

DETERMINANTS OF SUCCESS FOR MEDIUM - SIZED FAMILY - RUN BUSINESSES IN SOUTH AFRICA

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ABSTACT

This paper explores the determinants of success for medium sized family-run businesses in South Africa. Succession Planning, Strategic Planning, Corporate Governance and Broad-Based Black Economic Empowerment were tested in the research due to their significance in the literature.

The research analysed each of the above areas as well as sought to identify what members of family businesses regarded as determinants of their success, whilst looking for similarities between family businesses belonging to different cultures and ethnic groups. Based on input from the interviewees, the researcher assessed the validity of each variable as a determinant of success for family-run businesses in South Africa.

CONTEXT AND RESEARCH AGENDA

Within the context of the South African national economy, family run businesses make up about 84% of South Africa's businesses; comprise 70% of all businesses internationally, 35% of Fortune 500 companies and 50% of South Africa's GDP and labour force (Balshaw, 2004). According to the Department of Trade and Industry (DTI), South Africa has an estimated population of 46 million people and an unemployment rate of approximately 35% (DTI, 2004). Against this context, the survivability of family businesses in South Africa is significant as they continue to stimulate growth and employment for many South African citizens.

METHOD

The research design took the form of in-depth open-ended interviews. The interview was based around three questions.

RESEARCH FINDINGS

Based on the interviews conducted, determinants of success for medium sized family-run businesses are largely underlying issues that were not mentioned in the literature review, and have not been full understood or studied in any great depth.

This study shows that Succession Planning, Strategic Planning, Corporate Governance and Broad-Based Black Economic Empowerment are not determinants of success for medium sized family-run Businesses in South Africa

In the final analysis, the literature review generated constructs regarding determinants of success for medium sized family-run businesses in South Africa which, according to the empirical data findings, did not apply to the real world of family businesses. In fact, the empirical study produced results that identified ten new constructs for determinants of success. The most discernible factor gleaned from the interviewees was including professional management in the family business to ensure survivability from generation to generation, which was acknowledged by 18 of the 25 interviewees.

DECLARATION

I declare that this research report is my own unaided work. It is submitted in partial fulfilment of the requirements of the degree of Master of Business Administration at

the University of the Witwatersrand. It has not been submitted before for any degree or examination in any other university.

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DEDICATION

This research is dedicated to my wife, Marisa Lewis-Enright, this report would not have been possible but for her love and support and for the difficult sacrifices she had to make in order for me to grow.

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