convincing predictors of entrepreneurial behaviour (Paunonen, 2003), and have been inconclusive in suggesting that we focus more on the life experiences that affect an individual's later insights as they relate to entrepreneurship and more specifically, those developed from entrepreneurship teachings. The next-generation from business families learn these cues better than others (Iannarelli & Mischel, 2008; Ramadanti et al., 2021).

Hypothesis 1: Parental support has a positive influence on succession decisions among the next-generation of a family business in South Africa.

2.5 Self-efficacy on next-generation succession decisions

Self-efficacy in family business succession decisions refers to the beliefs of any successor in effectively managing and controlling the family business to an expected level. This type of self-efficacy is different to that of other career-related paths because it requires a certain skill to take over a business and perform well (Chan et al., 2020). In support of this, the study conducted by Zhu & Zhou (2022) discovered that self-efficacy among children towards succession decisions is affected by the support of parents and the psychological control they exercise on the children. Moreover, the study revealed that self-efficacy is influenced by the display of support, warmth, and affection by parents as it strengthens their self-efficacy.

The support of parents establishes a secure attachment that allows the exploration of the environment, which increases confidence in addressing challenges and accomplishing goals, thereby promoting self-efficacy. A study conducted by Tjano & Janse van Rensburg (2020) discovered that self-efficacy works as a motivational factor that influences the decision regarding when and how children make choices about their careers. Additionally, the study identified that perceived desirability and feasibility related to self-efficacy, influence the attitude of children to partake in the family business.

Research by Hasan et al. (2019) revealed that the education provided to children regarding the family business significantly affects their self-efficacy by enhancing their abilities, skills, and attitudes toward the business. This increased self-efficacy works as a positive factor for children in building the intention of taking over the family business. As self-efficacy is related to the belief in the skills and abilities one has, children with low self-efficacy tend to avoid responsibilities; however, children with higher self-efficacy are willing to fulfil the roles and tasks expected of them. Therefore, self-efficacy plays a crucial role in influencing the decisions regarding the succession of the family business and becomes a significant predictor of succession intention.

The agency theory as suggested by Tajer et al., (2022) corroborates this notion as with the integration of the entire family, the skills of the members are developed to be efficient to carry out the operations of the family business. Besides this, the study conducted by Salim and Safitri (2020) elaborated on the mediating role of emotional intelligence among children that affects self-efficacy and facilitates the succession decisions regarding the family business. Hence, children who can control their emotions have higher self-efficacy, which helps in performing self-appraisal, collecting information regarding career opportunities, determining goals, and making decisions regarding succession. Thus, the sense of self-efficacy among the next-generation members in family businesses in South Africa is implied to be another indirect variable to influence the succession decision and hypothesis for the research, as shown in figure 2.

Hypothesis 2: The self-efficacy of the next-generation positively influences the succession decisions for a family business in South Africa.

2.6 Level of Commitment to the business

Family business commitment to the organisation is a desire and willingness that prompts the next-generation successor to control the family business (Chan et al., 2020). This level of commitment encourages and leads to engagement in the family business which is different from a non-family business. According to Richards, Kammerlander, and Zellwege (2019), commitment is defined as the psychological state of an individual which attracts him/her towards action and displays the willingness and motivation of the individual to perform the activities. In this context, the commitment of a child toward the family business represents the motivation and willingness to take the family enterprise forward.

The study conducted by Richards, Kammerlander, & Zellwege (2019), asserts that families focus on the commitment of the children toward the family business and its future. This is because the commitment of the children becomes a critical factor in determining whether they will carry on with the family business over the required period. As supported by the Stewardship Theory, the studies of Jamil et al., (2021), suggests that employees of the family business are committed to it, and their individual goals align with the organisational goals.

2.6.1 Role of Stewardship in family business

The concept of stewardship is understood in most domains, however, from a theoretical perspective, there is a body of work that tested the concept of stewardship which has two elemental tiers: the organisational level and psychological level of which each has three dimensions (Kornberg, 2019). Stewardship Theory implies that employees act as stewards who are motivated and focused on working toward the success of the business. In this regard, the stewardship theory contributes toward the success of the organisation, as all the family members engaged in the business are motivated and focused on achieving the organisational goals of the business because they consider themselves the co-owners of the enterprise (Jamil et al., 2021).

A familiar relationship is visible among the managers and owners of the family business, as most of the individuals working in family businesses are members of the same family. This further aligns with the assumption of the stewardship theory, which suggests that employees and managers of the business have the utmost interest in aligning their maximum efforts toward the success of the business (Löhde, Campopiano, & Calabro, 2020). Given that the family business is committed to continuity, effectively the family itself are stewards that are baton holders, passing the torch unto the next-generation, in better condition than they received it.

Stewardship theory dictates that management acts as a good steward who will act in the best interest of the business (Davis et al., 2010). The theory speaks about the evidence of psychological factors that motivate and prepare next-generation family members to serve, lead, or participate in the family business (Craig et al., 2015). This study will probe the reason behind the behavioural aspect of the succession decisions, to gain insight in relation to the next-generations' perspectives regarding the family business, which gear towards the continuity and future of the business. The knowledge of the stewardship theory focuses on parents being the guardian of the business; they are responsible for keeping and passing the business over to the next-generation (Subramanian, 2018), and through generations, ownership is sustained because the stewardship model takes the business through the next-generation, handing it over rather than selling it.

A successful family business attracts the involvement of family members especially the next-generation for continuity, legacy, and maintaining excellence (Chrisman, 2019). Kornberg, (2019) concludes that the theory enhances the understanding of how family businesses have a collectivist culture rather than an individualistic one which reveals the high involvement of family members' orientation and how they use it to pass on the information required during decisions regarding succession to the next-generation (Blumentritt et al., 2013; Kornberg, 2019).

2.6.2 Agency within the family business

The agency theory refers to the delegation of a task or a part of the responsibility to another person, which further empowers that individual with decision-making authority. In the vision of this theory, it is expected that the authority of the managers related to financial or other important decisions must be enhanced to ensure a sense of belonging among the managers and influence their behaviour (Tajer et al., 2022).

Furthermore, the agency theory acts as an important framework for understanding factors that influence the next-generation of family members to continue with the family firm in future. Delegating the authority to other family members may help in governing and monitoring the decisions and behaviour of the members associated with the family business and using them to enhance the success rate of these family businesses (Dyer, 2018).

Agency theory is mostly used and presented as one of the foundations of an organisation, especially the relationship between principal and agent, the theory focuses on the ownership and family business succession circle (Neubauer & Lank, 2016). The theory also helps to explain the deep-rooted conflict of interest which persists between the owner-manager and the succession decision-making process. Likewise, the theory allows the development of a broader analysis between ownership and control of the business and how the business manages its process toward the next-generation (Neubauer & Lank, 2016).

Accordingly, the level of commitment to the firm or family business among the next-generation members from family businesses in South Africa is determined to be the third indirect variable influencing the succession decision, as shown in figure 2.

Hypothesis 3: Commitment level of the next-generation positively influences the succession decisions of a family business in South Africa.

2.6.2.1 The three-circle theory of agency within family business

Figure 1 below depicts the three-circle model of a family business system, which indicates three systems that function at the same time - family, ownership, and business. This model provides the framework to discuss the overlapping, interrelated aspects of family ownership as well as detailing the reason or causes of conflicts. The next-generation usually feels dragged into these systems; however, this model provides a clear perspective of what is needed. It is a way for the next-generation to understand how business works, in terms of governance, structure, and performance in relation to the agency theory within a family business (Davis, 2018).

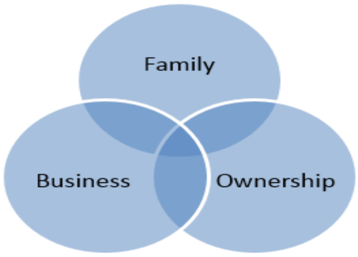

Figure 1: Three-circle model of a family business

Source: (Barrett, 2014; Davis, 2018)

The agency theory, popular in corporate governance, establishes the concepts of principal and agents as employees and owners, where the employee is the agent, and the owner is the principal. The theory presumes that conflict between these two structures is eminent, and it attempts to solve it. This type of manager-owner conflict arises when a third-party controls and manages the family business, and the expected role of the family (principal) is to ensure that the manager meets the set goal of the firm. The self-interest of the manager might pose a problem and result in conflict (Barrett, 2014; Nonkwelo, 2019).

Adopting this theory means that several occasions of management ultimatums or warnings that may arise in the situation of family succession conflicts can be avoided. Thus, the evidence that agents sometimes become a problem is often ignored (Schulze et al., 2001). The agency theory was to a greater extent clarified to behavioural agency theory (BAM) in addition to stewardship theory (Woodman, 2017). The behavioural agency theory (BAM) is centred on the decrease of risks by managing the behaviour of agent/s who may tend to avoid risk, unbiased or risk-seeking, with regards to the business condition. Stewardship theory, on the other hand, focuses on forming the role of agents and principals for cordial working within the enterprise because it is crucial in the family business for both principal and agents as they may be drawn from the family (Barrett, 2014; Pepper, 2015).

Considering all the theoretical frameworks discussed, the stewardship and agency theory are viewed as the most appropriate and suitable theoretical frameworks for this study, as both theories can best support and provide adequate explanations regarding the relationship of the independent and dependent variables. These theories have also been used in previous family business studies (Woodman, 2017), consequently, they will serve as the supporting theoretical framework for the study. Figure 2 presents the conceptual framework for the research.

2.7 Conceptual framework

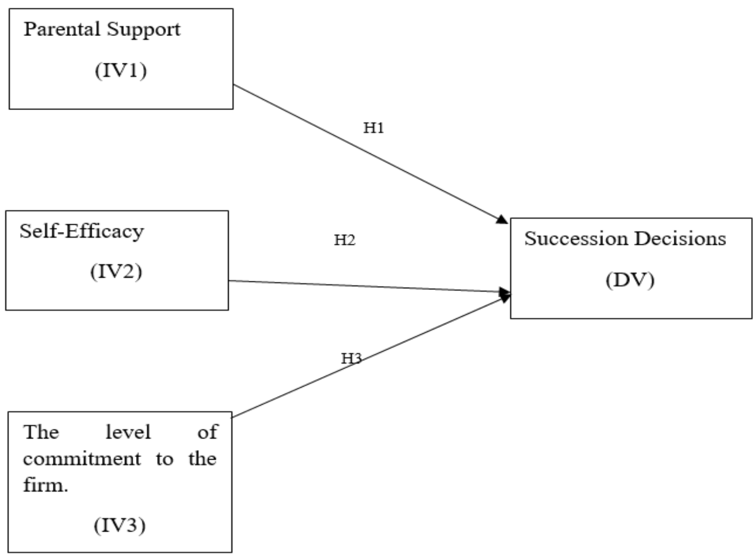

Figure 2: Conceptual framework

This conceptual framework is constructed based on the research and studies carried out by Chan et al., (2020); Firman et al., (2019); Martin-Cruz et al., (2020); Julius Giarmarco, (2017); Zhu & Zhou, (2022); and Hasan et al., (2019).

2.8 Research Hypotheses

Hypothesis H_1 = Parental support has a positive influence on succession decisions among the next-generation of a family business in South Africa.

Hypothesis H_2 = The self-efficacy of the next-generation positively influences the succession decisions of a family business in South Africa.

Hypothesis H_3 = Commitment level of the next-generation positively influences the succession decisions of a family business in South Africa.

2.9 Chapter conclusion

From the analysis of extant literature, it can be summarized that family businesses are different from other enterprises as they inherently involve the role of family members in business practices. It has been established that the factors which play a critical role in determining the succession of family businesses by the younger members, are related to succession decisions, parental support, self-efficacy, and commitment to the family business. Acceptance and support from parents are associated with positive outcomes for a child through higher self-esteem and increased chances of a thriving family business succession. The self-efficacy of a child plays a major role in succession by determining the relevant skills and confidence required to carry the business successfully, along with the commitment to take leadership of the firm. It was observed that some of the challenges associated with family business succession are a lack of personal interest and the generational differences between the family members. From the evaluation of the literature, it is evident that there is abundant literature available on the family’s decision regarding the succession of a business. However, there is minimal research available on the factors that impact the decision of family business succession in South Africa and this research aims to bridge this identified gap.

3 CHAPTER 3: RESEARCH METHODOLOGY

Introduction

In this chapter, the researcher discusses the methodological technique intended for the research process. The section will include an introduction, the research paradigm, research design, population and sampling, sampling method, sampling frame, sampling size, measuring instruments, data collection, data analysis, reliability and validity, and ethical considerations.

3.1 Research paradigm

This study adopted a quantitative approach that is supported by the positivism paradigm, which is deductive in nature. The research paradigm is significant for determining the assumptions and data collection methods which guide the researchers' work (Creswell et al., 2011). The positivism paradigm supports the quantitative data collection method as it adheres to the belief that factual knowledge gained from observation that can be measured is more reliable (Creswell, 2013). This study chose a quantitative approach because it is most suitable to address the questions and purpose of the study.

This approach states that the researcher can observe reality objectively and that there is only one reality that exists independently or outside of the observer, contrasted with interpretivism which is often the underlying philosophy for qualitative study which assumes that the researcher plays a role in observing the world around them. Thus, reality is unique to each observer, in other words, reality is observed subjectively (Cooper et al., 2006). This approach involves a group of individuals or items studied by collecting and analysing data from only a few, which is representative of the entire group. Hence, only part of the population is studied and findings from the analysis are expected to be generalized to the entire population (Ohize & Adamu, 2009).

Furthermore, this study was conducted using the deductive approach, which starts with an established theory and as stated by Creswell, (2013) permits the use of existing rules, assumptions, findings, and theories to obtain a conclusion which allows data to be generalized (Casula et al., 2021).

3.2 Research design

A survey was administered with the aim of investigating factors influencing the next generations' succession decisions for family businesses in South Africa. The study used a cross-sectional approach as supported by the positivism theory (Bethlehem, 1999). The cross-sectional approach is fast, cost effective and allows the researcher to collect data from a population at a specific point in time; compare to a longitudinal approach, that collection of data is done repeatedly from same sample and for a long period of time (Rindfleisch et al., 2008).

Although, both approaches are beneficial and have their advantages towards specific studies. Cross-sectional have few distinct advantage over longitudinal such as cost effective, fast as you only have to collect data once, also, one can gather twice the sample size of what you have in longitudinal approach (Bethlehem, 1999). Besides the advantages over longitudinal, cross-sectional is not all roses, considering their nature, which enable the approach to provide a static view a snapshot in time of the variable of interest, and results in timing sensitivity (Bethlehem, 1999).

Longitudinal also have its strengths and weakness like cross-sectional, they are less time sensitive but more resource intensive, also, gives researcher better opportunity to establish the real steps and process of events, which allows an insight into cause and effect relationship (Rindfleisch et al., 2008). Thus, the adoption of cross-sectional approach for this study for cost effective, fast and time sensitive.

This was done through a primary data collection approach using an online self-administered questionnaire. The reason being that a survey has several benefits for targeted participants, it is best and widely used for a quantitative study. Surveys are popular and can reach the targeted respondents within a specific period, which is one of its advantages (Bell et al., 2022), in this case, the next-generation from chosen universitites, cities and provinces in South Africa.

The survey method has numerous advantages for targeted participants, it is preferred and widely used for quantitative studies. The emerging technologies and growing popularity of social media has increased connectivity among individuals. Therefore, the process of conducting surveys has become easier with the reduced cost of circulating questionnaires and reaching the targeted respondents. The use of analytical tools simplifies assessing and analyzing the collected data and makes the process more effective and efficient (Bartram, 2019).

3.3 Population and sampling

3.3.1 Population and sampling

The targeted population was the next-generation who are family members of family-owned businesses in South Africa, and studying at the three selected universities. These university students range from 18 years and above, and whose father or mother, or both own and/or are actively involved in their own business, The university students will provide appropriate information regarding factors influencing their succession decisions.

200 questionnaires were distributed to respondents from three universities in South Africa, POPI Act was adhered to which stipulates obtaining consent from individuals before using their contact details. All respondents gave their email addresses willingly for this study. The respondents included Blacks, Whites, Coloureds, and Indians, aged 18 years and above and strictly university students, undergraduates and higher, belonging to family-owned businesses in South Africa. Several studies have expressed the difficulty in ascertaining the number of registered family businesses in South Africa as many of these businesses are neither listed nor registered in any database (Urban & Nonkwelo, 2020). Thus, making it difficult to use the Family Business Association of South Africa (FABASA) database.

The number (200) was an estimate which excludes the registered and non-registered family businesses and cannot be used as the study focus is on next-generation family members of a family-owned business. It is unrealistic to try and study the family business population by deriving the number of next generations studying at the selected universities, thus a sampling frame was developed.

The next-generation refers to members of family-owned businesses in South Africa who have children, grandchildren, great-grandchildren, uncles, aunts, cousins, in-laws, nephews, and nieces (Arzubiaga et al., 2021). Qualified next generations must belong to an existing family-owned business, currently studying at the university, and reside in South Africa. The family must own more than 50% of the business and be active - this is the criteria that was used to determine if a respondent belongs to the next-generation or not (Bewayo, 2009).

The sampling location at which data collection was carried out was in Johannesburg, Cape Town, and Durban cities. The locations were selected because the next-generation who are university students are copious and can be found all over the selected cities, and family businesses are predominately located in these cities. The selected cities are regarded as the three biggest cities of South Africa’s rich urban culture (Lemanski et al., 2008).

3.3.2 Sampling frame

The sampling frame refers to the list of all elements in the population from which the proposed sample will be drawn (Blumberg et al., 2014) and in this case, the next-generation from family-owned businesses in South Africa. There is a general challenge affecting the number of listed family businesses in South Africa, meaning that finding an efficient sample frame and obtaining an accurate representative sample might be problematic, especially in South Africa where the majority of family businesses are not listed in the Johannesburg Stock Exchange (JSE) or registered in any business database (Urban & Nonkwelo, 2020). The sampling frame for this study was designed in a manner that will yield a representative sample.

The sampling frame is the next-generation family members of family-owned businesses in South Africa, who are also registered and currently studying at selected universities, interested in taking over the business and/or in decision-making regarding succession. For sampling purposes, some universities have been selected for this study and the selected universities have the next-generation family members studying at a different level, hence representing the country’s demographics.

The researcher belongs to a small group of next-generation of family-owned businesses in South Africa, and these members are studying at the selected universities mentioned, given that the sampling frame is a researcher's list or device to specify the population of interests (Salganik & Heckathorn, 2004). The decision to choose these universities by virtue of data collection was tested from the small group and referrals, was extremely vital to select a sample that was truly representative of the population to enable the generalisation of inferences derived (Sahu, 2013).

All university students who participated in the survey, are family members of a family-owned business in South Africa, and next in line to lead the family business and/or aspiring to. This approach enables the study to exclude university students who do not belong to family-owned businesses in South Africa, it also assisted the researcher in attaining a controllable study population (Arber, 2001). The study also used social network platforms such as Facebook and LinkedIn, to reach more participants as the next generation utilize these network platforms on a daily basis. This action ensured a limit to the bias against students who did not meet the required standards. Respondents had to meet the criteria concerning their level of education and the province they reside in before they were eligible to participate. Question Q.3: 1-5 of the demographic blocks addressed this, and enabled only university students who met the criteria to proceed with the survey.

3.3.3 Sampling size

A good sample size is usually 10% of the population (Field, 2013), however in this case, deriving the total number of the next-generation in each university is not required as the next-generation does not appear in any database, thus, recommendation of interested participants was adopted through a small group of students.

Firstly, a formal letter was sent to the group regarding the importance of the study and requesting their participation for the survey. A contact list (email addresses) of 200 registered university students was obtained from the group, and from recommendation of family businesses owned by friends, their relatives, and referrals endorsed by those identified. This recommendation was done with regards to POPI Act regulations, where proper permission was obtained from individuals to use their email address for the survey. Considering that this study is quantitative in nature, and as such specific requirements must be met in terms of a sample size to perform certain statistical tests (Fidell & Tabachnick, 2003;; MacCallum et al., 1999),

This study used the population ratio approach, which is the number of next-generation currently studying at the three selected universities in South Africa, age 16 and above. Sex ratio of 110 female and 90 males were estimated for this study, given that the sex ratio in South Africa universities are 58% females and 42% males (Bawa, 2019) thus,the sample size of 200 for this study and seemed appropriate. Table 1 below illustrates the final number of respondents sampled.

Table 1: Sampling of respondents

Type of respondents	The number of respondents sampled
Selected individuals who are the next-generation of family-owned businesses in South Africa	103

Table 2 below illustrates a summary of the description of the survey characteristics of respondents.

Table 2: Survey characteristics summary

Details	Description
Population	Small, medium, large family businesses from selected provinces of South Africa
Sample size	103
Geographical location	South Africa – Durban, Cape Town and Johannesburg
Respondents	The next-generation of family-owned businesses in South Africa.

In view that this study used factor analysis, Chi-Square, and multiple regression techniques, these techniques have their rules. It is imperative to consider the minimum sample size needed for this type of study given the statistical procedures required, owing to that they all advised the use of bigger sample sizes (Field & Wilcox, 2017). (Field & Wilcox, 2017)

Determining the best sample size for factor analysis and multiple regression has been an ongoing debate among researchers as there are no clear theories confirming the best sample size, thus, the various perspectives are just common practice as the debate among researchers has been unresolved (MacCallum et al., 1999). Nonetheless, there are two principles, where some researchers maintain that sample size is essential and that it can be determined by participant/variable ratio while others argue that sample size is not important for as long as factor loading has four or more constructs and must be greater than 0.6 (Fan et al., 1999; MacCallum et al., 1999; Mundfrom et al., 2005; Ryan, 2013). This study adopted the first principle of determining sample size by participant/variable ratio.

Adopting the first principle of determining sample size according to participant/variable ratio has been recommended by several notable researchers, some suggest that variables should equate the number of participants, Everitt (1975) believes that 5 to 10 participants per variable up to the total of 300 is ideal (Everitt, 1975), while (Hair et al., 1998) suggest a ratio of 20 to 1. The common literature principle in addition to all these recommendations is to use 10 – 15 observations per variable (Field, 2013; Siddiqui, 2013). In view of unfavourable response rates in relation to the sample size, several researchers and authors have argued possible means to achieve greater response rates. While some suggest that one always aims for a large size to make up for a low response rate, others argue that “response representativeness is more important than the response rate” (Baruch & Holton, 2008; Cook et al., 2000; Hasson et al., 2000).

3.3.4 Sampling method

Sampling methods refer to techniques used for selecting samples from the population, and there are two main types such as probability and non-probability sampling which can be used in quantitative research, where probability sampling involves random selection, allowing a researcher to make strong statistical inferences about the whole group while non-probability sampling involves non-random selection based on convenience or other criteria, allowing the researcher to easily collect data (Disman et al., 2017).

Convenience sampling is a non-probability sampling where the unit are chosen for added in the sample considering that they are the easiest for the researcher to access, and selecting this sampling method is due to geographical proximity, willingnes to participate in the study and availability at the given time (Disman et al., 2017). This study chose convenience sampling method because it is easy for the researcher to access university student who are family members of family-owned businesses in South Africa and willing to participate in the study.

Non-probability sampling was chosen to be the sampling method due to cost effectiveness, ease of execution and time efficiency given the limited time duration (Lamm & Lamm, 2019). This sampling method was suitable for the study as there was no database or official record that shows how many next-generations are in the selected universities. Non-probability sampling was used to ensure that prospective respondents meet the required criteria such as (1) the person must be 18 years and above; (2) the person must be a university student currently studying in one of the selected cities; (3) the family of the respondents owns more than 50% of the family business; and (4) the respondent's parent/s own and/or are actively involved in their business. The volunteer sampling method of non-probability sampling was used, where the volunteers were attracted to participate in the undertaken research, and then they were screened for ascertaining whether they are suitable for providing adequate information required for carrying out the research (Lamm & Lamm, 2019). After screening and establishing the target respondents through volunteer sampling, the use of snowball sampling would be used to obtain more respondents. The snowball sampling method involves a respondent willing to provide the researcher with one or more potential respondents to secure additional participants (Kirchherr & Charles, 2018).

The sample was drawn from universities in the selected cities in South Africa, that are operational and have access to networking platforms, such as the University of Johannesburg, the University of KwaZulu-Natal, and the University of Cape Town. These universities are situated in the major cities and business hubs of South Africa which presents an opportunity to reach most students who are likely relatives of family-owned businesses and have the capacity to participate in the survey. The reason for choosing these selected cities is that most family businesses are found in major cities and the next-generation is likely studying at the selected universities (Newman & De Lannoy, 2015). Furthermore, the sample characteristics were made up of undergraduates, graduates, and post-graduate university students in the selected cities and provinces. These are characteristics that form the next-generation of heirs from a family-owned business in South Africa.

The selection was done in stages by selecting the cities and universities first, followed by students from all levels who were invited to participate in the survey. The invitation was sent through an electronic link, containing a self-administered questionnaire that all participants received via Email, Facebook, and LinkedIn. Non-probability sampling is noted to be fast, easy, cost-effective, and does not require a complete survey frame. The university students who are family members are expected to have an equal chance of being selected to ensure the sample will be represented and sampling error and bias limited (Creswell et al., 2011).

3.4 Measuring instrument

A questionnaire consisting of two sections including the demographic profile segment regarded as section A and B was used. Section A confirmed the eligibility of participants in the study which poses several questions relating to age, sex, level of education, generation status, province, race, the type of family business, and demographic information relating to them. A self-administered questionnaire was used as the instrument for the collection of empirical data from the unit of analysis. Measurement was adopted from those of (Bar-Haim, 2019; Garcia et al., 2019; Petros et al., Robinson, 1996; Van der Merwe, 2009), and appropriate for this sample because it has been used successfully in similar studies. Table 3 shows the operationalisation of variables and their respective sources.

Table 3: The operational definition of variables

Variables	Operational definition of variables	Reference scale
Parental support	The extent to which the next-generation have the support of parents/founders, required business skills, and managerial capabilities to manage the business.	Garcia et al., (2019)
Self-efficacy	The influence on the capabilities of the next-generation, and self-belief which is necessary prior to assuming control of the business.	Peteros et al.; Robinson, (1996)
Level of commitment to the firm	The influence on the willingness of the next-generation, the knowledge of the firm, and commitment level to ensure the smooth running of the business.	Bar-Haim, (2019)
Succession decisions	The extent to which factors influenced the next-generation in relation to succession decisions for the family business.	Van der Merwe, (2009)

Source: own work

The research instrument was a self-administered online questionnaire which ensures confidentiality, anonymity, and objectivity, it reduces the response bias from participants who may want to report certain answer/s in a way that is acceptable to society. The respondents are assured of anonymity and privacy which enables them to provide honest responses. Online questionnaires are easy, quick, cost-effective, can be distributed in large numbers all at once, require less administrative time, reach a wider geographic and quite popular among researchers who acknowledge their effectiveness. This process eliminates interviewer errors and the possibility of interviewer bias (Cooper et al., 2006).

A multi-item scale consisting of 14 questions in total including the demographic questions and 4 constructs was used. The multi-item scale is popular in different fields, especially social sciences, as the measurement of variables is influenced by feelings or opinions and can be challenging with a single question, which is the case of this study. It is a rating scale that comprises of multiple items, where each item is either a single question or a statement that requires evaluation (Deng & Dart, 1994), and for this study, a statement that requires evaluation was used.

A 5-point Likert scale was used to measure both independent and dependent variables, the 5-point Likert scales are efficient and easy to construct. A 5-point Likert scale provides five possible answers to a question that allows respondents to indicate their positive-negative strength of agreement McLeod, 2008). *Ranging from strongly disagree (1), disagree (2), neither disagree nor agree (3), agree (4) and strongly agree (5)*. The numerical values assigned to each of the five responses will be used to measure the attitude under investigation.

Section A posed questions relating to the employment of the family business which are: Q6: 1 – 2, generation question Q7: 1 – 3, size of business Q8: 1 – 4, type of business Q9: 1 – 8, and how many years the business has been active Q10: 1 – 5. Section B posed several statements measuring factors influencing the next-generations' succession decisions that were investigated in the study and indicated on a five-point Likert scale (*ranging from 1= strongly disagree to 5= strongly agree*) such as parental support (IV), self-efficacy (IV), level of commitment (IV) and succession decisions (DV). The Likert scale assumes that the strength of an attitude is linear, which is the continuous sequence from strongly agree to strongly disagree and proves the assumption that attitude can be measured (McLeod, 2008). In total 22 statements sourced from previous studies excluding demographic questions were posed.

The 5-point Likert scale was used to measure the independent variables (IV) and dependent variable (DV) from strongly disagree = (1) to strongly agree = (5). The development of the questionnaire for this study was motivated by previous scales which were used in the past for similar studies (Bar-Haim, 2019; Garcia et al., 2019; Peteros et al., 1996; Robinson, 1996; Van der Merwe, 2009). The advantage of using previous scales is that the scales have been extensively tested at the time of first use.

Thus, researchers are confident that the scales are good indicators of their concepts of interest (Hyman et al., 2006). The demographic section (A) had both close-ended and forced questions. The multiple choice is included in section (B) for the measurement control variable. To acquire reliability, scales from previous studies were used as they have been tested and used before and found to have very good Cronbach alphas (Galawe, 2017). Table 4 represents the measurement instrument.

Table 4: Measurement instrument

Selection criteria	Constructs	Section	Question	Item/s	Reference
Classification	Demographics -individual - business	A	Q1: 1-4, Q2: 1-7, Q3:1-4, Q4: 1-4, Q5: 1-3, Q6: 1-2, Q7: 1-3, Q8: 1-4, Q9: 1-8, Q10: 1-5	44	
Construct 1	Succession decisions (DV)	B	Q11:1-7	7	Van der Merwe, (2009)
Construct 2	Parental support (IV)	B	Q12: 1-5	5	Garcia et al., (2019)
Construct 3	Self-efficacy (IV)	B	Q13: 1-5	5	Peteros et al.; Robinson, (1996)
Construct 4	Level of commitment to the firm (IV)	B	Q14: 1-5	5	Bar-Haim, (2019)
Total				66	

IV-Independent Variable, DV-Dependent Variable, (see Appendix D–Adopted research instruments).

The purpose of the research instrument was to collect, measure and analyse data in relation to the factors influencing the next-generations' succession decisions for family businesses in South Africa. The factors are parental support, self-efficacy, level of commitment (independent variables) to the firm, and succession decisions (dependent variable). The questionnaire was divided into two sections namely A and B.

3.5 Data Collection Process

This study used Qualtrics, an online software to design, capture and distribute questionnaires, which is prevalent to this kind of study, because its efficient in duration of time, easy to administer and cost effective (Bartram, 2019). The Qualtrics distribution was through email and social network platforms to respondents, it captures the responses and summarises the data collected. Data was collected using a survey questionnaire from 15th November 2022 to 15th January 2023, a period of two months given the duration of the master's degree programme. The quantitative data collection method and analysis can help in deriving reliable results. Moreover, at limited time periods vast information can be collected that can be measured to prove the hypotheses of the research (Bahrick, 1984; Hagen et al., 2019).

The questionnaires were distributed to three universities chosen for this study namely, University of Johannesburg, University of Cape Town, and the University of KwaZulu-Natal, and distributed through emails to all registered university students who were invited to participate in the survey. A total number of 200 questionnaires was distributed to university students, and a survey link posted on the social network platforms to reach participants who prefer the use of social network platforms, such as Facebook and LinkedIn. These approaches are popular and common to reach the targeted population. Although surveys are viewed as an efficient process in large sample size data collection, there are limitations that researchers should manage and reduce (Cooper, et. al., 2019;).

Social media platforms have proven to be the most minimally disruptive channel for participants to take and complete a survey. This is on the account of the experience participants encounter during the completing of the survey, which is convenient, short and easy (McGregor, 2019). In addition, the use of social network platforms is an effective medium and popular among university students (Harb et al., 2019), which made reaching the targeted population effective, easy and less time consuming. Furthermore, the snowball method was also used, owing to most university students having one or two referrals that belong in the bracket of next-generation who were also student/s of the chosen universities. The snowballing technique allows the researcher to attain a population which was difficult to reach. The technique requires little planning as some referrals need time to accept before participating in the survey. Referrals make it easy once they accept, as they come from reliable sources (Etikan et al., 2016).

The process that this study followed to collect data is as follows:

To university students

1) University students from the three big cities in South Africa (Johannesburg, Cape Town, and Durban) were contacted by email, to request their participation in the study, and the purpose and importance of the study was explained.
2) Referrals were contacted through email and also requested to participate in the study; the importance of their participation and purpose of the study was explained.
3) A formal email with a consent form and link to the survey was sent to all students who responded positively regarding their willingness to participate in the study.
4) Continuous follow-ups were initiated to monitor the progress of the survey, and this process was done once a week, given the time constraints. The reason for the follow-ups was to ensure a rapid response, to increase the response rate.

Social networks

5) A link was posted on LinkedIn and Facebook inviting university students to participate and complete the survey. The link also included a consent form detailing the importance, their role in participating, and the purpose of the study.
6) Follow-up emails were sent directly to students who indicated an interest in the study through social network platforms to remind them to complete the survey.
7) The follow-up was also done once a week to improve the response rate.

The advantage of this method is the ability to reach as many respondents as possible using online platforms, it provided an opportunity for participants to answer questions truthfully and at their convenience, which was effective for this study. The disadvantage noted by some researchers in using this method relates to respondents incorrectly interpreting questions, which might result in a low response rate (Galawe, 2017). After data collection, the process of data analysis was initiated, and the next section (data cleaning) will provide a detailed description of how the researcher conducted the data analysis. This approach relies on the quality of data, on the account that data quality is the foundation of data analysis. Bad data can lead to erroneous parameters and equally affect other assumptions (Osborne, 2013). The process of data cleaning is essential to the validity of a quantitative approach.

3.5.1 Data cleaning

The data cleaning process performed in this study involved exporting the collected responses from Qualtrics to IBM SPSS Statistics 28.0 and data cleaning was carried out before beginning with the empirical analysis. One response was discarded on account of a partial attempt or incomplete survey. Columns such as the recorded time when the questionnaire was completed were all removed as this information added no value to the findings and the entire study. The exploration stage commenced, and the researcher undertook the following steps to confirm that data was suitable for analysis:

1. Identifiers in the datasets which were redundant were removed.
2. Examination of the variable types to ensure that they are the required numerical and categorical data types for inferential statistics analysis (Field, 2009).

There were several missing values found in the collected data, notwithstanding that all questions presented to respondents were mandatory. The missing values found were replaced by performing the analysis for replacing missing values (series of mean).

Researcher coded data in the following way:

1. The recoding of data from text to numbers
2. Code variables with acronyms rather than long questions to ensure easy analysis.

3.6 Data analysis

This study identified the IBM Statistical Package for Social Scientists (SPSS) Statistics 28.0 as an ideal and suitable statistical software to perform multivariate statistical analysis. The subsequent section will detail how the data analysis was executed and the factors needed for statistics decisions.

The data capturing in Qualtrics, follows the process of capturing the data first, then cleaning of data commences to ensure that data quality is not compromised. After that, the process of data quality checks is initiated and includes coding, screening of data errors, reverse questions if any, and completeness. Thereafter, the process of exporting data to SPSS takes place, this is also to certify that there are no missing values and to check for any violation/s of statistical assumptions which is required for multivariate analysis (Field, 2013; Tabachnick & Fidell, 2003).

The relationship between parental support, self-efficacy, commitment level to the firm and succession decisions was analysed, firstly using correlation analysis and then estimating the regression model. Considering that a regression is a stastical technique that show the relationship between a dependent variable to one or more independent variables. In addition, it shows whether changes observed in the dependent variables are related with changes in one or more independent variables (Field, 2013).

3.6.1 Descriptive statistics

Descriptive statistics summarise the sample and measures, that shows the understanding of the characteristics the data set is made up (Field, 2013). In this study, descriptive statistics was used to detail and show all respondent characteristics such as age, sex, race, province, level of education, employment, generation status, type of business and age of business. In this study, mean and standard deviation was used as descriptive statistics. All these were presented using a table of frequency and percentage. The central tendencies and dispersion of the variables was also measured. The mean measured the average score of each variable, and the use of standard deviation to illustrate the deviation between data findings and the mean (Saunders et al., 2012).

The purpose of descriptive statistics in quantitative study is basically to organize and summarise data using numbers or graphs. Descriptive statistics such as mean, median, mode, skewness, standard deviation and kurtosis are all measured on central tendency and variability (Field, 2013).

Mean – refers to the measured average in the distribution of a data set. It is important in statistical tests such as the t-test and its process involves the calculating of all values within a particular variable and dividing the total by the number of observations (N) in that field (Field, 2013). There are two types of mean namely: sample and population mean. Sample mean is the sum of sample data divided by the number of data items, and population mean is the sum of given data divided by the number of data items in the population (Field, 2013).

Mean was selected in the research as it is the most common measure of central tendency and it uses every value obtained in the data, thus efficiently representing all the collected data. Further, the mean as a measure of central tendency is suitable for resisting any fluctuations in the samples (Manikandan, 2011). The limitation of this method is that it is largely affected by outliers so to overcome this limitation, the outliers were removed from the considerations for obtaining accurate results (Rodrigues, Lima & Barbosa, 2017).

Standard deviation – is a statistical measurement to observe how far apart numbers are in a data set. It measures how dispersed the observation is in relation to the mean. The greater the standard deviation, the more spread-out observation is likely to be. The reason is low standard deviation means observations are clustered around the mean and higher standard deviation implies that observations are more spread out (Field, 2013). Standard deviation was used in the research to measure dispersion in the data accurately by taking all the observations into account in comparison to other measures of dispersion. The limitation of this method is that the method of calculating standard deviation is cumbersome and long, however the limitation was overcome by using calculators (Heiberger & Holland, 2013).

3.7 Reliability and validity

Reliability and validity are the psychometric properties of research (Rose & Johnson, 2020). Given that this study will use a questionnaire with a multi-item scale for measuring the constructs for both independent and dependent variables, it is important to test the research instruments for reliability and validity. These tests will assist the researcher to check if what the study is meant to measure is consistent and accurate. The purpose of conducting a reliability and validity test is to reduce errors that may occur during measurement (; Field, 2003).

Validity is regarded as the extent to which the research is assessing what it has claimed to measure (Rose & Johnson, 2020). These tests will ensure that the researcher is consistent with what it set out to measure and the measurement is accurate and meets the objective which is testing for reliability and validity and equally minimizing any error in measurements.

To implement this, the researcher conducted a research instrument validity and reliability test before introducing the questionnaire to a wider sample of interested respondents by conducting a pre-test. This process was done to ascertain the level of reliability and validity of the adopted research instrument. 10% level of significance of the 200 proposed sample population which is 20 respondents were invited to participate. The pre-test helped to identify research design errors and control of environmental conditions (Cooper et al., 2006).

3.7.1 Reliability Testing

Reliability refers to the extent to which the findings are stable over time (O’Connor & Joffe, 2020). It indicates whether the results obtained from a survey are consistent with each other, reliability is simply a measure of how often a test or measure produces the expected results (O’Connor & Joffe, 2020). It helps regularity and confirms that the research mechanism attains reliable findings (Heale & Twycross, 2015).

Internal consistency measures the reliability of multi-item scales. It is used to assess the correlation between multiple items and how well a test addresses different constructs and produces reliable results (Dunaetz, 2020). Various methods and techniques are required to assess internal consistency; however, the study will use Cronbach Alpha through SPSS to test for reliability.

Cronbach's Alpha: This is a measure of the extent to which the group of questions is related, and thus, gives an estimate of how good or bad the measurement, and accuracy of a group of items is (Vehkalahti et al., 2006). Cronbach Alpha does not test whether the individual items are influenced by only one or by several latent variables. It calculates the same average of all possible split-half correlations. Split-half correlation entails the division of items that measure the same construct into two tests, that can be applied to the same group of people, thereafter calculate the correlation of the two scores, this study will use Cronbach Alpha as it is popular to measure the scale of reliability (Churchill Jr, 1979; Galawe, 2017).

The internal consistency is considered in the undertaken research, which is significantly important for assuring that all the aspects or concepts are captured in the survey questionnaire. Moreover, it acts instrumental in testing the reliability and efficacy of the survey questionnaire in effectively fulfilling its purpose of collecting relevant and required information (Dunaetz, 2020). Thus, with the help of internal consistency, it will be assured that the designed survey questionnaire for the undertaken research is effective.

3.7.2 Validity Testing

Validity is the degree to which a test or tool measures what it claims to measure or in other words, the accuracy of a test (Drost, 2011). Different types of validity exist such as external, internal, face, content, criterion, and construct. All these are measured differently because of their various ways of assessing aspects of research instruments. This study will not use all these validities but will focus on some such as external, internal, and construct validity which is essential for the type of research instrument for this study (Heale & Twycross, 2015). In this research, internal validity and exploratory factor analysis was used for measuring the validity.

3.7.2.1 Internal validity

Internal validity ensures that the data collected is valid and reliable, it focuses on the accuracy of the research instrument. It checks to see if the data collected is consistent across different measures (Findley et.al., 2021). In addition, many times, studies look only at the data they collect and do not consider the limitations of the study, which can result in faulty conclusions (Findley et. al., 2021). This study used the same questionnaire, at the same time and in all selected provinces, cities, and universities, to enable the achievement of internal validity. Internal validity is used in the research as it has helped in establishing a trustworthy relationship among the factors and coming to accurate conclusions and results (Patino and Ferreira, 2018).

3.7.2.2 Exploratory factor analysis

The exploratory factor analysis (EFA) (Lawley & Maxwell, 1971 cited by Frank, Kessler, Rusch, Suess-Reyes, & Weismeier-Sammer, 2017), is a method aimed at uncovering tractor in the data, used to reduce data to a smaller set. For instance, a data set with many variables containing some that might be related to each other, i.e., correlate with each other. These correlations are the basis of the factor analysis. It is used to identify the relationship between the variable and respondents. Exploratory factor analysis was used as it allows us to work with different variables and identify the correlation among them. It also determines the structure of factors and reduces the data to smaller sets for explaining underlying relationships (Watkins, 2018).

3.8 Ethical considerations

The ethical considerations, in this case, was as per the Data Protection Act and the data of the respondents will be subjected to privacy and protection and will be addressed as follows.

- Confidentiality of respondents was strictly adhered to (*See Appendix A - cover letter*)
- Respondents were assured of the voluntary choice to participate in the study. (*See Appendix B – cover letter*).

- A consent form was given to respondents to participate in the survey, which describes the nature of the research and how participation in the study will affect them (*See Appendix C – consent form*).
- Participants were not required to supply any information that could be traced to the respondent such as names, business names, or specific location.
- A letter of ethical approval to conduct this research from Wits Business School was presented to all respondents.
- Participants were notified through the consent form that the research data would be stored for five years for further analysis and destroyed thereafter.
- Password protection on laptop and cloud for data backup.
- Data will only be used for this specific study and will be destroyed 12 months after the study.

In relation to the ethical consideration of this study, a consent form was developed, and survey approval obtained from the ethics committee of Wits. Study participants were informed of their rights and provided consent before proceeding with the study. The study is voluntary and anonymous in nature, thus, all collected information was kept confidential and only used for the sole purpose of this study. This research study presents no foreseeable harm due to the information provided to the participants which clearly stated that participants are allowed to stop at any given time, should they feel any doubt or discomfort (Kaewkungwal & Adams, 2019).

Furthermore, this study ensures that participants understand what is expected of them and within their capacity, that they are not forced to participate nor obliged in any way, and also that their information will be kept confidential and anonymous (Cooper et al., 2006). In conclusion, the researcher obtained ethics clearance from the Wits ethics committee, which was applied for, and approved before administering the questionnaire.

3.9 Conclusion

This chapter detailed the research methods that were utilized in this study. The study was grounded on a quantitative perspective, that is based on a positivism paradigm. It is an exploratory study with descriptive and inferential statistical analysis. The target population was the next-generation of family-owned businesses in South Africa, selected from three provinces and their three major cities. The self-completion five-point Likert scale research instrument was used to collect data from selected university students, who are family members of family-owned enterprises in South Africa, and potential successors/leaders. The study utilized non-probability sampling techniques, such as convenience sampling and referrals. The collected responses were exported from Qualtrics to IBM SPSS statistics 28.0. Data cleaning was conducted before the actual empirical analysis.

Data was analysed using the SPSS software package, and descriptive statistics (mean, median, mode, standard deviation, range, variance, skewness, kurtosis), in addition, exploratory data analysis (Factor analysis) and inferential analysis which includes regression, t-test. Validity and reliability tests indicated the research instrument was strong and consideration in relation to ethics was implemented.

The next chapter (4) presents the data analysis results.

4 CHAPTER 4: PRESENTATION OF RESULTS

4.1 Introduction

This chapter presents the outcome of gathered data that was analysed and interpreted for better understanding in which various ethnic groups managed family-owned businesses in South Africa. The framework of analysis and interpretation is guided by the problem stated in chapter 1.

The aim of the research was to determine the role of parental support, self-efficacy, and commitment towards family businesses in influencing the next generations' succession decision to continue with the family firm. The survey results are then analysed and discussed in detail. The results are organised by research questions and the findings summarised. In this section, the demographics of the respondents in relation to the sample of the study are presented. Followed by illustrations of the descriptive analysis results, reliability, and exploratory analysis of the next-generation in family-owned businesses from South Africa. The influencing factors such as parental support, self-efficacy, level of commitment to the firm, and succession decision scales are shared. Furthermore, multiple linear regression analysis of the factors hypothesized in the conceptual framework presented in chapter 2 are provided.

4.2 Data screening

A total of 103 responses were collected through the Qualtrics platform by the close of the data collection period. The 103 cases were then exported to SPSS. Data was manipulated using Excel as follows:

- Columns with information that could identify the respondents such as email addresses and time of completion of the study were deleted.
- One (1) was deleted due to an incomplete response on the survey form.
- Seven (7) unengaged respondents were removed from the dataset. The respondents chose a similar response [selected “5”] for all the questions which is not possible based on the nature of the questions. Unengaged responses

can be referred to as those records in which respondents complete the survey without reading through the questions, thereby answering them consistently with the same number, in this case 5 for all the questions (Michalopoulou, 2017).

- The remaining 95 cases were checked for missing values. Missing values were imputed using the series mean of the questions that were answered. The series mean is the average of all values in a data series that was calculated by adding up all of the values in the series and then divided by the number of values in the series (Osborne, 2013).
- The remaining 95 cases/responses and 19 items were used in all the analyses reported in this chapter.
- The word responses on a five-point Likert scale were recoded to numeric as follows: “Strongly disagree” = 1, “Disagree” = 2, “Neither disagree nor agree” = 3, “Agree” = 4, and “Strongly agree” = 5.

4.3 Demographic profile of respondents

In this section the demographics of the 95 respondents which included age, gender, level of education, province, race, generation group, employment status, business classification, and number of years in business are discussed.

4.3.1 Gender distribution

Figure 3 shows the gender distribution of the respondents. In this study, 64.2% of the respondents were male, followed by females who constituted 32.6% of the sample, 2.1% identified themselves as non-binary or third gender, and 1.1% preferred not to say.

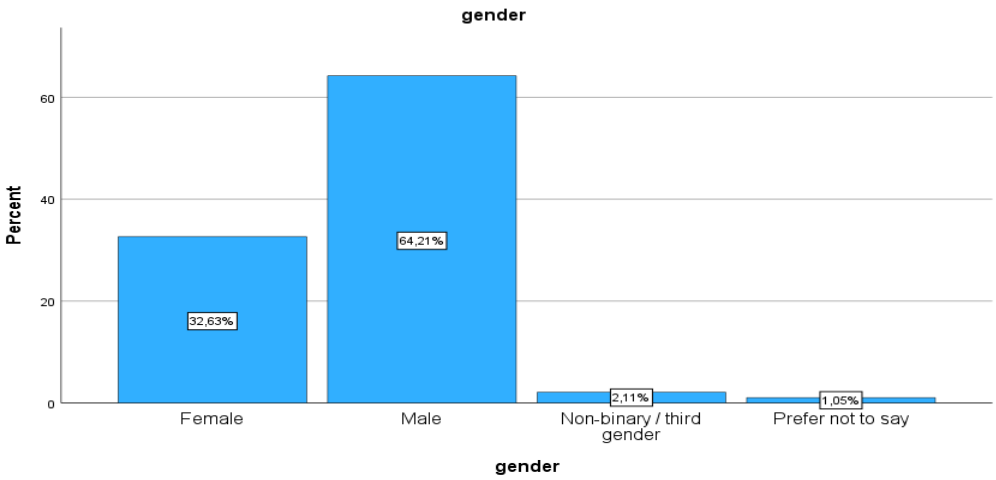

Figure 3: Respondent gender

Source: primary data

4.3.2 Age distribution

Figure 4 depicts the age distribution of the remaining 95 respondents. The age group distribution of the sample was quite varied. About 2.1% of the respondents were between 18-24, 6.3% between 25-30, 10.5% between 31-36, 20.0% between 37-41, 18.9% between 42-46, 27.4% between 47-51, and 14.7% are older than 51. The largest group was between 47 and 51 years of age and were more than a quarter while the second largest group was a fifth of the entire sample.

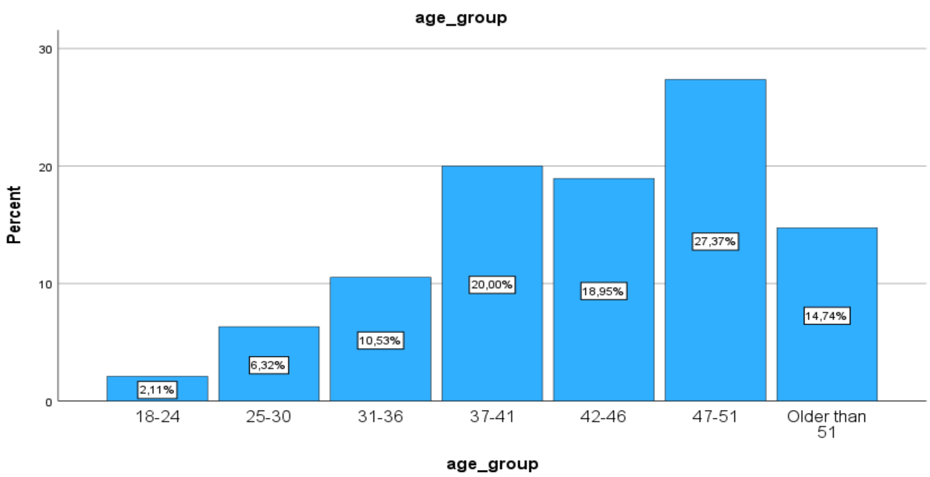

Figure 4: Respondent age

Source: primary data

4.3.3 Level of education

Figure 5 is an illustration of the level of qualifications held by the respondents. Most had obtained a postgraduate qualification, making up 42.1% of the respondents followed by those that had an undergraduate qualification who made up 25.3% of the remaining respondents. Those that held PhDs made up 17.9% of the respondents, and 14.7% of the respondents held some other qualification.

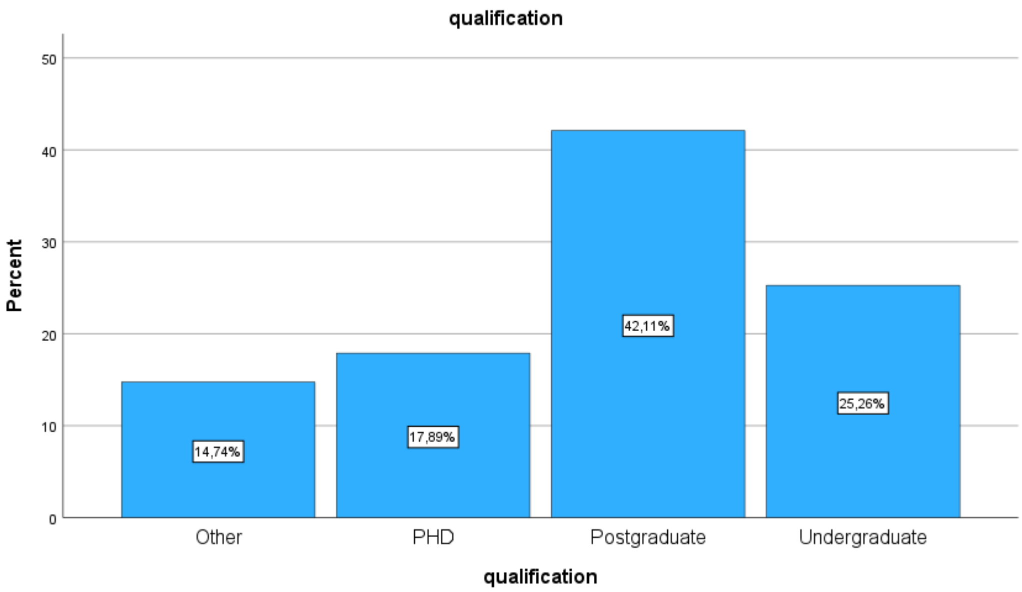

Figure 5: Respondent level of education

Source: primary data

4.3.4 Race distribution

Figure 6 shows the distribution of the respondents by race. The results showed that most of the respondents were black, and made up 55.8% of the respondents, followed by whites with 18.9% while 10.5% of the respondents were coloured, 11.6% were Indian and 3.2% identified themselves as neither.

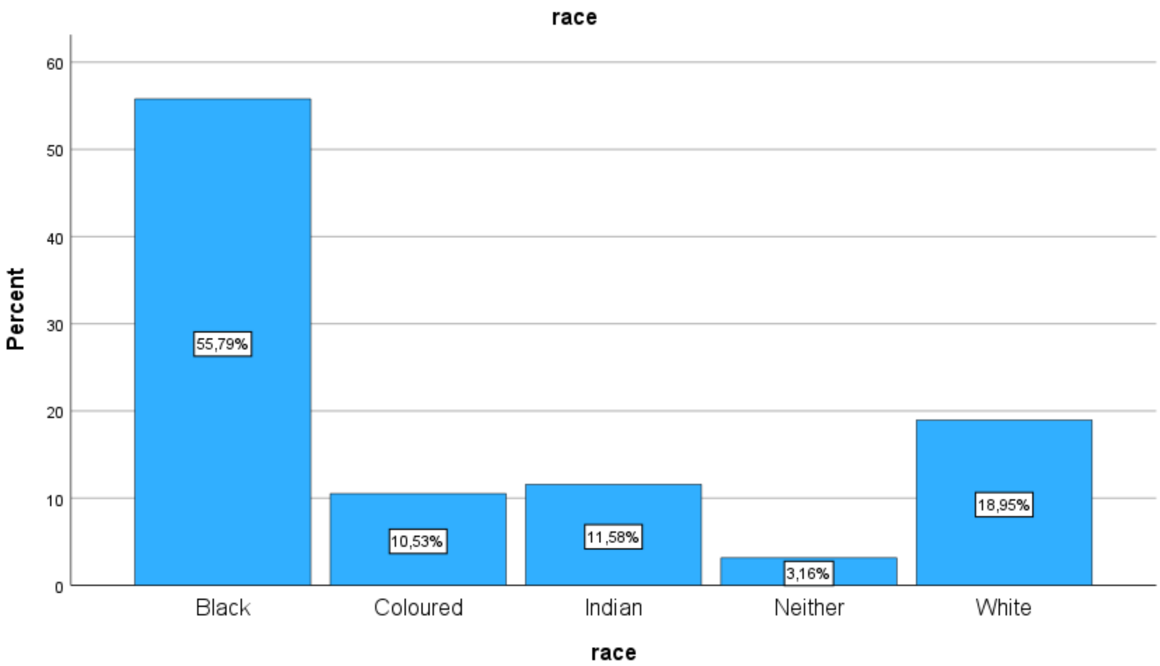

Figure 6: Respondent race group

Source: primary data

4.3.5 Province in which the business operates

Figure 7 demonstrates the distribution of the respondents by province in which the business operates. More than half of the respondents (52.6%) were from Gauteng province, followed by respondents from Western Cape and KwaZulu-Natal province at (23.2%) and (21.1%) respectively. About 3% of the respondents did not disclose the province they were operating in.

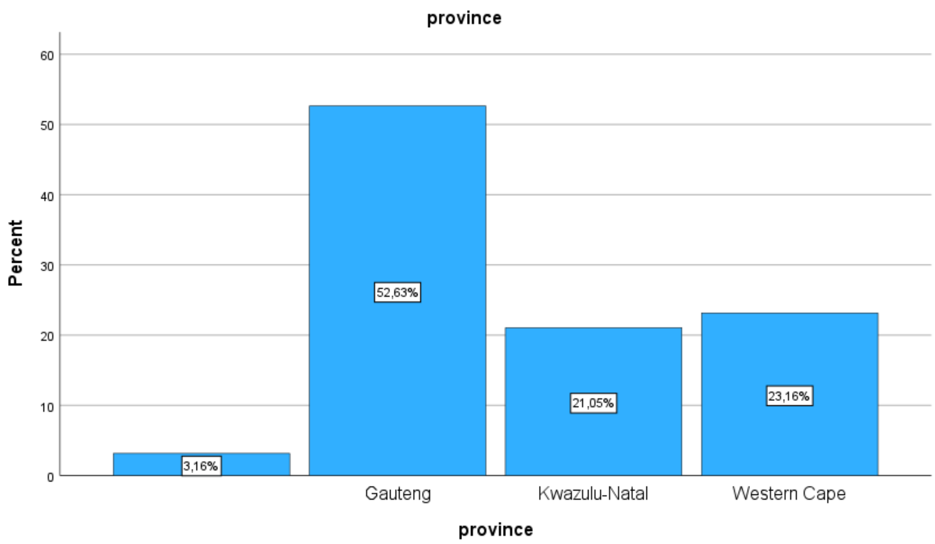

Figure 7: Respondent province

Source: primary data

Gender and race of the respondents

Table 5 shows the gender and race cross-tabulation of the 95 respondents, who consisted of 53 black, 10 coloured, 11 Indian, 3 were neither, and 18 were white. Males were 61 (64.2%) followed by 31 females who made 32.6%, the non-binary/third gender were two (2.1%) and those who did not want to disclose their gender made 1.1% of the entire respondents. Of the females, 43.4% were black, 30% were coloured, 27.3% were Indian, 33.3% were neither, and 5.6% were white. Meanwhile, 54.7% of males were black, 60% were coloured, 72.7% were Indian, 33.3% were neither, and 94.4% were white. Furthermore, 1.9% of non-binary or third gender people were black, 10% were coloured, 0% were Indian, 0% were neither, and 0% were white. Finally, 0% of those who preferred not to say were black, coloured, Indian, neither, or white.

Table 5: Proportion of respondents presented by gender_race

		race					
		Black	Coloured	Indian	Neither	White	Total
gender Female	Count	23	3	3	1	1	31
	% within race	43,4%	30,0%	27,3%	33,3%	5,6%	32,6%

	Male	Count	29	6	8	1	17	61
		% within race	54,7%	60,0%	72,7%	33,3%	94,4%	64,2%
	Non-binary / third gender	Count	1	1	0	0	0	2
		% within race	1,9%	10,0%	0,0%	0,0%	0,0%	2,1%
	Prefer not to say	Count	0	0	0	1	0	1
		% within race	0,0%	0,0%	0,0%	33,3%	0,0%	1,1%
Total		Count	53	10	11	3	18	95
		% within race	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%

Table 6 shows the distribution of the respondents across the different age groups. The survey revealed that 18–24-year-olds comprised 2% of the total respondents, while those aged 25-30 accounted for 6.3%. The largest age group was 47-51, taking up 27.4% of the respondents followed by the respondents in the 37-41 making about a fifth of the respondents. The respondents in the 42-46 age made about 18.9%. The remaining 14.7% of respondents were older than 51 years old.

Table 6: Frequencies of the respondents by different age groups

age group

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	18-24	2	2,1	2,1	2,1
	25-30	6	6,3	6,3	8,4
	31-36	10	10,5	10,5	18,9
	37-41	19	20,0	20,0	38,9
	42-46	18	18,9	18,9	57,9
	47-51	26	27,4	27,4	85,3
	Older than 51	14	14,7	14,7	100,0
	Total	95	100,0	100,0	

4.3.6 Employment status

Figure 8 presents the employment status of respondents. The results of the employee status survey revealed that most employees, 71.6%, were active, meaning they were employed by the business. A total of 25.3% were inactive, and 3.2% did not disclose their status with regards to employment.

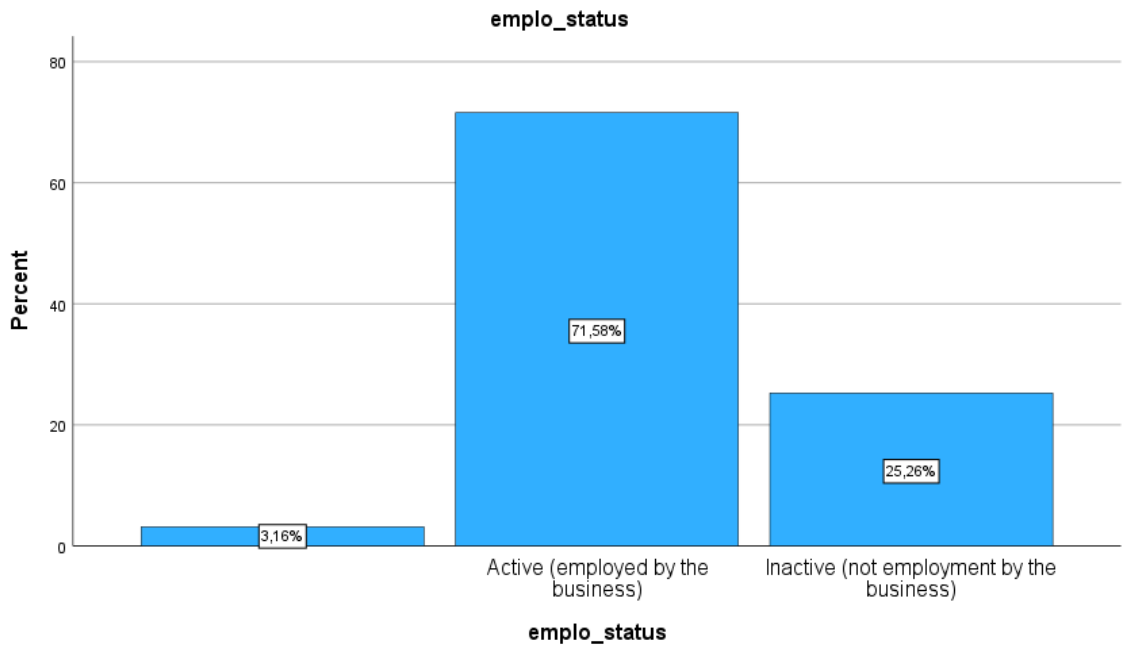

Figure 8: Respondent employment status

Source: primary data

4.3.7 Next-generation group

Figure 9 displays the next-generation group distribution of the respondents. The figure shows that Offspring (next-generation) are the highest represented with 61%, followed by other relatives at 23.16%, while in-laws were at 12.63%.

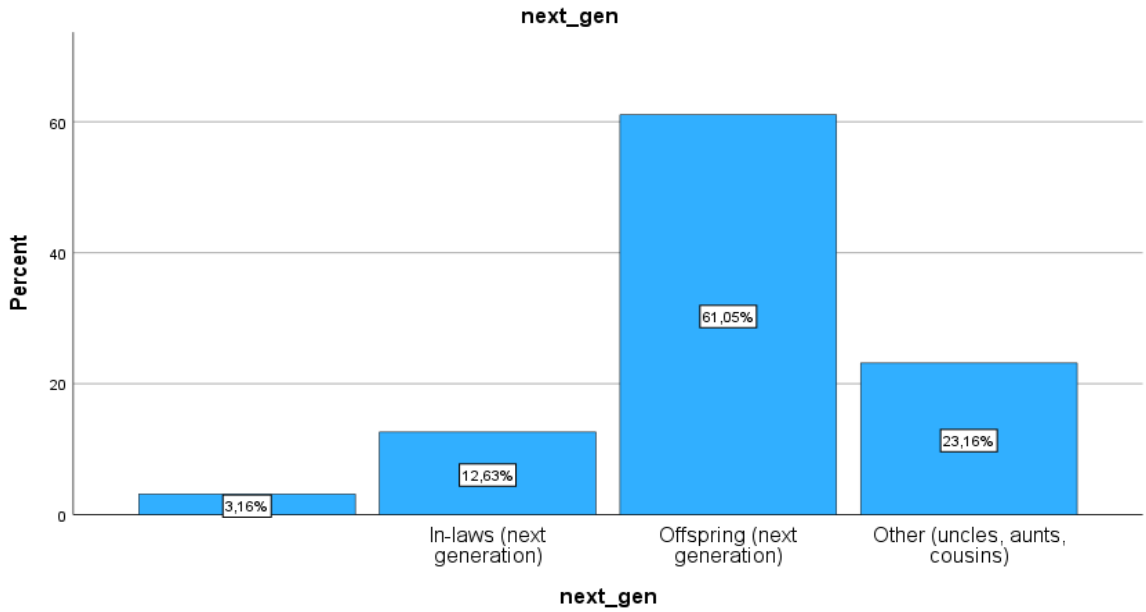

Figure 9: Respondent next-generation group

Source: primary data

Gender vs Business Size

Business size was assessed against gender, and it was found that males owned more businesses than females under all business sizes. However, there was no statistically significant relationship (p-value = .189) between the gender of the respondents and the size of the business.

Table 7: Cross-tabulation of respondents by gender_size of business

			size					Total
				Large	Medium	Micro and very small	Small	
gender	Female	Count	0	7	15	2	7	31
		% within size	0,0%	29,2%	34,9%	28,6%	35,0%	32,6%
	Male	Count	1	17	26	4	13	61
		% within size	100,0%	70,8%	60,5%	57,1%	65,0%	64,2%
	Non-	Count	0	0	2	0	0	2

	binary / third gender	% within size	0,0%	0,0%	4,7%	0,0%	0,0%	2,1%
	Prefer not to say	Count	0	0	0	1	0	1
		% within size	0,0%	0,0%	0,0%	14,3%	0,0%	1,1%
Total		Count	1	24	43	7	20	95
		% within size	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%

Size of business vs years in business

The number of years in business was assessed against the size of the business and it was found medium size business ranked highest. However, there was no statistically significant relationship (*p-value = .40*) between the duration in business and the size of the business. Below is a cross-tabulation of respondents by size of the company and the number of years they have been in business.

Table 8: Cross-tabulation of respondents by size_years in business

			yrs_bus					Total
			0-2 years	2-4 years	4-6 years	6-8 years	Older than 8 years	
size		Count	0	0	0	0	1	1
		% within yrs_bus	0,0%	0,0%	0,0%	0,0%	2,1%	1,1%
	Large	Count	0	0	2	3	19	24
		% within yrs_bus	0,0%	0,0%	14,3%	13,0%	39,6%	25,3%
	Medium	Count	3	4	7	12	17	43
		% within yrs_bus	75,0%	66,7%	50,0%	52,2%	35,4%	45,3%
	Micro and very small	Count	1	0	1	2	3	7
		% within yrs_bus	25,0%	0,0%	7,1%	8,7%	6,3%	7,4%
	Small	Count	0	2	4	6	8	20
		% within yrs_bus	0,0%	33,3%	28,6%	26,1%	16,7%	21,1%

Total	Count	4	6	14	23	48	95
	% within yrs_bus	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%

Race vs Business Size

The business size was assessed against race, and it was found that the respondents of African descent were the owners of businesses in the large, medium, and small sectors. However, there was no statistically significant relationship (*p-value = .064*) between the race of the respondents and the size of the organisation.

Table 9: Cross-tabulation of respondents by race_size of business

			size					Total
				Large	Medium	Micro and very small	Small	
race	Black	Count	0	11	28	2	12	53
		% within size	0,0%	45,8%	65,1%	28,6%	60,0%	55,8%
	Coloured	Count	0	2	3	3	2	10
		% within size	0,0%	8,3%	7,0%	42,9%	10,0%	10,5%
	Indian	Count	0	2	5	1	3	11
		% within size	0,0%	8,3%	11,6%	14,3%	15,0%	11,6%
	Neither	Count	0	0	1	1	1	3
		% within size	0,0%	0,0%	2,3%	14,3%	5,0%	3,2%
	White	Count	1	9	6	0	2	18
		% within size	100,0%	37,5%	14,0%	0,0%	10,0%	18,9%
Total		Count	1	24	43	7	20	95
		% within size	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%

Age vs Years in business

The number of years in business was assessed against the age of the respondents. The older the respondent the longer they were in business. Respondents in the 47-51 age group had more than 8 years in business. In this study, there was a statistically significant relationship (***p-value = .02***) between the age group of the respondents and the duration in business.

Table 10: Cross-tabulation of respondents by age_years in business

			0-2 years	2-4 years	4-6 years	6-8 years	Older than 8 years	
age_group	18-24	Count	0	0	2	0	0	2
		% within yrs_bus	0,0%	0,0%	14,3%	0,0%	0,0%	2,1%
	25-30	Count	1	0	1	1	3	6
		% within yrs_bus	25,0%	0,0%	7,1%	4,3%	6,3%	6,3%
	31-36	Count	1	3	2	2	2	10
		% within yrs_bus	25,0%	50,0%	14,3%	8,7%	4,2%	10,5%
	37-41	Count	0	2	4	6	7	19
		% within yrs_bus	0,0%	33,3%	28,6%	26,1%	14,6%	20,0%
	42-46	Count	2	1	2	5	8	18
		% within yrs_bus	50,0%	16,7%	14,3%	21,7%	16,7%	18,9%
	47-51	Count	0	0	2	6	18	26
		% within yrs_bus	0,0%	0,0%	14,3%	26,1%	37,5%	27,4%
	Older than 51	Count	0	0	1	3	10	14
		% within yrs_bus	0,0%	0,0%	7,1%	13,0%	20,8%	14,7%
Total		Count	4	6	14	23	48	95
		% within yrs_bus	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%

Employment status

The employment status of the sample is portrayed in Table 11. The results from the survey showed that 3% of the employees did not disclose their employment status, while 71.6% of the employees were active, and 25.3% of the employees were inactive.

Table 11: Respondents employment status

Employment_status

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid		3	3,2	3,2	3,2
	Active (employed by the business)	68	71,6	71,6	74,7
	Inactive (not employed by the business)	24	25,3	25,3	100,0
	Total	95	100,0	100,0	

Kendall's W Test Coefficients of Concordance

The Kendall coefficient of concordance is a statistical measure that is used to assess the degree of agreement between two or more variables (Colwell & Gillett, 1982). The coefficient is based on the Kendall tau rank correlation coefficient, which is calculated by comparing the ranks of the two variables. The higher the Kendall coefficient of concordance, the greater the agreement between the variables (Colwell & Gillett, 1982). From this study a Kendall's W Coefficient of Concordance of 0.554 was obtained and is closer to 1, showing a greater agreement between the constructs and statistical significance (<0.001).

4.4 Exploratory Factor Analysis

Exploratory Factor Analysis (EFA) is a statistical method used to analyse a large set of variables and to identify underlying factors or latent variables that explain the relationships between them (Hair, et al., 2017). The goal of EFA is to reduce the number of variables to a smaller, more interpretable set of factors (Hair, et al., 2017). EFA can help to identify patterns of behaviour and to explain why certain variables are related (Hair, et al., 2017). The EFA test includes three tests that must be passed, the first is a determinant test. Determinant is a positive definite with a value of 1.95E-011, thus passes the EFA requirement test (Hair, et al., 2017). The factor analysis test was performed on the items in the questionnaire, to establish whether the constructs do indeed come out as intended. The KMO value was .800 which is acceptable (>0.6), while Bartlett's test was significant (p<0.001). This indicates sampling adequacy.

Bartlett’s test and the KMO

Bartlett’s test and the KMO measures are both used to analyse the quality of data in a sample. The Bartlett's test is used to determine whether a correlation matrix is an identity matrix, indicating that there is no correlation between the variables. The KMO measure is used to determine the degree of interdependence between variables in a sample. It is a measure of sampling adequacy that indicates whether the sample is suitable for factor analysis (Dziuban & Shirkey, 1974; Williams et al., 2010).

Table 12: KMO and Bartlett's Test

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		,800
Bartlett's Test of Sphericity	Approx. Chi-Square	1913,909
	df	171
	Sig.	<,001

The result in the KMO and Bartlett's Test Table indicates that the data is suitable for factor analysis. The Kaiser-Meyer-Olkin Measure of Sampling Adequacy is 800, which is above the recommended value of 0.6. This indicates that the data has a high degree of inter-correlation. The Bartlett's Test of Sphericity Approx. Chi-Square is 1913.909, with a df of 171 and a Sig. of <0.001, which is less than the recommended value of 0.05. This indicates that the data is statistically significant.

Table 13: Proportion of Total Variance Explained

Total Variance Explained

Factor	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %

1	8,789	46,257	46,257	8,559	45,047	45,047	4,316	22,714	22,714
2	2,855	15,024	61,281	2,622	13,800	58,847	4,232	22,273	44,987
3	2,149	11,312	72,592	1,947	10,249	69,095	3,138	16,518	61,505
4	1,397	7,352	79,944	1,140	5,998	75,093	2,582	13,588	75,093
5	,820	4,314	84,258						
6	,622	3,274	87,531						
7	,427	2,245	89,776						
8	,357	1,879	91,656						
9	,316	1,662	93,318						
10	,292	1,539	94,857						
11	,254	1,338	96,194						
12	,171	,901	97,096						
13	,150	,789	97,885						
14	,108	,568	98,453						
15	,083	,439	98,892						
16	,069	,362	99,254						
17	,066	,346	99,600						
18	,039	,208	99,807						
19	,037	,193	100,000						
Extraction Method: Principal Axis Factoring.									

Principal axis factoring with Oblique Promax (see table 13) showed that the intended factor could clearly be distinguished in the data. All factor loadings were above 0.4 and there were no meaningful cross-loadings. The four factors explained a total of 79.94% of the variation in the model.

Communalities

Communalities are the proportions of the total variance in a variable that are explained by all the factors or components in a factor analysis (Licht, 1995). They are typically expressed as percentages and indicate the degree to which a variable is related to the latent factors in the analysis.

Table 14: Communalities Table

Communalities		
	Initial	Extraction
sucdec1	,836	,667
sucdec2	,837	,705
sucdec3	,843	,821
sucdec4	,811	,599
sucdec5	,886	,738
sucdec6	,763	,671
parsup2	,827	,836
parsup3	,867	,850
parsup4	,867	,837
slfeff1	,801	,730
slfeff2	,916	,907
slfeff3	,905	,917
slfeff4	,936	,911
slfeff5	,924	,859
lvlcom1	,804	,681
lvlcom2	**,721**	**,397**
lvlcom3	,846	,898
lvlcom4	,701	,581
lvlcom5	,752	,662
Extraction Method: Principal Axis Factoring.		

A good communalities value is typically considered to be higher than 0.50. This indicates that the variable is related to the factors in the analysis and that the factor is accounting for more than half of the variance in the variable (Licht, 1995). All the communalities in this study were greater than 0.5 except for the item number under level of commitment (lvlcom2) which only accounted for about 40% of the variance in the outcome variable. The item was excluded from further analysis.

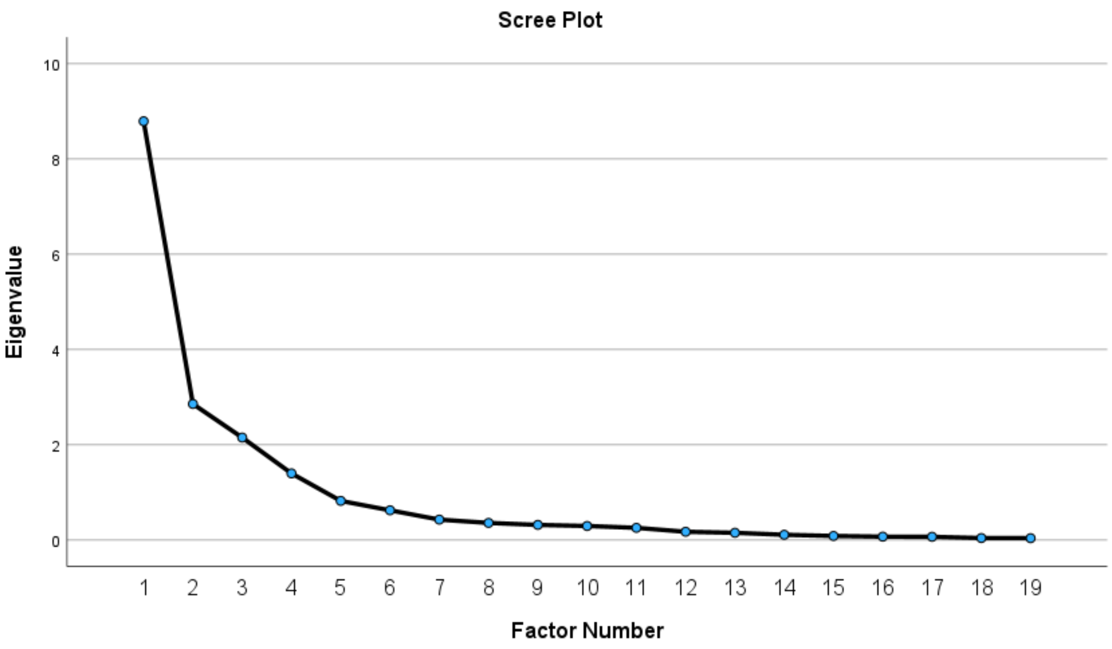

Figure 10: The Scree Plot

Based on the results of the factor analysis the instrument could be regarded as valid and the reliability of the constructs was subsequently investigated using Cronbach's Alpha.

Table 15 shows that all scales reached a Cronbach Alpha well above the 0.7 cut-offs and considered an acceptable value. However, values above 0.6 are equally accepted (Taber, 2018). The item-total correlations were well above 0.3 which is considered an indicator that there is a strong relationship between an item and the overall scale (Vrbnjak et al., 2017).

Table 15: The Cronbach's Alpha value for the constructs

Scale	Cronbach's Alpha	Average inter-item correlations
Succession decisions	.920	.793
Parental support	.931	1.408
Self-efficacy	.958	.510
Level of commitment to the firm	.875	.426

Below is the Rotated Factor Matrix for the 19 items investigated in this study.

Table 16: The Rotated Factor Matrix

Rotated Factor Matrix[a]

	Factor			
	1	2	3	4
sucdec1		**,783**		
sucdec2		**,828**		
sucdec3		**,823**		
sucdec4		**,752**		
sucdec5		**,777**		
sucdec6		**,679**		
parsup2				**,851**
parsup3				**,874**
parsup4				**,857**
slfeff1	**,654**			
slfeff2	**,879**			
slfeff3	**,914**			
slfeff4	**,915**			
slfeff5	**,846**			
lvlcom1			**,507**	
lvlcom2			**,575**	
lvlcom3			**,866**	
lvlcom4			**,730**	
lvlcom5			**,672**	

Extraction Method: Principal Axis Factoring.

Rotation Method: Varimax with Kaiser Normalization.[a]

a. Rotation converged in 6 iterations.

4.5 Reliability of scales

4.5.1 Succession decision

The result from the reliability test indicates that the Cronbach's Alpha value is 0.920, and the Cronbach's Alpha based on standardized items is 0.922. The number of items in the model is 6. This indicates that the model has a strong internal consistency, and that the items used to measure the model are reliable.

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
,920	,922	6

4.5.2 Parental support

The result from the reliability test shows that the Cronbach's Alpha is 0.931 and 0.932 based on standardized items, with 3 items. This indicates that the items in the model are highly correlated and have high internal consistency.

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
,931	,932	3

4.5.3 Self-efficacy

This result indicates that the 5 items used in the model are highly reliable, with a Cronbach's Alpha of .958 and .957 based on standardized items. This is an index of internal consistency, which measures the correlation between different items in the model (Tang et al., 2014). A higher score indicates a more reliable measure, and this result suggests that the model is highly reliable.

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
,958	,957	5

4.5.4 Level of commitment to the firm

The Cronbach's Alpha value of 0.875 and 0.876 based on standardized items from the 5 items in the model signifies that the items in the model are strongly correlated and measure the same concept.

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
,875	,876	5

Cronbach's alpha is a measure of internal consistency, which is used to evaluate the reliability of scales. It is used to assess how closely related a set of items are, and to determine the extent to which the items measure the same construct or concept. It is typically used to assess the reliability of a survey or test items, such as questions on a questionnaire. In this study, all items for each construct were evaluated together to give an overall score indicating consistency (Taber, 2018).

A factor analysis was conducted and found that three items (sucdec7, parsup1 and parsup5) lead to the formation of a fifth (5th) factor. These three were then removed from the rest of the analyses, because if extra factors are included in the rotation instead of the expected factors, the researcher can remove the extra factors (Tabachnick & Fidell, 2001; Comery, 1978).

4.6 Multiple linear regression analysis

Multiple linear regression analysis was used to assess the relationship between parental support, self-efficacy, and level of commitment to the firm and the dependent variable (succession decisions). It measures the impact of multiple independent variables on the dependent variable, while controlling the effects of other variables. Multiple linear regression analysis performed in this study was justified by the fact that the collected data met the assumptions of multiple linear regression analysis: reliability, normality, and multicollinearity. As this study contains three independent variables, a complex model, multiple linear regression analysis was deemed the most appropriate (Gunzler & Morris, 2015). The relationship between the independent and dependent variables is significant if the P-value is less than 0.05 (Saunders, Lewis & Thornhill, 2012).

In addition, the Pearson correlation analysis was performed to measure the correlation between the variables. Pearson's correlation analysis was used to identify the strength and direction of the linear relationship between the dependent variable (succession decision) and the independent variables (parental support, self-efficacy, and level of commitment to the firm). The correlation results are presented in Table 17 below. There was medium to high correlation between the four constructs. Pearson's correlation analysis is also used to identify multicollinearity, which is said to occur if the coefficient value between independent variables exceeds 0.9 (Rhoton, 2014). If the coefficient value lies between ±.50 and ± 1, then it is said to be a strong correlation or high degree. However, if the value lies between ± 0.30 and ± 0.49, then it is said to be medium correlation/moderate degree, and when the value lies below ± .29, it is said to be a small correlation (Rhoton, 2014).

Table 17: The Pearson Correlation of the four constructs

	Succession Decision	Parental Support	Self-efficacy	Level of Commitment
Succession Decision	1			
Parental Support	,359**	1		
Self-efficacy	,362**	,436**	1	
Level of Commitment	,545**	,325**	,587**	1
**. Correlation is significant at the 0.01 level (2-tailed).				

4.7 The assumptions of normality

The histogram, Normal P-P Plot of Regression and the Scatterplot are used to test the assumptions of regression analysis (Cook & Weisberg, 2009). By looking at the data distributions, outliers, and relationships between the variables, we can determine whether the assumptions of linearity, homoscedasticity, normality, and independence have been met. If they have not, then the regression results are likely to be biased and unreliable (Cook & Weisberg, 2009). The results of the three plots are presented below under Figure 11, Figure 12 and Figure 13.

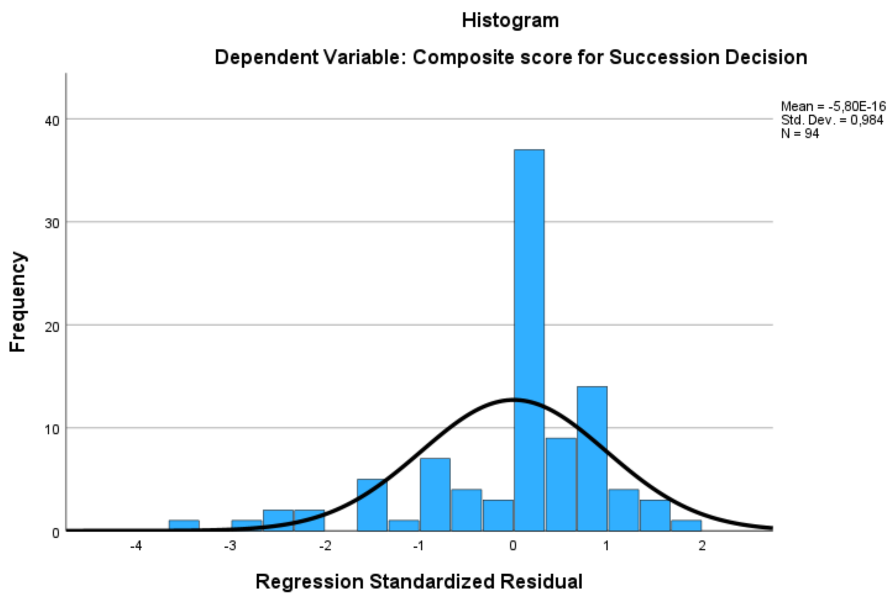

Figure 11: Histogram

This dataset had no outliers as shown in the graph above thereby meeting the first assumption.

Normal P-P Plot of Regression

In this study, as shown in the graph below, violation was committed as most of the points were not lying on or next to the diagonal line as shown in Figure 12 below. However, it is difficult to get normal distributed data from real life data.

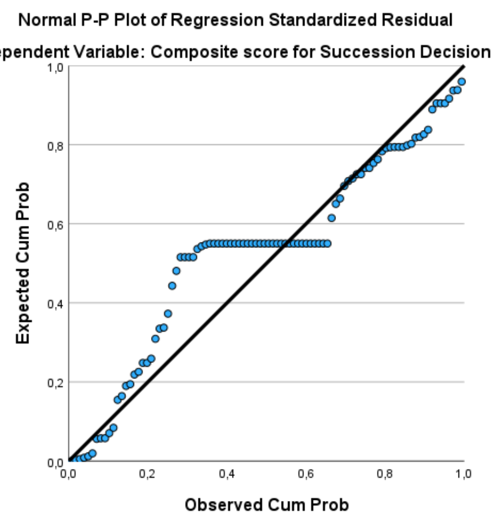

Figure 12: Normal P-P Plot of regression

Scatterplot

Homoscedasticity is the assumption in statistics that the variance of the residuals (errors) of a regression equation are equal for all values of the independent variable (Field, 2013).

A scatter plot in Figure 13 below visually displays homoscedasticity. A scatter plot is a graph that displays the relationship between two variables. If the points on the scatter plot are evenly distributed, it indicates that the variance of the residuals is equal for all values of the independent variable, which means that the data are homoscedastic. In this study, the values are not evenly distributed meaning that the data is heteroscedastic (Field, 2013).

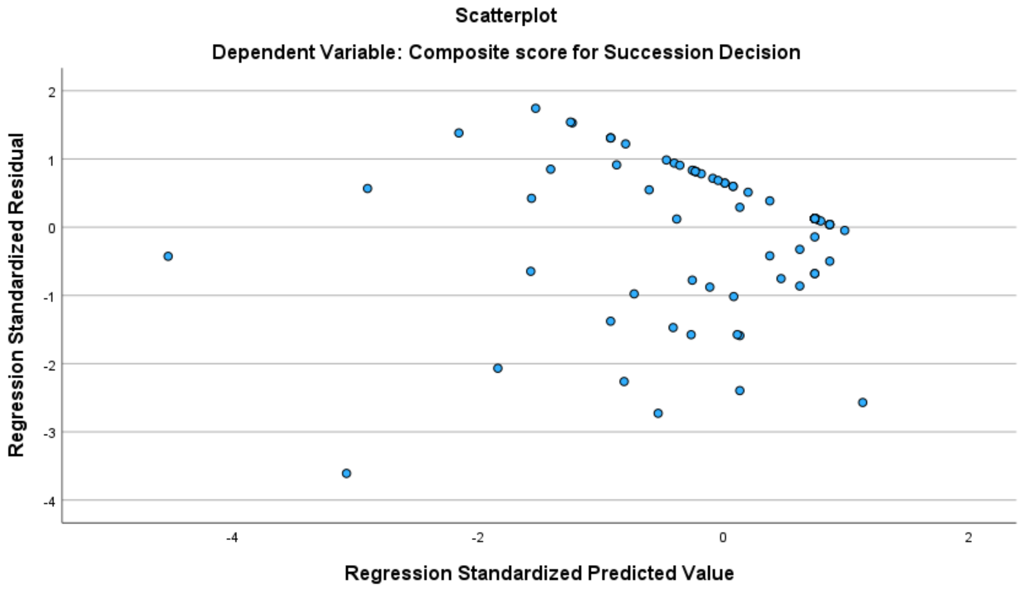

Figure 13: Scatterplot

Table 18 below shows the model summary of the test conducted on the three independent variables and the dependent variable.

Table 18: The Model Summary

Model Summary[b]					
Model	R	R-Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	,586[a]	,343	,321	,62047	1,569
a. Predictors: (Constant), Level of Commitment, Parental Support, Self-efficacy					
b. Dependent Variable: Succession Decision					

This model suggests that the Succession Decision is influenced by the Level of Commitment, Parental Support, and Self-efficacy. The R value of 0.586 indicates that there is a moderate correlation between the predictor variables and the dependent variable. The R-Square value of 0.343 indicates that 34.3% of the variance in the Succession Decision is explained by the predictor variables. The Adjusted R-Square value of 0.321 indicates that 32.1% of the variance in the Succession Decision is explained by the predictor variables when accounting for the number of predictors. The Std. Error of the Estimate of 0.62047 indicates that the average difference between the predicted value and the actual value is 0.62047. The Durbin-Watson value of 1.569 indicates that the residuals are not autocorrelated.

The ANOVA table shows that the regression model is significant, with a p-value of < .001. This indicates that the predictors are significant in predicting the succession decision. The F-statistic of 15.655 indicates that the model explains a significant amount of the variance in the succession score.

Table 19: The Analysis of Variance (ANOVA) Output

ANOVA[a]						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	18,081	3	6,027	15,655	<,001[b]
	Residual	34,649	90	,385		
	Total	52,729	93			
a. Dependent Variable: Succession Decision						
b. Predictors: (Constant), Level of Commitment, Parental Support, Self-efficacy						

The results of the model in Table 20 below signify that both parental support (*p-value = .016*) and level of commitment (*p-value = <.001*) had positive effects on succession decisions while self-efficacy was not statistically significant (*p-value = .680*).

Table 20: The Multivariate Regression Analysis Output

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95,0% Confidence Interval for B		Collinearity Statistics	
		B	Std. Error	Beta			Lower Bound	Upper Bound	Tolerance	VIF
1	(Constant)	,877	,596		1,470	,145	-,308	2,061		
	Parental Support	,162	,066	,234	2,456	,016	,031	,292	,802	1,247
	Self-efficacy	-,054	,130	-,047	-,414	,680	-,312	,204	,557	1,796
	Level of Commitment	,734	,155	,506	4,728	<,001	,425	1,042	,637	1,571

a. Dependent Variable: Succession Decision

Table 21: The Collinearity diagnostics

Model	Dimension	Eigenvalue	Condition Index	Variance Proportions			
				(Constant)	Parental Support	Self-efficacy	Level of Commitment
1	1	3,923	1,000	,00	,00	,00	,00
	2	,063	7,890	,02	,90	,01	,01
	3	,009	20,700	,54	,09	,67	,00
	4	,005	27,716	,43	,01	,33	,99

a. Dependent Variable: Succession Decision

The condition index is a measure of the degree of multicollinearity between the variables in a regression model. It indicates the degree to which a variable is linearly dependent on the other variables in the model. A higher condition index indicates a greater degree of multicollinearity (Field, 2013).

The second model, with an eigenvalue of 0.063 and a condition index of 7.890, reveals that parental support is the most significant factor, accounting for 90% of the variance. The third model, with an eigenvalue of 0.009 and a condition index of 20.700, shows that self-efficacy is a moderate factor, accounting for 67% of the variance. Lastly, the fourth model, with an eigenvalue of 0.005 and a condition index of 27.716, reveals that level of commitment is another important factor, accounting for 99% of the variance. Overall, these results show that parental support, self-efficacy, and level of commitment are significant factors in determining one's succession decision.

Table 22: Descriptive Statistics of the four constructs

		Succession Decision	Parental Support	Self-efficacy	Level of Commitment
N	Valid	94	95	95	95
	Missing	1	0	0	0
Mean		4,5934	3,3240	4,6653	4,6574
Std. Error of Mean		,07766	,11414	,06776	,05470
Median		5,0000	4,0000	5,0000	5,0000
Mode		5,00	4,00	5,00	5,00
Std. Deviation		,75298	1,11251	,66039	,53315
Variance		,567	1,238	,436	,284
Skewness		-2,307	-,879	-3,312	-2,033
Std. Error of Skewness		,249	,247	,247	,247
Kurtosis		5,921	-,444	13,867	5,062
Std. Error of Kurtosis		,493	,490	,490	,490
Range		4,00	4,00	4,00	2,80
Minimum		1,00	1,00	1,00	2,20
Maximum		5,00	5,00	5,00	5,00
Sum		431,78	315,78	443,20	442,45

Succession Decision

Table 23 below shows that the majority of family members are strongly in agreement that they are familiar with the future vision of the family business, they know the decisions made by active family members, and they are committed to keeping the business in the family. Even more encouraging is that the younger generation of family members are willing to make significant decisions to make the family business a success. This shows a strong commitment to the family business that will aid in its future success.

Table 23: Percentage of responses under succession decision

	1	**2**	**3**	**4**	**5**
All family members are familiar with the future vision of the family in the business.	3.2	5.3	4.2	13.7	73.7
The inactive family member knows what active family members' decisions with the successors are	2.1	2.1	6.3	17.9	70.5
All family member knows what succession decisions planned for the business	1.1	7.4	4.2	13.7	73.7
The younger generation of family members is committed to the continuation of the business as a family business in the future	4.2	-	5.3	12.7	77.9
The younger generation of family members is committed to the continuation of the business as a family business in the future	3.2	-	6.3	11.6	78.9
The younger generation of family members are willing to make significant decisions to make family business a success	1.1	1.1	5.3	8.4	84.2

Where strongly disagree = 1, disagree = 2, neither = 3, agree = 4, strongly agree = 5

Parental Support

Table 24 below shows the results of a survey on how the parents supported their children as they grew up. It is clear that the majority of respondents agreed with the statements that their parents chose their profession when they started school, and what they would do in school which dictated their career path as they were growing up. This suggests that most respondents felt that their parents did not allow them to make their own decisions about their education and future.

Table 24: Percentage of responses under parental support

	1	**2**	**3**	**4**	**5**
When I started school, they chose the profession for me.	13.7	12.6	10.5	57.9	5.3
My parents always choose what I'll do in school	11.6	14.7	11.6	55.8	6.3
As I was growing up, my parents dictate what I'll be going to do	13.7	11.6	7.4	57.9	9.5

Where strongly disagree = 1, disagree = 2, neither = 3, agree = 4, strongly agree = 5

Self-efficacy

Table 25 below shows the responses of people to various statements regarding their willingness to learn new skills, work hard and accept feedback. It can be seen that the majority of people strongly agree or agree with all statements, indicating that they are likely to put in the effort to learn new skills, persist even if it is difficult, and be open to feedback. This suggests that the respondents generally have a positive attitude towards learning and taking on challenges.

Table 25: Percentage of responses under self-efficacy

	1	**2**	**3**	**4**	**5**
If I worked at it, I could learn just about any skill	1.1	-	4.2	22.1	72.6
Once I've decided to accomplish something, I keep trying, even if it is harder than I thought	2.1	-	2.1	24.2	71.6

I can always get better, even if I am really good at something	2.1	-	1.1	18.9	77.9
I'm willing to work on something challenging, even if I know it will take a lot of effort and I may not succeed at first	2.1	1.1	1.1	18.9	76.8
When I received feedback that I didn't do well or something, I try even harder to learn it	2.1	-	2.1	21.1	74.7

Where strongly disagree = 1, disagree = 2, neither = 3, agree = 4, strongly agree = 5

Level of Commitment

From the data in Table 26, it is clear that the majority of the respondents had a strong sense of belonging to their family business and would be very happy to continue working in it for the remainder of their careers. They also seem to identify with the problems of the business and feel as if they are their own. This sentiment is especially strong with over 70% of respondents strongly agreeing or agreeing with all the five statements. These results clearly demonstrate the importance of family businesses to their employees and the strong relationships that can be built over time.

Table 26: Percentage of responses under level of commitment

	1	**2**	**3**	**4**	**5**
I would be very happy to spend the rest of my career in the family business	1.1	-	6.3	20.0	72.6
I really feel as if these family business problems are my own	1.1	-	4.2	21.1	73.7
I really feel as if these family business problems are my own	1.1	-	4.2	24.3	70.5
I do feel a strong sense of belonging to this firm	-	-	6.3	22.1	71.6
I do feel a strong sense of belonging to this firm	1.1	-	3.2	20.0	75.8

Where strongly disagree = 1, disagree = 2, neither = 3, agree = 4, strongly agree = 5

4.8 Hypotheses testing

The hypotheses testing was done, and it was found that two of the three independent variables (parental support and level of commitment) were supported, and the self-efficacy was not, as shown in Table 27 below.

The Beta value of .234 for parental support indicates that parental support has a statistically significant positive effect on succession decisions. This means that a one-unit increase in parental support is associated with a .234-unit increase in succession decisions. The Beta value of -.047 for self-efficacy indicates that there is a weak negative relationship between self-efficacy and succession decisions. This means that lower levels of self-efficacy are associated with higher levels of succession decisions. The Beta value of .506 for level of commitment indicates that there is a strong positive correlation between it and the dependent variable, succession decisions. This suggests that a higher level of commitment will lead to a higher likelihood of a successful succession decision. These results demonstrate that parental support and level of commitment are both significant predictors of succession decisions, with level of commitment having a significantly stronger effect. Beta values indicate the slope line between the independent (predictor) variables and dependent variable (Field, 2013; Uyanık & Güler, 2013).

Table 27: Hypotheses Outcome

Hypotheses	p-value	Finding
H1: Parental support has a positive influence on succession decisions among the next-generation.	**.016**	Supported
H2: The self-efficacy of the next-generation negatively influences the succession decisions of a family business.	.680	Not supported
H3: The commitment level of the next-generation positively influences the succession decisions of a family	**<.001**	Supported

business.		

4.9 Conclusion

The data analyses presented in this chapter have shown that descriptive statistics demonstrated a good account of data. The selected items for the analysis had strong reliability in describing succession decisions based on Cronbach's Alpha test, excluding the self-efficacy construct. The exploratory factor analysis results showed that some questions or items for each variable were not relevant, and removal of such questions was done, and based on that the removal of such questions should not affect other constructs. The result utilized specific factors for the analysis. Shown also was inferential statistics that presented a successful result in relation to addressing the research hypotheses.

The results for Hypothesis 1 and 3 seemed to support hypotheses testing. Hypothesis 1 inferred that parental support has a positive influence on succession decisions among the next-generation for family businesses in SA. For Hypothesis 2, the result did not support the idea that self-efficacy of the next-generation positively influences the succession decisions of a family business in SA. This means that self-efficacy of the next-generation plays a significant role in hampering the successful decisions of the next-generation leadership in the business. Hypothesis 3 was supported in that the commitment level to the firm of the next-generation positively influences succession decisions for family businesses in SA. Based on the results, parental support and the commitment level to the firm are the significant constructs of the next generations' succession decisions for family enterprises in South Africa, while self-efficacy is not an essential construct of succession decisions.

5 CHAPTER 5: DISCUSSION OF RESULTS

The chapter has highlighted and elaborated on the findings of the research which have been presented in chapter 4. This chapter discusses only the key findings. The connection between the dependent and independent variables has been tested with a conceptual framework. The business context regarding the factors that influences successive results in the family business in South Africa have been tested adequately in this research (Chirapanda, 2020). Therefore, the research has analysed the findings and literature review sections about how the next generations' successive decisions can be measured in the aspects of South Africa's family businesses.

5.1 Introduction

The demographic identities of the respondents have been analysed which includes several factors such as the gender identity of the respondents and their age group. Their level of education and race have also been analysed adequately. The literature review section has been compared to the hypothesis of this research so that the findings can be analysed with adequate academic support. The provinces where the business become operated have been noted and their employment status has also been analysed. The analysis of the next-generation has been done and reliability has been measured with statistical analysis and the reliability score has been speculated based on that.

5.2 Demographic profile of the respondents

Demographics are characteristics of a population and demographic information refers to information that attributes to an individual (Garrido-Cumbrera et al., 2022), in this case, it refers to respondents of questionnaires used for data collection. The demographic profile accessed data from the 95 respondents therefore, their shared information about their age, gender, education level, race, employment, and business provinces has been analysed adequately. This sub-section will detail demographic information and provide insights to why they are essential for the finding of this study.

5.2.1 Gender

For example, among all the respondents nearly 64.21% of respondents belonged to the male gender group and only 32.6% of female respondents' data have been gathered. The enormous differences among the respondents' gender signify that male members are more associated with the family business compared to females (Gagné *et al.* 2021). The result also indicates that perhaps most women are not given the opportunity of leadership in family business as the gender stereotypes may be the reason of low female respondent rates. This is because leadership roles in family business are usually male dominated and women in the family often feel less interested in participating as traditionally, they are not usually the first candidate for succession (Venter et al., 2015).

Furthermore, it is evident that gender play a crucial role in business especially in family business, where most succession decisions often favour males than females, even though, women represent 50% of the world population (Venter, et al., 2015; Herrington, Kew & Mwanga, 2017; Nonkwelo, 2019). The Global Entrepreneurship Monitor (GEM) repeatedly report that more males participate in entrepreneurship than female, which might be the reason for low response in this research. Also, this finding relates with Oyeladun, (2020) findings that traditional laws have a great influence in gender succession, traditional laws favours males than females. However, it would be beneficial to have more input from female respondents, as it would have given the research a wider perspective from the study point of view, but the result from the findings was not affected by this view, as the study methods covered provided useful insights.

5.2.2 Age group

Older respondents recorded the highest and formed the target for this study, as age group helps to determine the ideal targeted audience in a research study, and in this case, the age group of respondents that are involved in family business (Tien et al., 2019). It was seen that among all respondents in the age group of 47-51, people are mostly involved in the business, and the age group of 18 -24 people is less involved in the business. From this data, the middle age group of people is entangled to take responsibility for the business because they are capable to equip insight-based bits of knowledge in operating the business and they are correspondingly sufficiently furnished to manage the family trade sequence (Tien *et al.* 2019).

In addition, Ramadanti et al., (2021) noted that children to master knowledge from early involvement which they carry through adulthood by simulating what they are exposed to. Comparing this to the responses from the older group, shows that the expected age group matches the expected projection of this study as the age group with the highest response fall in the 47-51 group, which implies that this group is ideal for leadership roles as financial responsibilities. This age group provided relevant response based on their experience, skills, and matured enough in understanding succession decisions questions and the role of influencing factors (Handler et al., 1990).

5.2.3 Level of education

Educational level refers to developmental difference of individuals, also the extent of how the environmental learning is structured (Jiménez et al., 2015). Most graduates tend to join family business during holidays, gap year as it fosters their experience and choice of career. From this data, it has been shown that postgraduates are involved in the family business mostly, with the percentage of 42.11%, and correspondingly, with other degrees of educational qualifications the people are less interested to take over the responsibility of the business, the percentage of this people is 14.74%.

Arcese et al., (2021) also noted that people with more elevated level of education have potential in undertaking entrepreneurial prospects than others because they often create the purpose and knowledge-oriented perspective of the business. However, according to Zurina et al., (2019), undergraduates are less likely to pursue entrepreneurial opportunities, due to lack of skills, knowledge, and experience to venture into managerial positions in family businesses, which is attributed to various factors hindering this group. Thus, postgraduates group provided meaning insight based on their knowledge and not assumption or societal norms which enable the objective and knowledge that guide the research findings.

5.2.4 Race Distribution

It is interesting to note the increase in blacks, especially given that survival rate of family business is low in South Africa (Colli, 2003). The percentage of black next-generation of family-owned business have increased, even though whites have the larger participation ratio in business ownership (Herrington, Kew & Mwanga, 2017; Nonkwelo, 2019). In addition, different ethnic group formed the demographic for this study, as it represents different races and culture. Considering that, Johannesburg, Cape Town, and Durban were the three main cities and economic hubs of South Africa, as these races and culture are predominate as such, the ethnic group present formed key components of this research study.

Among all respondents 55.79% are blacks, 18.95 % are whites, and 11.58% are Indians who are involved in the family business, so as per the data black coloured people are mostly involved in the business major ethnical class in South Africa are concerned in the trade from the early podium of business. From this data, it has been known that white-coloured people are less involved in the family trade compared to black-coloured people of South Africa (Porfírio *et al.* 2020). Compared to the decrease in survival rate of 30% according to Mlotshwa, (2012). This data is essential for analysis because it is utilized in teams with different parameters to form expansive as it has been noticed in the following domain of the chapter.

5.2.5 Province in which business operates

Most urban businesses experienced significant increase compared to rural businesses (Bates, 2006), also businesses in major cities are more compared to other cities, which is evident in the responses derived from respondents of this study. Gauteng is noted to be the smallest province of South Africa’s nine province (Abolnik et al., 2022), and the economic engine room of the country. The province is the most populuted and harbours approximately 11,2 million people. Most businesses have a branch, head office or solely located in Gauteng and Johannesburg being the economic hub of the province boasts of different business that includes family businesses.

From the data, clearly people of Gauteng province are mostly involved in the family business, with the percentage of 52.63%. Gauteng province is really the engine room as suggested by Abolnik et al., (2022). The people of Western Cape are less involved than other provinces, the percentage of this province is 23.16%. The reason for the response might be because Gauteng province have more next-generation studying at various universities, who belong to or are members of family-owned business. Western Cape and KwaZulu-Natal provinces responses are below 50%, which implies that most next-generation might not be present at the selected universities. Hence, the results reflected that most family business are located and operational in Gauteng province than the other provinces.

5.2.6 Employment status

Preparing the next-generation to take over the running of the business requires parental guidance, support. It also requires the right education, experience, and willingness to achieve and maintain family values, norms, and goals (Handler, 1990). Early involvement in the family business often leads to experience, adequate managerial, planning and negotiating skills needed to sustain the business. Also, in the study conducted by Tajer et al., (2019) found that early involvement of family members (next-generation) enhances entrepreneurship in process.

Among all respondents, 71.58% of people are employed by the business, they are active people and 25.26% of people are not employed by the business, so they are inactive people as per the data. The responses are in agreement with the findings of Rich et al., (2010) that when employment outcomes are promoted, it is observed that those who are employed by the business are directly involved with the business. From this data, evidently the active next-generation can acquire the experience and adopt the working arrangements and maintain the balance between academic work and business. The inactive family members respondents are below 30% which implies that choice of career play a crucial role in family-owned business as some family members seek independence from family dynamics and prefer to exclude any involvement in the business.

5.2.7 Next-generation group

The next-generation group refer to children of founders of family-owned business in South Africa. Belonging to the next-generation of family-owned is often perceived as a great opportunity and privilege especially to university students (Dyer Jr & Handler, 1994). Although, some next-generation prefer to stay out of family business and its dynamics due to conflicts, inequality, and career choice, it is a chance to foster business development and financial sustainability. From this data, 61.05% of offspring means the next-generation, 23.16% of cousins, and 12.63% of people from in-laws. It is evident that offspring are more involved with the family business to help the survival and growth of the family business. Lam, (2009) also noted that children are influencing factors of succession in family business which might be the reason for this result.

In addition, children of founders are likely to manage the business in future, due to blood-ties, early participation in the business and financial stability. However, the other relatives (uncles, cousins, and aunts) responded below 15% which implies that they are less likely to take over the business (Lam, 2009). Also, another reason is noted by another source that succession decisions usually start with children of the family, except in a situation where the children are not interested or dead. In-laws on the other hand, are given same opportunity as the rest of the family members but with some exception. Some family exclude non-family members from the business and in succession decisions (Santiago, 2011).

5.2.8 Conclusion of the demographic analysis

This part concludes the demographic of respondents. The consequence of the demographic traits of the respondents meets the initially designed anticipations for most regions. The education class demographic and the numeral depicting ethnicity fitted the initial anticipations. The gender inequality in stints of the conclusive responses was likewise not predicted. However, there are some expectations from the results obtained that was not planned initially. The data from sample size was below expectation as the research budgeted 200 but only got 103 responses. The unengaged responses were not anticipated, given that the questionnaire was well structured.

5.3 Discussion of key findings

The previous section was structured according to demographic profile of respondents and findings were discussed. This section discusses the scales used and presents the key findings of the main factors influencing the next-generation succession decisions. Starting with reliability of scales, followed by main factors as per hypothesis: parental supports, self-efficacy, and level of commitment to the firm.

5.3.1 Discussion of scales

The reliability test conducted in this study used the Cronbach's alpha co-efficient and input from Van der Merwe (2009), Garcia et al., (2019), Peteros et al., (1996), Robinson, (1996), and Bar-Haim (2019). These questionnaires were adopted and widely tested by Robinson, (1996).

The scales were evaluated starting with the entire evaluation of data items, followed by the key factors to the study. It is suggested that acceptable reliable data using Cronbach’s alpha method is a score of 0.7 and above. Any score lower than acceptable reliable data implies that the data is unreliable and should not be used, given that it will not be relevant to the findings of this research.

The key factors were parental support, self-efficacy, level of commitment to the firm and succession decisions were all tested to determine their reliability. The result presented in table 4.12, show that parental support factors, which had three data items, had a total score of 0.931, therefore passing the reliability test. Self-efficacy had a score of 0.958 with 5 data items evaluated. Level of commitment to the firm attained a reliability score of 0.875 and succession decisions scored 0.920.

Every factor has a positive relationship with each other, below are key findings from the results:

- Parental support helps the people to be more attached to the business, therefore, it develops successive decisions in the business. Due to this connection, the analysis has shown positive influence as parental support is not the only significant component that controls business success (Elmo *et al.* 2020).

- Besides, self-efficacy holds a high responsibility to make a person more dedicated and determine decisions that can enhance the family business capacity and stability. These have been reflected in the positive results with successive decisions and parental support. The self-efficacy of a person makes faith among parents, and they support the person based on the attitudes the person holds toward business (Kierasawat, 2020).

- The level of commitment towards business relates with succession decisions, parental support, and self-efficacy. In this case, due to the commitment to the businessperson works on improving individual capability and strength as well as enhancement of self-efficacy.

5.4 Discussion pertaining to Parental Support

Parental supports focus on the encouragement by founders of family business to their children about joining the business. The section evaluated the perspectives of the next-generation in relation to succession decisions for family business in South Africa.

5.4.1 Parental Support

Sub Question 1:	Hypothesis 1(H1)
To what extent does parental support influence the succession decisions of family business among the next-generation in South Africa?	Parental support has a positive influence on succession decisions among the next-generation.

The first hypothesis predicted that parental support has a positive influence on succession decision among the next-generation (Bjuggren & Sund, 2001; Bozer et al., 2017). The relationship was supported by model summary. The results shows that parental support holds accountability for business success in South Africa. It states that parental support is required to be efficient in the engaging process of the family business. The research has evaluated the connection between parental support and achieving success in the family business which can be analysed with adequate comparison to the literary sources.

Research has shown that parental support can positively influence the succession process in family businesses, as it can increase the level of commitment and dedication among the next-generation (Chan et al., 2020; Hackett & Byars, 1996). This can help to ensure that the business remains in the family and continues to grow and thrive. However, it is important to note that parental support is not the only factor that influences succession decisions in family businesses in South Africa. Other factors, such as the skills and experience of the next-generation, their interest in the business, and the overall business environment, also play a role. Therefore, while parental support can be a significant influence on succession decisions, it should be considered alongside other relevant factors when making decisions about the future of the family business.

Family enterprises need parental support. Parents assist people and make business-changing decisions in family enterprises. Parental assistance includes financial, emotional, and guidance. Business parents must manage parenting and leadership. Family enterprises struggle with decision-making. Parents should prioritise the business's long-term success over short-term gains. If the family firm makes items, the parents must decide whether to extend the product line or focus on one. The business's long-term goals, brand image, financial stability, and customer satisfaction should lead this selection (Van Praag, 2023). Parental support helps business owners develop skills and information to make educated decisions. Parents can instil discipline, hard work, and dedication in the individual person early on.

Parental support refers to the assistance and guidance provided by parents to their children who are involved in running or managing the family business (Schröder et al., 2011). In the context of family businesses in South Africa, parental support can take many forms, such as financial support, mentorship, training and development, and opportunities for hands-on experience in the business. Financial support can be crucial in the early stages of the business, as it can help to provide the necessary capital for the business to grow and expand. This support can come in the form of loans, gifts, or investments in the business. Additionally, parents may provide financial support to their children to help them pursue higher education or specialized training in a field related to the family business. Mentorship is also an important aspect of parental support, as it allows parents to pass on their knowledge and experience to their children (Craig et al., 2015). Through mentorship, parents can provide guidance on key business decisions, teach their children important skills, and share their values and vision for the family business. Training and development opportunities can also help the next-generation of family business owners to gain the skills and experience they need to be successful. This can include attending seminars or workshops, participating in on-the-job training, or pursuing advanced degrees or certifications.

Finally, providing opportunities for hands-on experience in the family business can help to prepare the next-generation for leadership roles (Whatley, 2011). This can involve allowing them to take on key responsibilities within the business, giving them a chance to work alongside experienced staff, or providing them with opportunities to lead small projects or initiatives. Overall, parental support can be a critical component of family businesses in South Africa, as it can provide the next-generation with the resources, guidance, and experience they need to successfully lead and grow the family business (Van Pragg, 2023). Parental support helps business owners develop skills and information to make educated decisions. Parents can instil discipline, hard work, and dedication in the individual person early on.

5.5 Discussion pertaining to Self-efficacy of next-generation

Self-efficacy refer to person/individual belief in one's abilities and capabilities to perform or execute behaviour required to attain specific performance or position (McCormick, 2001), in this case focus on the capabilities of the next-generation to manage the business in future. It evaluated the perspectives among the next-generation regarding succession decisions for family business in South Africa.

5.5.1 Self-efficacy of next-generation

Sub Question 2:	Hypothesis 2 (H2):
What is the influence of the self-efficacy of the next-generation on succession decisions of a family business in South Africa?	The self-efficacy of the next-generation positively influences the succession decisions of a family business

The empirical findings of this study suggest that self-efficacy is not an influencing factor in determining successive decisions in the family business for the next-generation. Succession requires many skills and potentials from successors which includes an individual belief in one's capabilities and trust, however, the findings for this study did not support this claim. The self-efficacy of the next-generation on succession decisions of a family business in South Africa, is not an influencing factor but relevant in individual ability to manage, lead or perform specific tasks (Schyns & Sczesny, 2010). In the context of family businesses, self-efficacy can play a role in determining the confidence of the next-generation in their ability to take on leadership roles in the family business.

Self-efficacy and subsequent decisions in a family business are interrelated ideas that are vital to the firm's long-term success. Self-efficacy refers to a person's confidence in their capacity to accomplish a certain task successfully. Self-efficacy is a crucial factor in the decision-making process within the setting of family enterprises (Dewi *et al.* 2021). It incorporates family members' confidence in their ability to fulfil business objectives and contribute to the growth of the enterprise. The setting of a family business is distinctive, and the decision-making process is typically distinct from that of non-family enterprises (Astrachan *et al.* 2021). Frequently, family dynamics, emotions, and relationships influence decisions, making agreement difficult to attain. For family companies to be successful, they must establish a culture of trust, respect, and open communication (Ferrari, 2021). These elements are vital for fostering self-efficacy and improving the decision-making process. Though it is essential in forming a person the other qualities in them are much required that can derive success in the decision-making process which determines the business success majorly.

5.6 Discussion pertaining to commitment level to the firm

Commitment level to the firm focus on the willingness of family members towards joining the family business. It evaluated the involvement of the next-generation and their perspectives of succession decision in family business.

5.6.1 Commitment level to the firm

Sub Question 3:	Hypothesis 3 (H3):
What influence does the level of commitment of the next-generation have on the succession decisions of a family business in South Africa?	The commitment level of the next-generation positively influences the succession decisions of a family business.

The findings resulted that it is essential in determining business success in the family business development process. The availability of the sense of being committed fosters the sense of being engaged and dedicated to the business (Meyer et al., 1989). The factors and their essentiality have been evaluated through literary support and discussions. The level of commitment of the next-generation can have a significant impact on the succession decisions of a family business in South Africa. In general, family businesses face unique challenges when it comes to succession planning, as they need to balance the interests of the business with those of the family members involved (Phikiso & Tengeh, 2017).

In the case of South Africa, where majority of the businesses are family-owned, it is particularly important to have a clear succession plan in place to ensure the long-term viability of the business. The level of commitment of the next-generation can play a crucial role in determining the success of this plan. Commitment level and consecutive family business decisions are intricately interwoven (Phikiso & Tengeh, 2017). The level of dedication that family members have to the business ultimately determines the decisions made and the business's success. Long-term decision-making is more likely to be successful when the level of commitment is strong.

Family businesses are distinctive in that they are frequently managed by emotionally committed family members. Also, family members share a common tie, which can be advantageous for decision-making. Yet, if family members lack a strong dedication to the firm, it can lead to poor decision-making and stagnation (Vleggaar & Smit, 2021). To ensure the success of subsequent business decisions made by a family, family members must demonstrate a high level of devotion. This can be accomplished by clarifying each family member's role in the business and the associated expectations (Srbova & Reznakova, 2021). When family members are aware of their roles and understand what is expected of them, they are more likely to be committed.

5.7 Conclusion

The discussion has been accomplished based on the statistical analyses which have been done in chapter 4. It has been noted that parental support is the foundation of being merged in a family business as it holds accountability for the major components of the business requirements. The commitment towards accomplishing business is the most crucial step that forces people to be efficient and ready as well as make them highly potential to make the business thriving and prosperous.

6 CHAPTER 6: CONCLUSION, IMPLICATIONS AND RECOMMENDATIONS

6.1 Introduction

This chapter is the final part of the study, and details the conclusion, implication, and recommendation of the study. The summary discusses the main outcomes and conclusion obtained from the empirical assessment. Then the limitation of the study presented as well as areas of focus and suggestions for future research.

6.2 Conclusion of the study

This study investigated the extent of parental support influence of the next-generation on the succession decisions for family-owned business, the influence of self-efficacy of the next-generation succession decisions and the extent of commitment level influence of the next-generation on succession decisions for family business in South Africa. The study used stewardship and agency theory in developing the research framework, indicating the relationship between parental support, self-efficacy and commitment level to the firm and succession decisions.

Given that, the issues with most family business is survival rate and mainly due to succession decisions, planning and structures (Garcia et al., 2019). If a founder fails to mentor or provide proper guidance to the next-generation by way of taking over the business, it usually results to the close or discontinuation of the business. This usually happens after the demise of the founder, due to lack of adequate succession decisions, as to who can manage the business when he/she dies. Traditionally, founders tends to establish a business while they in control and hopes to pass it down to their children when they are old or their demise, and for their children to take over the business and continue. While this is normal and considered a norm, sometimes most next-generation prefer to pursue their career or seek independence away from family business. However, most family business are recognising the importance of the next-generation inclusion in relation to succession decision, and the next-generation are progressively attaining significant progress and commitment in managing family business across the globe and in South Africa (Garcia et al., 2019).

There are essential gaps in the family business succession decisions literature. It is noted from the research findings, that the three influencing factors affecting the next-generation succession decisions are: parental support, self-efficacy and commitment level to the firm (Garcia et al., 2019), which have been addressed in the research study. Data from 95 respondents was analysed and the results obtained. The findings were then illustrated and presented in different forms such as tables, graps, figures and charts.

The findings indicates that respondents with the highest response from the sample indicate that parental support play a crucial role and have a positive influence on the next-generation succession decisions. Self-efficacy from the findings indicate that even though a leader with strong self-efficacy is considered a good leader as he/she exihibits confidence that can influence people to work with him and do business (Schyns & Sczesny, 2010), self-efficacy does not have a positive influence on next-generation succession decisions. Also, the value of commitment as an indicator of self discipline for the future generation in managing the business was demostrated in the research answers. It was equally clear from the findings that management skills and its choice is largely depend on the parental support as it is the foundation that holds the future, sustainance and continuity of most family business that leads to smooth succession decisions.

The commitment level to the firm also play a vital role in decision-making. Early exposure to the business for the next-generation is crucial, as this process help to shape them and advantage of clear perspectives regarding the family business and its structures. The impact of early exposure have a significance influence on the business, given that the knowledge gives the next-generation an advantage over their counterpart (Tarling et al., 2016). Those who display competence later on, take over the family business and position it on a conducive environment which offer smooth succession decisions going forward as oppose to others who do not have early exposure (Tarling et al., 2016; Wang & Wang, 2017).

Furthermore, it is imperative for government to put some measures that will ensure the continuance of most family business, such as succession decisions policy, conducive environment, tax reduction for family business who are to introduce early exposure of family members. It is true that family businesses are not funded by government rather by individuals and imposing some policies might be challenging, however, tax reduction with regards to early exposure of family members to the business can promotes the continuance of the business, because if the business is sustained, employment, skills and economic will be achieved (Tokarczyk et al., 2007).

6.3 Implication of the study

This study contributes to body knowledge (entrepreneurship literature) and to some stakeholders such as family business founders, and policymakers; are likely to benefit from this.

6.3.1 Implication for entrepreneurship literature

As discussed in chapter 1, the limited research on factors influencing the next-generation in relation to succession decisions for family business have not improved (Ferrari, 2022), given that this study is among the few investigations done on factors influencing the next-generation succession decisions for family business in South Africa. Thus, the need for a new addition to literature. These factors are considered as antecedent of succession decisions (Ferrari, 2022), and owing to the key role of succession in the survival, long-term of family business, and its contribution to economic growth requires an urgent attention. The contribution will also assist in recognizing and developing new insight in the next-generation perspectives regarding succession decisions as it will help in the preparedness and how to cope with challenges surrounding succession and transitioning issues.

Furthermore, it also adds to the family business literature as it provides new insight on how several factors can influence the next-generation’s succession decisions for family business in South Africa.

6.3.2 Implication for family business founders

Family business founders are an important stakeholder of entrepreneurship (Zahra, 2005), as they establish various business that foster entrepreneurial activities such as job creation, skill development and economic growth. Developing a formidable structure that will enhance the future of the business is essential as often family businesses rely on family hierarchy instead of organisational structure (Byrne et al., 2019)

This study recommend that it is very important to develop strategic process for succession decisions as it will enable the next-generation's willingness and involvement in the business before and after succession (Craig et al., 2013). Adequate structure should be instituted to ensure that merits, capabilities, commitment to the firm are recognised (Bar-Haim, 2019). There should clear procedure of how succession is carried out which need to be understood by all family members regardless of their interest or career choice. Also, this study assists in developing better understanding of how to influence the next-generation in joining the family business from early stage. The awareness of different aspects under which the parent/founders can influence the choice of the next-generation whether positive or negative, will ensure that they manage these aspects accordingly (Yang et al., 2013). Garcia et al., (2018) noted that it is essential to gain proper understanding of the factors that influence the involvement of the next-generation in family business, because the willingness of the next-generation to engage in the family business can result to long-term success for the business (Yang et al., 2013).

Furthermore, founders should ensure to communicate with their children as most family members are usually not aware of how the business operates, what contribution it makes in the society and economic impacts. The communication will foster interest, career choice and commitment to the business (Schröder et al., 2011).

6.3.3 Implication for the policy makers

Family business in South Africa contributes 50% to economic growth (Visser et al., 2014). This contributes to the continuous economic growth, jobs and skill development, especially when the next-generation takes over the business from founders as continuity is eminent (Stavrou, 1998). Family business succession is noted with challenges and conflicts that often result to discontinuity of the business (Visser et al., 2014). However, some family businesses have recognised these problems and some progresses have being made in implementing succession planning process, and strategies (Chan et al., 2020). In addition, as many family businesses do not last enough to become family-owned due to poor transitioning that relates to succession decisions, official guideline and procedures is needed to ensure smooth transition.

This study recommends a proper guideline to promote unbiased succession among the next-generation. This guideline should also assist in encouraging future generation towards joining the business as their involvement tends to foster entrepreneurial activities such as skill development, job creation, innovation, and economic growth. Recognizing that entrepreneurial activities is essential in any economy, policy makers should support these activities by providing conducive environment to family business to strive (Heck et al., 2006), because a conducive environment fosters sustainability and willingness from entrepreneurs.

Furthermore, a strategy and program should be instituted to support family business founders (entrepreneurs) and ensure sustainability. The strategy should include tax reduction, stipends and early interaction that could encourage the involvement of the next-generation in the business.

6.4 Research Recommendation

This study takes as a backdrop South Africa, mainly the three provinces of Gauteng, Western Cape and KwaZulu-Natal and their main cities Johannesburg, Cape Town, and Durban, of which approximately 60% of the listed companies are in The Johannesburg Stock Exchange (JSE) represents family businesses (Urban & Nonkwelo, 2020). The contribution of family businesses to the South African economy, and the development of family businesses in South Africa is huge and should be constantly highlighted as it is an important aspect of economic development in South Africa, an economy representing 90% of global businesses is becoming a major player and a powerful force in developed and developing economies. The contribution of family businesses to the economy and the number of family businesses are expected to increase, but the rapid growth of family businesses is due to stagnation and the inability of many large organizations to create jobs. Family businesses can tackle these issues and ensure their continued contribution to South Africa's economic growth (Boberg, et al., 2022). The central role family businesses play in the South African economy must be given due consideration and their survival is vital.

Family business founders and policy makers are recommended

- To adopt a long-term strategy, that will encourage continuity and increase the survival rate of family businesses in South Africa (Visser et al., 2014).
- To integrate early interaction and involvement of family members that will encourage willingness and skills development.

In addition, considering that succession planning is a key element in ensuring the sustainability of a family business. Although a large proportion of respondents in the qualitative study consistently answered yes to questions about the importance of good succession planning, the majority did not know the extent to which succession planning determines longevity of a family business (Tetteh, et al., 2022) It is clear from their responses that continuing the family legacy is the most important consideration for business owners and managers. They also indicated that they felt it was best for a family member to take over the business because he or she was fully conversant with the company's preferred practices and procedures. Some said they believe the lack of a formally appointed successor could lead to unnecessary conflict and mismanagement of the business, which in turn could lead to the company's eventual failure.

The shared vision of the family business strongly predicts the leadership effectiveness of the next-generation of family leaders and influences the extent to which they are actively involved in family business. The results also suggest that the family climate of business ownership can significantly influence the formation of a shared vision for a family business and, therefore, the formation of the next-generation of leaders (Rajan, Salunkhe, & Kumar, (2023). There is therefore a significant correlation between the three factors most closely linked to the longevity of multigenerational family businesses. What this means for family business owners is that:

- if their goal is to take over the business from a generation of family business owners, it would be wise to spend as much time as possible cultivating a positive family, as well developed as a successful business.
- Making sound business judgements is one of the most crucial aspects of any organization's success and succession decision leads to smooth transitioning in family-owned businesses (Santiago, 2000).
- Family business parents should ensure regular interactions with their children from early stage as such interactions can be beneficiary in developing their children mindset towards managing the family business in future (Yang et al., 2013). The interaction should include discussion on the family business success, failures, impact to society, contribution to economic growth and career opportunity for the interested children. This will provide better understanding of how the family business operates, how the parents control and manages the business, the key role played by their parents and what is expected of them.

6.5 Limitation of the study

The study focused on selected university students, who are family members of family-owned business in South Africa. It centers on family business succession decisions which play an important role in the continuity of family business. The study was conducted during the last semester of academic year excluding new intake/students who might belong in the bracket of next-generation. The study is limited to three public universities namely: University of Johannesburg, University of Cape Town, and University of KwaZulu-Natal, which resulted in the small sample size.

Some respondents did not commit to reading the question thoroughly before completing the question, as the study recorded some unengaged responses and this can be attributed to lack of interest in the research, research instrument or due to lack of time on their part. This had a possibility of affecting the research given that a substantial population is essential to achieve consistency to gain better perspectives regarding factors influencing the next generations' succession decision for family-owned business in South Africa (SA), to make a good conclusion of the findings that will be valuable to the study. In addition, demograghics question regarding age did not state the actual status which might have affected some respondents in the age bracket of 51 and above.

6.5.1 Future scope of the study

In many African cultures, there is a strong emphasis on the importance of taking care of future generations and passing on cultural values and traditions. This includes providing support for one's children and ensuring that they have the resources they need to succeed in life. In South Africa specifically, the concept of Ubuntu is often cited as an important cultural value that emphasizes the interconnectedness and interdependence of all people. This includes a responsibility to care for future generations and to work towards creating a better future for all (Omodan, 2022). Overall, the idea of a moral obligation towards future generations is deeply ingrained in many African cultures and is seen as an important part of being a responsible member of society.

6.6 Future research suggestion

It covered relevant approaches and could also provide broader studies covered that is suggested below:

- Future studies should gather data from registered and non-registered university students, belonging to family-owned business in South Africa, which will provide an opportunity for a larger sample size and respondents. Also, emphasis should be placed on the demographic question with age, using actual status instead of choices.
- Future studies could target all universities in the nine provinces both urban and rural and incorporate more respondents from all areas regarding factors influencing the next-generation succession decisions for family business in South Africa.

- A study that focuses on parental interaction process from early age and among family members, i.e., parents involving their children in the business, regular communication, meetings regarding the business, its sustainability and succession decisions (Bar-Haim, 2019).
- Future studies could explore how gender equality influences succession decisions and how the result could affect the next-generation (Kubíček & Machek, 2019).
- A comprehensive study of the next-generation succession decisions in South Africa compared to other countries in the continents and beyond.
- Further research aimed at the inactive next-generation who choose a different career path and how their choice have effect on the next-generation succession decision.
- Other studies could examine other next-generation group (in-laws, spouses, and relatives) who are involved in the running of the business and how the involvement affects their entrepreneurial perspectives.
- The sample of 97 respondents is acceptable according to entrepreneurship literature, even though other scholars recommend larger sample size for excellent result. Future studies could attain a larger sample of 200 or more (Galawe, 2017).
- Further studies could address how survival rate of the business influences the next-generation willingness to join the family business and how the results affect succession decisions.
- This study could be conducted further by using qualitative method to interview participants to gain new insight on the factors influencing the next-generation succession decisions.
- A comprehensive same study using mixed methods to gain both quantitative and qualitative insight will be beneficial.
- The same study could be conducted from the beginning of academic year, to include all university students, both new and returning students to gain more inputs from respondents.

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8 APPENDIX A – RESEARCH INSTRUMENT

Adapted from Bar-Haim, A. (2019); Van der Merwe, S. P. (2009), Garcia et al., (2019) and Peteros et al.; Robinson, (1996); and is modified accordingly to be consistent with the literature review.

Factors influencing the next-generation's succession decisions for family businesses in South Africa

Range	**Scale**
Strongly Disagree	1
Disagree	2
Neither Agree/Disagree	3
Agree	4
Strongly Agree	5

Demographic Data

The essence of the following questions is only for statistical purposes. They are merely used to analyze data for the survey, and the answers provided cannot be traced to any participants.

Select the type of business your family is involved in.

- Oil and Gas
- Mining
- Agriculture
- Hospitality
- Entertainment
- Retail
- Education
- Manufacturing

Select the size of business that describes your choice.

- Micro and very small
- Small
- Medium
- Large

Select the age of a business that describes your choice.

- 0-2 years
- 2-4 years
- 4-6 years
- 6-8 years
- Older than 8 years

Select the province in which your family business operates.

- Gauteng
- Western Cape
- KwaZulu-Natal

Select the generation group that best describes you.

- In-laws (next-generation)
- Offspring (next-generation)
- Other (uncles, aunts, cousins)

Select the employment status that best describes you in the family business.

- Active (employed by the business)
- Inactive (not employed by the business)

Select the level of education that best describes you.

- Undergraduate
- Postgraduate
- PhD
- Other

Select the age range that describes your age.

- 18-24
- 25-30
- 31-36
- 37-41
- 42-46
- 47-51
- Other than 51

Select the race group that describes you.

- White
- Black
- Coloured
- Indian
- Neither

Select your gender.

- Male
- Female
- Non-binary/third gender
- Prefer not to say.

Succession decisions	**1**	**2**	**3**	**4**	**5**
All family members are familiar with the future vision of the family in the business.					
The active family member knows what active family members' decisions with the successors are.					
All family member knows what succession decisions are planned for the business.					
The younger generation of family members is committed to the continuation of the business in the future.					
The younger generation of family members has a strong desire to					

take over the family business in the future.					
The younger generations of family members are willing to make significant decisions to make family business a success.					
Parental support	**1**	**2**	**3**	**4**	**5**
When I started school, they chose the profession for me.					
My parents always choose what I'll do in school					
As I was growing up, my parents dictate what I'll be going to do.					
Self-efficacy	**1**	**2**	**3**	**4**	**5**
If I worked at it, I could learn just about any skill					
Once I've decided to accomplish something, I keep trying, even if it is harder than I thought.					
I can always get better, even if I am really good at something.					
I'm willing to work on something challenging, even if I know it will take a lot of effort and I may not succeed at first.					
When I received feedback that I didn't do well or something, I try even harder to learn it.					
Level of commitment to the firm	**1**	**2**	**3**	**4**	**5**
I would be very happy to spend the rest of my career in the family business.					
I really feel as if these family business problems are my own.					
I do feel emotionally attached to the firm					
I do feel a strong sense of belonging to this firm.					
This firm has a great deal of personal meaning for me.					

Thank you for completing this survey.

9 APPENDIX B – COVER LETTER

Dear sir/madam,

I am a student completing my degree of Master of Management in Entrepreneurship and New Venture Creation (MMENVC) at the University of Witwatersrand Business School (Wits Business School) Johannesburg. The topic of my master's research is:

Factors influencing the next-generation's succession decisions for family businesses in South Africa

The aim of my research is to investigate factors influencing the next-generation's succession decisions for family-owned businesses in South Africa. As the next-generation of family-owned businesses in South Africa, studying at any of the listed universities (The University of Johannesburg, the University of KwaZulu Natal, and the University of Cape Town) in South Africa, you are invited to participate in the research by completing the accompanying questionnaire. Your participation in this study is completely voluntary and you can end at any given time, without any prejudice or a given reason. There are no foreseeable risks associated with your participation. The research was approved unconditionally by the Wits Business School research panel. Should you have queries related to this research, please feel free to contact my supervisor: **Dr. Jabulile Msimango-Galawe** by email: jabulile.msimango-galawe@wits.ac.za

You may directly request copies of the result of the research study to me: 2563761@students.wits.ac.za. Thank you for your support. **Oluchi Jane Maduka**

10APPENDIX C – INFORMATION SHEET AND CONSENT FORM

Factors influencing the next generations' succession decisions for family businesses in South Africa.

Who I am

I am Oluchi Jane Maduka (Student Number: 2563761). A student completing my Master of Management in Entrepreneurship and New Venture Creation at Wits Business School.

What I am doing

My research aims to investigate the factors influencing next-generation succession decisions for family-owned businesses in South Africa.

Your participation

As a next-generation of a family-owned business in South Africa, you are invited to participate in the research by completing a 5-10 minute online accompanying questionnaire.

Your participation is voluntary and completely anonymous. Records of your participation may be reviewed by academic supervisors (All of whom are obligated to keep your identity confidential). There are no foreseeable risks associated with your participation, however, if you feel uncomfortable answering any questions, you can withdraw from the survey at any given point. All study records will be destroyed after the completion and marking of my research assignment.

Benefits

There are no immediate benefits, payments, or incentives for your participation in this study. However, this study will be extremely helpful to us in determining factors influencing the next-generation's succession decisions for family-owned businesses in South Africa.

Important Contacts

This research has been approved by the Wits Business School. The research is for academic purposes only and the results from the study will be reported only in my dissertation and journal articles. The questionnaires from this research will be kept for 5 years for further research after which they will be destroyed.

If you have any complaints about the ethical aspects of the research or feel that you have been harmed in any way by participating in this study, please contact the Research Office Manager at the Wits Business School, Meisie Moya. meisie.moya@wits.ac.za

If you have concerns or questions about the research, you may call my academic research supervisor Dr. Jabulile Msimango-Galawe by Email: jabulile.msimango-galawe@wits.ac.za

CONSENT

I hereby agree to participate in research on the analysis of factors influencing the next-generation's succession decisions for Family Businesses in South Africa. I understand that I am participating of my own free will. I also understand that I can stop participating at any point should I not want to continue, and that this decision will not affect me negatively.

I understand that this is a research project whose purpose is not necessarily to benefit me personally, in the immediate or short term, but a contribution to entrepreneurial literature.

I understand that my participation will remain confidential.

……………………………..   ……………………………..

Signature of participant   **Date**

1 APPENDIX D – CONSISTENCY MATRIX

Objective	Literature review	Research questions	Hypotheses	Variables	Source of data	Type of data	Analysis
To investigate the influence of parental support on the next-generation for the succession decision of the family business.	Chan et al. (2020).	To what extent does parental support influence the succession decisions of family businesses among the next-generation?	H1: Parental support has a positive influence on succession decisions among the next-generation.	IV = Parental support DV = succession decisions	Q12 (1-5), Q11 (1-7)	Ordinal (5-point Likert scale)	Multiple Regression Analysis
To evaluate the influence of the self-efficacy of the next-generation on succession decisions.	Wood and Bandura (1989); Higginson (2010).	What is the influence of the self-efficacy of the third generation on succession decisions of a family	H2: The self-efficacy of the next-generation positively influences the succession decisions of a family	IV = Self-efficacy DV = succession decisions	Q13 (1-5), Q11 (1-7)	Ordinal (5-point Likert scale)	Multiple Regression Analysis

		business?	business.				
To determine the influence of the commitment level of the next-generation on succession decisions.	Garcia et al. (2018).	What influence does the level of commitment of the next-generation has on the succession decisions?	H3: The commitment level of the next-generation positively influences the succession decisions of a family business.	IV = Commitment level DV= succession decisions	Q14 (1-5), Q11 (1-7)	Ordinal (5-point Likert scale)	Multiple Regression Analysis

11APPENDIX E - DEMOGRAPHIC TABLES AND CHARTS

Education level of respondents

qualification

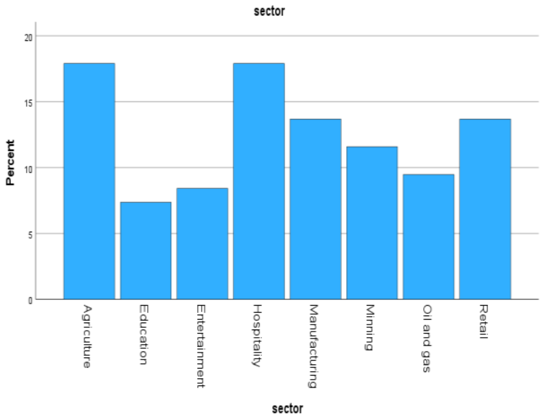
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Other	14	14.7	14.7	14.7
	PHD	17	17.9	17.9	32.6
	Postgraduate	40	42.1	42.1	74.7
	Undergraduate	24	25.3	25.3	100.0
	Total	95	100.0	100.0	

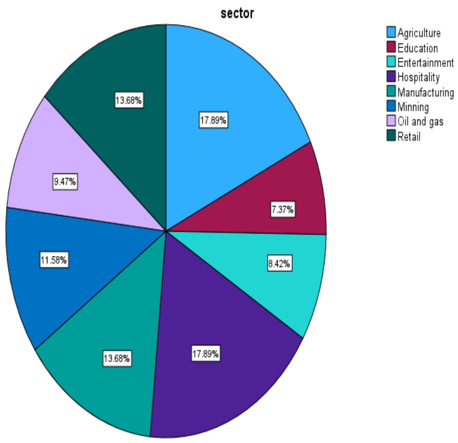
Different sectors that family business operates

sector

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Agriculture	17	17.9	17.9	17.9
	Education	7	7.4	7.4	25.3
	Entertainment	8	8.4	8.4	33.7
	Hospitality	17	17.9	17.9	51.6
	Manufacturing	13	13.7	13.7	65.3
	Minning	11	11.6	11.6	76.8
	Oil and gas	9	9.5	9.5	86.3
	Retail	13	13.7	13.7	100.0
	Total	95	100.0	100.0	

Different sectors display in charts (Bar & Pie)



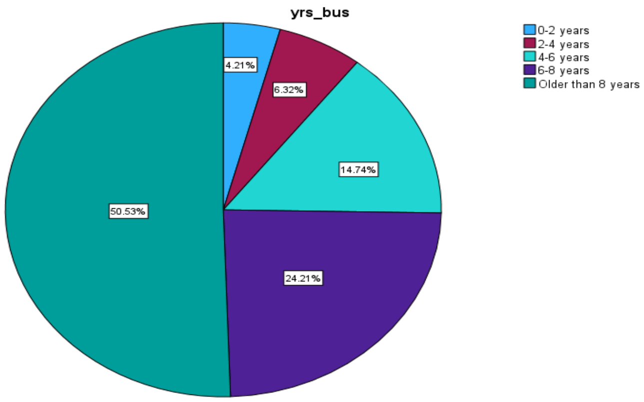


The number of years that family business have being operating in the selected provinces.

yrs_bus

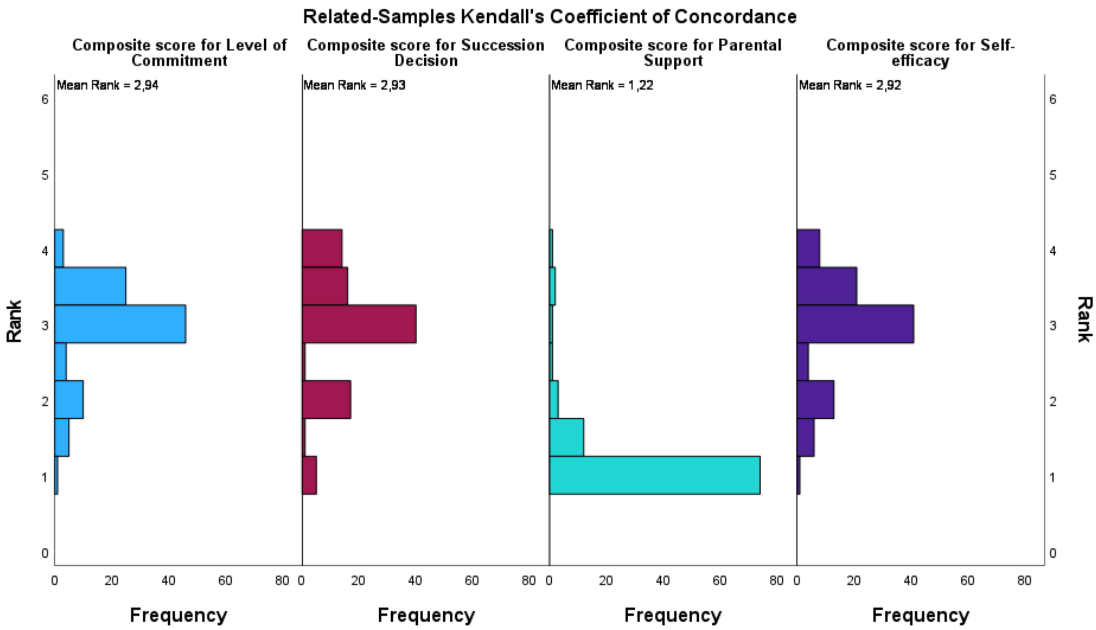
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	0-2 years	4	4.2	4.2	4.2
	2-4 years	6	6.3	6.3	10.5
	4-6 years	14	14.7	14.7	25.3
	6-8 years	23	24.2	24.2	49.5
	Older than 8 years	48	50.5	50.5	100.0
	Total	95	100.0	100.0	

The number of years display in a pie chart



12 APPENDIX F - REGRESSION

Related- Samples Kendall’s Coefficient of Concordance



13APPENDIX G - ETHICS CLEARANCE CERTIFICATE

Graduate School of Business Administration
University of the Witwatersrand, Johannesburg

Wits Business School

Wits Business School Ethics Committee
Constituted under the University Human Research Ethics Committee (Non-Medical)

Ethics Clearance Certificate

Ethics protocol number: WBS/EN2563761/286
This certificate is only valid with a legitimate ethics protocol number and signed by the Researcher (below).

Project title	Factors influencing the next generation's succession decisions for family businesses in South Africa
Investigator / Researcher	Mrs Oluchi Maduka
Nature of Project	MM in Entrepr & New Venture Creation
Decision of the Committee	Approved, provided stakeholders and participants are guaranteed confidentialty.
Issue Date of Certificate	2022-10-20
Expiry date	Date of submission of the project / research report
Chairperson	Prof Anthony Stacey +27 11 717 3587 +27 82 880 4531 anthony.stacey@wits.ac.za

Declaration by Researcher

One copy must be signed by the Researcher and returned to the Chairperson of the Wits Business School Ethics Committee.

I fully understand the conditions under which I am authorized to carry out the abovementioned research and I guarantee to ensure compliance with these conditions. Should any departure to be contemplated from the research procedure as approved I undertake to resubmit the protocol to the Committee.

Signature

23 - 10 - 2022
Date: