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Succession planning and performance of family businesses in Rustenburg and Soweto, South Africa

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A research report submitted to the Faculty of Commerce, Law and Management, University of the Witwatersrand, in partial fulfilment of the requirements for the degree of Master of Management in Entrepreneurship and New Venture Creation

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ABSTRACT

This study explored succession planning challenges faced by family businesses in Rustenburg and Soweto, South Africa, and examined their impact on business performance. The motivation for this study stemmed from the recognition of the crucial role of succession planning in ensuring the long-term sustainability and competitiveness of family businesses. The purpose of the study was to identify the current succession planning procedures in place, understand the challenges encountered, examine their implications on business performance, and explore the effectiveness of government initiatives in supporting family businesses. The study utilised interviews as the primary method of data collection, targeting a sample of 10 family business owners from Soweto and Rustenburg. Thematic analysis was employed to analyse the collected data, uncovering key themes and patterns related to succession planning challenges and their impact on business performance.

The findings of the study indicated that family businesses faced several challenges in creating effective succession plans, including a lack of awareness and knowledge about succession planning, family conflicts, and financial constraints. These challenges directly impacted the operational efficiency and competitiveness of family businesses, resulting in financial strain, operational disruptions, and limited innovation. Moreover, the study revealed mixed perceptions regarding the effectiveness of government initiatives, highlighting the need for further exploration to assess their influence on family business development and expansion.

The practical contribution of this study lies in providing insights and recommendations for family businesses in Rustenburg and Soweto to enhance their succession planning efforts. Recommendations included fostering awareness and knowledge about succession planning, managing family dynamics and conflicts, addressing financial constraints through resource

support, and leveraging government initiatives. By addressing these challenges, family businesses could improve their operational efficiency, competitiveness, and long-term sustainability. The theoretical contribution of this study was twofold. Firstly, it highlighted the importance of including both family and outside directors on the board of family businesses to maximise the benefits of family engagement while mitigating potential drawbacks. Secondly, it underscored the significance of cultural and contextual factors in shaping succession planning practices, emphasising the need for culturally sensitive approaches to ensure effective succession planning in diverse contexts.

Key words: Succession planning, firm performance, family business.

.

DECLARATION

I, Sandile Michaeal Nduna , declare that this research report is my own work except as indicated in the references and acknowledgements. It is submitted in partial fulfilment of the requirements for the degree of Master of Management in Entrepreneurship and New Venture Creation at the University of the Witwatersrand, Johannesburg. It has not been submitted before for any degree or examination in this or any other university.

Name: Sandile Nduna Signature: 

Signed at Soweto

On the 18 day of July 2023

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LIST OF ACRONYMS and ABBREVIATIONS

BEM	Bernelli Entrepreneurial Model
EO	Entrepreneurial Orientation
FB	Family Business
FOB	Family Owned Businesses
GDP	Gross Domestic product
GEM	Global Entrepreneurship Monitor
RBV	Resource Based View
SP	Succession Planning

CHAPTER 1. INTRODUCTION

This chapter provides an overview of the study, addressing the background and context of the research, the research problem, research objectives, significance of the study, delimitations, definition of key terms, assumptions, and the structure of the report. The study focuses on the challenges of succession planning in family businesses in Rustenburg city and Soweto ownship, examining their impact on business performance. The study aims to fill gaps in existing literature by exploring these challenges in a specific geographical context, providing insights and recommendations. The chapter sets the stage for the subsequent chapters and establishes the scope and boundaries of the study.

1.1 Purpose of the study

The purpose of this qualitative study was to explore the challenges associated with succession planning in family businesses located in Rustenburg city and Soweto township. The study aimed to explore how these challenges impact the performance of the firms.

1.2 Context of the study

Family businesses, particularly in South Africa's rural regions and townships like Rustenburg and Soweto, play a significant role in the economy, providing income and employment opportunities (Bushe, 2019). These businesses are often highly regarded and serve as a means for socioeconomic upliftment within communities, especially among the Black African population. However, the lack of entrepreneurship role models, limited resources, and societal expectations for job provision create unique challenges for family businesses in South Africa (Venter et al., 2015; Kelley et al., 2020). In addition, succession planning can be complex for these firms, given the involvement of multiple family members with

varying interests. This complexity can make it challenging to reach a fair and agreeable succession plan, which may impact both the family's well-being and the business's performance (Ramadani et al., 2017).

Successful succession planning is essential for ensuring the longevity and continued success of family businesses. The seamless transfer of leadership and ownership from one generation to the next requires careful consideration of factors such as business size, industry dynamics, family dynamics, and sibling relationships (Carlock & Ward, 2001). It is crucial for family businesses to strike a delicate balance between maintaining business performance and preserving family unity during the succession process (Botero et al., 2015).

Understanding the succession planning challenges specific to family businesses in Rustenburg city and Soweto township is crucial for ensuring their future success. These challenges include difficulties in identifying potential successors due to family involvement, limited pool of qualified candidates due to high unemployment rates, and challenges in attracting and retaining top talent due to high crime rates (Ramadani et al., 2017). Literature acknowledges that succession planning for family businesses is a complex and multifaceted process. Challenges such as nepotism, personality disorders, sibling rivalry, and intergenerational conflicts can significantly impact the effectiveness of succession planning (Venter et al., 2015). Moreover, the personal side of succession, including the involvement of daughters as potential successors, has been largely overlooked in previous research (Daspit et al., 2016; Kubíček & Machek, 2020). These challenges underscore the need for a comprehensive understanding of the succession process in order to mitigate potential negative impacts on business performance.

The challenges associated with succession planning can have profound effects on the performance of family businesses. Poorly executed succession plans can lead to internal conflicts, loss of key talent, decreased employee morale, and overall business instability. It can also hinder the ability of the next generation to effectively lead and manage the business, resulting in a decline in

performance and potential business failure (Venter et al., 2015; Heck & Stafford, 2001). Despite the challenges, effective succession planning offers benefits such as ensuring business continuity, identifying and developing talent within the organisation, and improving morale and motivation. Businesses in Rustenburg and Soweto can enhance their succession planning by identifying key personnel and roles, implementing talent development plans, and establishing effective communication strategies (Brockhaus, 2004).

While succession planning is recognised as a crucial component of family business studies, limited research has been conducted in the specific context of Rustenburg and Soweto, South Africa. This study aims to fill this gap by examining the challenges associated with succession planning for family businesses in these regions and investigating their impact on business performance. By focusing on these specific geographical locations, the study can provide insights into the unique challenges faced by family businesses in South Africa and contribute to the development of effective succession planning strategies.

1.3 Research problem

Planning for one's business future leadership is an essential task for any businesses, but doing so in Rustenburg and Soweto township can be particularly difficult. When it comes to succession planning, business owners may find themselves confronted with a variety of possible obstacles. These obstacles have the potential to have a substantial influence on how well family businesses succeed. In this study, the focus was on the numerous challenges that come with succession planning in Rustenburg and Soweto as well as the effects that these challenges have on how family businesses run.

The issues associated with succession planning could have a significant impact on how family firms operate in the future. Especially in Township, business owners confront a variety of issues when it comes to succession planning. As a

result, how family businesses fare in the face of these challenges may change dramatically. In this study, we examined the many difficulties associated with succession planning in Rustenburg city and Soweto township, as well as the implications of those difficulties for family business operations. Planning for a business's succession is a challenging process that comes with numerous challenges, particularly in township and hence this was our research problem.

In terms of the factors affecting succession planning in a family firm, the South African cities and townships have not been thoroughly studied. The areas have not been explored yet and those that have need more research are present. According to Basardien et al. (2014), who makes this argument in the literature that discusses the difficulties associated with the implementation of family business succession planning, society as a whole has a large amount of untapped entrepreneurial potential. However, for these entrepreneurs to reach their full potential, specific environmental conditions are required. Having a strong infrastructure and a succession plan in place makes an environment for entrepreneurship more effective. Morris et al. (2013) contends further that decision-makers in nations like South Africa primarily concentrate on attempting to identify and support the winners. Such circumstances do not allow family to reach their full potential.

Rogerson (1996) contends that tying formal and informal businesses together can promote the growth and expansion of informal firms. This can be accomplished through contracting out work to unregistered plants and home workers as part of the informalization process, which also involves the displacement of regular manufacturing employees, or by hiring unregistered manufacturers directly. Although legislation changes can assist to alleviate this issue, the method's drawback is that it exposes informal businesses who employ it to abuse by businesses in the formal sector.

There are connections between succession planning and a business lifespan in South Africa, but no laws exist to prevent. As a result, South Africa's informalization process is insufficiently successful to promote the expansion of

the informal economy. The impact of succession planning and these challenges on productivity and the lifespan of family businesses (Govender, 2012). The majority of family businesses are unable to overcome the challenges they encounter because they lack the values and rules necessary to preserve their growth. In order to understand why family businesses, fail or what prevents them from being passed down from generation to generation, this research largely focused on features to support and develop diversified firms that lack frameworks (Corbetta & Salvato, 2004).

Since the township context differs from the city context, research on this topic is essential. Millions of people have lived in towns for a very long time, and there is a great tradition of innovation in terms of home-based firms (Chiromo & Nani, 2019). The manner that township home-based businesses are impacted by succession planning is one of the elements that appears to be overlooked by the literature on the informal sectors. For instance, the type of relationships a township home-based business owner has with others they rely on for access to property can have an impact on them in a variety of ways depending on whether they own land or not. In addition, a firm's reputation in the community may vary based on the type of organisation, which could result in dangers that could obstruct growth (Kellett, Bishop, Triple and Coulson, 2004 as cited by Hadebe, 2010). In other words, social factors and succession planning have not been taken into full account in study on South African township home businesses social factors.

The goal of this study is to better understand the difficulties family businesses encounter when it comes to succession planning in the two large townships in South Africa which is Soweto and Rustenburg. Both Rustenburg and Soweto, which are located in the provinces of Gauteng and Northwest respectively, and are home to a sizable number of family-run enterprises. These businesses are crucial to the townships' economies, and the community's well-being depends on their sustained success. Continuity is essential to the success of family businesses since ownership is usually passed down from one generation to the

next. Nevertheless, succession planning can be difficult since there are frequently several family members who are eager to take over the firm. This can cause tension and disagreement within the family, which is bad for business.

This transformation is the result of a number of factors, such as the maturation of businesses, changes in markets and technology that make certain goods and services unnecessary, rules of the game changes brought about by suppliers and customers, and competitors quickly adopting successful strategies. Any of these shifts has the potential to catch a firm off guard, resulting in lower sales and profitability. A strategic buyer can be prepared to pay more for a firm than it is worth on its own because of industry consolidation. Elderly adults who are approaching retirement or other major life events usually decide to sell because they can't resist the premium. The usual obstacle for family enterprises is the family (Corbetta & Salvato, 2004).

Several factors, such as unresolved personal issues, a lack of trust, tense relationships within the family, or demands placed on family members in terms of business, may contribute to this. Every human relationship will inevitably involve conflict. Unfortunately, some homes' regular patterns of contact have been shaped by conflict. Working together helps families stay close and may make problems like sibling rivalry or generational competitiveness worse. Family members find it challenging to discuss ideas, manage problems, or make decisions effectively when unresolved or recurrent conflicts in the family destroy communication and trust. The conflict between family members and corporate interests is what distinguishes family enterprises (Corbetta & Salvato, 2004).

A scale on which the interests of the family and the needs of the business must be evenly balanced because of the family's deep personal participation in the enterprise across numerous generations. To achieve this equilibrium, business families must develop plans and procedures to deal with five essential factors: firm background Families are shown in Figure 1.

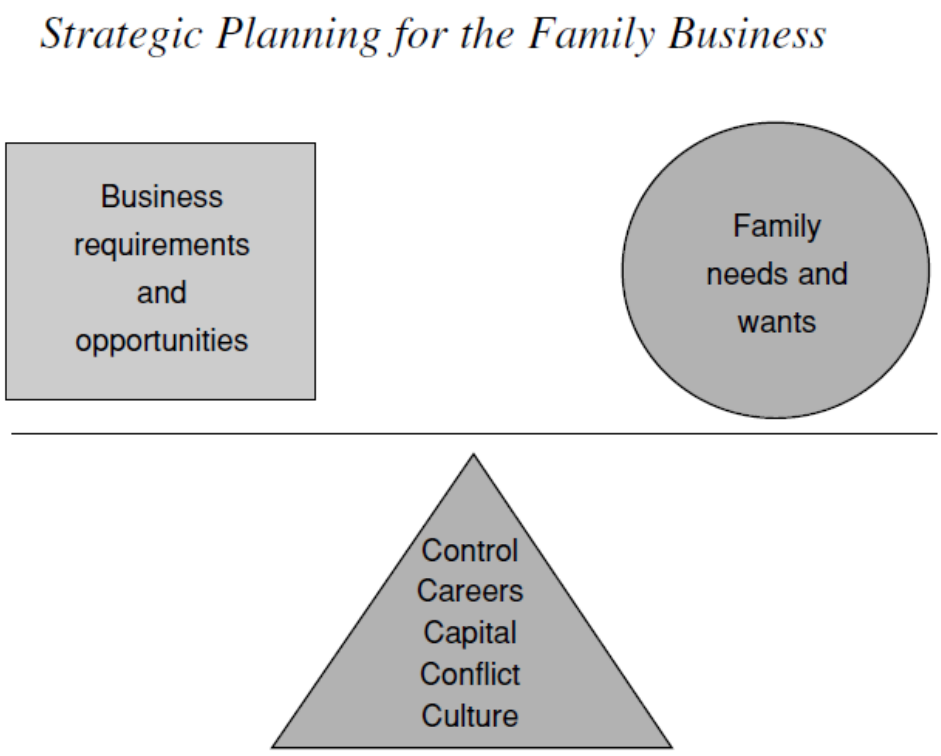


Figure 1: Strategic Planning for the family business

Source: Corbetta and Salvato (2004)

1.4 Research questions

This study sought to answer the following questions:

1. What are the current succession planning procedures in place for family businesses in Rustenburg and Soweto?
2. What are the challenges that these family businesses face in planning for succession?
3. How do these challenges affect the performance of the family businesses in Rustenburg and Soweto?
4. What initiatives does the government have for family businesses in Soweto and Rustenburg, and are these initiatives strong enough to influence their development, growth, and expansion?

1.5 Significance of the study

This study is important as it contributes to the existing body of knowledge on family firm succession planning, specifically addressing the uncertainties surrounding the continuity of family enterprises in a developing nation environment. Previous research has emphasised the importance of corporate continuity, family involvement in ownership or management, and having a vision for the future in family businesses (Lumpkin & Brigham, 2011; Lumpkin et al., 2010). However, there is a need to further understand the dynamics of family businesses as study units, considering the impact of both founders and succeeding generations on the continuity of family ownership or management.

The primary goal of this study is to demonstrate how business structures, strategies, and succession plans can effectively facilitate the growth of family businesses. Additionally, it aims to explore how family businesses can adapt and thrive over a long period, ensuring successful intergenerational transitions. By focusing on the family context and its influence on the firm, this study addresses the gap in management research that underlines the need for a deeper analysis of the family as an analytical unit within family business studies (Aldrich & Cliff, 2003; Brown et al., 2009; Nordqvist & Melin, 2010; Welter, 2011).

Furthermore, this study acknowledges the importance of considering the contextual disparities between developed and developing nations in understanding family businesses. Applying family business theories solely based on the context of developed countries may not be sufficient due to cultural and societal differences. By incorporating the family's perspective on business and addressing the context-specific issues of developing nations, this study responds to the call for a more comprehensive understanding of family businesses in diverse contexts (Walsh, 2015).

In terms of its impact on public policy, this study provides insights for policymakers to consider family ownership issues that significantly influence

firms but may not currently be adequately addressed by existing laws and regulations. The high rate of business failure, especially in emerging nations, is often overlooked, while the focus remains on the high number of business launches. Understanding the survival and continuity of businesses in emerging nations is crucial for maintaining economic growth, tax income, and steady employment opportunities (Mwanza, 2015).

Given the dominance of family businesses in economies worldwide, particularly in Africa, where they contribute significantly to the total economic output, the preservation of family businesses becomes vital for sustaining tax income and ensuring stable employment necessary for economic growth (Gupta et al., 2010). This study recognises the potential impact on both the economy and specific regions, emphasising the devastating consequences of ownership-related issues that could lead to the closure of businesses supporting numerous families.

Overall, this study addresses gaps in existing literature, takes a unique angle by considering the family context, and offers insights into effective business structures and strategies for family business growth and continuity. It contributes to both theoretical and empirical knowledge, fills the gap in understanding family businesses in developing nations, and offers valuable insights for policymakers and the broader economy by highlighting the significance of family businesses for economic growth, tax income, and employment opportunities.

1.6 Delimitations of the study

The delimitations of this study were as follows:

- Geographical Focus: The study specifically concentrated on family businesses in Rustenburg city and Soweto Township, limiting the generalisability of findings to these particular regions.

- Inclusion Criteria: The study only included family businesses that were experiencing challenges in their succession planning process. Businesses that did not meet these criteria were excluded from the research.
- Scope of Implications: The study primarily explored the implications of succession planning challenges on family business performance. While related factors were mentioned, the focus remained on the impact of succession planning difficulties.

- Exclusion of Non-Family-Owned Businesses: Non-family-owned businesses were not considered in this study. By narrowing the focus to family businesses, the research aimed to provide insights specific to the challenges faced by these types of enterprises.

- Exclusion of Businesses without Succession Planning Challenges: The study did not include businesses that did not face any challenges related to succession planning. By focusing solely on businesses encountering difficulties in this area, the research aimed to delve into the specific challenges and their effects on business operations.

These delimitations helped establish the specific scope and boundaries of the study, providing a clear framework for data collection, analysis, and drawing conclusions.

1.7 Definition of terms

A family-owned business: Ibrahim and Ellis (2004) outlined what constitutes a family-owned business as one in which at least two family members run the firm or where a single family owns at least 51% of it. Families run their businesses with the goal of pursuing and establishing the business's vision for future family generations (Chua et al., 1999). According to Maas et al. (2014), family

businesses are special in that the interests of the families usually come first instead of those of the firm.

Family Members' Active Involvement: According to Carrigan and Buckley (2008), for family firms to run profitably, there must be a clear definition of, acknowledgement of, appreciation for, and understanding of duties and responsibilities by each member.

Shared Vision: According to Netsianda (2008), a shared vision makes it possible for the family to see where the firm is going in terms of the values and strategic direction for which both are standing. It also makes sure that the firm and family have a distinct identity and adopt their goal to succeed.

A Sense of Belonging: In a family business, personal development is essential, according to Carrigan and Buckley (2008), because it guarantees that family members have a sense of belonging to the family and the business, are aware of the changes that must be made, and are prepared to contribute in the ways necessary to assure the business's success.

Trust: It is critical for the success of family businesses to have an elevated level of trust between family members who own them and non-family personnel (Carrigan & Buckley, 2008).

Firm performance: In broad terms, firm performance refers to the overall effectiveness and efficiency with which a business achieves its objectives and goals (Taouab & Issor, 2019). It encompasses various indicators such as financial performance, profitability, growth, market share, customer satisfaction, and operational efficiency. Firm performance reflects the organisation's ability to generate revenue, manage resources, adapt to changes in the market, and deliver value to stakeholders (Taouab & Issor, 2019). In the context of family businesses, firm performance considers not only the financial aspects but also the unique dynamics and objectives associated with family ownership and

management (Campbell & Park, 2017). In addition to financial indicators, the performance of a family business is often influenced by factors such as family harmony, intergenerational succession, continuity of ownership, family values, and long-term sustainability (Chadwick & Dawson, 2018).

1.8 Assumptions

The following are some presumptions that could influence the study's findings:
The assumptions of this study are as follows:

- Assumption of Limited Understanding: It is assumed that family businesses in Rustenburg and Soweto Township may not have a comprehensive understanding of the business succession planning process. This assumption suggests that the lack of understanding may negatively impact their performance, leading to poor decision-making and reduced profitability and competitiveness.
- Assumption of Implementation Challenges: It is assumed that family businesses in Rustenburg and Soweto Township may face challenges in implementing succession plans due to limited resources and expertise. This assumption implies that the lack of necessary resources and expertise may hinder their ability to effectively plan for and manage the succession process, ultimately affecting their profitability and competitiveness.

- Assumption of Contextual Sensitivity: It is assumed that the research conducted in Rustenburg and Soweto Township may be sensitive to the specific context of these areas. This assumption recognises that the challenges faced by family businesses may vary within different regions due to varying economic and social conditions. Consequently, the implications of these challenges on business performance may also differ.

- Assumption of Limited Awareness: It is assumed that family businesses in Rustenburg and Soweto Township may not be fully aware of the potential benefits of succession planning. This assumption suggests that their lack of awareness may contribute to reluctance in investing time and resources into implementing a succession plan, potentially leading to missed opportunities for improved profitability and competitiveness.

These assumptions provide a framework for understanding the context and potential limitations of the study. It is important to acknowledge their sensitivity to variations in different regions and to consider the implications of these assumptions when interpreting the research findings.

1.9 Structure of the report Chapter 1: Introduction

The chapter descriptions provide an overview of the content and structure of the study. The report is structured as follows:

Chapter 1: Introdroduction

Chapter 1 provides the study's context and history, presenting the issue statement, objective, and research questions that serve as the roadmap for the study. It highlights the significance of the research, identifies the knowledge gap, and outlines the overall contribution of the study.

Chapter 2: Literature review

Chapter 2 conducts a comprehensive literature review focussing on the challenges faced by family businesses in relation to succession planning and business survival. It explores relevant scholarly works and theoretical frameworks to provide a solid foundation of knowledge on the topic.

Chapter 3: Methodological Approach

Chapter 3 discusses the methodological approach employed in the research process. It covers significant methodological concepts such as the introduction to the research, research approach, research design, data screening, population and sampling, research instrument, data collection method, analysis and interpretation of data, and the validity and reliability of the research instrument used.

Chapter 4: Presentation of Interview Data

Chapter 4 presents the information gathered during the interviews conducted for the study. It discusses the collected data and the topics explored, formulating conclusions based on the results obtained from the interviews.

Chapter 5: Findings and Propositions

Chapter 5 discusses the findings of the study, delving into the study's propositions and further exploring their implications. It provides a comprehensive analysis and interpretation of the research findings, drawing connections and insights from the collected data.

Chapter 6: Conclusion and Recommendations

Chapter 6 presents the conclusion of the study, summarising the main findings and implications. It offers suggestions for future research directions, provides recommendations based on the study's findings, and presents the final conclusions drawn from the research.

CHAPTER 2. LITERATURE REVIEW

2.1 Introduction

This chapter provides a review of existing scholarly works and theoretical frameworks related to the challenges faced by family businesses in succession planning and business performance. The chapter begins with a background discussion that establishes the significance of studying family businesses and their challenges in relation to succession planning. The chapter then presents the main research questions as guiding principles and provides an overview of the literature, synthesizing key findings, theories, and empirical studies. It critically analyses the literature, highlighting gaps and inconsistencies, and identifies the need for further investigation.

2.2 Background Discussion

The literature on family businesses and succession planning is vast, and there is a growing body of research on the topic in the South African context. A number of studies have considered the challenges faced by family businesses in Rustenburg and Soweto specifically. This study will look at the impact of succession planning on family businesses in the areas mentioned above. Roszko-Grzegorek (2008) found that succession planning is a complex process, and one that is often not given enough attention by family businesses. This can lead to a number of problems, including the sale or division of the business, rather than it being passed down to the next generation.

This study's objective is to evaluate the difficulties that family businesses in Rustenburg and Soweto encounter while trying to plan for the next generation of leadership. The ramifications that these problems have on the performance of the firms will also be investigated as part of this study. Businesses go through the process of succession planning in order to ensure a seamless transfer of

ownership and management responsibilities from one generation to the next. The lack of institutional structures and procedures for succession planning that family firms commonly experience makes this topic crucial for family-owned businesses. As a direct consequence of this, succession planning for family businesses may be an involved and challenging process. The findings of this study provided insight into the challenges that family businesses face while implementing succession planning and the effects that these challenges have on the operation of the firms.

Another study, by Lekaowa (2016), looked at the challenges faced by family businesses in Rustenburg. The author found that many family businesses in the town are not properly prepared for succession, and this can lead to a number of problems (Hnátek, 2013). These include the business being sold or divided up, rather than being passed down to the next generation. These studies show that there are a number of challenges associated with succession planning in family businesses. In particular, there is a risk that the business will be sold or divided up, rather than being passed down to the next generation. This may have a major effect on both the family's well-being and the performance of the business. There is a need for further research on this topic, in order to develop a better understanding of the challenges faced by family businesses in Rustenburg and Soweto. This will help to ensure that these businesses can continue to thrive in the future.

Scholars and professionals in the field who are interested in succession planning, family businesses, and performance will find this study to be of interest. The outcomes of this study will help to our understanding of the difficulties that family businesses experience when it comes to succession planning, as well as the implications that these difficulties have on the performance of the enterprises. Since that family and business goals frequently conflict, family business principles should be widely accepted and act as a unifying force for the firm and the family to achieve their objectives. When corporate practices and family norms vary, a family business must make

several decisions. Two of the areas in this study are based in South Africa and are called Rustenburg and Soweto, respectively. Both areas are found in the province of Gauteng and Northwest, and together they are home to a sizable number of family-owned enterprises. These firms are extremely important to the economy of the townships, and it is critical for the general well-being of the community that they be able to maintain their current levels of success.

Family businesses are frequently handed down from one generation to the next, and maintaining continuity is crucial to the firms' continued success. However, succession planning can be difficult because there are frequently several members of the family who are interested in taking over the business. This may result in contention and anxiety within the family, both of which may have a negative impact on the enterprise. In South Africa, there is a severe paucity of research on succession planning in family businesses. As a result, this study fills knowledge to the that previously existed in the field. It will be helpful to academics as well as practitioners since it will supply insights into the problems that family businesses face when it comes to succession planning.

According to Oudah et al. (2018), succession planning is a deliberate approach to educating family business executives. By giving those who will eventually run the family business the proper responsibilities and giving them experience, it can help build a potential leader's talents. A firm's demise could result from insufficiently competent planning. Succession is one of the most important problems family businesses confront. Family business principles establish a common goal and a set of rules for behaviour, which help the family business remain viable. Family business concepts are intended to help members of the family achieve their personal and professional goals (Oudah et al., 2018).

An examination of the literature reveals that to support family ownership and management, which in turn increases a business's lifetime, research must focus on what a business family does differently (Cano-Rubio et al., 2017). This is true since the ability to succeed as well as succession planning are both

necessary for a family business to be successful. The management of family-related behaviours and activities, which support the survival and duration of a family firm's lifecycle, is therefore equally important to take into account (Cano-Rubio et al., 2017).

To distinguish a family business from a non-family firm, four stages are necessary: differentiating a family business from a non-family firm; contrasting family and firm systems based on how their underlying ideas differ; family ownership; and family management. This is frequently referred to as a "cycle model," which categorizes family businesses based on the degree of intergenerational ties and whether or not the owners see themselves as falling under that category (Zellweger, 2017).

According to Mokhber et al. (2017), family businesses have been credited with significantly boosting economic activity in every nation on earth. Unlike to non-family firms, which have had growth challenges, family businesses have demonstrated constant and steady growth. As a result, the families of the business can display of attitudes and behaviour. Succession planning is important for the long-term viability of a firm. The problems of establishing, executing, and maintaining an effective corporate integrity function, as reported by the Koske et al. (2015), are not new to experts in the area; they are described here to provide an overview and, where possible, to highlight approaches used to overcome them. Figure 2 highlights the personality, perceptions attitudes and goals of family businesses.

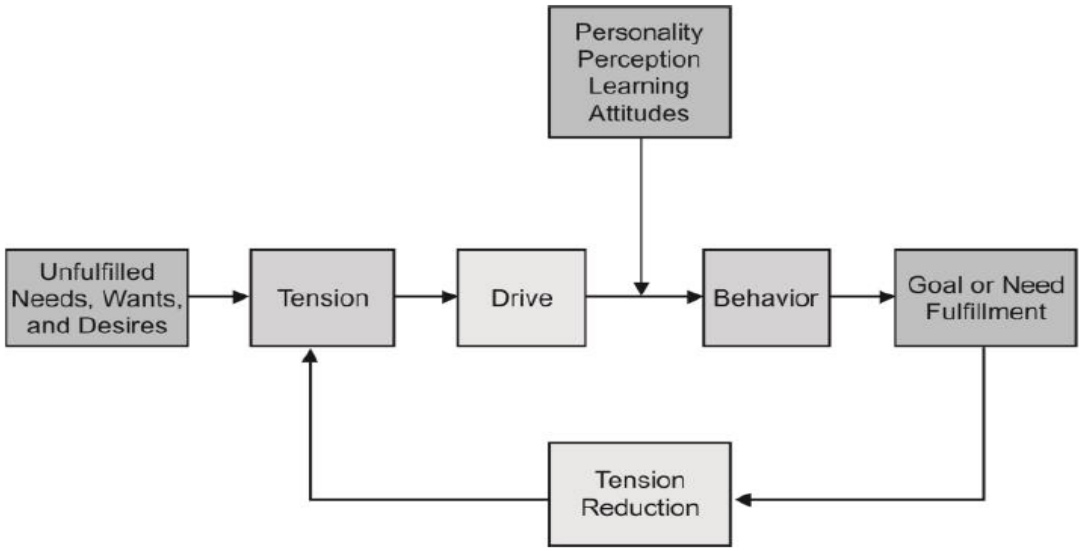


Figure 2: Personality, perception, attitudes, and goal or need fulfilment.

Sources: Schiffman and Wisenblit (2015:9)

The majority of the material reviewed in this topic may be found in books, academic journals, and other sources. To keep the review on track with the study's major goal—identifying the issues that arise during the succession planning process—the pertinent literature will be supplied under the categories of the following components. When family members run their own businesses together, problems in such businesses frequently have a negative impact on their relationships with one another. This is accurate despite the fact that a firm owned by a different family will only be operated as a business. According to Leach et al. (2002), the majority of family-owned businesses are claimed to possess distinctive characteristics, such as a special setting that generates a strong sense of shared dedication among employees.

Urban and Nonkwelo (2020) describes succession as a necessary stage in the life cycle of a family business that must be taken in order to preserve family harmony and the family business for future generations. Also, a well-known technique for assessing the effectiveness of entrepreneurs in family firms is the resource-based view (RBV) perspective on family resource pools. The RBV

establishes that firms performance differs depending on the various resources available to family firms (Barrett, 2014).

While the Bernelli Model of Entrepreneurial Learning contends that children can continue to gain structured knowledge of entrepreneurship related to the family business model through adulthood by repeating what they were exposed to as children, the Bernelli Entrepreneurial Model (BEM) contends that children raised in family businesses develop entrepreneurial skills more quickly and effectively. As a result, succession chooses males for senior leadership positions and females for human resources posts based on each family member's skills in connection to the external corporate environment (Mischel & Iannarelli, 2011). Contrary to the systems theory, which asserts that because families and businesses are autonomous entities, they will always influence one another, the agency theory views family members as principals while the chief executive officer assumes the position of an agent (Barrett, 2014).

Given the variety of theoretical viewpoints on family businesses, it is obvious that family business successions encounter a number of difficulties. These problems result from issues that are passed down through families from one generation to the next, from discrepancies in personal goals, from generational and gender dynamics, as well as from inequalities in personal aspirations (Gilding et al., 2015). A key component of family that may have an impact on the function of family in creating and sustaining a successful family business is the dynamic of both healthy and unhealthy reciprocal links between family members as well as the dimensions inside the business (Urban & Nonkwelo, 2020).

One such problem is how family conflict and harmony spill over into the firm as a result of family business succession. The owner-succession founders are seen as the first key transition moment for the firm since they make the initial decisions concerning the organisation's vision, goals, strategy, and structure. For decades, succession concerns have been approached from a life-cycle

perspective. They also make daily operational choices that affect how the business develops and grows (Urban & Nonkwelo, 2020). According to Phikiso (2017), institutions and businesses that survive are usually the consequence of a greater purpose, such as a commitment to fostering the economy, a desire to leave a legacy for future generations, and a commitment to giving back to the community where a business operation has grown. According to Venter et al. (2012), intergenerational succession in management is one of the key causes, if not the most important one, for family owned business failure to endure.

According to Phikiso (2017), while the importance of family-owned businesses cannot be emphasised, their contribution to South Africa's socioeconomic growth, as well as the conditions required for effective FOB operation, is underrated. Within the families involved, succession, insularity, interpersonal issues, and conflicts of interest are all prevalent concerns for FOBs. Family bonds, intergenerational transitions, and the long-term viability of family-owned businesses are among the other concerns (Nordqvist & Melin, 2010). In actuality, generational concerns, different value systems, and succession planning are common challenges faced by FOBs (Hjorth & Holt, 2016). Succession, isolation, interpersonal issues, and conflicts of interest are issues that the affected families worry about in relation to FOBs. Other issues include the continuity of family relationships, generational shifts, and family businesses (Botero et al., 2015). Hjorth and Holt (2016) claims that FOBs are typically confronted with issues such as succession planning, differing value systems, and generational issues.

Maintaining FOBs from one generation to the next is necessary for the development of the economy because FOBs are so important to the nation's socio-economic and economic progress. Despite township enterprises receiving less attention, there has been a lot of research on family businesses in South Africa, according to a review of the literature. The difficulties South African family-owned businesses confront with succession planning are examined in this study using township firms as a lens (Taruwinga, 2011; Thage, 2017).

2.3 Performance and survial of Family businesses: The Resource Based View (RBV)

Business performance refers to the ability of a business to achieve its strategic objectives and attain favourable outcomes in terms of profitability, growth, market share, customer satisfaction, and other relevant indicators (Taouab & Issor, 2019). It represents the effectiveness and efficiency with which a business utilises its resources to generate sustainable competitive advantage and deliver value to stakeholders.

Within the context of family businesses, the Resource-Based View (RBV) theory provides valuable insights into how the unique resources and capabilities possessed by family firms contribute to their survival and performance (Campbell & Park, 2017). RBV emphasises that a firm's resources, including tangible and intangible assets, play a crucial role in creating and sustaining competitive advantage (Liu et al., 2012).

RBV suggests that family businesses have access to unique resources that can contribute to their survival and performance (Duh, 2010). These resources are often built over time and are deeply embedded within the family business. Family businesses possess intangible resources such as shared values, reputation, social capital, and strong family ties. These resources foster trust, commitment, and cooperation among family members, providing a competitive advantage (Shinnar et al., 2013). For example, the strong relationships with customers, suppliers, and other stakeholders that are nurtured within the family can enhance business performance and secure long-term success.

According to Boyd et al. (2015), intergenerational knowledge transfer is another aspect highlighted by RBV in relation to family businesses. Family firms benefit from the transfer of tacit knowledge and capabilities from one generation to another. This knowledge transfer enhances decision-making, innovation, and operational efficiency, leading to improved business performance (Boyd et al., 2015). The accumulated experience, industry-specific knowledge, and

understanding of the business built over generations contribute to the survival and success of family businesses.

The long-term orientation inherent in family businesses is also emphasised by RBV. Family firms often prioritise the preservation of the family legacy and the continuity of the business across generations (Poza, 2013), This long-term perspective allows family businesses to invest in resources and strategies that may not yield immediate returns but contribute to sustainable performance in the long run (Boyd et al., 2015). The commitment to maintaining the business for future generations and the willingness to make long-term investments contribute to the survival and performance of family businesses.

RBV recognises that sustainable competitive advantage arises from resources that are valuable, rare, difficult to imitate, and non-substitutable (Chahal et al., 2020). Family businesses possess unique resources that are often difficult for competitors to replicate. These resources may include family reputation, brand equity, and strong familial relationships (Poza, 2013). These resources create barriers to entry and foster customer loyalty, enhancing the survival and performance of family businesses.

Resource development and renewal are crucial factors emphasised by RBV for sustaining business performance (Chahal et al., 2020). Poza (2013) notes that family businesses that actively invest in resource development, such as professionalising their management practices, implementing succession planning, and embracing innovation, are better positioned to adapt and thrive in dynamic environments. By continuously developing and renewing their resources, family businesses can effectively respond to changing market conditions, maintain competitiveness, and achieve sustainable performance.

Therefore, the RBV framework highlights the significance of unique resources and capabilities in driving the survival and performance of family businesses. Family firms leverage their family-specific resources, adopt a long-term

orientation, facilitate intergenerational knowledge transfer, and invest in resource development to enhance their competitive advantage and achieve sustainable business performance. This perspective provides valuable insights into understanding how family businesses can leverage their distinct advantages to thrive in their respective industries.

2.4 Challenges family businesses face when preparing for succession

There are many challenges that family businesses face, particularly when it comes to succession planning. Succession planning is the process of ensuring that the business can continue to operate smoothly after the founders retire or die. One of the biggest challenges that family businesses face is finding a successor who is both willing and able to take on the business. Family businesses are businesses that are owned and operated by family members. The family may be involved in the business on a full-time or part-time basis. Family businesses can be large or small and can be found in all sectors of the economy (Farrington et al., 2010).

The high rate of crime in the city is one of the major problems that family businesses in Rustenburg encounter. This can be challenging because there are sometimes numerous family members who are enthusiastic about the firm but may lack the qualifications or experience to run it successfully. Challenges in Rustenburg and Soweto Township with Business Succession Planning: Family members typically own and run businesses under this definition. The family could work either full- or part-time for the enterprise. Family businesses can be big or small, and they exist in all economic sectors (Farrington, 2009).

Another challenge that family businesses face is managing conflict within the family. Since that family members may have different opinions on how the

family business should be operated, this can be a challenging undertaking. Family businesses may also find it difficult to access finance. This is because banks and other financial institutions may perceive family businesses as being high risk.

There are many challenges that family businesses face, but there are also many opportunities. A level of customer service and loyalty that is difficult to match is frequently available from family-run enterprises. Both monetarily and in terms of the influence they have on their communities, they have the potential to be enormously successful. In South Africa's North West Province, there is a city by the name of Rustenburg. It is one of the biggest cities in the province, home to more than 500,000 people. Many family-run enterprises are located in the city. These firms confront a number of the same difficulties as other families-owned businesses, in addition to some particular difficulties. The high rate of crime in Rustenburg is one of the major problems that family-owned firms encounter there. This is a major concern for businesses, as it can lead to loss of inventory, theft, and even violence. Another challenge that family businesses in Rustenburg face is the high level of unemployment in the city (Chiromo & Nani, 2019).

This can make it difficult for businesses to find staff, as there are often more people looking for work than there are jobs available. Finally, family businesses in Rustenburg also face the challenge of operating in a city with a high cost of living. This is due to the fact that Rustenburg is a major mining city, and the cost of living is high as a result (Chiromo & Nani, 2019).

Soweto is a township in the Gauteng Province of South Africa. It is the largest township in the country, with a population of over three million people. Soweto is home to a large number of family businesses. While these firms confront many of the same difficulties as other families businesses, they also experience some particular difficulties. The high rate of crime in the township is one of the

major problems that family-owned businesses in Soweto encounter (Hadebe, 2010).

This is a major concern for businesses, as it can lead to loss of inventory, theft, and even violence. Another challenge that family businesses in Soweto face is the high level of unemployment in the township. This can make it difficult for businesses to find staff, as there are often more people looking for work than there are jobs available. Family businesses in Soweto also face the challenge of operating in a city with a high cost of living. This is due to the fact that Soweto is a major urban area, and the cost of living is high as a result (Hadebe, 2010). Banks and other financial institutions may perceive family businesses as being high risk. There are many challenges that family businesses face, but there are also many opportunities. Family-run enterprises can frequently provide a level of fidelity and customer service that is difficult to match. They also have the potential to be very successful, both financially and in terms of the impact they have on their communities. Rustenburg is a city in the North West Province of South Africa. With a population of more than 500,000, it is one of the biggest cities in the province. Several family-run enterprises may be found in the city. While these firms confront many of the same difficulties as other families businesses, they also experience some particular difficulties.

The high rate of crime in Rustenburg is one of the greatest issues that family businesses there must deal with. This is a major concern for businesses, as it can lead to loss of inventory, theft, and even violence. Another challenge that family businesses in Rustenburg face is the high level of unemployment in the city. This can make it difficult for businesses to find staff, as there are often more people looking for work than there are jobs available.

Oudah et al. (2018) claims that the scope and long-term objectives of the business are determined through strategic planning, together with the skills and resources required to carry them out under varying conditions. Strategic planning is the process of creating an organisation's overall plan for internal and

external activities in order to achieve profitable growth. The way in which family issues and goals are taken into account distinguishes family business strategic planning from non-family-owned business strategic planning (Oudah et al., 2018).

A multigenerational family business must have top-notch management and governance in order to thrive and endure. Good governance is vital to the long-term survival of the family and the firm. Family firms have distinct governance from other types of businesses for the following reasons: First of all, the family has a long history with the firm. Second, the family's cultural standards and goals are reflected in the firm and passed down down the generations. Third, the stakeholders and board members are linked by blood (Oudah et al., 2018).

According to Capazorio (2009), leadership is the process of assisting others in arming themselves with knowledge to accomplish a common purpose. It comprises helping others understand and accept what must be done and how it must be done. One of the most difficult challenges to business continuity in a family organisation is the development of successful family leadership through generations. In the absence of a willing successor or leadership abilities that have an impact on the firm's future, achieving competent family leadership is challenging. As a result, in this study, the sub-criteria for leadership include effective leadership abilities and capable family member leadership.

Given the many conflicts of interest that exist between firm and family ambitions, family business principles must be broadly embraced and serve as an uniting foundation for the attainment of both the business and the family's goals. Hoffman, Hoelscher, and Sorenson assert that family capital can enhance family business performance and produce a long-lasting competitive advantage over non-family enterprises in a market economy (Capazorio, 2009). Family firms frequently fail to pass on to the next generation for a variety of reasons, according to Farrington et al. (2010), is a lack of leadership transfer.

Lack of a planned succession strategy and family considerations over ownership structure are two common reasons why successions fail (Farrington, 2009). Schwass and Lief (2008) argues that family-owned businesses (FBs) that have been in operation for more than a third generation are long-term oriented and frequently have the resilience to weather the storms and make the necessary adjustments for survival by prioritising the firm's survival over other economic considerations. Family enterprises, on the other hand, have ownership and family conflict concerns. These difficulties may encourage FB to use unconventional business strategies that will help them outperform their non-family-owned rivals. In conclusion, although family members might support a business, they can also harm it by causing conflict too frequently (Schwass & Lief, 2008).

Based on the above literature review, the following proposition was made:

2.4.1 *Proposition 1*

Family businesses encounter challenges in creating effective succession plans due to several factors.

2.5 Succession planning and performance of family businesses

The primary aim of this study is to analyse the challenges that family businesses have in terms of succession planning and the continuance of the firm. The study investigates whether the family business has the succession plan in place and other policies to carry the business forward.

2.5.1 *Examining the likelihood of survival for family businesses*

The analysis shows that the discussion of the continuation of a family business in family business literature is characterized by three categories: succession, the firm's long-term survival as well as its past accomplishments or founder's legacy. By retaining the founder's legacy, continuity is often referred to as succession survival (Arz & Kuckertz, 2019).

Becoming persistent and having a long-term perspective are other characteristics of long-term orientation. This shows that a family business needs to not only support that mission's long-term goals but also have those goals, but also—and perhaps more importantly—be able to absorb any disturbances that may occasionally emerge while continuing to persistently pursue its long-term goal. Families must be involved from the beginning of the succession process. A family business's operations start to involve family members and potential successors at this point (Lumpkin & Brigham, 2011).

While some academics are concerned with the long-term viability of family businesses, others focus on the continuation of family corporations based on historical performance and current position. This topic examines the relationship between family businesses and a number of ideas, including longevity, sustainability, long-term planning, intergenerational family businesses, and multigenerational family businesses. The vanguard of current developments is Sharma and Salvato (2013) and there are other more academics who are interested in long-term thinking or entrepreneurial thinking that is important for the longevity and continuation of family business.

2.5.2 *The persistence of a family business across time*

The capacity to outlive the founders' generation and the continual fight to maintain the family business. The idea of continuity is covered by three different study kinds, however, they hardly ever discuss the point at which a desire for continuity and a commitment to it materialize. Family enterprises that may

survive for more than one generation are included in the first group, which takes continuity into account. According to the second category, continuity is the ability of the business to continue after the owner has passed away. The third classification sees continuity as preserving the family's previous accomplishments or sense of pride. Therefore, while talking about family business continuity, past, present, and future time dimensions are taken into account.

When considering intergenerational ownership, continuity and maximizing the previous successes of the family firm should be taken into consideration initially. Considering how many generations have run the family firm, continuity is described as continued existence for a long time (Sharma & Salvato, 2013). The second theory puts out the concept of family enterprises surviving the death of the founder or owner and continuing under the management of the surviving family members (Corbetta & Salvato, 2004). The third option comprises maintaining the business' name and carrying on as a successful family business. Parada and Viladás (2010) assert that in order to identify the firm's origins and maintain its historical continuity, the name of the firm must be maintained.

To maintain the business, family members must continually make decisions. Throughout a firms's lifespan, similar crucial situations involving survival may recur. When a business experiences a critical event, such as the departure of the owner or simply any decision in favor of maintaining the firm rather than selling it or shutting it down primarily for socioemotional wealth motives, the time dimension of continuity is crucial for differentiating between longevity, which is long-term survival, and continuity, which is short-term survival (Criaco et al., 2021).

2.5.3 *Creating a successful family business plan*

This study serves as a resource or a manual to assist family business management in better comprehending the essential components of effective

succession planning. It takes into account elements impacting family dynamics and the best possible planning when determining business outcomes, especially in family firms. According to Gilding et al. (2015), the literature on family business succession planning frequently makes the assumption that incumbents have two key motivations: maintaining the family firm for future generations and maintaining family harmony. These motives are cross tabulated to provide a typology of four different succession planning motive combinations. The four outcomes of succession planning that are suggested by these combinations are institutionalization, implosion, imposition, and individualization (Gilding et al., 2015).

An organisational succession plan essentially has three layers. Managing a business is the initial stage of a succession plan. Understanding that management and ownership are two different things is crucial. One child may be given responsibility for day-to-day management of the business, but all of the children may inherit the firm's assets. Additionally, it's conceivable that management will be entrusted to important staff members rather than relatives (Julius Giarmarco, 2017).

Ownership makes up the second level of a succession plan for a corporation. Most business owners want to treat all of their children fairly even though they would prefer to leave their firms to the children who are actively involved in the firm. Taxes on transfer are the third step of a business succession plan. Estate taxes alone can deplete a firm's value by up to 40%, which commonly forces a firm to go out of business or incur debt in order to stay afloat (Julius Giarmarco, 2017).

Based on the literature, the following proposition was made:

2.5.4 *Proposition 2*

The challenges in succession planning affect the operational efficiency and competitiveness of family businesses.

2.6 Conclusion of Literature Review

The literature review has provided an examination of the challenges faced by family businesses in succession planning. It is evident from the literature that succession planning is a critical and complex process for family businesses, with significant implications for their performance and long-term sustainability. However, while existing research has shed light on various aspects of succession planning in family firms, there is still a notable gap in empirical studies specifically focusing on the challenges faced by family businesses in Rustenburg city and Soweto Township. This research gap presents an opportunity for further empirical investigation to gain a deeper understanding of the unique challenges encountered by family businesses in these specific contexts. By conducting empirical research, it was possible to gather firsthand insights from family business owners and managers in Rustenburg and Soweto, exploring their experiences, perspectives, and the specific obstacles they face in succession planning. Empirical research on succession planning in Rustenburg and Soweto Township would not only fill this gap in the existing literature but also provide practical implications for family businesses operating in similar contexts. The findings of such research would offer valuable insights and recommendations for improving succession planning practices, enhancing the performance and long-term sustainability of family businesses in these areas. The following chapter presents the methodology of the study.

CHAPTER 3. RESEARCH METHODOLOGY

3.1 Introduction

In this chapter, the focus is on outlining the methodological strategy employed in this study. The chapter encompasses several key methodological aspects, providing a comprehensive understanding of the research process. The chapter includes an introduction to the research methodology, the research design selected for this study, the techniques employed for data collection, the identified population and sample, the research instrument utilised, the data collection process, the data analysis and interpretation methods employed, and the limitations of the study. Additionally, it addresses the reliability and ethical considerations taken into account throughout the research process.

3.2 Research approach

In this study, an interpretivist paradigm was adopted, aligning with the qualitative research approach employed. The interpretivist paradigm recognises the importance of understanding social phenomena through the subjective experiences and interpretations of individuals involved (Lincoln et al., 2011). As the focus of this research was on exploring the challenges of business succession planning in family businesses, it was essential to delve into the perceptions, beliefs, and experiences of family business owners and experts in Rustenburg and Soweto.

By embracing a qualitative approach, the research sought to gain a deep and nuanced understanding of the phenomenon under study. The qualitative approach is well-suited to exploring complex and multifaceted phenomena, such as the challenges faced by family businesses in succession planning (De

Massis et al., 2012). It enables the researcher to capture the rich and contextualised data that is necessary to comprehensively address the research questions and uncover the intricacies of the topic (Flick, 2018).

The qualitative approach also aligns with the exploratory nature of this study. Rather than aiming to establish causal relationships or quantify factors, the focus was on generating new insights, understanding the complexities, and exploring the unique context of family businesses in Rustenburg and Soweto. The qualitative approach enabled a holistic exploration of the research questions and facilitates a deeper understanding of the challenges faced by family businesses in succession planning and their implications for performance.

Therefore, within the interpretivist paradigm, the qualitative approach was justified in this study as it allowed for an in-depth exploration of the subjective experiences, perceptions, and challenges of family businesses in Rustenburg and Soweto. It offered a comprehensive understanding of the research phenomenon and provides valuable insights that quantitative methods alone cannot capture (Flick, 2018).

3.3 Research design

The exploratory research design was employed in this study to investigate the challenges of business succession planning in family businesses in Rustenburg and Soweto. An exploratory research design is characterized by its flexible and open-ended nature, aiming to gain insights, generate new ideas, and develop a deeper understanding of a research topic (Creswell, 2014).

The choice of an exploratory research design was justified by the limited existing knowledge and understanding of the specific challenges faced by family businesses in the context of succession planning in Rustenburg and Soweto. The research sought to explore and uncover these challenges, as well as their

implications on family business performance, in a holistic and comprehensive manner.

By adopting an exploratory research design, the study allowed for flexibility in data collection and analysis, enabling the researcher to adapt and refine research questions and methods as new insights emerged (Flick, 2018). The design facilitated an in-depth exploration of the research topic and provided a platform for generating rich and detailed data through qualitative methods, such as semi-structured interviews.

Furthermore, the exploratory research design aligned with the study's objectives of understanding the complexities and nuances of business succession planning challenges in family businesses. It facilitated an inductive approach, where themes and patterns emerged from the data, allowing for the development of theoretical insights and hypotheses for further investigation (Creswell, 2014).

Given the limited existing research on the specific context of Rustenburg and Soweto, an exploratory research design was essential to gather comprehensive and in-depth information, provide a foundation for future research, and contribute to the existing knowledge on family business succession planning. The design allowed for a holistic exploration of the topic and paved the way for generating new insights and understanding the unique challenges faced by family businesses in these areas.

3.4 Population and sample

The study population consisted of families with businesses in Soweto and Rustenburg. However, it should be noted that the exact population size of these family businesses was unknown due to the exclusion of unregistered and unaccounted-for small, medium, and micro enterprises (SMMEs). Estimations of the number of SMMEs, including family enterprises, were provided since it is

challenging to observe or analyse every South African family business, particularly those that are unregistered micro firms (Ramukumba, 2014).

In South Africa, the classification of an SMME is determined based on the sector, number of employees, gross asset value, and annual turnover. A company is considered an SMME if it employs no more than 200 people and has an annual revenue not exceeding R50 million. These two factors serve as the primary criteria for determining whether a company falls under the SMME classification or not (Ramukumba, 2014).

3.4.1 *Sample size and sampling method*

A sample of family business owners in Rustenburg city and Soweto township made up this study. Due to data saturation and the convergence of responses, only 10 family businesses were interviewed. The initial target was to interview approximately 15 different family firms, but the researcher decided to conclude data collection at 10 participants, as the saturation point had been reached. This decision was supported by Bowen (2008) and Kerr et al. (2010), who highlight the importance of data saturation for research quality and content validity. Additionally, O'Reilly and Parker (2013) and Walker (2012) note that qualitative research projects often face challenges related to data saturation, and researchers must determine the number of interviews required to achieve saturation (Guest et al., 2006).

To ensure the interview guide clarity and appropriate completion time, a pre-test was conducted among three participants from Rustenburg and Soweto. Minor adjustments were made to the final inteview guide based on the pre-test results. The representative sample aimed to include family businesses from both township areas, reflecting the economic characteristics of Rustenburg and Soweto. Purposive sampling was employed to select the businesses for the study, and a total of 10 interviews were conducted. Thematic analysis was used to analyse the collected data.

Convenience sampling was utilised to obtain the sample, initially reaching out to colleagues in the business banking division and the Small Enterprise Development Agency (SEDA). When the desired results were not achieved, the researcher personally visited family business owners in both Rustenburg city and Soweto Township. Through a snowballing process, recommendations from the interviewed family business owners further expanded the sample. This approach aimed to facilitate easier, more cost-effective, and efficient access to family businesses in Rustenburg and Soweto. The sample represented the population of family businesses in these two provinces, namely Rustenburg in the North-West province and Soweto in Gauteng, forming the basis for the analysis and selection criteria of the participating firms.

3.5 Data collection methods

Data was collected through conducting interviews with family business owners in Rustenburg city and Soweto Township. One method of gathering information on this subject was to talk to proprietors of family firms located in Rustenburg and Soweto in the form of interviews. The data collection was split into two sections: the first was a questionnaire that focused on the demographics of the participants, and the second was an interview guide on the management and operations of the family business. The topics were derived from the interview guide's comments and examined. This made it possible for persons who are now going through the difficulties of family firm succession planning in these locations to provide immediate feedback. In addition, using this strategy made it possible to ask follow-up questions in order to get a more in-depth comprehension of the matter at hand.

Open-ended interview questions were prepared, and a script was used to guide the interviews (see Appendix D). Real-time online interviews with visual contact were conducted to save time and minimize expenses and inconveniences for both parties (Denscombe, 2017). However, on-site interviews were also conducted, posing challenges due to scheduling difficulties and the need for

face-to-face interaction. The interviews were designed to accommodate multiple participants and lasted approximately 50 to 60 minutes to ensure sufficient data collection (Fusch & Ness, 2015).

Conducting interviews was the most suitable way for answering the particular research query in issue on the difficulties of family firm succession planning in Rustenburg and Soweto and the effects that these difficulties have on the overall performance of family firms. This made it possible to provide first-hand descriptions of the difficulties encountered while preparing for succession in a family firm. It was essential to have a thorough understanding of the difficulties family firms encounter while arranging their succession. Organisations will plan better for the future and avoid any issues with this knowledge.

3.6 The research instrument

The research instrument used in this study was the interview guide, which consisted of open-ended and semi-structured questions, allowing for rich data collection (Yin, 2014). The aim of the interviews was to gather information that would contribute to addressing the study's research questions. The interview l guide, presented in Appendix B, played a crucial role in facilitating data collection, especially for a novice qualitative researcher (Bell & Waters, 2018). It provided structure and guidance for the interviews, while also respecting participants' rights and setting parameters and a timeframe for the interviews. Prior to conducting the interviews, the researcher read a script to ensure consistency and checked for informed consent at the end of the interview (Josselson, 2013; Miles et al., 2014).

The researcher's role in the qualitative investigation was acknowledged as complex, requiring a deep understanding of the study context (Collins & Cooper, 2014). Emotional intelligence (EI) was identified as a valuable attribute for researchers, enabling them to comprehend participants' traditions, values, and culture, thereby enhancing data collection (Collins & Cooper, 2014). The

researcher's level of emotional intelligence facilitated rapport-building and understanding of the participants' perspectives.

Ensuring the quality and credibility of the research was a priority in this study. To enhance credibility, several measures were taken, including methodical triangulation using primary data sources to cross-reference the data (Merriam & Tisdell, 2015). Member checking was employed as a tool to identify potential bias and misunderstanding, allowing participants to review and edit their transcripts to ensure accuracy (Merriam & Tisdell, 2015; Bryman, 2016). Member checking also served to confirm participants' comprehension of the study's purpose, further strengthening the research findings.

3.7 Data analysis and interpretation

In this study, Braun and Clarke's (2012) steps for conducting thematic analysis were applied to analyse the qualitative data collected from the interviews. The first step involved familiarising the researcher with the data by immersing themselves in the interview transcripts and gaining a deep understanding of the content. This allowed the researcher to become acquainted with the nuances and intricacies of the data.

Next, initial codes were generated by the researcher, who identified meaningful segments or patterns within the data that related to the research objectives. These codes served as labels or categories that captured different aspects of the data relevant to the study. For example, codes may have included challenges in succession planning and their impact on family business performance.

After generating initial codes, the researcher proceeded to search for themes within the data. Commonalities and patterns among the codes were identified, and potential themes began to emerge. These themes represented key ideas or concepts that were present in the data.

The identified themes were then reviewed and refined through an iterative process. The researcher carefully examined the data within each theme, ensuring that they accurately captured the essence of the participants' experiences. Any overlap or redundancy among the themes was eliminated, and their definitions were further developed and refined.

Once the themes were defined and named, the researcher organised them into a thematic map. This map provided a visual representation of the relationships and connections between different themes, allowing for a deeper understanding of the overarching patterns and findings within the data.

Finally, the researcher synthesised the themes and developed a comprehensive narrative that described and interpreted the findings. This narrative drew upon the identified themes and supporting evidence from the data, presenting a cohesive and meaningful account of the challenges in succession planning and their impact on family business performance.

3.8 Limitations of the study

The limitations of this study include the limited sample size, which may restrict the generalisability of the findings to all family businesses in Rustenburg City and Soweto Township. The study interviewed only 10 family businesses, representing a small portion of the overall population of family businesses in these areas. Thus, caution must be exercised when generalising the conclusions to other family businesses in the region or across South Africa.

Another limitation is the use of self-reported data, which may be susceptible to bias. Since the study relied on interviews with family business managers and owners, the data obtained were based on their subjective perspectives and opinions. It is important to consider that these participants may not represent the views and experiences of all family businesses in Rustenburg City and Soweto Township, and their personal interests could potentially influence the data.

The absence of quantitative data further limits the generalisability of the findings. The study primarily relied on qualitative interviews, which were conducted in specific locations. Consequently, it is not possible to draw broad generalisations about family businesses in Rustenburg and Soweto based solely on the results of this research, as the diversity of family businesses in these areas may vary significantly.

The emotionally charged nature of family relationships poses additional challenges. Discussions surrounding succession planning can be complex and sensitive, as family members may have different perspectives and interests regarding the future direction of the business. This can make it difficult to reach consensus on a succession strategy that satisfies all family members.

Lastly, it is important to acknowledge that this study focused solely on Rustenburg City and Soweto Township, which may not be representative of family businesses in other regions of South Africa. Therefore, caution should be exercised when applying the findings of this research to family businesses in different geographic areas.

Therefore, while this study provides valuable insights into the challenges of succession planning in family businesses, its limitations, such as the limited sample size, reliance on self-reported data, absence of quantitative data, complex family dynamics, and geographical focus, should be taken into account when interpreting and applying the findings. Future research with larger and more diverse samples across multiple regions in South Africa would enhance the generalisability and depth of understanding in this field.

3.9 Trustworthiness

Qualitative researchers refer to reliability as the dependability and consistency that are obvious when the research findings are replicated or duplicated (Morse, 2015). Lincoln and Guba (1986), nonetheless, it was believed that dependability was something that developed through time through observation and under

different conditions. According to Funder et al. (2014), research investigations may be impossible to repeat; as a result, to prevent dubious research procedures, the researcher employed proper analytic strategies, shared data, and provided comprehensive reporting of outcomes.

Using the interviewing approach from Appendix B, a thorough interview was conducted as part of the study to address dependability and credibility. The semi-structured interview questions reportedly provided interviewers the flexibility to ask follow-up questions, which enriched the interviewees' responses and improved their credibility, according to the interviewees' responses. By member verifying with the interviewees, the true experiences was accurately recorded.

Validity was defined by Chen and Zumbo (2017) as the extent to which theoretical or empirical evidence supported the data's interpretation. Verification of members, audit trails, ongoing participation, peer debriefing, and inconsistent data were among the prerequisites for validity (Lub, 2015). According to Chen and Zumbo (2017), it took time and effort to apply the validity processes of a qualitative investigation. The literature indicates that there are no widely used terminologies or standards for rating qualitative research. Elo et al. (2014) pointed out that it was crucial to describe how the outcomes changed over time. The criterion established that the results were reliable or generalisable. The elements of credibility, transferability, and confirmability determine how reliable study results are (Morse, 2015).

In qualitative research, the validation of valuable and reliable study outcomes is key to credibility (Noble & Smith, 2015). Since the researcher is the main tool for data collection and analysis throughout the study, the credibility of the researcher is crucial for qualitative research (Denscombe, 2014). Using tactical techniques like member checks, data triangulation, peer debriefing, and literature reviews, I increased my credibility.

3.9.1 *Transferability*

Interviews with family business owners in Rustenburg and Soweto Township served as the basis for the research study's conclusions. As these are specific locations, it is possible that the findings may not be transferable to other areas. However, the believe that the challenges faced by business owners in Rustenburg and Soweto Township are likely to be similar to those faced by business owners in other townships. Therefore, the author believes that findings are reasonably transferable to other similar contexts.

3.9.2 *Credibility*

The credibility of the study was based on the quality of the data collected. The quality of the data by using a qualitative was minimised. Multiple data sources was also used, including interviews and secondary data sources where possible. The belief is that this data sources gave this study a high degree of credibility. The research study, in general, satisfies the requirement for credibility, according to the author. Although the author is aware of these flaws, the study does have a number of them that could potentially lower its quality.

3.9.3 *Dependability*

The dependability of this research study was based on the reliability of the data collected. Overall, this research study satisfies the dependability requirement. I am aware, nevertheless, that the study has some flaws that could lower its quality.

3.9.4 *Confirmability*

The validity of my research project depended on how well the data were collected. The data's quality was decreased by using a qualitative strategy. There were several different data sources employed, including secondary data sources and interviews. According to the hypothesis behind the data sources,

this investigation was quite confirmable. Overall, the research study satisfies the requirement for confirmability, according to the author. However, the study does include a number of flaws that could potentially lower its quality, which the author is aware of.

3.10 Ethical considerations

Wits Business School (WBS) cover letter was provided to potential participants to motivate the participation. Ethical clearance certificate was obtained WBS and it is attached on appendix A of this thesis and the same copy was signed and sent back to WBS to enable the business school to show that I accepted the terms of the certificate and that conduction of interviews can begin. The research provides a commitment to avoid plagiarism by acknowledging all sources used and by signing the declaration on the title page of this RP.

- Guidelines of Wits University were followed.
- People's rights were not violated.
- The privacy of other people were not violated.
- The study was not biased.

3.11 Conclusion

This chapter discussed the research methodology followed in this study. The study employed a qualitative research methodology. Data was collected uisng semi-structured interviews and thematic analysis was used to analyse data. The chapter also discussed population and sampling, and the target population was familiy business owners in Rustenberg and Soweto. The following chapter presents the findings from the study.

CHAPTER 4. PRESENTATION OF FINDINGS

4.1 Introduction

The findings of the data collecting, and data analysis are discussed. The goal of the study was to assess the factors influencing the performance of family businesses in Rustenburg and Soweto, South Africa.

The specific objectives were:

- To explore the current succession planning procedures in place for family businesses in Rustenburg and Soweto.
- To explore the challenges that these family business face in planning for succession.
- To explore how these challenges affect the performance of the family businesses in Rustenburg and Soweto.
- To identify initiatives which the government have for family businesses in Soweto and Rustenburg, and their influence on the development, growth, and expansion of family businesses in Soweto and Rustenburg.

Ten (10) family business owners/ managers participated in the individual in-depth interviews. The interview guide was divided into two (02) parts, the first section was a focused on the demographics of the participants and the second section focused on the operations and management of the family business. The themes extricated from the responses of the interview guide and were analysed. The results are presented according to the research objectives as outlined above. First, the demographic profile of participants is discussed followed by discussion of findings in line with the objectives.

4.2 Demographic profile of participants

The interview guide considers the participant's age, gender, degree of education, size of the family business in turn over, legal ownership, years of experience, type of family business activities, registration with the CIPC, and location used for the family business.

4.2.1 Age

The participants were asked to supply their age at the time of the interview.

Table 4.1: Family business owners/ managers' age

n= 10	**Age**	**Frequency**	**Percentage**
	Under 20	0	0%
	20-29	0	0%
	30-39	2	20%
	40-49	3	30%
	50-59	4	40%
	60-69	1	10%
	70 and above	0	0%

With regards to the age of the participants, the majority falls between the ages of:

50 to 59 years old (40%), with the next largest group being 40 to 49 years old (30%), followed by 30 to 39 years old (20%) and the final group being 60 to 69 years old (10%). Although the sample size of 10 participants is small and might not be representative of the larger population of family businesses, this demographic data can shed light on the typical traits of the owners and managers of the family businesses in the sample. Similar to younger people, older people typically have more resources and experience to launch and operate a business (Kumar & Vijay, 2017). Carlock and Ward (2001) found that the average age of family business owners was 57 years old, with 90% being male.

4.2.2 Gender

Table 4.2: Family business owners/ managers' gender

n= 10	**Gender**	**Frequency**	**Percentage**
	Male	9	90%
	Female	1	10%

The findings of the family business qualitative study show that the participants were mostly male, with 9 out of 10 being male (90%) & Only 1 out of 10 participants was female (10%). In addition, research has revealed a sizable gender gap in entrepreneurship, with men being more likely than women to launch and own businesses (Carter et al., 1996). Overall, these results highlight the need for further research on the role of gender and age in family businesses, and how these factors may affect the success and sustainability of such businesses.

4.2.3 Level of education

The table below represents the highest level of education for the family firm owners/managers.

Table 4.3: Levels of education

n= 10	**Level of education**	**Frequency**	**Percentage**
	Primary school	0	0%
	Matric or equivalent	2	20%
	National Diploma	1	10%
	University degree	4	40%
	Post-Graduate degree	3	30%

Most of the participants had level 7 which is a university degree. Three participants had a master's degree. One had a diploma and the last two had grade 12/ matric. The results correlate with the findings by Carlock and Ward (2001) who reported that the small-scale family business are literate mostly with high school level education and relevant experience of around 10 years. Between the ages of 30 and 59, a sizable portion of family business owners have postgraduate degrees with 30% and with university degrees 40%, respectively. This suggests that the majority are of credit-worthy age, making

them the best possible candidates for credit providers. Family business owners, in contrast to these findings, are unable to obtain the finance they require.

4.2.4 Size of the firms in terms of revenue

Table 4.4: Size of the family firms

n= 10	**Range in turnover**	**Frequency**	**Percentage**
	< R500 000.00	1	10%
	R500 000.00 – R1 000 000.00	2	20%
	R1 000 000.00- R2 000 000.00	4	40%
	> R2 000 000.00	3	30%

Most participants earn between R1 million and R2 million in revenue annually, while 30% of participants earn more than R2 million. Only 10% of participants in the list make more than R500 000 per year; the remaining 20% make between R500 000 and R1,000,000 annually.

4.2.5 Legal ownership

Table 4.5: Legal ownership

n= 10	**Area in use**	**Frequency**	**Percentage**
	Legal owner	3	30%

	Leased land	6	60%
	Other (parents)	1	10%

Many of the Soweto and Rustenburg-based family-owned enterprises rent space in the areas where they conduct business. A leasing agreement is being used by 60% of the participants to rent the offices from the proprietors. 10% of those taking part live in homes that were once owned by their parents or grandparents. One-third of the participants are the rightful proprietors of the property they are on.

4.2.6 Experience in years

Table 4.6: Experience in years

n= 10	**Number of years in operation**	**Frequency**	**Percentage**
	1 to 2	0	0%
	3 to 5	1	10%
	5 and above	9	90%

Family businesses with more than five years of experience running their own businesses are prevalent. Most of the owners and managers in the neighbourhood grew up around business because their parents or grandparents had previously run the establishments.

90% of family business owners who participated in the interview had over five years of work experience, and 10% had between three and five years.

4.2.7 Type of family business activities

Table 4:7: Type of family business

n= 10	**Type of actives**	**Frequency**	**Percentage**
	Service	4	40%
	Retail	6	60%

60% of the participating family businesses are in the retail business, and 40% are in the service business.

4.2.8 Registration with the CIPC

Table 4.8: Registration with the CIPC

n= 10	**Family firms registered**	**Frequency**	**Percentage**
	Yes	9	90%
	No	1	10%

Most participants are registered with the Companies and Intellectual Property Commission (CIPC) for their businesses.

4.2.9 Summary of Socio-economic demographics

The results in section A above reported the participants' age groups in ranges, gender, level of education, total size of the business, experience in years, ownership of the land, type of activities. Most of the participants were between the age of 50 to 59 and were male.

4.3 Overview of Thematic analysis

The participants' names are changed to the letters A through J to maintain their anonymity, and only the author is aware of their real identities. Thematic analysis was conducted, following Braun and Clarke (2012) steps. Hence, in accordance with the study's research goals, the data was categorized, and themes were found. The following table summarises the main themes from the analysis of qualitative data.

Table 4.9: Research questions and Themes

Research question	**Main themes**
What are the current succession planning procedures in place for family businesses in Rustenburg and Soweto?	Wife to continue with business. The partner will continue with business. Son to take over as his into engineering studies. Father to continue with business. Son to carry on as he has finished his diploma in logistics.

What are the challenges that these family business face in planning for succession?	Lack of awareness and knowledge, family dynamics and conflict, and financial and resource constraints
How do these challenges affect the performance of the family businesses in Rustenburg and Soweto?	Financial strain, operational disruption, and a lack of innovation and adaptability
What initiatives does the government have for these enterprises, and are these initiatives strong enough to influence their development, growth, and expansion?	Improvement on infrastructure, job creation, road improvements and training for skills and development

4.3.1 Current procedures for family business succession planning.

This study sought to explore the current procedures for family business succession planning. Participants said the following:

Participant A indicated that "*There is need to reduce absenteeism in a business for a predetermined number of days to prevent operations from becoming compromised*."

Participant B indicated that "*Yes, there is a succession plan in place; either my wife or my sister-in-law will continue to run the business. Since they are a part of the top management team and I have already begun delegating authority to them while simultaneously upskilling them, the standard is now high, and I am convinced that the plan will be successful should I pass away or retire*." A family business does evolve, according to the literature, hence the strategy and priorities must shift. The business should hire and develop a potential successor's leadership in terms of managerial practices and structures in

addition to creating and executing successful long-term objectives (Aronoff, 2004).

Participant C indicated that *"I ensure that all staff members receive a predetermined amount of training and development each year in order for them to advance professionally."* Succession addresses the continuity of the business for future generations while preparing the incumbent for the succession of leadership. Ward (2016) claims that succession occurs gradually and begins before the heirs take over the business. A family business' transition to new owners can be difficult, especially if the existing owner is unwilling to surrender ownership or delegate responsibility to heirs (Poza, 2013).

Participant D indicated that "*In order to operate the firm effectively overall, we had to determine which organisational functions are most important. We concluded that the firm's long-term viability depends on the director and other managerial jobs like marketing and civil engineering.*"

Participant E indicated that "*Our succession planning makes sure that there are qualified candidates from which to choose when leadership roles in a firm become vacant.*" Santiago (2000) supports this by saying, a successful succession is more dependent on the succession process adhering to family values than it is on specific succession planning.

Participant F indicated that *"In our business, succession plans are developed for every critical position. Along with the management and important employees, I share ownership. I usually watch from a distance while standing and then look at the outcomes."* Le Breton–Miller et al. (2004) remarked that achieving the company's long-term viability and ensuing positive performance was a sign of a successful succession.

Participant G indicated that *"There is succession planning in place for every critical job in our business. Obtain a specified degree of employee retention or a specific staff turnover percentage. If I were to retire or pass away, my son will*

take over as a new director. As the only surviving member of my family, he would continue the business and grow it to greater heights."

Participant H stated that there is a succession plan in place and that he is working hard to prepare his son to take over the family firm should he become too exhausted as he is already in his late 50s. He added that his 23-year-old son recently received his logistics diploma, making it simpler for him to continue operating his transportation business. He currently owns 100% of the business and is unable to sell it since he wants to pass it down to the next generation.

Participant I stated that he is the only director of the business and should anything happen to him that could make it difficult for him to continue operating it, his father would take over and operate it as he is now working at his right hand and has knowledge of the firm's culture and vision. The literature claims that the next generation wants to live extravagantly and has a stable income to support them, but Hiebl (2014) came to the conclusion that this could endanger family businesses.

Participant J emphasised that working for their family business was not a guarantee. Their family business's ability to continue operating from generation to generation was a requirement for its succession. Participant I echoed the same sentiments. The financing of debt by one generation, however, may have an effect on next generations, according to studies (Molly et al., 2010).

Based on the analysis, the themes that appeared include Wife to carry on with business. The partner will continue with business. Son to take over, father to carry on with business. Furthermore, the research indicates that it is still unclear how the ownership structure has evolved over time in terms of generations. Identify a potential replacement who would be acceptable, according to Le Breton–Miller et al. (2004), who asserted that this was strategically important. The research revealed a trend that suggested each successor had been prepared over several generations to take over the family-owned business.

The research revealed that the family business succession process followed Le Breton–Miller et al. (2004), there are four crucial phases: (1) establishing the ground rules, (2) encouraging and developing potential successors, (3) choosing, and (4) officially handing over to the chosen successor. The findings were in line with Poza (2013) idea of family culture, which included the values, principles, and rules that shaped how people behaved in their personal and professional lives when faced with choices, possibilities, chances, and threats.

Regarding intergenerational succession, the participant's backgrounds were diverse. Participant G stated that when she was younger, her father expressed a desire for her and her brother to engage in the family business. Nevertheless, she and her brother had to prove their managerial skills to become owners of the business, despite having to work there.

Participant A said that the business was started by his brother who then left to live abroad, he then had to grow, diversify, and expand it. He is the only director in the firm, and he has 100% share on it. He is intending to leave the business in the hands of the wife should any critical thing happen to him. He is originally from East Africa, in Ethiopia in a city called Addis Ababa and he has been in Rustenburg for 23years. He started the firm to help him survive and support his family. According to these findings, families with a legacy may be able to explain why and when intangible qualities of wealth, such as influence, tradition, and social standing, are highly valued (Carr et al., 2016).

Participant F noted that the business began with just three items on the menu and is one of the first independently owned restaurants in township malls to serve African cuisine. The specialty market led to the establishment of the business. The business was established specifically for young people. He is a masters-educated man who made the decision to return to South Africa with his savings to launch a business. From being a restaurant, he has developed into a venue for entertainment with comedy shows and other events.

Participant G stated that her late father saw an opportunity at the company where he was employed as a board member and decided to launch the firm. The daughter was then given the idea by the father, who encouraged her to adopt it by giving her advice on how the mine operates and encouraging her to build relationships. She then got started, and the first deal she received involved providing 100 laptops and 100 tablets to a school, for which she earned R200 000. When she realized there were more chances in construction, she left the mining industry. She was raised in Rustenburg, has a degree, and had to work for herself to use it. She stated that she had no plans to sell her firm and will instead transfer ownership to her son, who is still a student. Ward (2016) suggested that a shift in ownership plans calls for new tactics. The elements relating to business strategy were, nevertheless, shaped by assumptions made by family members and their ownership intents.

Participant H stated that he began the business with monies he had amassed during his time as a police officer. At one point, while serving as a police officer for SAPS, he had a spaza shop. Since he sold apparel and food when he was in primary school, he mentioned that he has been involved in business since that time. Additionally, he mentioned that he was given a ride by a truck driver, which served as the impetus for starting his own trucking business because he made the promise to himself that day that he would one day operate his own vehicle. Then, in 2012, he decided to quit his job as a police officer and used his pension money and the earnings from the spaza to create a trucking business. From that point on, he continued to purchase vehicles, which is how his business began. To succeed in the transportation industry, he emphasised that one must be more focused and involved. Through the monitoring device, he keeps an eye on the vehicles wherever they go, managing the business's administration and operations in the process.

4.3.2 Challenges that family businesses face in planning for succession

The research question focused on understanding the challenges faced by family businesses in planning for succession. Through an in-depth thematic analysis of the interview responses from 10 family business owners in Rustenburg and Soweto, key themes emerged that shed light on these challenges and provide insights into the research question.

Theme 1: Lack of Succession Planning Awareness and Knowledge

Many participants expressed a common challenge of lacking awareness and knowledge about succession planning. They highlighted the complexity of the process and their initial oversight of its importance. Participant D mentioned, *"We never really thought about succession planning before. It's a complex process, and we didn't know where to start."*

In support, another participant, Participant A, echoed this sentiment, saying, "*Succession planning was not a priority for us until recently. We didn't realize its significance and the impact it could have on the business."*

In addition, Participant E stressed the following:

"*We have been so focused on day-to-day operations that succession planning became an afterthought. Now we realize the importance of preparing the next generation, but we lack the knowledge and resources to do it effectively*."

Theme 2: Family Dynamics and Conflict

Family dynamics and conflicts within the business emerged as a significant challenge affecting succession planning. Participants discussed the disagreements and tensions among family members regarding the future direction of the business and the choice of a successor. Participant H shared, "*Different family members have different ideas about who should take over, and it has caused tensions and disagreements*." Participant B also highlighted the

challenges arising from family dynamics, stating, "*The transition of power in a family business can be complicated. The family relationships and dynamics add another layer of complexity to succession planning*."

In addition, Participant G stressed:

"*There are tensions between family members regarding who should take over. It's challenging to reach a consensus, and it creates delays in the succession planning process."*

Theme 3: Financial and Resource Constraints

Financial and resource constraints were identified as another significant challenge in planning for succession. Participants cited difficulties in allocating sufficient funds for training and development of potential successors. Limited access to external resources also hindered their succession planning efforts. This is in line with the RBV theory. Participant F explained, *"Investing in the development of successors requires financial resources that we don't always have, which hampers our succession planning efforts."*

Similarly, *Participant J expressed the financial constraints, stating, "We want to invest in our successors' development, but financial limitations often limit our options. It's difficult to strike a balance between running the business and preparing for the future*."

In addition, Participant I stressed:

"*We understand the need for succession planning, but financial constraints make it difficult for us to invest in training and development programs. We have to prioritise our limited resources*."

These findings exemplify the challenges identified within each theme. Findings highlight the lack of awareness and knowledge about succession planning, the conflicts arising from family dynamics, and the financial constraints that family businesses face when planning for succession. Consistent with Proposition 1,

the findings analysis revealed that family businesses in Rustenburg and Soweto face challenges in planning for succession. The themes of lack of awareness and knowledge, family dynamics and conflict, and financial and resource constraints provide valuable insights into the difficulties encountered by these businesses. Addressing these challenges will be crucial for the successful transition of family businesses and ensuring their long-term sustainability.

4.3.3 How do these challenges affect the performance of the family businesses in Rustenburg and Soweto?

This research question aimed to explore the impact of challenges in succession planning on the performance of family businesses in Rustenburg and Soweto. The thematic analysis conducted on the responses of the participants revealed three key themes that shed light on the relationship between these challenges and business performance.

Theme 1: Financial Strain

This theme focuses on the financial implications of succession planning challenges on the performance of family businesses. Participants highlighted the financial burden associated with a lack of a clear succession plan and the impact it had on their overall profitability and competitiveness.

One participant, Participant D, expressed their experience by stating, "*The lack of a clear succession plan has put a strain on our financial resources. We had to allocate funds for sudden transitions and training new leaders, affecting our profitability."*

Another participant, Participant E, further emphasised this point, saying, "*Without a smooth succession process, we faced difficulties in securing financing for growth opportunities. It hindered our ability to invest in new ventures and impacted our competitiveness."* This indicate that challenges in succession planning can have a significant financial impact on family

businesses, limiting their ability to allocate resources effectively and hindering their growth prospects.

Theme 2: Operational Disruption

This theme revolves around the disruptions in the day-to-day operations of family businesses caused by challenges in succession planning. Participants highlighted the negative effects of the uncertainty surrounding succession on employee morale, productivity, and overall performance.

Participant G explained, "*The uncertainty surrounding succession created a sense of instability within the business. It affected employee morale and productivity, leading to a decline in overall performance."*

Another participant, Participant H, discussed the operational disruptions resulting from poor transition planning, stating, "*When the transition is not well-planned, it can lead to disruptions in the supply chain and customer relationships. We experienced delays in deliveries and lost some valuable clients as a result*."

This demonstrates that challenges in succession planning can create internal instability, impacting the efficiency and effectiveness of operations, and ultimately affecting the overall performance of family businesses.

Theme 3: Innovation and Adaptability

This theme explores the impact of succession planning challenges on the ability of family businesses to innovate and adapt to changing market conditions. Participants shared their experiences of how these challenges hindered their ability to foster a culture of innovation and respond to market demands.

Participant J mentioned, "*Succession planning challenges made it difficult for us to foster a culture of innovation. We were more focused on resolving internal conflicts rather than exploring new ideas and staying ahead of our competitors*."

Participant B further emphasised the struggle to adapt, saying, "*Without a smooth transition, we struggled to adapt to market changes and implement new strategies. It affected our ability to respond to customer needs and stay relevant in the industry*." These quotes highlight that challenges in succession planning can impede the innovation and adaptability of family businesses, limiting their ability to stay competitive and meet the evolving demands of the market.

Overall, these findings revealed three key themes that illustrate the impact of succession planning challenges on the performance of family businesses in Rustenburg and Soweto. Financial strain, operational disruption, and a lack of innovation and adaptability emerged as critical areas affected by these challenges. The findings provide concrete evidence to support Proposition 2, offering valuable insights into the experiences and perspectives of family businesses in relation to the identified themes. Understanding these findings and their implications helps in developing strategies to address these challenges and enhance the performance of family businesses in these regions.

4.3.4 Establishing if the government's initiatives for these businesses are potent enough to affect their growth, development and expansion.

The study also explored participant views on whether government's initiatives for family businesses are potent enough to affect their growth, development, and expansion. The following are the participant's responses.

Participant A indicated that "*The government is not helping to make reforms or to expand the business in any manner; rather, it is the business that is assisting the government by giving back to the community in whatever way it can and by creating jobs for community members."* Participant B mirrored these sentiments.

Participant C indicated that "*The government is not as helpful because there has been a lot of load shedding recently. Even though the business has a*

backup generator, some refrigerators still cannot be powered by it, and other point of sale only function when there is enough network; when there is a shortage of electricity, the network also becomes a problem, which delays customers who arrive without cash."

Participant D indicated that "*Government is not directly involved in our operation and does not provide any help."* The same views were expressed by Participant F.

Participant E indicated that "*Due of the recent widespread load shedding, the government is not as helpful. Businesses currently lack a backup and suffer greatly; occasionally, network problems arise, and speed points perform ineffectively. If this issue doesn't get fixed, the business could have to make some cuts.*"

Participant G indicated that "*Most people often say that I get more work because I am from the royal family, but that is not always the case. Government has helped our family business to be sustainably profitable by providing jobs for the family business.*"

Participant H said that he has never gotten any form of government assistance to expand the business. The business has been able to support itself without help or donations. He also said that he established this business with his savings. This sentiment was shared by participant F and participant I.

The analysis of participant responses demonstrates a range of perspectives on the government's initiatives for family businesses. While some participants expressed dissatisfaction with the level of support received, others acknowledged the positive impact of government assistance, particularly in job creation. These varying views highlight the complex and multifaceted nature of government-business relationships and indicate the need for further exploration of the role and effectiveness of government initiatives in facilitating the growth and development of family businesses.

4.4 Chapter Summary

This chapter presented findings from the thematic analysis conducted. The chapter explored the current procedures and challenges of family business succession planning in Rustenburg and Soweto, as well as the impact of these challenges on business performance. Additionally, it examined the government's initiatives and their effectiveness in influencing the development, growth, and expansion of family businesses in these regions. The chapter presented a thematic analysis of qualitative data obtained from interviews with 10 family business owners, providing valuable insights into the research questions.

The chapter began by introducing the research questions and the methodology used for data collection and analysis. To ensure anonymity, the participants' names were changed to letters, and only the author was aware of their real identities. The study followed the thematic analysis approach outlined by Braun and Clarke (2012) to identify and categorise themes from the qualitative data.

The main findings of the study are summarised in Table 4.9, which presents the main themes that emerged from the analysis of qualitative data for each research question. The themes were then discussed in detail to provide a comprehensive understanding of the study's findings.

The first research question explored the current procedures for family business succession planning in Rustenburg and Soweto. The identified themes include the wife continuing with the business, the partner taking over, sons being prepared through education, and fathers continuing the business. The analysis revealed a trend of multi-generational preparation of successors and the importance of leadership development and long-term objectives in ensuring a successful transition.

Moving on to the second research question, the study investigated the challenges faced by family businesses in planning for succession. Three key

themes emerged: lack of awareness and knowledge about succession planning, family dynamics and conflict, and financial and resource constraints. Participants expressed their initial oversight of succession planning, the complexities involved, and the difficulties in navigating family dynamics and reaching a consensus on the choice of a successor. Financial limitations and limited access to resources were highlighted as challenges.

The third research question examined how these challenges affect the performance of family businesses in Rustenburg and Soweto. The analysis revealed three main themes: financial strain, operational disruption, and a lack of innovation and adaptability. The lack of a clear succession plan and the associated financial burden impact profitability and competitiveness. Operational disruptions arise from uncertainties in succession, leading to employee morale and productivity issues. Additionally, challenges in succession planning hinder the ability of family businesses to innovate and adapt to market changes.

Finally, the study explored the effectiveness of government initiatives in influencing the growth, development, and expansion of family businesses. Participants expressed varying views, with some indicating dissatisfaction with the level of government support, while others acknowledge the positive impact of government assistance in job creation. The initiatives discussed include infrastructure improvements, job creation, road improvements, and skills development.

In conclusion, the chapter provided a detailed summary of the key findings from the study. The analysis highlighted the current procedures and challenges of family business succession planning in Rustenburg and Soweto, emphasising the impact of these challenges on business performance. It also shed light on the government's initiatives and their effectiveness in supporting family business development. The findings contribute valuable insights for practitioners, policymakers, and researchers interested in understanding and addressing the complexities of family business succession planning in these regions.

CHAPTER 5. DISCUSSION OF FINDINGS

5.1 Introduction

This section focuses on the discussion of findings from the thematic analysis conducted. The discussion focuses on the main the propositions formulated. Though the study had four research questions, the questions were narrowed to form two propositions which focused on succession planning challenges and how these challenges affect the performance of family businesses in Soweto and Rustenburg.

5.2 Discussion pertaining to Proposition 1

This study suggested that to secure the viability of family businesses in the future, appropriate succession planning is crucial.

Proposition 1: Family businesses encounter challenges in creating effective succession plans due to several factors.

The proposition that family businesses face challenges in creating effective succession plans is supported by the findings of the study conducted in Rustenburg and Soweto. The thematic analysis revealed several factors that contribute to these challenges, which can hinder the successful transition of leadership and continuity of family businesses.

One key factor highlighted in the study is the lack of awareness and knowledge about succession planning. Many participants acknowledged that succession planning was not a priority for them until recently, and they were not fully aware of its significance and impact on the business. This lack of awareness can make it difficult for family businesses to develop comprehensive and well-thought-out succession plans. Without a clear understanding of the process and its

importance, they may overlook critical aspects or fail to allocate sufficient resources for succession planning.

Family dynamics and conflict within the business were also identified as significant challenges in creating effective succession plans. Participants discussed the disagreements and tensions among family members regarding the choice of a successor and the future direction of the business. These conflicts can arise from differing opinions, personal ambitions, and power struggles within the family. They can complicate the succession planning process and make it challenging to reach a consensus on important decisions. Family businesses need to navigate these dynamics and find ways to balance the interests and aspirations of family members to create a successful succession plan.

Financial and resource constraints were another crucial factor affecting the creation of effective succession plans. Family businesses may struggle to allocate sufficient funds for training and development programs for potential successors. Limited access to external resources further hampers their efforts in succession planning. The financial burden associated with succession, such as sudden transitions, training new leaders, and investing in development programs, can strain the business's resources and impact its profitability. Without adequate financial resources, family businesses may struggle to invest in the long-term development and preparation of successors.

These challenges in creating effective succession plans can have significant implications for family businesses. The study identified three key areas where these challenges impact business performance: financial strain, operational disruption, and a lack of innovation and adaptability. Financial strain arises from the lack of a clear succession plan, impacting the business's ability to allocate resources effectively and hindering its growth prospects. Operational disruption occurs due to the uncertainty surrounding succession, leading to issues in employee morale, productivity, and overall performance. The lack of effective

succession planning can also hinder a family business's ability to innovate and adapt to changing market conditions, potentially making it less competitive.

The importance of having a proper succession plan for family-owned businesses is emphasised in literature. Parada and Viladás (2010) assert that to maintain the business, family members must continually make decisions. Throughout a business's lifespan, similar crucial situations involving survival may recur. Furthermore, Criaco et al. (2021), note that the time dimension of continuity is essential for separating longevity, which is long-term survival, from continuity, which is short-term survival. Any decision in favour of keeping a business open rather than selling it or closing it down largely for socioemotional wealth reasons, such as when a business faces a key event like the owner's departure (Criaco et al., 2021).

5.3 Discussion pertaining to Proposition 2

This study also proposed that difficulties in succession planning can hurt the operation of a business.

Proposition 2: The challenges in succession planning affect the operational efficiency and competitiveness of family businesses.

According to the literature, economic performance, competitor behaviour, aging and disease, as well as the objectives or viewpoints of the next generation, are other crucial factors that frequently affect family business succession. For instance, the incumbent could not have been willing to transfer the business when it was time for the incumbent to retire. This hesitation was most likely caused by the incumbent feeling like they were losing power and respect (Lansberg & Gersick, 2015).

The current owner owes it to the following generation of family business owners to instil in them family values, the ability to lead, and management that is compatible with the organisation's goals and its succession plan. Family business entrepreneurs in the first generation should be aware that their successors confront different obstacles now than they did in the years before (Duh, 2014). The second generation family member might need to acquire abilities that are different from those of the first generation business owner in order to succeed (Van der Westhuizen & Garnett, 2014).

The proposition that challenges in succession planning affect the operational efficiency and competitiveness of family businesses is strongly supported by the findings of the study conducted in Rustenburg and Soweto. The thematic analysis revealed key themes that highlight the impact of these challenges on various aspects of business operations, ultimately influencing their efficiency and competitiveness.

One of the major challenges identified in the study is the financial strain caused by the lack of a clear succession plan. Participants expressed that without proper succession planning, family businesses face difficulties in allocating financial resources effectively. This strain on financial resources can have a direct impact on operational efficiency. It can limit the ability to invest in necessary resources, such as technology, infrastructure, and employee training, which are essential for optimizing operations. As a result, family businesses may struggle to maintain high levels of productivity, streamline processes, and effectively utilise resources, leading to reduced operational efficiency.

Operational disruption is another significant challenge that affects family businesses during succession planning. The uncertainty surrounding succession and the conflicts arising from family dynamics can disrupt day-to-day operations. Participants reported that these disruptions could negatively impact employee morale and productivity. When employees are uncertain about the future leadership and the direction of the business, it can create a sense of instability and affect their motivation to perform at their best. Furthermore,

conflicts among family members can create a hostile work environment, leading to decreased cooperation and teamwork, further hampering operational efficiency.

The lack of innovation and adaptability is another consequence of the challenges in succession planning. Participants highlighted that when succession planning is not properly managed, businesses may become more focused on resolving internal conflicts rather than exploring new ideas and staying ahead of their competitors. This lack of focus on innovation can result in a decline in competitiveness. Family businesses need to continually innovate and adapt to changing market conditions to stay relevant and attract customers. However, the challenges in succession planning can divert attention and resources away from these important aspects, impacting the business's ability to respond to market demands and stay competitive.

Overall, the challenges in succession planning identified in the study have a significant impact on the operational efficiency and competitiveness of family businesses. Financial strain limits the ability to invest in operational improvements, operational disruptions create instability and reduce productivity, and a lack of innovation and adaptability hampers competitiveness. Recognising and addressing these challenges is crucial for family businesses to ensure smooth leadership transitions, maintain operational stability, and enhance their competitiveness in the market.

5.4 Chapter Summary

This chapter focused on discussing findings of the study. The findings were discussed in line with the propositions that were made in this study. According to the interviews, family firms must have effective succession planning in place to maintain their success. This proposition is supported by the findings from the thematic analysis conducted and is also consistent with literature. In addition, the study also proposed that difficulties in succession planning can hurt the

operation of a business. This proposition is consistent with literature and findings from the primary study which revealed that family businesses face several succession planning challenges, and this have negative implications on the survival of the business. The following chapter provides conclusions and recommendations of the study.

CHAPTER 6. CONCLUSIONS & RECOMMENDATIONS

6.1 Introduction

This chapter's summary of findings, conclusion, and suggestions are based on the information supplied and examined in the previous chapter. By assessing the degree to which some of the study's objectives had been met, it was possible to evaluate the factors influencing family businesses' succession planning in Rustenburg and Soweto.

6.2 Conclusions of the study

Based on the current study, it can be concluded that family businesses face challenges in creating effective succession plans. However, it is important to note that first-generation family business owners exhibit a strong connection to the business and a desire to pass down a well-respected and long-term-focused business to the next generation (Samara & Arenas, 2017). This suggests that family members may be more suitable for board positions in family businesses, as they have a vested interest in the long-term success of the business (Samara & Arenas, 2017).

Nevertheless, the study highlights the importance of including both family and outside directors on the board of family businesses to maximize the benefits of family engagement while minimizing potential drawbacks. External directors bring personal connections and unbiased perspectives to the board, which can reduce conflicts of interest and offset the social capital loss caused by a management team consisting solely of family members (Le Breton-Miller & Miller, 2016). Moreover, the presence of outside directors promotes board diversity and enhances the family business's awareness of opportunities to improve social performance and participation (Le Breton-Miller & Miller, 2016).

This conclusion aligns with previous research that suggests better management outcomes and social performance are associated with greater family engagement and the inclusion of independent directors on the board (Bingham et al., 2011; Marques et al., 2014). When a family business combines a predominantly family member management team with a mix of outside and family directors on the board, it can leverage the positive impact of family involvement in management. The strong emotional and reputational bonds of family managers to the business contribute to enhanced social and environmental performance, while outside directors help mitigate intra-family conflicts of interest and provide additional social problem-solving advice (Bingham et al., 2011).

The study also highlights the importance of reducing conflicts of interest between family owners and outsiders for improved environmental and social performance in cases where family-owned businesses have board members who are not related to the ownership, the potential conflicts of interest are reduced, leading to better performance in the environmental and social spheres (Bernard, 2017). However, it is worth noting that in Rustenburg and Soweto, where shares are publicly traded, the presence of devoted owners may limit the pursuit of family-centric goals and broaden the range of viewpoints expressed at shareholder meetings.

Specific conclusions were made based on the findings. The conclusions are discussed per each research question as follows:

6.2.1 Current succession planning procedures in Rustenburg and Soweto

Regarding the current succession planning procedures in Rustenburg and Soweto, the study concluded that family businesses employ a range of strategies. These include the continuation of the business by the wife, a partner,

or a sibling, as well as grooming sons and daughters for leadership positions. The findings also indicate that succession planning often involves a gradual transition and the preparation of potential successors over multiple generations (Samara & Arenas, 2017). However, there is a need for further investigation to understand the evolution of ownership structures over time in these family businesses.

6.2.2 Challenges faced by family businesses in planning for succession.

The study identified the challenges faced by family businesses in planning for succession. It concluded that many family businesses in Rustenburg and Soweto lack awareness and knowledge about succession planning, leading to the initial oversight of its importance. Family dynamics and conflicts also present significant obstacles, as differing opinions among family members can create tensions and disagreements when choosing a successor. Additionally, financial and resource constraints limit the ability of family businesses to invest in training and development programs for potential successors, thus hindering effective succession planning efforts (Le Breton-Miller & Miller, 2016).

6.2.3 Impact of challenges on the performance of family businesses

The third key conclusion of the study pertains to the impact of these challenges on the performance of family businesses. It is evident that the challenges in succession planning have direct implications for the financial stability and profitability of family businesses in Rustenburg and Soweto. The lack of clear succession plans, along with family conflicts and financial constraints, contribute to operational disruptions that negatively affect employee morale, productivity, and overall business performance. Furthermore, these challenges impede the innovation and adaptability of family businesses, limiting their ability to respond to market changes and remain competitive (Bingham et al., 2011; Marques et al., 2014).

6.2.4 Government initiatives for family businesses in Rustenburg and Soweto

The study examined the government initiatives for family businesses in Rustenburg and Soweto. The findings revealed mixed views among participants regarding the effectiveness of these initiatives. While some acknowledge the positive impact of government support, particularly in terms of job creation and community development, others perceive the assistance provided by the government as limited. Consequently, there is a need for further exploration to understand the role and effectiveness of government initiatives in facilitating the growth, development, and expansion of family businesses, specifically addressing challenges related to succession planning and financial constraints.

6.3. Recommendations

The following recommendations were made based on the findings of this study:

- **Raise awareness and educate family business owners**: Family businesses in Rustenburg and Soweto should invest in raising awareness about the importance of succession planning. Conducting workshops, seminars, and training programs specifically focused on succession planning can help family business owners understand the significance of this process. By increasing their knowledge and awareness, owners can take proactive steps to plan for succession effectively. This could include inviting experts in the field to share their experiences and provide practical guidance on developing succession plans tailored to the unique needs of each family business.
- **Implement a structured and transparent succession planning process**: Family businesses should establish a structured and transparent succession planning process that clearly defines the criteria for selecting successors and outlines the steps involved in the transition.

This process should include identifying potential successors within and outside the family, assessing their capabilities and qualifications, and providing them with appropriate training and development opportunities. By formalizing the process and ensuring transparency, family businesses can mitigate conflicts and ensure a smooth transition of leadership.

- **Foster open communication and resolve family conflicts**: Family dynamics and conflicts can pose significant challenges to succession planning. Family businesses in Rustenburg and Soweto should prioritise open communication and create a platform for family members to discuss their perspectives and concerns regarding succession. Regular family meetings and facilitated discussions can help address conflicts, manage expectations, and ensure consensus among family members. Seeking the assistance of professional mediators or family business advisors can also provide objective guidance and help resolve conflicts in a constructive manner.
- **Engage independent advisors and outside directors:** Family businesses can benefit from the involvement of independent advisors and outside directors on their boards. These individuals bring external perspectives, industry expertise, and governance experience, which can contribute to effective succession planning and overall business performance. Engaging independent advisors can help family businesses assess potential successors objectively and identify gaps in skills or experience that need to be addressed. Additionally, outside directors can provide valuable insights, offer unbiased viewpoints, and contribute to better decision-making processes. Family businesses should actively seek out individuals with relevant expertise and diverse backgrounds to serve on their boards and benefit from their guidance and expertise.

Implementing these practical recommendations can enhance the succession planning process for family businesses in Rustenburg and Soweto, leading to better business performance.

6.4. Suggestions for further research

- **Explore the impact of cultural factors on succession planning**: This study focused on family businesses in Rustenburg and Soweto, but further research could delve deeper into the influence of cultural factors on succession planning in different regions or countries. Cultural norms, values, and traditions may shape the attitudes and practices related to succession planning within family businesses. Investigating how cultural factors influence succession planning decisions and processes could provide valuable insights for developing culturally sensitive strategies and interventions to support effective succession planning.
- **Investigate the effectiveness of government initiatives**: While this study touched upon the government initiatives for family businesses in Rustenburg and Soweto, further research could conduct a comprehensive evaluation of the effectiveness and impact of these initiatives. This would involve assessing the outcomes and benefits experienced by family businesses that have utilised government support programs. Understanding the strengths, weaknesses, and gaps in current government initiatives can inform policy improvements and provide recommendations for enhancing the support provided to family businesses in terms of succession planning and overall growth and development.
- **Examine the role of technology in succession planning**: The study did not extensively explore the role of technology in succession planning for family businesses. Further research could investigate how technological advancements, such as digital platforms, data analytics, and artificial intelligence, can facilitate succession planning processes. Exploring the use of technology in identifying and assessing potential successors, capturing and preserving knowledge and expertise, and facilitating communication and collaboration among family members could provide valuable insights into how technology can enhance the effectiveness and efficiency of succession planning in family businesses.

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6.5. Conclusion

This study examined the succession planning challenges faced by family businesses in Rustenburg and Soweto, South Africa, and explored their impact on business performance. The motivation for this study stemmed from the recognition of the crucial role of succession planning in ensuring the long-term sustainability and competitiveness of family businesses. The purpose of the study was to identify the current succession planning procedures in place, understand the challenges encountered, examine their implications on business performance, and explore the effectiveness of government initiatives in supporting family businesses. The study utilised interviews as the primary method of data collection, targeting a sample of 10 family business owners from Soweto and Rustenburg. Thematic analysis was employed to analyse the collected data, uncovering key themes and patterns related to succession planning challenges and their impact on business performance.

The findings of the study indicated that family businesses faced several challenges in creating effective succession plans, including a lack of awareness and knowledge about succession planning, family conflicts, and financial constraints. These challenges directly impacted the operational efficiency and competitiveness of family businesses, resulting in financial strain, operational disruptions, and limited innovation. Moreover, the study revealed mixed perceptions regarding the effectiveness of government initiatives, highlighting the need for further exploration to assess their influence on family business development and expansion.

The practical contribution of this study lies in providing insights and recommendations for family businesses in Rustenburg and Soweto to enhance their succession planning efforts. Recommendations included fostering awareness and knowledge about succession planning, managing family

dynamics and conflicts, addressing financial constraints through resource support, and leveraging government initiatives. By addressing these challenges, family businesses could improve their operational efficiency, competitiveness, and long-term sustainability. The theoretical contribution of this study was twofold. Firstly, it highlighted the importance of including both family and outside directors on the board of family businesses to maximize the benefits of family engagement while mitigating potential drawbacks. Secondly, it underscored the significance of cultural and contextual factors in shaping succession planning practices, emphasising the need for culturally sensitive approaches to ensure effective succession planning in diverse contexts.

In conclusion, this study provided valuable insights into the succession planning challenges faced by family businesses in Rustenburg and Soweto, and their impact on business performance. The findings underscored the importance of addressing these challenges through practical interventions and leveraging government support. By doing so, family businesses could improve their operational efficiency, competitiveness, and long-term success, contributing to the overall growth and development of the region's economy.

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APPENDIX A (Ethics Clearance Certificate)

Graduate School of Business Administration
University of the Witwatersrand, Johannesburg

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

Ethics Clearance Certificate

Ethics protocol number: WBS/EN2012606/975

This certificate is only valid with a legitimate ethics protocol number and signed by the Researcher (below).

This certificate is only valid if accompanied by formal permission from the relevant stakeholder(s).

Project title	Succession planning and performance of family businesses in Rustenburg and Soweto, South Africa
Investigator / Researcher	Mr Sandile Nduna
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	2022-11-14
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

28/11/2022
Date:

APPENDIX B (Participant Information Sheet)

Participant Information Sheet (PIS)

Dear Sir / Madam

My name is Sandile Nduna . I am a Masters student in Masters of management in entrepreneurship and new venture creation at the University of the Witwatersrand, Johannesburg. My supervisor is Dr Murimbika. I am conducting a research study about business succession planning challenges. The study title is **Business Succession Planning challenges in Rustenburg and Soweto Township: Implications on family businesses performance**.

I am inviting you to take part in an interview. If you decide to take part, your participation in this research study will last about 1 hour. The interview activity will take place at [your offices] at [12:00].

With your permission, I would like to audio record the interview. This data will be stored in Password Protected Computer for 2 years and/or deleted after 2 years. Only the researcher will have access to the data.

During the research activity, I will need to ask for some personal information about you, including your business.

The interview will be confidential and anonymous. When I share the results of the research study, I will not include your name or anything else that could identify you. With your permission, other researchers may use the data collected from this research study, but your name and any personal information will not be used or passed on.

If you decide to take part in the research study, it should be because you want to volunteer. You do not have to take part. You can stop being in the study at any time. You do not have to answer any questions if you do not want to. You will not get any direct benefits if you choose to join the research study. You will not lose any services, benefits or rights you would normally have if you decide not to join. Taking part in the research study will not cost you anything. You will not be paid for being in this research study. Your travel/data costs to attend the interview will be reimbursed to a maximum of R150.

The risks for this research study are no more than what happens in everyday life. OR Some of the questions asked may make you feel sad or upset. If this happens, I will stop the interview and continue another time. If you need some support or counselling services following the interview, these are available free of charge at 24/7. The name of the counsellor is ICAS and the contact details for the counselling service are 0800 111 331.

This research study will be written up as a research report. The report will be available on the university library website. If you would like to receive a summary of this report, I will be happy to send it to you.

If you have any questions during or afterwards about this research study, feel free to contact me or my supervisor on the details listed below. If you have any concerns or complaints about the ethical procedures of this research study, you are welcome to contact the University Human Research Ethics Committee (Non-Medical), telephone +27(0) 11 717 1408, email hrecnon-medical@wits.ac.za.

Yours sincerely,

Researcher:

Sandile Nduna, 2012606@students.wits.ac.za, 0733393772

Supervisor:

Mc Edward Murimbika, mcedward.murimbika@wits.ac.za, +27 11 717 3658

APPENDIX C (Consent Form)

Consent Form

Title of project: Business Succession Planning challenges in Rustenburg and Soweto Township: Implications on family businesses performance.

Name of researcher: Sandile Nduna

I, ……, agree to participate in this research project.

I agree to the following:

(Please circle the relevant options below)

The research study was explained to me. I understand what this study is about.	YES	NO
I understand that I can volunteer to take part in the study	YES	NO
I agree that the interview/focus group/other activity may be audio recorded	YES	NO
I agree that direct quotations from my interview/focus group/other activity may be used by the researcher in their research report/ manuscript/book chapter	YES	NO
I agree that my participation will remain anonymous (my name will not be used by the researcher in their research report/manuscript/book chapter)	YES	NO
I agree that other researchers may use the information I provide in my interview/focus group/other activity (depending on their own ethics clearance being obtained) but my name and any personal information will not be used or passed on	YES	NO

…… (signature)
…… (name of participant)
…… (date)

…… (signature)
…… (name of researcher/person seeking consent)
…… (date)

APPENDIX D (Instrument)

WITS UNIVERSITY ACCESS TO FAMILY BUSINESS

TO BE FILLED BY INTERVIEWER immediately before interview starts:

Initials of Interviewer:_____ Date:_____

Gender of interviewee:_____ Time:_____

Location of interview:_____

Introduction. Hello, my name is_____. I am a Masters student at Wits Business School, and I am doing an investigation on succession planning on family businesses.

Thanks for agreeing to talk to me. Please be assured that this is a confidential interview and if you feel uncomfortable, we can stop anytime. Let me start by asking you some questions about yourself.

1. Can you do the interview in English, (y/n) ____ or would you prefer another language (what?)_____

2. How do you classify the activity of your business? (need to define each):

a. Service _____

b. Retail _____

c. Manufacturing _____

d. Other? _____

3. Please specify the activity:_____

4. Your Age: (tick one):

a. under 20

b. 20-29___

c. 30-39___

d.40-49___

e.50-59___

f.60-69___

g. 70+___

5. Where were you born?_____

6. If not from Rustenburg or Soweto, how long have you been here?

a. 1-2 years _____

b. 3-4 years _____

c. 5-6 years _____

d. 7-8 years _____

e. 9-10 years _____

f. More than 10 years _____

7. How many years of schooling did you finish?

a. Primary School

b. Matric or equivalent

c. National Diploma

d. University degree

e. Post-graduate degree

Thank you. I will now be asking some questions about the work you do in this location.

8. What work do you do here? _____

9. When did you start this business?

a. Less than one year _____

b. 1-2 years _____

c. 3-4 years _____

d. 5-6 years _____

e. 7-8 years _____

f. 9-10 years _____

g. More than 10 years _____

10. Why did you start this work?

a. Inherited _____

b. Only thing I can do _____

c. Market niche _____

d. Had connection/friend in this line of work _____

e. Got offered it to me _____

f. other. State why _____

11a. Do you work **for** someone?

Yes_____(go to 11.b) No _____ (go to 11.c)

11b. If yes, who?

a. Sibling _____

b. Parent _____

c. Kin (cousins, aunts uncles) _____

d. Friend from home _____

e. Friend made here _____

f. Boss who is not a friend or family _____

g. Other?_____

11c: Do people work for you?

Yes_____ (go to 11.d) No_____ (go to 12.a)

11d. If yes, who?

a. Sibling _____

b. Parent _____

c. Kin (cousins, aunts uncles) _____

d. Friend from home _____

e. Friend made here _____

f. Child (son/daughter) _____

g. Employees _____

12a. Do you have partners in this work?

Yes _____(go to 12.b) No _____(go to 13.a)

12b. If yes, how many people do you work with?

a. 1 other _____

b. 2 _____

c. 3 _____

d. 4 _____

e. 5 _____

f. More than 5 _____

12c. Who are these people?

a. Family members _____

b. Friends from home _____

c. Friends from here _____

d. Just colleagues _____

e. Hired help _____

13a. How did you get this place or the place where you work?

a. From a friend _____

b. From a family member _____

c. from the owner _____

d. From the caretaker _____

e. Just occupied the space _____

13b. How did you get the money to start this business? (**FOR OWNERS ONLY**)

a. From a friend _____

b. From a family member _____

c. from the owner _____

d. From the caretaker _____

e. Had some savings _____

14a.How do you keep this space? (**On what basis do you occupy this space**?)

a. Rent it from owner with lease agreement _____ (go to 14.b)

b. Rent it from owner without a lease agreement____ (go to 14.b)

c. Bought the space and have title deed. _____ (go to 14.c)

d. Bought the site but have no title deed _____ (go to 14.c)

e. Allowed to stay by owner/care taker _____

f. Occupy the space without owning or renting _____

g. Paid previous person occupying this place _____

15. Let's start by talking about your family's business and its history:

a. How did your business get off the ground?

b. How did your family decide to start a business, and

c. Can you provide some background on the founding of this business?

d. What made you decide to start a business?

16. What is a family business, exactly? What are a family business's benefits and/or drawbacks?

17. Let's talk about the ownership and administration of your business by your family:

a. In what ways is the owner-family active in the ongoing management process?

b. Aspects of the family and non-family (internal and external) actors that take part in this process are question number two.

18. Family business identification and ownership:

a. How did the founder appoint family members and non-family members managing the business?

b. How many members of the top management team (TMT), such as the executive committee or board of directors (BOD), are immediate family members?

c. How many people in the TMT are not family?

d. How many further family members are TMT?

e. Shares held by non-family members: how many? Other shareholders: 2, 2–5, 6–10, or >10?

f. What generation—the generation of the founder(s)—is currently in charge of the family business? or a different generation?

19. Let us discuss the future of your business as a family-owned business:

a. What are your primary resources?

b. What are the strategies used so far to navigate the current situation?

What generation—the founder(s) generation—is currently in charge of the family business? Perhaps a different age group?

c.How do you envision your business developing once you retire? Do you believe the family is prepared to run the firm after you retire?

d. Do you have the option of selling the firm?

e. In order to secure a better future for your business, what is the top priority in terms of operations, profitability, expansion, and growth?

20. What measures for succession planning are already in place?

21. What challenges did you encounter when putting effective strategies into practice?

22. What are some of the strategies for gaining the family's support for a long-term goal?

23. How did your family deal with the challenges of succession planning?

24. How did you assess your succession outcomes to ascertain whether the techniques were effective?

25. What additional essential points concerning your succession planning, implementation, and improvement initiatives would you like to talk about?

26. The family's contribution to business growth: How does the family, in general, support the growth of this business? Please go into greater detail on the impact of the extended family and the nuclear family, including any support or hostility they may have had for the business. Please explain the function of each group of family members.

27. The part played by local society, community, and government in business development: What significance, in your opinion, does the local clientele, community, society, or extended family have for your firm?

a. How does your community in general aid in the growth of this business? Please go into greater detail, if appropriate, on how the community affects this business's everyday operations, including any enmity that may exist.

b. How has the growth of this business been aided by your district as its location of origin or primary activity generally? If applicable, include more information about the relationship you have built with the local government as well as any support or opposition you have received from the district where you originally came from.

c. In exchange, what is the significance of your business to the neighbourhood?

28. What organisational factors, based on previous and present experiences, have allowed this corporation to endure? Specifically:

How did the corporation respond to external problems, risks, and opportunities thanks to its corporate strategies?

b. What managerial procedures made it possible for this business to continue to exist?

c. What entrepreneurial techniques helped this business thrive and last longer?

d. What part do family members and relatives play in the continuity of the businesses, whether they are in management or ownership?

e. What part do relatives and non-family members (in the management) play in the longevity of the firms?

29. What external factors are at play in this business's operations?

a. Political difficulties and governmental regulations

b. technical difficulties.

c. Society.

30. How do you respond to these outside influences in order to survive?

31. What other factor affect your family business?

Thank you very much for your time!

APPENDIX E (Consistancy table)

Table 2. Consistency table: research questions, propositions, data collection and data analysis

RQ #	State Research Objective	Prop	Proposition	Data collection detail	Data analysis method
1	To explore the challenges that these family business face in planning for succession.	1	Family businesses encounter challenges in creating effective succession plans due to several factors..	Interview guide questions 1, 2, 3, 4, 5, 4, 5, 6, 7, 8, 9,10,11, 12,13, 14,15,15,16,	Thematic analysis
2	To explore how these challenges affect the performance of the family businesses in Rustenburg and Soweto	2	Challenges in succession planning can hurt the operation efficiency and performance of a business.	Interview guide questions 17,18,19, 20,21,22, 23,24,25,26,27,28,29,30	Thematic analysis