

**THE IMPORTANCE OF MANAGING CULTURAL CHANGE IN THE
SUCCESSION PROCESS WITHIN FAMILY BUSINESSES IN THE
GAUTENG AREA**

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ABSTRACT

The aim of this research was to ascertain the implications and the impact that the succession process would have on the organisational culture of family businesses. In an attempt to answer this, the researcher asked three questions surrounding the succession process and its relationship with organisational culture. The questions related to the extent to which the family business was prepared for change in management; what changes occurred before, during, and immediately after the succession process, and what results these changes had on the organisational culture.

Family businesses account for a large proportion of the national and global market activities, and so it is imperative that attention be paid to any problems they may experience. As it is, family businesses have difficulty in successions, with roughly one third of first generation family businesses surviving the succession process. It is the aim of this research to explore the contribution organisational culture has in the large failure rate of succession with family businesses. When successors enter into the organisation, they bring with them different perspectives on managerial issues suggesting that a change in leadership style will occur as a result of a succession.

In answering the research questions, the researcher embarked on a two-phase research methodology utilising a quantitative and qualitative process. This triangulation process incorporates a self-administrated survey questionnaire, and six in-depth interviews. The survey questionnaire and interview schedules were structured using a combination of elements obtained from Harris's (1998) and Levinson's (1972). The survey data was analysed using various statistical methods, predominantly a Factor Analysis, where as

the interviews were analysed using a theme retrieval process. The two processes were combined to yield the results.

The findings of the research conclude that through the introduction of the successor in the change process, a new leadership style is introduced into the business. The new leader changes policies, practices and procedures, which are related to organisational climate and are the tangible aspects of organisational culture. Altering the climate essentially alters the culture, which may result in anxiety within the organisation and lead to tension. If these issues are not addressed, they may result in the demise of family businesses.

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INTRODUCTORY

CHAPTER

“Lieben und arbeiten.”

The answer that Sigmund Freud gave when asked what he considered the secret of life was *“to love and to work”*. If one of the greatest minds in Psychology believed that these were secrets to life, it is therefore not surprising that many individuals try to combine family and business. The occurrence of the family business in national and international economic markets is exceptional, and they account for roughly between 50 and 90 percent of business present in various market sectors. Family businesses are closely linked to the interests of entrepreneurship, and function as a valuable sector in Small, Medium, and Micro Enterprises (SMME).

“In capitalist economies, most family firms start with ideas, commitment, and investment of entrepreneurial individuals and their relatives” (Gersick, Davis, Hampton & Lansberg, 1997, p. 2).

The definitions of family businesses vary, and are mostly described as the involvement of family in the business, and the extent of these family relationships in that business. The founder of the family business is usually the entrepreneur in the family, and the individual who sets the standards and procedures the business learns to follow. The personality of the founder/owner is usually imprinted on the SMME, and thereby impacts on the development of the organisational culture through the construction of the values, norms, and behavioural systems (Burns, 2001).

The succession process occurs when the founder's tenure as leader is complete or drawing to an end, and the time has arisen for a new leader to assume that position. In the family business, the successor is usually a family member of the founder, and it becomes their task to continue the family tradition. Unfortunately, a two third failure rate in first-generation succession processes is experienced, which indicates immense problems regarding the family business succession process. There are various aspects that may contribute to the poor succession rate in the ever-changing global markets, and in this research project the focus is on organisational culture.

As stated, the culture of the small business is dominated by and shaped by the beliefs and value systems of the owner-manager (Handy, 1996). Organisational culture is expressed through tangible aspects or artefacts within the organisation, which constitute the organisational climate. If the tangible aspects are altered through a change process, they will subsequently affect the culture through changing its value, belief, and behavioural systems. The succession is such a change process.

Although the predecessor and successor may have similar inherent value systems, they are also likely to have different leadership styles, and culture is communicated from the leader to the organisation through that leadership style. Therefore, when the succession takes place, the successor brings with him/her a new leadership style, which influences the tangible aspects of the organisation by changing practices, policies and procedures. This in turn gives rise to a cultural shift within the organisation.

Change within organisations is seen as disruptive and intrusive by employees and results in a period of uncertainty. In this period, the employees may resist the change process, which may result in tension. If the organisation does not accept the changes, the culture and leader may be rejected by the organisational members, and could result in the collapse of the organisation because of incompatibility and resistance toward the successor.

The South African economy and global markets are shifting, and a new period of self-employment within the small, medium and micro enterprises (SMMEs) is emerging, which is often proposed as the answer to the unemployment problem experienced in the South African labour market. Family businesses are an important sector in the SMME economic markets, and generate between 45-70 % of respective countries' Gross National Product (GNP). Therefore, it is important to understand and perhaps even improve upon the large number of problems present in this sector. These include succession failures, because family businesses represent and contribute to a large portion of the national and global economic income.

CHAPTER 1

LITERATURE REVIEW

1.1 THE SOUTH AFRICAN CONTEXT

In the last decade, both the global and the South African economy have changed radically, to the extent that large-scale employers are providing significantly fewer employment opportunities. As a result, many individuals are now obliged to provide a livelihood for themselves and their families by starting their own businesses, as opposed to the traditional large scale employment that occurred in the mass production era (Kantor & Rees, 1982). Therefore, it has become a growing concern for Government to encourage alternative means of economic support. South Africa has an abundance of unskilled labour that could be trained and employed, which would in turn raise the skills level. In order that there be an increase in skilled labour, there has to be a positive economic movement, and a creation of work within the South African labour market (Joubert, Schoeman & Blignaut, 1999). This means that the market has to become more flexible and economically viable, despite the difficulties it has faced in the past because of the apartheid era, and because South Africa has no option but to compete with the current world trends taking place in the global market (Bendix, 1997).

This is not an easy task, as several decades of economic isolation, inward trade and investment policies, a low savings rate, high levels of domestic debt, and a large unskilled labour force have meant that business is not ready to take advantage of the opportunities that arise from trade liberalisation. Although South Africa has been able to benefit to an extent from the enormous amounts of money that the government has invested in order to further democratisation and promote economic growth (Hayter, Reinecke & Torres, 1999), the previous government's policies favouring a capital-intensive investment strategy to power the economy was to the detriment of the labour-intensive investments, and has resulted in the decrease of the employment rate. This, together with a recession in the early 1990s, led to a fall in living standards for the majority of the population. The prevailing global economic trends at the time were therefore problematic in a country that was not well prepared to take advantage of the economic and trade reforms that took place in subsequent years (Hayter *et al*, 1999).

In fact the employment situation is still deteriorating. “*Unemployment in South Africa still remains very high and on the increase, endangering social stability and partly contributing to the preoccupying rise in crime rates*” (Joubert *et al*, 1999, p.2). Arguably, the liberalisation of trade and capital flows has actually worsened the unemployment rate in the South African context, as it has resulted in a relatively high number of job losses in recent years.

At the same time, Joubert *et al* (1999) argue that globalisation is not the only or even the most important reason for job losses, and highlight a few areas that have led to the increased unemployment rate in South Africa:

- Employment fell at a faster rate before the start of trade liberalisation than since.
- Employment losses in the manufacturing and importing-orientated sectors taken as a whole have been lower than is the case in export-oriented manufacturing sectors.
- Levels of capital investment in the country, which are needed to bring about employment, are too low.
- The South African economy suffers from a chronic shortage of skilled labour, which has had a negative impact in terms of economic growth, as it may have hindered the development of labour-intensive sectors. This is known as structural unemployment, and arises from an imbalance between the demand of employees needed in the economic sectors, and the supply of employees available in the labour market (Goldstein, 2002).

1.2 SELF-EMPLOYMENT

The global trends that prevail at present, originated around the time of the industrial revolution’s peak in the eighteenth century. This was a time that impacted on the social standing of Man in terms of identity and employment, and has since also had varying consequences with regard to the employee/employer relationship. “*In pre-industrial society, man’s work was traditionally or mandatorily determined,*” (Bendix, 1997, p. 6). This suggests that in the pre-industrial era, work was more a form of identity and duty than the exploitation of capital. In the 1700s, a new era was brought into being with the introduction of large scale production and manufacturing, which in turn uprooted the

traditional notion of the “*working man*,” and replaced it with the “*industrial employee*” (Bendix, 1997). The evolution of the industrial employee has come to another crossroad, where the era of mass production and manufacturing has come to an end. As noted earlier, global markets are shifting, and the new era of self-employment within the small, medium and micro enterprises (SMMEs) are being ushered in to replace the large-scale conglomerates. The global market has pushed businesses to perform at higher levels of competition among themselves. This global shift has resulted in price and quality wars that force the business community to focus on cutting costs, of which a large proportion are labour costs (Handy, 1996). The labour market is shifting from a mass wage system to a defined rigorous system where fees are paid for work accomplished and value added, and not wages paid for time spent. This trend has resulted in the market becoming specialised, where larger and more centralised corporations are collapsing and being replaced by the smaller more flexible SMMEs.

Because of the continually changing global market in which change has become the natural state, South African markets have to adapt to become a global competitor (Fournier & Lightfoot, 1997).

“As a developing country, South Africa is faced with several daunting issues such as high unemployment, a labour force with low levels of skill as well as the resultant problems of poverty, crime and many more” (Joubert, Schoeman & Blignaut, 1999, p. 21).

The South Africa Government has tried to bring about the up-liftment of its citizens through the adoption of global process and trends, and by taking advantage of any situation that has presented itself in order to encourage foreign investment in the country. However, this approach has not all together succeeded, and the South African employee has turned to self-employment. A large percentage of work is now carried out outside the formal economy and in recent years there has been a growth rate of 24% in the informal sector. It is the growth in the self-employment sector that may provide the answer to the unemployment rate and economic slump through encouragement of the entrepreneurial spirit and the development of the small, medium and micro enterprise (SMME) sector.

1.3 ENTREPRENEURSHIP & SMMEs

SMMEs are defined in the National Small Business Act of South Africa as:

“... distinct business entities that are not part of a group of companies. ... An SMME should be managed by its owner or owners, and can therefore be a natural person, a sole proprietorship or partnership, or a legal entity like a closed corporation or company” (NTSIKA, 1997, pp. 8-9).

The White Paper on Small Businesses distinguishes four categories of small businesses in the SMME sector, and defines them as follows:

“From a broad strategy perspective the most important distinction is between survivalist activities, micro-enterprises, small enterprises and medium-sized enterprises, with the general term ‘small business’ and the abbreviation ‘SMME’ widely used to contrast this sector with big(ger) businesses...Micro enterprises are very small businesses, often involving only the owner, some family member(s) and at most one or two paid employees. They usually lack the ‘formality’ in terms of business licences, value added tax (VAT) registration, formal business premises, operating permits and accounting procedures. Most of them have a limited capital base and only rudimentary technical or business skills among the operators. However, many micro-enterprises advance into viable small businesses...Small enterprises constitute the bulk of the established businesses, with employment ranging between five and about 50. The enterprises will usually be owner-managed or directly controlled by the owner-community. They are likely to operate from business or industrial premises, be taxed and meet other formal registration requirements...Medium enterprises...[are]...still viewed as basically owner/manager-controlled, though the shareholding or community control base could be complex. The employment of 200 and capital assets (excluding property) of about 5 million are often seen as the upper limit” (White Paper on Small Business, 1995, pp. 9-10).

SMMEs are usually labour intensive, need relatively low capital, and use local resources to get underway. Considering this, SMMEs would be the ideal solution to a country that has vast local resources, a limited capital investment, high levels of poverty and unemployment, and a large labour market that needs to be trained and developed. Through the channelling of scarce resources to the small business sector, employment opportunities can be maximised and the unemployment rate reduced (Joubert *et al*,

1999). Policies and governmental procedures have been put in place to aid in the development of the SMME sector. One example of this is the Khula Financial Guarantee Scheme, where Khula assumes a portion of the risk associated with lending in the SMME sector. The Khula Scheme deals with the empowerment of individuals and not their enrichment, with the objective in mind of creating more job opportunities and working on the assumption that SMMEs are more labour intensive than larger corporate business. In general, the consensus is that SMMEs are the answer to the employment and skills problem that is found in the South African labour market. It is therefore understandable that there should be a great interest in understanding the entrepreneur, who is essentially the majority owner and driving force of business in the SMME sector.

1.3.1 Entrepreneurship

Entrepreneurship is a process in which people identify and exploit new opportunities to their own benefit (Van Aardt, Van Aardt & Bezuidenhout, 1997). Entrepreneurship is a philosophy, a mindset that has to be adopted in order for the full impact to be understood. Entrepreneurship is not merely an action that is taken by an individual; it is a drive that propels the individual forward into the entrepreneurial endeavour. *“Entrepreneurship encompasses the organising of resources and venture stakeholders in new patterns according to perceived opportunities”* (Johannisson & Landstrom, 1999, p. 4). Entrepreneurship is a phenomenon that occurs in all spheres of the working world; in the corporate sector, small medium and micro enterprises (SMMEs), and on the individual venture basis (Van Aardt *et al*, 1997). According to Burns (2001, p. 6):

“Entrepreneurs use innovation to exploit or create change and opportunity for the purpose of making profit. They do this by shifting economic resources from an area of lower productivity into an area of higher productivity and greater yield, accepting a high degree of risk and uncertainty in doing so.”

Because of the entrepreneurial movement that is taking place in the economies of the world today, entrepreneurs are becoming the cornerstone of the economic society. Small firms, new ventures, and entrepreneurialism have become the new focus of business interest and investment.

An entrepreneur is a person who goes into the working world to find an alternative means of income for sustainability and support. The process is achieved through the

identification of a gap or opportunities in the market that can be met through some form of economic action. It is not simply a process of short-term investment, nor is it a process of buying a lottery ticket or betting on the horses. An entrepreneur is a person who goes out to create a financial gain through the provision of a service or product. An entrepreneur is a person who is willing to take a calculated risk in order to create a business, even though he/she may in fact lose everything. Entrepreneurship requires a certain type of individual; people who have a strong belief in what they are doing, and that what they are doing is going to succeed. For many South Africans, running their own business is the only alternative to unemployment.

In general, the literature suggests that few entrepreneurs are motivated by money; most are rather motivated by a need to be in charge of their own destiny (Burns, 2001). However, for reasons given above, it seems that money is a strong motivation in the South African economy. In many instances, entrepreneurs are not merely looking for success or wealth (although that is a favorable bonus), but rather as a way of earning a living, and sustaining a family on their own terms (Burns & Kippenberger, 1988). In South Africa, these businesses are essentially “survivalist enterprises.”

“Survivalist enterprises are activities by people unable to find a paid job or get into an economic sector of their choice. Income generated from these activities usually falls far short of even a minimum income standard, with little capital invested, virtually no skills training in the particular field and only limited opportunities for growth into a viable business” (White Paper on Small Business, 1995, p. 9).

Entrepreneurship is the process of applying creativity and innovation to the opportunities in the market place, resulting in a value-adding change. The change process helps facilitate the establishment of new organisations or future growth of established organisations. Planned change takes place when there is an improvement in projects, such as the development of a new product line in an industrial setting, the purchasing of new machinery to better enhance the efficiency of the organisation, and the re-organisation of formal structures. All these changes can contribute to the improvement of an organisation or assist in the start-up of a new business (Yukl, 1998). This change process, typical of the entrepreneur, relies on the characteristic of creativity and innovation.

1.3.2 The Trait Approach to Entrepreneurship

The Trait Approach is the most widely used and understood theory with regard to entrepreneurs, and deals with internal traits and personal attributes. There are generalist theories that focus on environmental and situational attributes (such as governmental policies and aids), but for the purpose of family businesses the trait approach was deemed the most appropriate (see Deakins, 1999, pp. 9-22).

An individual's value system is considered to be a relatively permanent perceptual framework through which he/she is likely to shape and influence the general nature of his/her behaviour. People tend to behave in accordance with their personal values. The values, beliefs and ideologies of the entrepreneur, together with their products, services, markets, technology and management ideals, form the strategic template for the emerging successful business (Hussin, 1997). This suggests that the personality or the traits of the individual determine whether he/she has what it takes to be an entrepreneur.

Cursrud and Johnson (In Hussin, 1997) state that most theories have traditionally focused on the stable characteristics of the entrepreneur, and on stable groups and organisations that are neither new nor in the flux of change. Therefore there may be evidential flaws in the assumptions made about the characteristics of entrepreneurs. Even though entrepreneurial behaviour is dynamic and ever-changing, there are processes that are usually evident in situations of instability and change. Hussin (1997) argues that the researchers in entrepreneurial studies often make naive and simplistic assumptions about relationships between personality and social behaviour. The trait approach can be regarded as being rather limiting in its views, as it assumes that human characteristics are highly fixed and not amenable to situations that may arise, causing the person in the situation to change and seek a method or procedure to accommodate the change. The entrepreneurial role may therefore be embedded in a social context in which entrepreneurs find themselves. Fulfilling this role is facilitated or constructed by people's positions in social networks, values, norms, role expectations, and social pressure to conform. This suggests that the entrepreneurial characteristics are in fact constructed through society and the environment that the entrepreneur inhabits. Whichever it is, it should be understood that the entrepreneur is an individual who, by reason of situational or behavioural circumstances, has come to the realization that there

is an opportunity to create wealth in the economic sector, and they are motivated to act upon these opportunities.

1.4 THE CONCEPTUAL UNDERSTANDING OF FAMILY BUSINESSES

SMMEs are small businesses, which start with ideas, commitments, and investment of entrepreneurial individuals and their families (Gersick, Davis, Hampton & Lansburg, 1997). Very often, when SMMEs are successful, they progress to family businesses. In fact, most small firms are family businesses (Johannisson & Landström, 1999). Most family businesses are not started up with the intention of becoming a family business, but eventually acquire this status as the second generation starts to become involved in the daily operations of the business (Brunåker, 1999). Very often there is an overlap of leadership in the period of succession, and it can often be the case that it is perceived at this point that the business is in actual fact a family business. This is however only one of the many definitions that describe the family business. A thorough investigation of the literature suggests that there is not a simple standardised definition of family business. Family businesses are not family businesses solely on the basis of the succession process.

1.4.1 Defining Family Businesses

A family business can also be described in terms of ownership and management where one or more families are involved. *“A family business is any business in which business and family relationships have significant impact on each other”* (Hoover & Hoover, 1999 p. 3). This statement has various implications and therefore for the benefit of this research the statement will be roughly translated into the following. A family business is a business where one or more family members are involved in the management and functioning of the business. Family members may include parents, children, grandchildren, spouses, brothers, sisters and cousins who are playing an active role in the organisational structure of the business. A family business may also comprise itself of a company in which the majority of the business ownership or control lies in one or two families, where one or more of the family members are or were at some time directly involved in the management of the business (Burns, 2001).

The relationships that establish that the business is a family business are created at one of the growth phases of the business; at one point in the businesses growth cycle, the business members come to the realisation that the business is a family business. The realisation process occurs when typically two or more family members are involved in the business at the same time, and support the same family from the income generated from the business with essentially one member in management with ownership. These family members are involved in the business and feel a sense of responsibility towards the business, which commits them to the business (Burns, 2001). In further understanding the bond that a family has with a business, we must consider the identification process through which the family goes in order that the members identify themselves as being part of a family business. For the purpose of this research, a family business is defined as a business in which the founding member of the business is involved in a decision-making capacity in the business, or where members of the founding member's family own and manage the business.

1.4.2 Family as Discourse

Fournier & Lightfoot (1997) argue that the positioning of the individual in relation to the different poles of "family" and "business" has traditionally caused the difficulties experienced in the family business, such as succession problems. Fournier & Lightfoot (1997) also suggest that the contextual components of both "family" and "business" are in actual fact flexible and the individual is able to continually rearrange them to provide a coherent account of their actions. Fournier & Lightfoot (1997) argue that family and business are intimately interwoven, and that the close interconnectivity of these two different textual and contextual situations is neither detrimental nor essentially functional to the business. This suggests that the individual is able to shift between the contextual and textual differences of both the family and business in order to cope with the discourse of each. Because the boundaries of the identities involved in the discourse are malleable and contextual, the family business owner/manager is adept enough to manipulate and constantly rearrange them to reflect the appropriate identity at the specific contextual time.

Research on family business tends to see family and business as two naturally distinctive entities whose co-existence may be a source of friction or strength. Our approach suggests that problems typically identified with family business – such as tension between family and business, growth, succession – are fictitious, myths produced and

sustained by the conceptual baggage, the pre-defined categories, researchers bring in with them their studies of family businesses (Fournier & Lightfoot, 1997, p. 22).

Fournier & Lightfoot (1997) argue that other researchers tend to add their own paradigms to discourses of the family business. They suggest that researchers must look at new discourses that have emerged from the two poles of family business that are malleable enough to converge. However, the "*fictitious myths*" that Fournier & Lightfoot (1997) identify are not without foundation as "*conceptual baggage*". The fact is that *family* and *business* are two different poles and they are naturally distinctive, and when these two poles of *family* and *business* come together, they cause the tensions between *family* and *business*. At the same time, a family business per se is not a new concept, as it is a concept that has been around for centuries. However, it is only recently that the topic has come under study.

Fournier & Lightfoot (1997) further argue that family businesses form a separate subset of traditional business and should therefore be studied using different constructs to explain the behaviour displayed in the family business. It is the fact that the family business owners have to continuously shift their field or boundaries of attachment in the identification process from one pole to another, which creates the difficulties identified in the family business. It is this continuous rearranging of textual components from the different poles of the *family* and *business*, which causes the tensions that Fournier & Lightfoot (1997) disclaim as "*fictitious and myths*".

The essential point that Fournier & Lightfoot (1997) put forward is that the family business should not be randomly studied, and have general assumptions made about them without contemplating the appropriate discourse. As researchers, we should operate in a discourse that is open to possibilities that the family business is not always what it seems to be, and that new foundations should be uncovered in the explanation of the family business. At the same time, we cannot dismiss the previous research on the family business; there are valid conclusions that should not be disregarded. Furthermore, it can be seen that the identification process of the family business occurs when individuals attach themselves to the poles of both family and business. This in turn may cause some difficulties because of the continuous realignment of the members' identities.

1.4.3 Family Business as Identity

Fournier & Lightfoot (1997, p. 23) argue that “identity work” is the process in which people construct identities for themselves. Individuals position themselves in a discourse, attaching themselves to certain contextual and textual issues surrounding them, which drives the identification process. The individuals combine texts and materials, which they articulate to give meaning to themselves and their actions (Fournier & Lightfoot, 1997). Through this process in which the individuals identify texts in surroundings, which they articulate to give meaning in their lives, form a contextual situation in which an identity is able to emerge. This suggests that an identity is emergent in essence and is a process that draws on the texts and meanings surrounding the person to form a discourse in which they are able to position themselves. Through the continuous reinforcement of the identity as constructed through the positioning in a discourse, the identity is created and sustained (Fournier & Lightfoot, 1997). This is the process that occurs in the identification of an individual with the family business. This is achieved when the individuals align themselves to the different poles of either family or business.

Before the industrial revolution, when the craft market was at its peak, craft businesses and farms were almost the only businesses in existence. As a result, it was almost universal practice to pass these businesses down from one generation to the next. This would mean that the business became a family trade, as it was a duty to fulfil that role in society (Bridge, O’Neil & Cromie, 1998). Therefore, the businesses in which the family operated became the central component of that family’s identity, and it became the societal norm that an individual would take on the work of their family. Therefore, the family into which individuals were born, was in turn the identity that was bestowed on them, and would be defined in terms of the family business. This can be seen in the manner in which families were referred to, such as the “Blacksmith’s” wife, or the “Cobbler’s” children, showing how the identity of the trade was reflected and defined as the family’s identity (Gersik, Davis, Hampton & Lansburg, 1997). Many people’s family names (surnames) have their origins in these businesses – Smith, Miller, Cartwright & Schumacher.

Family businesses have strong values and beliefs on which they are established, creating strong properties and attributes that are formulated, usually by the founder of the

business, who often is the figurehead of the family. The strong bonds that are perceived in the family business lead to the identification of family members with the family business (Burns, 2001). A cliché depiction of this type of identification can be seen in the typical Hollywood “mafia” films, where the family is completely intertwined with the business they are involved in, to the extent that it dictates the lives of its members. The relationships in these films are the exaggerated stereotypical relationships that do occur in the typical family business. In these types of films, it can be seen that the family businesses play an integral role in the survival and relationships between the family members themselves. Family members recognise that the business is a livelihood they are responsible for, and are therefore able to identify with the business as part of their existence, which therefore focuses part of their individual identity (Gersik, Davis, Hampton & Lansburg, 1997).

The modern-day family business is one in which the founder starts up a small business in order to provide a stable support structure for him/herself and his/her family. The same principle is true of today’s family business, although the emphasis is not so much on the identity in the community, or belonging to a family business as a trade, but it is the identity that the family has in belonging to the business that is the underlying characteristic of the modern-day family business. Identification is the process whereby the subject assimilates an aspect, property or attribute of the other and is transformed, wholly or partially, after the model the other provides (Laplanche & Pontalis, 1983). The internalisation of these properties and attributes lead to the identification with the business, creating bonds between the business and the family involved in that business. Many works of fiction are based on this theme e.g. *“The Godfathers, Belle Mafia, and The Sopranos”*.

Family businesses are becoming one of the strongest economic driving forces in the modern-day economy. It could well be argued that they have been the driving force for the modern economy since the industrial revolution. It is estimated that the portion of family business in the different sectors varies from 90% in the United States, 85% in the European Union, and 70% in the United Kingdom where 50% of the workforce work for family businesses. In the United States alone, 60% of the Gross Domestic Product is generated by family businesses, while 1/3 of the fortune 500 companies are family owned (Scarborough & Zimmerer, 1996).

1.4.4 Characteristics of Family Businesses

Family businesses usually have attributes that tend to distinguish them from other businesses. Deakins (1999) states that the family business tends to preserve humanity in the workplace. The owner/manger feels a strong bond towards the family business; therefore he/she treats it in a humane fashion, as the business is a personal affair. Family businesses also focus more on the longer term, as opposed to many corporate businesses that are often interested in the next quarter's profit performance. Family businesses tend to opt for long-term stability as opposed to the quick profit. The reason for this is that 80% of family businesses tend to want to pass the business onto the next generation, and therefore want to establish stability and maintain security (Scarborough & Zimmerer, 1996). In addition, the family business tends to emphasise quality, as the business is a possession of pride to the owners. The family business belongs to and therefore means something to the family members working in the business. As a result, they tend to commit to the successful running of the business.

Burns (2001) has identified a number of typically advantageous characteristics displayed more often in the family business than in a non-family business. These are given below:

1. *Commitment*: Family members are more committed to the business's well being, as it is often the only means of support and form of subsistence. However, it is not only family members who are committed to the family business - non-family employees may also be committed to the business, as they often identify with the leaders and their relationship with the business. Commitment is also entrenched through the culture that the family business has developed, a culture that is often dictated by the founder of the business who persevered for growth, sustainability, and the preservation of humanity in the workplace (Deakins, 1999). As reported by family members in business, there is a sense of difference, which extends beyond merely a sense of belonging to a family business. There is a sense of pride and responsibility towards family businesses. Very often this sense of pride is also carried over to the employees in the business and they tend to identify with the strong bonds that are communicated by the members of the family, taking them on as their own (Gersick *et al*, 1997).

2. *Knowledge*: A family business does not always have the specialised knowledge required for the successful management of a business, and often needs the assistance of outsiders in the function of management and production.
3. *Flexibilities*: Family members tend to be more flexible in terms of time (working overtime), work (taking on a larger work load) and money (earning less for the financial benefit of the business), as they are generally more dedicated to the business and feel a responsibility towards it (Burns, 2001).
4. *A stable culture*: This is a topic that is going to be elaborated on further into the text, as it is a central point in the discussion of this thesis. The crux of a stable culture is that when a change in management occurs within a family business, there is a tendency for the values and belief structures to remain constant as another family member takes over the leadership role. Family members generally tend to share the same core beliefs and values. This provides stability in the business when one family member takes over from another (Brunåker, 1999).
5. *Long range plans*: Family businesses tend to invest more time in long range planning, as they know that the business has to support their families in the long term. However, this does not seem to be the case when it comes to the succession process. Very often family businesses are not prepared for the event of a succession, which may be a reason for such a low success in the succession processes amongst family businesses (Deakins, 1999).
6. *Speedy decision-making*: Family members make most of the decisions concerning the business following a centralised decision structure and usually do not have to pass through a board or committee. This leads to speedier decisions, cutting out bureaucratic procedures. This could also have negative repercussions, as it could lead to static thinking because of long standing centralised management teams (Bridge *et al*, 1998).
7. *Reliability and pride*: As family businesses have strong value and belief systems, they also tend to be more reliable and have more pride in the work they do, and to emphasise quality, as opposed to a corporation that are often more concerned with profit margins (Deakins, 1999).

1.4.5 Disadvantages of Family Businesses

In general, there appear to be fewer disadvantages to family businesses than advantages. However, those that do exist may result in the downfall of the business. Many of the *disadvantages of the family business* that are inherent to the family business are caused by differences between family and business values (Smyth & Leach, 1993). These include:

1. *Rigidity*: Very often family businesses are resistant to change, as change could be seen as an invasion of the traditions that have been developed in the business. Change also brings with it new methods and procedures that often disrupt the functioning of systems and relationships that have been in the business for years. This type of reaction to change causes inflexibility within the business, and very often prevents it from changing with the times. Family businesses are especially prone to this type of behaviour, as change seems to infringe on the family tradition and values itself.
2. *Succession*: The move from one generation to the next is a process that is riddled with difficulties. The transition involves the change of leadership from one generation to the next, which needs to be carefully planned or it could cause the downfall of the business itself (Smyth & Leach, 1993). If the business does not prepare the successor well enough to take on the role of the new leader, the loss of credibility of management to non-family member employees, as well as strained relationships in the family itself, could occur.
3. *Emotional Issues*: The involvement of family in the business raises a whole new set of complications for the personnel in an organisation. When family members have differences in the workplace, they are more than likely to cause strain on the family relationships. This could also be problematic for the business, as personal issues could interfere with the functioning of the business. The opposite could be true as well; family problems occurring outside of the business could negatively influence the working environment.

1.4.6 A Conceptual Model of Family Business

When looking at the family business, Gersick *et al* (1997) and Hoover & Hoover (1999), follow a model that shows the various components of the family business. They identify three areas of focus that are governed by quite different factors. These are:

1. *Business* which is defined by:
 - a. Production
 - b. Profit
2. *Ownership* which is concerned with:
 - a. Rules of investment
 - b. Values
3. *Family* which is dominated by concerns of:
 - a. Harmony
 - b. Unity
 - c. Self-esteem

These three dimensions of family business interact with each other, and involve various roles by the different individuals in the function of the business. It must be understood that the different roles played by different individuals in the family business are in fact closely related, because of the traditions involved, the values implemented in the business and the fact that the majority of the key players in the family business are related to each other (Gersick *et al*, 1997). They propose the following model, which involves the three dimensions outlined above, describing the different role players involved in the family business (Gersick *et al*, 1997 and Hoover & Hoover, 1999):

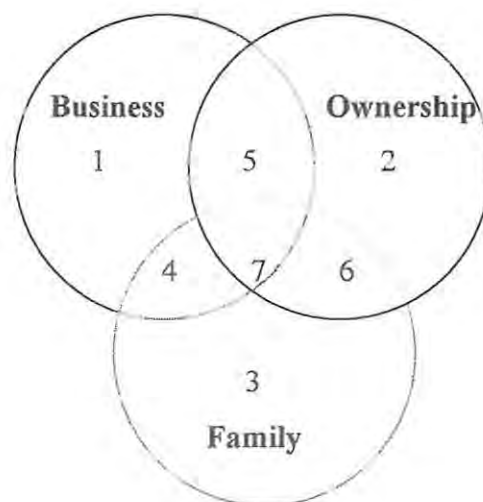


Fig 1.1 **The Relationship between Business, Family & Ownership**

1. *Business*: This segment depicts those people who are involved in the actual functioning of the business, the employees and the management of the business. These individuals are neither part of the family business nor do they have any ownership in the business.
2. *Ownership*: This segment represents those people who are involved in the business through owning shares and other forms of financial commitment. These people are not part of the owning family nor do they work in the business. These may be individuals who have become involved with the family business through financial implications such as being a silent partner, banking institutions or shareholders who have bought into the company if shares were made available to the public. These people do not play an active role in the business, only a financial role.
3. *Family*: Segment 3 depicts those people who are related to the owners and to managers. They are related to the business because they are a member of the founding family or the owners of the business, but they are not directly involved with the business, nor do they own or have shares in the family business. This dimension could however create some confusion, as the question may be asked, "Why is the dimension *family* considered in the model but employees' families are not?" As previously stated, it is a complex dimension, and family members of family businesses tend to have some influence on the business even though they are not actively involved nor have any ownership. Their relationship is purely associative and they have no relation to the business other than being related to the owning family having no significant relationship in nature to the other two dimensions.
4. *Family and Business*: This segment reflects those people who are involved in the functioning of the business and who are family members. They do not have any form of ownership in the business. An example could be that of a son who comes to work for his father's business, but does not have any type of ownership in the business. Very often, these are the people who are essentially being trained to take over the business, and may, at a later stage, take over ownership in the business.
5. *Business and Ownership*: This segment represents those who are involved in the functioning of the business and have some form of ownership in the business. However these individuals are not part of the founding family. They could be

partners that have bought into the business and have financially assisted the family business when required. They could also be employees who have bought shares in the business should these have been made available to them; in this way, they could have become owners in the business they work for.

6. *Family and Ownership*: This segment depicts the family members who are not involved in the actual functioning or running of the family business. They are members of the family and have some form of ownership in the business. These are also individuals who potentially have voting power in board meetings and are therefore able to influence the direction in which the business moves. Other than this, they have no other role in the operation of the business. These individuals are merely owners who have a relation to the family.
7. *Family, Business and Ownership*: this would be the category that all founders of a business would fall under. These are essentially individuals that have ownership of the business, belong to the founding or owning family, and play an active role in the management of the business. In most cases, these people are the people who are the leaders in the business, as they have the power of both ownership and family (Gersick *et al*, 1997).

It is clearly evident from this model that the family business have at least three dimensions that describe the family business. Therefore, it is important that it be understood that a family business is essentially different from a normal business in relation to these dimensions. It is evident that the family businesses are managed differently from normal businesses, and that they seem to be the dominant firm in all economies globally (Carsrud, 2000). Clearly, as the three primary circles overlap to a greater and greater extent, the size of segment 7 grows. In this respect, Westhead & Cowlin (1998) have proposed a scale that measures “familyness”, along which business could be placed.

1.5 FAMILY BUSINESSES

So far the definition describes a family business as one that has family involvement in the business, and the extent of these family relationships in the business. So perhaps the difference between the family business and the non-family owned business should be briefly looked at in terms of the managerial components involved in the two business

entities, and thereafter a definition provided. These are summarised in table 1.1, which is a summary of differences between family-owned and non-family controlled businesses as proposed by Morris, Williams, Allen & Avila (1997, p. 388).

In Table 1.1, there are definite differences between the family business and the non-family business essentially with respect to their management styles and implications thereof. The family business displays an intimate relationship that has to be considered when a shift in the managerial process occurs. The family business is vastly affected by the owning family in terms of the decisions that are taken, influencing the direction the business has to take. Due to the business relation with the family, decisions that are taken are long-term in nature. It is in the best interest of the family that the business has long-term goals that will ensure stability over an extended period of time, and provide family support for the future (Carsrud, 2000).

The management in the family business is less likely to take a risky decision if it is going to cause instability, and create uncertainty in the business, as would be the case in a non-family owned business. Even if the family business fails to benefit from an opportunity to make a profit, it is likely to take a safer more conservative option for the sake of stability. This is where the difference between an established family business and an entrepreneur would occur. The entrepreneur would be the founder of the family business, who would have taken risks to achieve growth in the business. As suggested by Brunåker (1999), when the business starts to develop and evolve into a family business, the risk taking is replaced by a more conservative approach aimed at ensuring the long-term stability and viability of the business. This type of action may cause some difficulty in the future, when the successor is about to take over the business.

Table 1.1
The Contrast between Family and Non-Family Businesses

Family-Owned and Managed	Non-Family Controlled
<ul style="list-style-type: none"> ○ Family members in managerial positions have lifetime and personal stake in firm. ○ Family members in managerial positions may be with firm for entire career. ○ Family members have indefinite time horizon. ○ Failure of the business has dramatic personal and career implications for family members, especially those in senior management. ○ Likelihood of family member in managerial position of being terminated is low. ○ Personal gain results in a sense of pride in the organisation's growth, success, job creation, and family wealth creation. ○ Organisational performance tends to be correlated with managerial compensation. ○ Decision-making tends to be more centralised, although this may lessen across generations. ○ Internal control systems tend to be more informal. ○ Succession can be problematic and traumatic even if planned for: rivalries can arise among family members, while conflict occurs between the business head and heirs. ○ Family member managers are accountable to self and family. ○ Conflicts tend to further a dynamic pattern that is circular: a conflict within the family can impact on the decisions made at a much later date, which in turn influences future family dynamics. ○ Non-family employees may perceive real limits to their upward mobility and personal opportunities within the firm. ○ Family affairs can directly affect business affairs and vice versa. 	<ul style="list-style-type: none"> ○ Manager's interest in firm is limited more so to specifics of employment contract. ○ Managers seldom remain with one firm for entire career. ○ Managers have shorter horizon time. ○ Failure in the business has relatively less personal impact on the manager. ○ Likelihood (or perception of likelihood) of a manager being terminated or his/her position eliminated is greater. ○ Personal gain reflects from advancement, promotion, increases and compensation. ○ Organisational performance tends to be less directly correlated with what a particular manager earns. ○ Decision-making is more often more participative and team-based. ○ Internal control systems tend to be more formalised. ○ Succession can involve conflict and competition, but stakeholders will monitor the process in an effort to ensure it is accomplished in a timely and orderly fashion. ○ The manager is accountable to stockholders. ○ Conflicts tend to follow a more linear pattern such that their impacts are more traceable over time and isolated. ○ Employees are apt to have a greater sense of equal opportunity in terms of advancement and participation in decision-making; this may produce more internal competition. ○ While the personal lives of employees affect their job performance, the impact is likely to be more on the individual than the firm.

Morris, Williams, Allen & Avila (1997, p. 388)

The differences between the family business and non-family business have been identified, and it is understood that there are distinct managerial differences in the organisation of the two businesses. However, the definition is still somewhat loose. Frishkoff (1999, p. 1) outlines a number of different criteria that qualify a business as a family business:

- *Employees*: More than one family member working in the company.
- *Career Development*: Career decisions of family members are influenced by the existence of the business.
- *Succession*: Family relationships have influence on management succession.
- *Governance*: Family members hold key position or majority control of board of directors.
- *Values*: Family values impact on the business philosophy.
- *Linkage*: Absence of clear demarcation between family and business.
- *Legend*: Family history is part of the business legend.
- *Shared Responsibility*: Family shares a sense of responsibility for the business.

Accordingly, Frishkoff (1999, p. 1) argues that the simplest means of determining whether a business is a family business or not is "*if a family thinks its business is a family business, it is.*" This is the simplest and most accurate means of deciding whether or not a business is a family business or not, and is the definition used for this research. There may be a few discrepancies in the understanding of what a family business is according to different parties, but most people understand the general idea of a family business.

1.5.1 The Evolution of the Family Business

According to Gersik, Davis, Hampton and Lansberg (1997), there are four classic types of family businesses that represent the business life-cycles:

Type 1. *Foundation Stage*: in which the founders and the entrepreneurial experience have a profound influence on the formation of the culture of the business, as this is the stage in which the business forms its value and belief systems, based largely on the founder's views and perceptions.

Type 2. *The growing and evolving family business:* this is the situation where a family business could experience various growth patterns, and where the business could experience different forms of management at the same time from various family members.

Type 3. *The complex family enterprise:* this is a family business in which there are various members of the family involved in the business, which could make it multigenerational and cousin owned. The more complex the family involvement in the business, the more complex the management structure becomes. This often leads to tension and conflict within the management of the business, which again could be one of the reasons that family businesses do not progress very far down the succession line.

Type 4. *The diversity of succession:* where the founder (Generation 1 or G1) passes the family business onto a successor (G2), usually one of the founder's relatives. According to Deakins (1999), succession is the transfer of managerial decision-making power in the firm from the predecessor to the successor. The succession process is not often considered until G1 is well into his/her sixties or is experiencing a life-threatening crisis, and in which case the leadership of the organisation comes into question (Neubauer & Lank, 1998). It therefore becomes important and even imperative that SMMEs start to consider the process of planning a succession strategy long before circumstances force this. The general goal of the family business founder, who is considering succession, is to pass the business onto the next generation in a stable financial condition (Gersick *et al*, 1997). It is not the desire of the founder to pass on a business that is going to burden his or her family, and instead he/she wishes to pass a legacy on which is going to provide for the family in the future. In this period of the family business life-cycle, the business has to find a potential new leader or manager for the business. According to Gersick *et al* (1997), some succession processes only involve the change of the person "in charge," while others involve a complete change in the organisational structure and a shift in the cultural perspective of the organisation. However, this may not necessarily be the case, because there is a tendency for organisational culture to change whenever a new leader/manager is introduced into the organisation, and reflects the difference in leadership styles or the difference in the values and belief system of the new leader.

Research conducted in this area of succession suggests that there is a potential problem relating to the actual succession process. In this respect, it is estimated that four out of five family businesses are managed by the first generation, and the balance one by the second and third generations (Burns, 2001). The implication of this is that the family business experiences problems with the succession process in passing the business onto the next generation. Although the family businesses are relatively successful in the market place they seem to experience difficulty with succession. It is estimated that fewer than 1/3rd of the family businesses are actually passed from the founder to the next generation, and approximately only 10% of the second generation family businesses are passed onto the third generation, and less than 5% ever go past the third generation of family management (Burns, 2001). Scarborough & Zimmerer (1996) state that 80% of family businesses want to pass the family business onto the next generation, and the problem occurs that only 35% of the family businesses actively prepare a formal succession plan. They speculate that this lack of preparation for succession planning is the reason for family businesses being relatively unsuccessful in the succession process.

Research has focused on various different aspects relating to the family business, and tried to establish the reason why family businesses tend to have such a poor succession rate (Burns, 2001). Theories have ranged from “the business cycle” and the natural development of the business (suggesting that the business has reached the end of its life expectancy and its death is natural); and failure of proper organisational development (such that the business has not progressed with the times in relation to global competitiveness, and has thus reached a stagnation point); to poor succession planning (suggesting that the business is unable to survive the change in management). The aim of this research is to focus on the last point, and suggests that the succession process is more prone to failure because of constraints placed on it by virtue of it being a family business and the expectations of its family members.

In addition, differences between the family members may cause differences of opinion in the management of the business, differences that can often bring down the family business. Therefore, when looking at the succession within the family business, it is important to note that the predecessor and the successor need to have similar understandings and values concerning the family business. If any changes are brought

about in the business around the time of succession, it should be a mutual endeavour, which will show unity within the family business.

1.5.2 The Role of the Founder

The founder of the family business is usually the one who is the entrepreneur in the family. These are the individuals that have taken the risk and started up the original business, which has eventually evolved into family business. As stated before by Brunåker (1999), the family business is not always started out with the intention of becoming a family business, and it is an evolutionary process that occurs over the growth of the business. The founders of the businesses are usually charismatic leaders; responsible for the business they have put so much time and energy into. As the founder of the business, G1 entrepreneurs are responsible for the following main areas within the organisation:

1. Directing, co-ordinating, and planning in the organisation.
2. Controlling and commanding the business.
3. Accountability of the business.
4. Planning and organisation of the business functions.

These affect all areas associated with the business, and it is inevitable that the influence of the founder is going to be strong within the business environment. Accordingly, the founder is the individual who establishes the values, norms and behaviour systems that eventually become entrenched in the culture of the organisation. As Ralph Waldo Emerson stated, "*An organisation is the lengthened shadow of a man*" (Cited in Neubauer & Lank, 1998, p. 134).

According to Handy (1996), the culture of the small business is dominated by and shaped by the beliefs and value systems of the owner-manager. It is the founder's aspirations, personal goals, values and dreams that shape the organisational methods, structures and leadership styles (Smith & Verchio, 1997). It is the owner-manager of the organisation who shapes the initial culture of the small business. Handy (1996) also suggests that any individual in the small business will have an influence on the organisational culture, simply because of the size of the business. Consequently, the start-up phase of the small business is very important in the development of the organisational culture.

It is the founders of the organisations who forge and shape their organisations into an extension of themselves. The founders develop the business as they see fit, and make decisions that will impact on the developmental process of the business throughout its life-cycle (Gersick *et al*, 1997). Hence, it is not surprising that the founder of the business is the individual who sets the initial values, beliefs, rules, and norms that the business follows. The personality and talents of the owner/founder make the business what it eventually turns out to be. The decisions, rules of thumb and personal values become part of the basic structure of the enterprise, and in essence the business is part of the founder's identity through an extension of the his/her personality (Deakins, 1999). A distinct organisational culture emerges when the business adopts these values, norms, roles and beliefs through the implementation of various structures, processes and practices. One of the unique functions of the leader in the organisation is that he/she shapes the culture of the organisation in order to obtain a desired outcome (Bryman, 1996).

Organisational ideologies develop and a mindset is created, as to how the organisation should operate, both of which follow the rules and regulations that have been set up within the organisation. When new people enter into the organisational culture, they are in turn socialised and follow the norms and values set out by the organisation, and should the socialisation fail they are rejected from the system. It is through this process that an organisational culture is born (Alvesson, 1993).

1.6 ORGANISATIONAL CULTURE

Culture is subtle, and while the beliefs and values are not directly observable, the effect they have on policies, practices and rewards, are (Schneider, Brief & Guzzo, 1996). These beliefs and values constitute the organisational culture (Schneider *et al*, 1996). Culture is thus reflected in the organisational system of knowledge, ideologies, values, norms, rules and day-to-day rituals. Organisational culture signifies the way in which different organisations operate. According to Chell (2001), the way of *doing and being* in a business is said to reflect the organisational culture. Organisational culture refers to the approaches that are used to achieve goals set out by the organisation, the methods of doing things, and the interaction and approaches to situations that occur at any given

time within the organisation. Culture is loosely defined as “*the way things are done here*”.

Individuals see organisations in the light of their own “subjective experiences”, in which the mode of thought that underlies the conceptual understanding is a hermeneutical or phenomenological interpretation. When people are placed in an organisation, they actively select, interpret, choose and create environments. This process is where individuals take part in the shaping of the organisational culture, which is an intrinsic part of the environment they inhabit (Chell, 2001). The social world is constructed by the meanings that people attach to objects, with the result that culture within an organisation is socially constructed. These social constructions guide the behaviours of the individuals in the organisation (Brunåker, 1999). The social constructions replace the traditional control systems found in Taylorism, which in itself was a form of cultural dominance within the organisation. It is through social construction that the belief systems of the organisation are passed on from one employee to another, and as well as from one generation to another in the succession process.

Organisational cultures consist of the founder’s value structures and elements of individuality that people take into the organisation when they join, and which they tend to transfer to others that surround them (Alvesson, 1993). One could argue that culture is a fundamental framework that holds the very fibre of the organisational society together. However, we as individuals are the creators of the culture, and have a prominent influence in its development. In other words, organisational culture is little more than an agreement or consensus that is reached by the first people to have arrived in the organisation, which suggests culture is constructed and could be reconstructed (Alvesson, 1993). Organisations as culture create an environment in which the organisation is able to function, and a purpose with which employees can identify. Individuals are therefore able to alter culture over a period of time, through a process of changing the organisational climate, which could occur in the succession process (Brunåker, 1999).

Chell (2001) poses the question of whether organisational cultures are structural variables or symbolic metaphors. *Structural variables* suggest that the culture of the

organisation is a tangible variable, and it can be changed and even manipulated like motivation and job satisfaction. Culture is viewed as a tangible variable, and suggests that culture is something that the organisation can manipulate. To change the cultural perspective of the organisation would involve changing those tangible aspects that shape its culture. However, this is not always the case as culture is more complex than just tangible aspects. In this case, Chell (2001) could be referring to what Schneider, Brief & Guzzo (1996) have referred to as organisational climate, which involve tangible aspects related to organisational culture. However, this will be discussed later in the text. One way of looking at the organisational culture is to view it as a symbolic metaphor, which incorporates an intrinsic pattern of deeply imbedded behaviours that is less tangible and accessible. Symbolic metaphors are expressions of deeply held beliefs, values, patterns of thought, feelings and being, which permeate the social and organisational life experiences (Chell, 2001). The symbolic metaphor as an explanation of organisational culture depicts the imbedded ramifications of the culture as non-tangible, and the effects of the culture are the tangible aspects. Either of these approaches suggests that it is difficult to change the organisational behaviour relating to cultural aspects, whether it is directly tangible or not.

1.6.1 The Importance of Organisational Culture in Business

According to Chell (2001), culture plays an important role in creating a sense of belonging in the organisation. A number of factors within the organisation determine what or how the culture is going to function at a specific time within the organisation's life-cycle. These include:

1. The role of the founder is important in the initial stages of the development of the organisation as it impacts on the direction the culture will take.
2. The present leader may have a strong enough influence over the organisation to change the cultural perspective within the organisation. Therefore, if the leader is not the initial founder of the organisation, the leader may in actual fact be able to change the culture within the organisation. However, this point is not all that clear in the literature relating to succession, and is therefore the basis of this research.
3. The administrative heritage of the organisation strongly relates to the founding principles within the organisation, and because the founder implemented the

initial procedures of the organisation, they are reinforced and become the norms that are accepted by members who join the organisation later.

4. The stages of development of the organisation is important, because it is easier to alter an organisation's culture at the beginning of the organisational life-cycle than when the culture of the organisation is entrenched into the belief systems of the employees and employers. The more entrenched the culture, the more difficult it is to alter or change it.
5. According to Chell (2001), there seems to be a relationship between the type of structure and the nature of the organisational culture. If the organisation is product orientated, there is no need for the organisation to be customer focussed in terms of customer satisfaction, and they would rather be concerned with the quality of the product. A service-orientated business would be concerned with the customer and customer interaction. Hence, there are different cultures for the different types of organisational structures, which is directly related to the organisational output.

Organisational culture tends to provide stability within the organisation, and Chell (2001) suggests that organisational culture helps to:

- Reduce collective uncertainties.
- Create social order.
- Create continuity.
- Create a collective identity.
- Elucidate a vision for the future.

It is these characteristics that bind the organisation together, and allows it to function as a whole. They can also cause stagnation within the organisation, by not allowing any change to occur within the organisation. Organisations find it difficult to change values and norms, because culture is intangible and not directly observable (Schneider *et al*, 1996).

Power within an organisation belongs to the person who rules and guides the behaviour of the organisation. Power is the ability to get things done, and it is the ability to *do* within the organisation. As stated, cultures within an organisation are the norms and values, and to have control of these would mean control of the organisation. According

to Thompson & McHugh (2002, p. 191) corporate culture “*is the way in which management mobilises combinations of values, language, rituals and myths, and is seen as the key in unlocking the commitment and enthusiasm of employees.*” Therefore, individuals with power over organisational culture have control over the organisation. As we have seen, the corporate culture is derived from three different influences in the business. (1) The role of the founder plays a vital role in the values and belief systems that are going to be implemented within the organisation, (2) the uniqueness of the individual company’s history is going to have an influence on the development of the organisational culture, (3) the stage of development the organisation is at. The organisation culture has both direct and indirect impacts on the allocation of power within the organisation. The values and ideologies within the organisation will directly determine the behaviours and outcomes that are rewarded within that organisation. The reward system will in turn determine which of the individuals is suitable for the position of power in order to maintain the present culture. In turn, culture is shaped and supported by the power-holders of the organisation, and the people with the power are able to alter the cultural perceptions within the organisational setting (Ragins, 1995). Consequently, for management to manage the organisational culture effectively, means that the manager has to accept and address the dominant beliefs and values held within the organisation (Chell, 2001).

To recapitulate, culture concerns itself with firmly entrenched beliefs, and values of the organisational members, rooting itself in a deep level of the employees’ psychology. Culture is subtle, and is based on beliefs and values that are not directly observable – however, the effects that they result in such as, policies, practices and rewards are. These provide a tool with which we are able to observe an organisation’s culture. Companies tend to find difficulty in changing themselves precisely because culture is not directly pliable (Schneider, Brief & Guzzo, 1996). Therefore, in order to change the culture of an organisation, we should focus on the climate of the organisation. Climate reflects the tangible aspects that produce the culture, and are the kinds of things that happen around and to the employees that they are able to describe. Altering the everyday policies, practices, procedures, and routines of the organisation will impact indirectly on the beliefs, norms, and values that guide the employee actions within the organisation, and will in the end alter the organisational culture. The feel of the organisation reflects both the culture and climate, and because culture and climate are

interconnected, the employees' values and beliefs influence their perceptions of the organisational policies, practices and procedures and vice versa (Schneider *et al*, 1996).

1.6.2 A Theoretical Perspective of Organisational Culture

When familiarising oneself with the organisational culture, one usually starts with the outer appearances of the culture, which are later seen as the climate, and then one works into the deeper embedded psychological aspects, such as customs, habits, beliefs and values (Chell, 2001). In theory, culture has been criticised as being too broad a definition in the anthropological sense, as culture relates to everything that occurs in the surrounding environment. In contrast, in the aesthetic sense culture can be too narrow, for example, it could only be capable of defining a specific era related to art (Dodd & Anderson, 2001). Therefore, it is necessary to define culture in relation to this research in the theoretical sense, and look at the difference between climate and culture through the insight of Schein's model according to Hatch (1993).

Because organisational climate is a more measurable cultural phenomenon, it has had a longer period of being researched and observed (Schein, 1994). As stated before, organisational members infer the organisational climate from the information they receive from their surrounding environment. The inferences are drawn about two issues according to Schneider *et al* (1996, p. 8): (1) How the organisation goes about its daily business, and (2) what goals the organisation pursues – quantity, cost containment, market share. The inferences that the organisational members make about the climate, are reinforced by policies, procedures, and routines that are set out and followed by the organisation, and which are rewarded and supported. This process is essentially a form of socialisation carried out by the organisation. The individuals are taught what is expected of them and through reward and punishment systems, which are enforced by routines and frameworks in the organisation. Through this process, the organisational culture comes into existence. The reinforcement of the climate in the organisation ensures that the underlying assumptions that the organisational members make about the policies, practices and procedure become entrenched into the organisational belief and value system, which make up the organisational culture (Schneider *et al*, 1996). It is more difficult to change or alter the culture than it is to alter the organisational climate. The culture of the organisation is firmly embedded in the member's psyche, and is displayed through the belief system of the organisation, which is less visible than the

climate. Climate is the tangible aspect of the organisation culture, and is directly observable. One is able to alter climate through the modification of the organisational practices, procedures and rituals (Schneider *et al*, 1996).

It is clear that organisational culture theory places large emphasis on the role of values, beliefs and rituals within the organisation, and a strong organisational culture has firmly embedded value and belief systems that govern behaviour within the organisation. "*The organisational group learns from its own experiences what parts of the founder's belief system work for the group as a whole*" (Schein, 1994, p. 154). The joint learning process of a group creates shared beliefs within the organisation. Very often, new individuals struggle to identify with the organisational culture, as they have different perceptions of the culture. It is precisely this difference that may result in a problem when change of organisational culture occurs. Because each member has a slightly different perspective on the organisational culture, it is necessary to find shared values and beliefs central to the organisation in order to change its culture (Schneider *et al*, 1996).

Dodd & Anderson (2001, p. 15) argue that "*Theoretical developments in cultural studies have led us to understand that cultures are not naturally bounded entities, nor can they be completely understood as a shared underlying meaning system.*" They go on to suggest that culture is in fact unnatural, and that its construction is not based on natural processes. Culture is merely a tool created to reform the societal needs and place them into a contextual framework, which would be able to guide the behaviour of society through the creation of normalities within the societal structure. The perceptions individuals have of the fundamental framework may vary because of different modes of understanding and interpretation, implies that individuals are bound to conform to structures provided. This repudiates what was argued earlier, and suggests that individuals are not allowed to express their own individuality within the organisation. Culture is therefore constructed by the organisation to achieve the desired outcomes needed for that business.

Accordingly, it can be assumed that organisational culture is a family of socially constructed concepts, which relate to the organisation from which they are assimilated (Dodd and Anderson, 2001). Because organisational culture is socially generated by the

needs and values determined in the beginning growth stages of the organisation, it is determined (in part if not in whole) by the founding member of the organisation. Culture is an interpretation by the members of the organisation of the founder's intents, value and belief structure in the organisation. The socialisation process begins in the early process of recruitment and selection. The organisation looks for new members that already possess the "right" set of assumptions, beliefs and values for that organisation and recruit them (Schein, 1994). This process ensures that the unfolding organisational culture is not threatened by radically different views from outside the organisation, and ensures that the status quo remains.

Social theorists suggest that we are moving towards a post-modern culture at which point individual thought and behaviour are encouraged within the organisation. This is in contrast to earlier modes of thought, which focussed on mass production and mass consumption, in which concepts like Fordism and Scientific management were the ideals. In these cultures, individualism was not encouraged, and top-down management was the order of the day (Dodd and Anderson, 2001). A type of subservient culture was entrenched within the larger mass production organisations, which are now declining rapidly and being replaced by flatter hierarchical structured organisations. Dodd and Anderson (2001) suggests that new cultures are merely being constructed to replace the old, and because of a shift in the economic demand. New configurations of social norms are being incorporated into the construct of the organisation, and provide an environment that is open to the flexibility demanded by the global economy. They argue that culture is determined and re-determined by the organisation depending on the economic and organisational needs at that time.

Essentially, culture is a collective belief that is used to make sense of our everyday world through the acceptance of shared values, norms and behaviours dictated by the organisation. When looking at entrepreneurship, we may come to the conclusion that it is an expected reaction from a western and individualistic society, in which society expects economic independence and innovation from its members (Dodd and Anderson, 2001). As stated, culture thus far consists of the tangible aspects of climate, which are the deeply embedded psychological aspect related directly to culture.

Hofstede (1984, p. 21) describes culture as, “*culture is to a human collective what personality is to an individual.*” Therefore, it was necessary to devise a system that would be able to cut across the whole social unit and define a pattern of norms and attitudes. The academic problem with organisational culture is that researchers often make incorrect inferences about symbols, myths, stories and other climatic variables, and link them to the incorrect underlying assumptions related to the culture. Culture is ubiquitous, and it underlies all facets of the organisation. Therefore, it is difficult to focus on culture as a whole as it is divided into many parts. (Schein, 1994). The difficulties in studying culture are that researchers continuously want to simplify it and its underlying assumptions, and in doing so focus on the wrong variables. Therefore, it is necessary to identify the major variables in the culture that are to be studied, and connect them to the correct underlying assumptions.

Schein (1994) firstly assumes that culture is a learnt attribute, and also assumes that leaders and powerful members in a group or organisation are able to teach culture. The factors involved in learning culture are norms that eventually become beliefs, which evolve into assumptions, which are to be understood by everyone, and shared as a commonality through a reinforcement process (Schein, 1994). Secondly, culture creation is a process whereby the group identifies with a leader, and internalise his/her values and assumptions. The internalisation process occurs when a group is first put together, and a dominant figure or “*founder*” emerges whose own values and assumptions about the functions and structure of the origination are visible and accordingly adopted. The group then learns which of the founder’s or leader’s values and assumptions work for the group as a whole, and they are then adopted (Schein, 1994).

Thirdly, once the group identifies and internalises the values and assumptions, they are preserved and reinforced through the socialisation process. When new members enter into the group, the socialisation process begins whereby the individual learns the processes and roles expected of them. The processes and procedures within the organisation teach the individual the underlying assumptions through a reinforcement and reward process (Schein, 1994). According to Schein’s model of organisational culture, culture exists at three simultaneous levels. On the surface are *artefacts*, or referred to before by Schneider *et al* (1996) as *climate*, which are the visible tangible

aspects that stem from *assumptions* held by the organisational members. Under the *artefacts* lie the *values*, in which they are based, such as the social principles, goals and standards held by the organisation. At the core of Schein's cultural model, lie the *basic assumptions*, which are the intrinsic beliefs about the reality and nature of the organisations (Hatch, 1993). *Assumptions* are the norms and belief systems of the organisation and are the core of the organisational culture. In order to change organisational culture, one has to alter the *basic assumptions*.

1.6.3 The Cultural Dynamics of Organisations according to Hatch (1993)

Hatch (1993) provides an adapted model similar to Schein's model on culture in the organisation. Hatch (1993) introduced a fourth element to Schein's model known as *symbols*. "The introduction of symbols permits the model to accommodate the influences of both Schein's theory and symbolic interpretive perspectives" (Hatch, 1993, p. 660). Hatch (1993) says that symbolic-interpretive researches defined a symbol as, "anything that represents a conscious or an unconscious association with some wider, usually more abstract, concept or meaning" (Hatch, 1993, p. 669). Gioia (In Hatch, 1993) suggests that these symbols can take the form of logos, slogans, stories, actions, visual images, and metaphors within the organisation. Accordingly, organisational culture consists of artefacts, values, assumptions, symbols and the various processes that link them together.

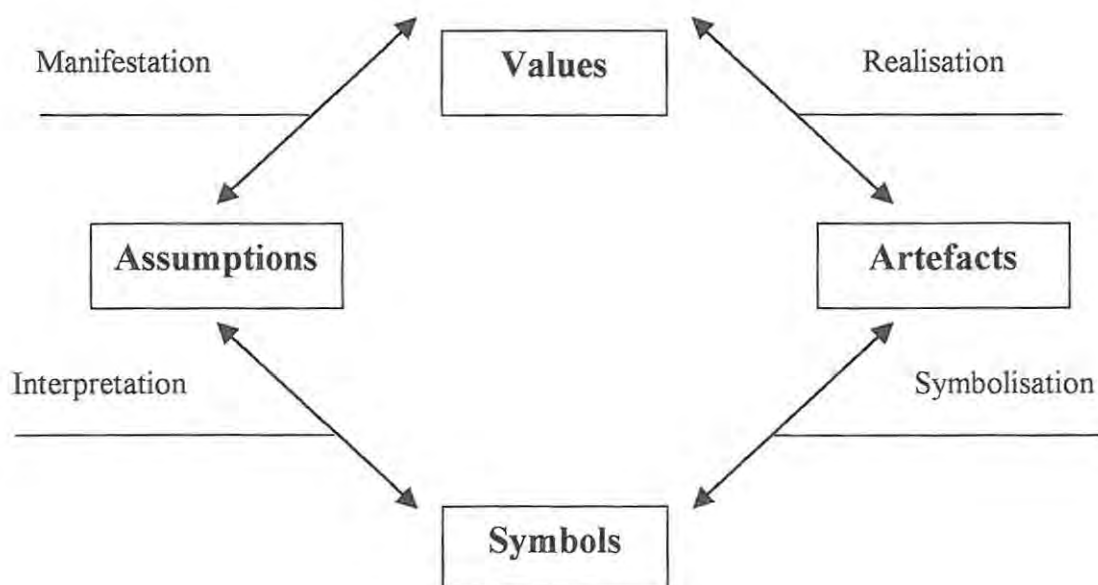


Fig 1.2 The Cultural Dynamics Model

The main concepts of the Cultural Dynamics Model have been expressed, and now the processes involved will briefly be viewed according to Hatch (1993, pp. 661-685).

1.6.3.1 The Realisation Process

This process occurs between *artefacts* and *values* of the cultural concepts. The realisation process brings about a realisation that an artefact is tangible, and at the same time attributes to underlying values. Realisation brings about the transformation of perceptions and expectations about the social or material reality when change is deemed necessary. Through the realisation process, a value can be altered or stay constant through the appearance of the value via the artefact. Artefacts are not inherently cultural subjects, but at one point in time within the organisation, the artefact through a process of realisation, had values attached to it, which may reflect the core assumption within the organisation.

1.6.3.2 The Manifestation Process

The manifestation process occurs between the *values* and *assumptions*. The process refers to “*any process by which an essence reveals itself, usually via the senses, but also through cognition and emotion*” (Hatch, 1993, p. 662). The manifestation process occurs when a value is manifested deeply into the organisational member’s psyche to the extent that they become core assumptions, which are central to the culture. Assumptions also display themselves through the value systems within the organisation, known as reactive manifestation. Schein argues that new assumptions can be introduced through bringing in new values posed by top management. These new assumptions will be accepted over time if the values are reinforced until they are taken for granted, at which point they become assumptions.

1.6.3.3 Symbolisation Process

The symbolisation process occurs between the *artefact* and the *symbol* within the organisational structure. The symbol as stated before, is part of Hatch’s model, and suggests that every artefact has symbolic significance. Symbols do not merely stand for or represent something, but they have value and meaning in the organisation that the organisational members have identified and attached to that symbol. The symbolisation process occurs when cultural symbols are made by an association of artefacts through surplus suggested meaning attributed to it. Therefore, an extension is made from the

literal perception of the artefact, to symbolic attributes that are attached to it through association by additional values placed on it. In other words, a symbol is an inanimate object with cultural values attached to it.

1.6.3.4 Interpretation Process

The interpretation process occurs between *assumptions* and *symbols* in the cultural model. The interpretation process suggests that the different members within the organisation interpret meanings that are placed on assumptions differently. The meanings attached to symbols are interpretations by individual members in the organisation of the core assumptions. The interpretation process is an ongoing event, where the meaning of the symbol is always revisited to continuously assert the assumption. Often the symbol will reflect the original assumption, and sometimes new meanings will be attributed to the symbol, and thereby alter its symbolic value through a new interpretation process.

The model provided by Hatch (1993), provides a framework for understanding how the organisational culture operates, which processes and concepts are involved, and how tangible aspects within the organisation can be used to assess cultural assumptions embedded within the psyche. Hatch's model, because this represented as a *wheel*, can be entered into at any point to analyse the cultural aspects within the organisation, and linking concepts from any point within the model can be linked to the underlying assumptions.

1.6.4 Harris on Organisational Culture

The constructs of culture have been defined by various authors, and analysed in various ways and methods. In this thesis, the six dimensions of culture put forward by Harris (1998, p. 33) are used, and it's argued that although there are numerous facets of organisational culture, these can be collapsed into six dimensions. These are:

1. *Organisational Rationale and Identity* refers to the philosophy, beliefs, attitudes and boundaries displayed by the organisation. Philosophy determines the organisation's sense and space, where the underlying beliefs of the organisation make it different from other organisations. The organisational boundaries set it apart from its competitors, in relation to what it is capable of achieving in

various fields. This essentially looks at how the organisation sees and structures itself in terms of its perceived identity.

2. *Purpose and Standards* refers to the means of communicating the organisational philosophy to itself and the external environment. This is achieved through the processes of goals, missions, objectives, values and norms. Internally these could be communicated through leadership style, and externally through Vision and Mission statements.
3. *Look and Style* involves the organisation's mood, atmosphere, character and appearance. This is how the organisation sets its standards, and could fall under the climate of the organisation. *Look and Style* get translated into the policies, procedures, dress sense, organisational professionalism, and work ethic, and time management. Therefore, *Look and Style* is the means by which the organisation is able to display the organisational culture in physical to us.
4. *Process and Activities* refers to what the organisation does and provides as a whole, and how it achieves this. The external environment affects process and activities the most, and relates to marketing, production and communication sections, which have to adapt quickly to the external needs in the consumer market. However, they still follow a protocol set out by the value system of the organisation as a whole.
5. *Communication and Information* refers to how the organisation's communication and information systems operate. Channels of communication are used by the organisation, whether informal or formal, and what information system structures are utilised in the processing of data.
6. *Human Resources and Relations* relates to the perception the organisation has of its personnel, the roles they play, the means of interaction, enforcement and reinforcement of policies and procedures, human relation practices, and general human interrelations within the organisation.

Harris (1998, p. 35) defines culture as "*the medium by which the organisation expresses itself to its employees or members, as well as to the outside world. Organisational culture is a human creation subject to change and modification, for it touches every aspect of the institutions life – from corporate structure to corporate climate.*"

1.7 FAMILY BUSINESS, SUCCESSION AND CULTURE

1.7.1 The Family Business and Succession

The succession process begins with the decision about share control within the organisation, and the person with it has the power within the business (Gersick et al, 1997). The average life-cycle of a family business is 24 years, which is similar to the average tenure of the founder (Oliver, 1996). At this point in the development of an organisation, the succession process actually occurs. Succession is the transfer of managerial decision-making and the power of leadership in a business. Sooner or later, the business must decide who is going to take its most senior position, the role of leader in the business. The higher up in the organisation hierarchy the positions, the less rational the recruitment process becomes, as there is a lack of expertise in recruiting high profile members in the organisation (Oliver, 1996). It is difficult for the organisation to map a system whereby they must recruit the new leader, because of the difficult task in matching a new leader with the characteristics required for the role.

The task of choosing a new leader is often the job of the founder or present leader. However, business founders often have difficulty in giving up the business they have created and in which they have invested so much of their time and energy. Therefore, they often leave the succession process too late or fail to prepare at all (Handler, 1990). The business founder often does not want to come to terms with his/her mortality, and resists the process that will signify an end of an era in their lifetime. The founder's resistance originates from the fear of aging, retirement, death, and letting go of a part of their identity of founder and owner of the business (Handler, 1990). This failure to plan often causes the succession process to be unsuccessful. Unprepared successions are often caused by ill health or death of the founder, in which case a successor may not be qualified or adequately trained to assume the position (Oliver, 1996). In the succession process, it is important to develop leadership within the successor as part of the training process. Very often the successor is trained to conduct the business in the organisation, but they are not trained to lead the organisation (Neubauer and Lank, 1998). However, according to Handler (1990), explicit planning for a succession is rare, which may explain the low number of successful family business successions that occur. It is essential to develop leadership within the successor generation, which would create

stability within the organisation after the succession process (Neubauer and Lank, 1998).

According to Brunåker (1999), the transfer of power within the organisation is seen as a point of inflection where a process of adapting to the succession starts, because it is at this point that the business is exposed to its new leader and power holder. The succession point, if not handled properly, may cause the downfall of the organisation as a whole. It is not necessarily the fault of the successor that as a person causes the downfall, but the fact that the organisation and the successor were not prepared for the succession process. In the family business, the focus should be on the first generation succession process, as there are no previous examples for the organisation to build its experiences on. The other greatest reason for the failure in succession in the first generation is the dominance of the founder, discussed below (Brunåker, 1999). As family businesses generate between 45-70% of respective countries GNP, it is not surprising that there is a focus on the failure rate of succession within this sector (Neubauer and Lank, 1998).

1.7.2 The Success and Failure of Succession

As mentioned, at the present time there are a large number of successions that are occurring. The reason for this is that the economic boom that occurred after the Second World War, large amounts of businesses were formulated. The founders of the businesses are now into their 70's and 80's, and are currently stepping down because of the average business owner's tenure being 24-30 years (Smith, 1999). Hence, it has become time that the next leaders take over the business, which has likely over the years evolved into a family business.

The success or failure of a family business depends a great deal on the relationship between the family members, especially those involved in the business. Therefore, parallels can be drawn between the family and business relationships. Usually the leader in the family is also the leader in the family business. The role of the founder in the business is often reflected as a role of the father in the family, and the role of the successor is reflected as the child (Hoover and Hoover, 1999). The conflict that occurs between the successor and predecessor is often a result of the predecessor's fears of losing the business, and the effects it will have on the predecessor's self-image by

bringing their competency into question (*Bridge et al*, 1998). Because family businesses do not prepare for the succession process, the transition process is often traumatic for both the family and the business. In the family business, the conflict is often repressed and not spoken about, which causes resentment and tension within the business itself (*Bridge et al*, 1998). The employees that are not members of the business also experience this conflict and tension, which creates an uncertain working environment.

Craig Aronoff (In Smith, 1999, p. 39) state that, "*the days are long gone in which you can simply meet a need and keep doing it again and again.*" This suggests that because of the change in economic climate, and the ever-changing global trends, the business community has to be sensitive to the needs of the market. However, the founder of the family business tends to be more autocratic the longer they stay at the top of the hierarchy (Smith, 1999). This suggests that the founders tend to be less prone to change when it occurs within the market. Smith (1999) argues that leaders, who are stagnant and inflexible for years, are more dangerous to the organisation than what they are good. The founder must realise that if the business does not adapt to the new changing environment, the founder could run the risk of the organisation dieing because of rigidity and inflexibility. The founder's or parent's fear letting go of the business, because for many years the business has been the focal point of their lives. If they let the business leadership go, then the founders come to face the reality that they have to move onto the next step and face their mortality (*Scarborough et al*, 1996). Therefore, the founders of the business often refuse to let go or share power within the organisation, and this causes classic resentment between the founder and the successor, as a power struggle incurs (*Morris et al*, 1997).

It is essential that the family business develops a process of grooming when approaching the succession process, and would involve both individuals and the organisation as a whole. The preparation of a change should at least be discussed to ensure that the change is not totally unexpected (*Neubauer and Lank*, 1998). *Morris et al* (1997) suggests that when addressing the succession process, family businesses tend to focus more on issues of estate planning, legalities, and taxation parameters, and the preparation of asset transference, while ignoring the relationships within the family that are critical in the succession process. As a result, more time is allocated to the technical aspects relating to the succession as opposed to the relationships involved (*Morris et al*,

1997). It could be suggested that family businesses focus on the hard issues related to the succession process as apposed to the softer, psychological issues related to the personal aspect in individual relationships.

1.7.3 The Succession Process

Neubauer and Lank (1998) and Hoover and Hoover (1999) provide a framework that could be adopted by a family business expecting to proceed through a succession process. The framework provides a step-by-step procedure, in which the members involved in the succession process realise the significance of the transitional process.

1. *Get an early start.* It is essential that the succession planning process not be left to a late stage. If left to a late stage, the transition may not be complete and the succession could still fail. All parties should also realise that time is running out for the founder, and it may not be a pleasant reality to face, but founders are at a larger risk to illness at later stages of their tenure in the organisation.
2. *Create career development systems.* It is essential that the successor know what he/she is going to do within the organisation. The roles and responsibilities of the different parties should be made clear during and after the succession process, so that it is clear to everyone what is expected of them. The successor should have the relevant qualification and capabilities necessary to take over the organisation, as well as develop the personal relationship intelligence needed to interact with the various human factors within the industry. It is also at this point that the business should develop a strategic plan for their future, involving a vision, mission and SWOT analysis, so that the business has a sense of direction during the succession process.
3. *Seek advice.* Some family businesses believe that they are able to cope with the succession process without any assistance, which they may well be able to do. However, it would be wise to have some sort of guidance in the succession process. The business could get a portfolio analysis carried out, to analyse how the business is currently functioning, and where it wants to go. It would also be helpful to know and understand the steps that should be taken in the succession process.

4. *Build consensus.* It is necessary that the successor and the predecessor communicate and understand what is expected from the other. They also need to come to agreement on what is necessary for the future survival of the business, clearly defining long-term goals or even simply determine a three-year strategy. It is at this point that the predecessor and the successor bridge their differences, manage constructively, put an able plan together, and maintain a positive working environment with strong personal worth and values.
5. *Clarify the phasing out process.* This process will probably be the most difficult for the founder, as this is where the founder comes to terms with the fact that he/she will be leaving the business. At this step the founder will determine such things as estate planning. The founder and successor need to determine one-year goals, and develop a detailed plan for the future implementation of the succession.
6. *Plan for retirement.* The founder needs to plan for retirement and the exit strategies that he is going to use when leaving the business.
7. *Stick to the plan.* A well-conceived plan is a roadmap to the desired outcome. It is essential that management of the business also understands the process that is going to occur in the business. Therefore, it is necessary to inform the management and the employees in the organisation of the processes occurring, and how they are going to occur. This will ensure that when the process does occur, it does not come as a shock to the organisation, which might react with a form of resistance. The successor should also start implementing new value structures into the organisation over a period of time approved by the founder, so that the basis for a new value structure is in place when the successor takes over.

Morris *et al* (1997) suggests that one should look at the differences between the quality of the experience and the effectiveness of the succession. Quality of the experience refers to how the involved family members of the business, personally experienced the succession. Effectiveness of the succession is determined by the outcome of the succession process, and looks at organisation performance and satisfaction levels experienced by the next-generation and employees. A person would ideally want a mix of both quality and effectiveness in the succession process, however, a lot of the time effectiveness is focussed on and quality ignored. This creates tension within the

organisation, as the human factor is not taken care of. The factors that affect the business the most according to Morris *et al* (1997, p. 391) are: (1) Problems in relationships among family members (being a key factor in 60% in Morris *et al* (1997) study). (2) Heirs not being sufficiently prepared (25%); (3) Issues related to planning and control activities (10%). Accordingly, relationship problems are the largest problem in the succession process, which shows that the quality of the experience in the organisation is problematic.

It is not only necessary to understand quality and effectiveness issues related to the functions of the business within the succession process, but also it is necessary to understand the influencing forces that may come into play in the business. The influencing forces are a combination of internal and external factors that impact on the direction in which the succession process is preceding. The external factors such as customer's perceptions, socio-political and economic climate impact on the business from the outside. A particular point of interest is the customers' perceptions of the succession process. Customers usually become suspicious of a leadership change within an organisation, and may even be reluctant to deal with a business if it is going through a change process. Therefore, it is essential that during the succession process the predecessor support the successor to promote future business confidence and relationships. The internal factors that affect the succession process relate particularly to the family concerns, owner concerns, and family and business cultural issues (Deakins, 1999).

The cultural issues are by far the more pertinent issue in relation to the internal factors affecting the succession process. The cultural issues incorporate the business environment; the business's stage of development; the business traditions, norms and values; the family's cultural strength and influences on the business; and the impact of the owner's personal motives and values (Deakins, 1999). These aspects all affect the succession process, and thereby influence the outcome. Cultural aspects in the family business play a vital role in the process of succession, and without paying attention to the culture within the organisation the succession could fail.

The unfortunate part of the planned succession process is that it takes a great deal of time and resources to undertake, and for the owner of a small business this may not be a

viable option at the time. Davis & Harveston (1998) suggest that larger organisations tend to do far more and extensive succession planning than is the case with the smaller organisations. It seems that the larger organisations have greater resources available to them, and are therefore able to allocate additional resources to the succession. The larger organisation is able to access external consultants on the succession process for professional assistance, in contrast with the smaller business that may not deem this necessary or viable. This gives the larger organisation an edge over the smaller organisation, as the larger organisation is more likely to survive a succession process as a direct result of proper planning and strategy implementation (Davis & Harveston, 1998).

1.7.4 The Founder and Culture

In the family business, the founder of the organisation is usually the leader of the business, and it is not surprising that the personality of the founder or owner/manager is imprinted on the small business (Burns, 2001). Usually it is the family culture that is reflected onto the family business, and creates an identification process between the family members and the business, as discussed earlier (Neubauer, 1998). As previously stated, the founder has an immense impact on the development of the organisational culture, and influences the norms, values and behavioural systems that developed in the growth stages of the organisation. These cultural attributes, spurred on by the founder, become deeply embedded in the cultural framework of the organisation. When these cultural variables undergo a change, it is essentially the founder's value systems that are altered, for example this occurs through a succession process.

The founders as entrepreneurs are concerned with the survival, innovation and development of the organisation, and as a result establish and entrench that into the culture of the organisation. On the other hand, successors as entrepreneurs are more concerned with the growth and maintenance of the organisation, and want to move onto the next logical stage of the business cycle (Deakins, 1999). We could therefore expect that there may be a difference between the values and norms of the two different leaders. This suggests that a cultural shift may occur when the successor (G2) takes over from the predecessor (G1). Brunåker (1999) shows that social constructions guide the behaviour of family members, which are communicated to the next generation of family members through socialisation. The advantage of these social constructions for

the organisation of the family business is that it may be able to provide the organisation with stability. The behaviours and core value systems G1 and G2 may be similar by reason of family socialisation, whereas their leadership styles may be different, which may cause a shift in managerial processes and practices carried out within the organisational.

According to Smith (1999), successors are willing to change the conventional tools and value systems that have been put in place by the previous generation. Successors have generally grown up in a world with the new age technology available to assist them in the management process. Founders view this as a threat, because they don't understand the technology and fear it. The successor is generally a world-experienced individual who has often had the opportunity to interact with the wider world, travel overseas, interact with broader open-minded individuals, and has gained a global outlook on society and business. The new or now generation do not like to restrict their employees, and prefer to provide an open platform from which they are able to operate their businesses. The successors promote flatter hierarchies, motivate individual thought from their employees, and let employees come and go as they please, as long as their work is complete (Smith, 1999). Therefore, it is understandable if there is a large problem with succession in light of these differences between the successor and the founder. The successor's new age look on the working world clashes with the more conservative working environment the founders have established.

The organisation finds it difficult to cope with the sudden change of leadership, and especially if a succession plan and process has not been established or implemented. The change of culture and especially the change of leadership within an organisation may cause anxiety. Therefore, it is necessary to motivate the organisation to change, and this should form part of the succession plan (Hoover and Hoover, 1999). However, this is not necessarily the case, as many businesses that proceed through the succession process, neglect to inform the organisation itself about the processes and changes that are going to occur. The organisation then perceives a sudden change, which may have been planned by the management over a reasonable period, but is implemented without informing the organisation who may resist. A transition process involves: (1) *Unfreezing* of the current organisational values, practices and belief systems; (2) A *Transition* process in which new values, practices and belief structures are introduced;

(3) Thereafter, a *Refreezing* process whereby the new values, practices and behavioural systems are entrenched into the organisations core assumptions at which point a cultural shift occurs (Hoover and Hoover, 1999).

Levinson (1972), in developing a technique for assessing an organisation's readiness for change, put forward a checklist that he termed the *organisational structural plan*. In his plan, he identified numerous aspects that relate to organisational change that include the following: *degree of alertness to organisational perceptions, degree of receptivity to new knowledge, emotional atmosphere of the organisation, contemporary attitudes toward others, quality and intensity of relationships in the organisation, and range of organisational attitudes*. These aspects all relate to organisational culture, and in order to change the culture of the organisation, one begins by changing the belief systems and organisational values of the members in the organisation. Coetzee (1999, p. 13) gives such an example of the transformational process:

- *A vision or a collective new ideal* gives the members in the organisation an ideal to strive toward through the process of change, which is tangible to them and with which they are able to identify.
- *Creating confidence* is seen as necessary so that all parties agree to a win-win situation during the transformation process.
- *Establish an inclusive* approach, whereby individuals and groups are involved in the process of change, not only the family members.
- *Transformation* is a process developed and maintained over a period, and should take as long as it needs to reach the end result.
- *Knowledge is a foundation of transformation*. Although organisations are different and use different processes, it is always important to keep up to date on current trends that may develop. It is also important to inform the organisation about progress that occurs in the succession process.
- *Establish the relevant structure for transformation*, which means the implementation of structures that will underlie the change process in the organisation. This will be an important factor in the transformation of culture within an organisation. Because cultural changes influence the supporting structures that create it, this process has to be carefully planned, as it determines the development of the new culture.

- *Handling conflict.* Resistance occurs because of fear of the unknown. Therefore, it is vital to inform and explain the processes that are occurring within the organisation at the time of succession to avoid this.

1.7.5 Culture and Leadership

As previously discussed, the organisational culture provides the “glue” that binds the people in the organisation together, providing purpose and distinctiveness. According to Bryman (1996), the unique and essential function in a leader of an organisation is to be able to manipulate the culture of the organisation in order to achieve the required objectives. The founder’s value and preoccupations often leave a distinctive imprint on the organisation, and as previously discussed, the organisational culture adopts these value and behavioural systems for itself (Bryman, 1996). Accordingly, the meanings that the leader communicates to the organisation are more important than the leader’s leadership style. This suggests that the members of the organisation adopt the leader’s core value system as opposed to his/her style of leadership (Sergiovanni & Corbally, 1984). However, the leadership style is the means through which the leader communicates his/her desires and wants from the organisation. This implies that the leadership style is the process through which the leader enforces the desired organisational culture. The shift in management processes and leadership style may very well result in changes in the organisation’s culture.

Therefore, the leadership style is the medium through which culture is communicated. In the succession process, G2 takes control of establishing a new set of values, norms, behaviours and beliefs, which results in a cultural shift in the organisation, and therefore through a difference in leadership style, alters the organisational perceptions.

1.7.6 Founders and Successors

The world that faces the new generation of successors is vastly different to the world the predecessors were faced with. The new generation successor has to implement new changes regarding the business to ensure survival in the globally competitive market. Couple these issues with the fact that the founder is usually still actively involved in the business when the succession process takes place, friction may arise between the leader and the leader-to-be (Syms, 1996). Not only does this conflict cause difficulties between

the two leaders, it may also result in polarisation within the workplace, creating tension and a conflict of values and belief.

As previously suggested, the founder of an organisation is usually charismatic, leading by example, whereas the successor may be less charismatic (Hoover and Hoover, 1999). Therefore, it may even be the case that while the successor has become good at his/her job the successor lacks the charismatic nature of the leader, or has not developed the necessary leadership skills for managing the organisation through the succession process. As Scarborough *et al* (1996) suggests, shared power is not necessarily equal power. During the succession process, the successor could crave autonomy, and the predecessor may see the successor as being unfit for more power. Hence, both may see each other as being greedy and selfish for power, because of a lack of communication and development through the appropriate succession processes (Scarborough *et al*, 1996). Accordingly, it is essential that during the succession process there be a shared vision of both generations so that the succession is successful (Gersick *et al*, 1997). A formal plan needs to be developed in the succession process to ensue its success. At the same time, Oliver (1996) suggests that the founders tend to be '*doers*' rather than planners, which may cause some difficulty when it comes to planning the succession.

Handler (1990) poses that the succession process should use a strategy, whereby through development, the next generation's role should be shaped through a shared vision of the founder, successor, and the business. The founder should define their role in the business as diminishing, and over a period of time guide and assist the successor through the process of defining their own new leadership skills. The founder must pass on their decision-making powers and authority onto the successor, which promotes identification with the successor within the business by all parties involved (Handler, 1990). Therefore, it is essential that the organisation realise that a change in power will occur, and it is vital that the new leader be accepted and not seen as a replacement, but a continuation of a family tradition.

1.7.7 The Meaning of Succession to the Business

For the employees within the organisation, change is seen as disruptive and intrusive, and for the executive in the organisation, change may be seen as a new opportunity for growth and development (Strebel, 1998). When a change such as a succession occurs

within the business, personal compacts are altered, which essentially change the perception employees have on the origination, and as well as how employees gauge with the organisational culture. Unless the founder and successor define the new terms and persuade the organisation to accept them, it is unrealistic for management to expect employees to “trade” or exchange in what they believed for a new set of ideals and values. Without the employees accepting the change that occurs, dissatisfied employees will become resistant and undermine the new successor’s credibility as well as any plans put forward for the future of the business (Strebel, 1998).

Accordingly, management must draw attention to the need for change and the circumstances surrounding it, and establish the context and reasons for the change. Management must also provide members of the organisation with a process in which they are able to gauge, revise and essentially “buy into” the change process. Through this, employees will probably commit and adopt the new formal and informal rules, values and behavioural systems proposed. Therefore, it is essential that the organisation accept the change that is occurring, as the succession essentially alters the culture of the organisation. Accordingly, the organisation should be adequately prepared for the succession along with the successor, because the impact it will have on the organisation, when implemented, may be significant.

Research and literature to date does not adequately address the issues of cultural change and outcomes in the post-succession period. Many succession plans focus on the development of the successor and managerial issues. However, the development of the organisational members to ensure that they are able to cope with the new leadership position is generally ignored. The pre-succession plan should prepare the organisation for a shift in leadership style, and managerial issues, which may translate into cultural shift, and in turn, affect the value and belief structure of the organisation.



CHAPTER 2

METHODOLOGY

2.1 RESEARCH QUESTIONS AND DISCUSSION

Three questions arise from these arguments above, which focus on the topic of the family business and the implications that a succession process has for the business. Each question deals with a different aspect of culture and succession. Question 1 and Question 2 are directly related to Question 3, contributing to the understanding of the succession process and its implications for the family business. Each question will briefly be examined to determine what is expected from each.

Question 1: To what extent were family businesses prepared for the change in management?

This question focuses on the extent to which the family business has been prepared for the succession process. It looks at various attributes relating to the pre-succession process, determining whether the business had expected the succession and whether the organisation was prepared for the succession process. In relation to the questionnaire and interview schedule discussed later, Question 1 covers the categories relating to Rationale and Identity; Emotional Atmosphere; and Leadership/Supervision. The items are aimed at establishing the extent to which the business has prepared itself for the succession, and are used as indicators of the organisation's readiness for the handover process. The indicators probe whether the business has coped with the succession or not, via various items within the categories discussed later in the text.

Question 2: How was this change achieved? What changes occurred before, during and immediately after the succession process?

The second question focuses on the means through which these changes in leadership occurred, examine whether, and to what extent organisational attributes changed at the time of the succession. The items related to this section focus on the categories regarding Organisational Knowledge; Organisational Action within the Business; and Relationships to Things and Ideas. The question looks at the change

in management, and focuses on aspects such as leadership style. The only way to determine changes in leadership style is by looking at tangible changes that occur within the organisation as a direct result of changed leadership style and behaviour resulting from the succession process. These tangible aspects are artefacts that get changed as part of the succession process, and therefore impact on the organisational culture.

Question 3: What effects do these changes resulting from a recent succession process have on the organisational culture?

The third question is the heart of the research, and it focuses on the organisational culture and the effect succession has had on it. Question 3 essentially determines whether the succession process influences or even changes the organisational culture once the succession has been completed. The question asks, what effects or outcomes these changes have had in relation to the organisational culture? This presupposes a “new order” and seeks to determine the extent to which these responses can be seen to reflect a shift in the organisational culture. Literature implies that organisational members are conservative, and are likely therefore to resist change and the implementation of change by the new leader. In Question 3, the effects of the cultural change on the organisational behaviour will also be examined. In the items relating to Question 3, specific focus is placed on organisational language, which deals directly with organisational culture. The items focus on those aspects of organisational climate that are directly related to organisational culture, and the extent to which the succession process has impacted on them.

2.2 METHODOLOGICAL FRAMEWORK

2.2.1 Overview of the Methodological Framework

The fundamental framework of the research is *interpretive social science* and focuses on *post-hoc* exploratory analysis, studying the events after they have occurred. The core text that the researcher has used for the methodology is Newman (1997). Because there are so many different approaches in this area, the use of one text ensures that the fundamental concepts do not become confused through the use of the conceptual understandings and frameworks put forward by other authors. The paradigm, in which

the research is located, is a blend of Interpretive Social Science and Positivism. However, the research is primarily based in the interpretive paradigm described by Burrell & Morgan (1979), in which the social world is perceived as an emergent social process that is created by the individuals concerned, and suggests that the social world is no more than a network of assumptions and meaning systems that are shared between individuals. Newman (1997, p. 68) describes the interpretive approach as, “*the systematic analysis of socially meaningful action through the detailed observation of people in natural settings in order to arrive at understandings and interpretations of how people create and maintain their social worlds.*” The interpretive approach is the foundation of qualitative research.

Although a combination of interpretive and positivistic paradigms has been used in this research, they are not usually combined in research methodologies. The reason for the combination of positivism and interpretive paradigms is that both qualitative and quantitative methods are of relevance to this research. As will be discussed later, the research structure is divided into two processes. On the one hand, the quantitative part of the research (Process 1) follows a positivist stance in the design and analysis, while on the other hand Process 2 is qualitative in nature with respect to administration, analysis and interpretation. However, the explanation and discussion of the research material is interpretive in nature, and therefore follows a distinctly qualitative interpretation processes within an Interpretive Social Science framework.

2.2.2 Qualitative and Quantitative Research Designs

As mentioned, the nature of this research requires that the research methodology be both qualitative and quantitative. The advantage of using both qualitative and quantitative methods of research is that it helps to ensure the reliability and validity of the technique through a process of triangulation. In other words, different types of measures and/or data collection techniques were used to evaluate the same phenomenon in order that the data validate itself through the corroboration of the two methods of data collection and data interpretation (Newman, 1997). In this study, triangulation was achieved through two processes running concurrently, namely a survey questionnaire and structured interviews. The two forms of data were collected from managers/owners of family-owned SMMEs in the Gauteng region. The data was combined and interpreted to support and confirm the outcomes. Therefore, if the data in the

quantitative research findings are reflected in the qualitative findings, it will greatly improve the validity of the research. Triangulation enhances the measurement and interpretation when diverse indicators are used, thereby improving confidence in the results obtained (Newman, 1997).

As shown previously, the research method consisted of two processes, **Process 1** utilised a quantitative questionnaire and **Process 2** employed structured open-ended interviewing to gain a deeper understanding of the research questions and variables. The research was structured according to outlines provided by Levinson (1972) and Harris (1998) on organisational assessment focussing on culture within the organisation. The researcher used aspects from both the quantitative and qualitative paradigms for analysis, while the interpretation of the findings were embedded in the interpretive method of analysis. “*All social researchers systematically collect and analyse empirical evidence to understand and explain social life*” (Newman, 1997, p. 327).

2.2.2.1 Quantitative Understanding

The positivist paradigm is a widely accepted method in quantitative research, and is extensively used within the social sciences (Newman, 1997). Theoretically the *scientific method* has been seen as positivistic, and is used to determine predictive meanings of explanation that are presumed to be universal. However, the quest for Universalism is a weakness of positivism in the eyes of many social scientists, which suggest that human behaviour is malleable, and as it is context specific it is therefore difficult to generalise over different populations. Positivism implies a general cause-effect relationship between variables and does not focus on social interpretations in research (Newman, 1997). Furthermore, even though the framework for this research is a combination of positivistic and interpretive research methodologies, the research at hand does not propose any causal relationships between variables, but simply looks at possible relationships and perceived assumptions. Therefore, the *positivist* approach is used in the design and analysis of the questionnaire, but an *interpretive* approach is adopted in the interpretation and discussion of the findings.

Positivism requires research to yield precise quantitative data often using experimentation, surveys, and statistics (Newman, 1997). In quantitative research designs, the variable is a central component, and as a result the research focuses on the

testing of variables against each other. In this research, the inferences drawn between the various variables are not causal but exploratory in nature, as the data analysis procedure used correlation techniques, which imply a probability but not direction of relationships (Clark-Carter, 1997). The data collection technique used in Process 1 is survey research, a common data-collecting tool used in the quantitative field of research. Survey research is typically conducted when various variables are to be examined, as is the case with the various concepts used by Harris (1998), and which are discussed in respect of the development of the survey questionnaire.

2.2.2.2 Qualitative Understanding

The data obtained from this research is descriptive and explorative in terms of the analysis and results. The essential difference between quantitative and qualitative research is the data collection methods, which determine what analyses are necessary for interpreting and understanding the data. When the data format is in the form of words, paragraphs and texts, the data set is essentially qualitative. The tools necessary to collect and analyse the qualitative data vary in form and analytical tools used differ significantly from those used with quantitative data. For instance, qualitative researchers rarely use variables, reliability, statistics, hypotheses and replication (Newman, 1997). Rather qualitative research is concerned with extracting meaning and understanding from the data, as opposed to testing *a priori* hypotheses. Qualitative research intends to capture and discover meaning embedded in the text that the researcher has collected in a specific context or 'case study' situation.

An important component of the interpretive social science paradigm is the concept of Hermeneutics, which is the analysis of text to discover the meaning embedded within it, while developing an understanding of an object in a social situation. Hermeneutics involves the study of interpreting texts used in the interview analysis and discussion process (Kvale, 1996). It is imperative to understand that in hermeneutics, the researcher is actively involved during the process of analysis, and the interpretation of the data is perceived from the researcher's perspective (Newman, 1997). This brings into question issues of validity and reliability, which are answered by the functioning of the "*Hermeneutic circle*". Kvale (1996) describes the Hermeneutic circle as the understanding of text through a process in which the meanings of the separate component parts are conditioned by a global overall meaning. These component

meanings impact on the overview, which in turn shapes the meanings at the lower component level. This cyclical process whole-part-whole process is continually revisited until a unitary meaning, free of inner contradictions, is reached and overall validity is achieved (Kvale, 1996). In short, hermeneutics is the insight of how the parts within a global understanding relate to and are affected by the global understanding. In this research, an example of the hermeneutic understanding would be the way in which the six dimensions posed by Harris (1998) relate to the “*whole*” that is organisational culture. It is very common that themes or generalisations emerge independently out of the data itself when the analyses are carried out; this is known as phenomenology and is closely linked to hermeneutics. Because qualitative research is thematically understood, involving techniques and various stages of analysis by one researcher, and because the data is interpretive in nature, the nature of qualitative research is very context specific and therefore rarely replicable (Newman, 1997).

2.2.3 The Research Design of the Current Project

The concepts that are used in this research project are in the form of themes, as provided by Harris (1998) and Levinson (1972). Themes are used to conceptualise, order and categorise meaning once it has emerged out of the texts through analyses by the researcher. The primary framework of this research is a qualitative focussing on interpretive social science; with some quantitative characteristics in Process 1 with regard to design, data collection and analysis.

In the light of these arguments, it was decided to balance the quantitative data collection of Process 1, which relied on the assumptions of a positivist approach to science, by the use of more qualitative techniques in Process 2, as the data collection and analysis techniques are characteristic of this research methodology. The two processes are discussed in greater detail below.

2.3 METHOD

As stated, the method in this research is split into two processes, using both a quantitative survey questionnaire, and structured in-depth interviews. The process of designing the survey is identical to the design of the structured interview guide. Therefore, both survey questionnaire and interview guide follow the same questioning format, and differ only in the case of the interviews, where the interviewee comments and elaborates on the questions as well as marking the appropriate answer as in the survey questionnaire. The survey questionnaire was designed to gain a general overview of the research questions through a series of questions and statements the participants had to answer and comment on. The appropriate data collection and analytic techniques for each process were used accordingly.

2.3.1 The Survey

“A survey describes a population – it counts and describes ‘what is out there’” (Sapsford, 1999, p. 1). Survey research samples many respondents to measure many variables, testing multiple hypotheses, and infers temporal order from questions about past behaviour, experiences, or characteristics (Newman, 1997). The survey is a useful tool in determining self-reported opinions, beliefs and behaviours of individuals. The self-completed questionnaires used in this research were mailed and completed by the participant without any assistance from the researcher, and in this way the researcher avoided influencing the participant’s views (Newman, 1997).

2.3.2 The Interview

Interviewing is the process of gathering information from a participant on a topic through a verbal encounter or conversation. As suggested by Newman (1997), an interview is a social relationship between an interviewer and interviewee, involving roles, norms and expectations. The relationship is often fraught with difficulties, as the respondent often does not know what is required, which in turn affects the validity of the interview. This issue is dealt with later. In this research, a detailed interview guide was drawn up, which follows the format of the survey questionnaire, resulting in the interview being highly structured with specific focused questions. However, the interviewee was allowed to expand on all the questions if he/she felt the need to or if/when the researcher probed deeper into the fixed question. The questions in the

interview were therefore in essence open-ended, while the overall structure had qualities of being closed. Responses were in the form of a 5-point Likert scale, while the questions could be expanded upon as open-ended questions (Newman, 1997).

2.3.3 The Development of the Survey Questionnaire and Interview Guide

The structure of the survey questionnaire/interview guide was a combination of the elements presented by Levinson (1972) and Harris (1998) with respect to organisational diagnosis and organisational culture respectively. Aspects from Levinson's (1972) "Organisational Assessment Check List" were used in designing the questionnaire in order to obtain an overview of the general functions of each organisation. In addition Harris's (1998) six dimensions of organisational culture were used to give an overall perception of organisational culture. Harris (1998, p. 35) argues that culture influences the mindset and behaviour of both workers and managers, and shows that culture is a medium through which the organisation expresses itself to its employees or members, as well as to the outside world.

2.3.3.1 Levinson's Checklist

In order to identify any difficulties that were experienced by the organisation undergoing the succession transition, aspects of Levinson's (1972) "Organisational Assessment Check List" were drawn on. Features explored were *current organisational functioning* incorporating organisational perceptions and emotional atmosphere; and *attitudes and relationships* incorporating contemporary attitudes and inter-organisational relationships. For the purpose of this research Section III (Interpretive Data) was utilised. This is comprised of the following:

- **Current organisational functioning**, which looks at the various aspects regarding tangible aspects relating to the organisational culture and includes:
 - Organisational perceptions
 - Organisational knowledge
 - Organisational language
 - Emotional atmosphere
 - Organisational action

- **Attitudes and Relationships** focuses on the organisational relationships and attitudes taking place at the time of the succession including:
 - Contemporary attitudes toward, and relationships with, others
 - Relations to things and ideas
 - Attitudes about self
 - Intraorganisational relationships

2.3.3.2 Harris's Six Dimensions

Although there are various facets relating to organisational culture, Harris (1998) poses that his model facilitates the understanding of the various dimensions of organisational culture. "*Organisational culture is a human creation subject to change and modification, for it touches every aspect of the institution's life – from corporate structure to corporate climate*" (Harris, 1998, p. 35). Harris (1998) identifies six dimensions of organisational culture, which he considers to be imperative to the understanding and explanation of organisational culture. The six dimensions of organisational culture presented by Harris (1998) and defined in Chapter 1, are as follows (1998):

- Rational and Identity
- Purpose and Standards
- Look and Style
- Processes and Activities
- Communication and Information Systems
- Human Resources and Relations

2.3.3.3 Stevens's Opinionnaire

Once the format of the questionnaire had been structured as outlined above, the items were formulated. The researcher decided to use some questions from Stevens's (1989) questionnaire "*Mark Alexander's Organisational Norms Opinionnaire*" designed to determine the norms that operate within an organisation, which would add some validity to the researcher's questionnaire. The selected questions from Stevens's (1989) Opinionnaire were placed into the sub-categories equivalent to that found in the researcher's structural framework. Out of the ten sections in Stevens (1989)

Opinionnaire, appropriate questions were selected from three sections that were relevant to organisational culture. The sections were:

- a. Organisational/Personal pride
- b. Leadership/Supervision
- c. Candour/Openness

The questions from Stevens (1989) were then altered into statements, which follow the format of the researcher's questionnaire. The following will show how the sub-sections and statements fit together, as well as explaining and describing processes involved through the design.

2.3.4 Integrated Structural Framework

The relevant items from Harris (1998) and Levinson (1972) were combined, to yield the following sections that the researcher saw as valuable and most likely to represent and indicate change in organisational culture. The combination of the two theorists leads to the overall fundamental framework from which the questionnaire would operate. The combined sections yielded the following format used in the development of the questionnaire:

1. Current Organisational Functioning

1.1 Organisational perceptions

1.1.1 Rational and identity

1.1.1.1 Philosophy

1.1.1.2 Beliefs

1.1.1.3 Attitudes

1.1.1.4 Boundaries

1.1.1.5 Images

1.2 Organisational knowledge

1.2.1 Acquisition of knowledge

1.2.1.1 Processes, procedures and activities

1.2.1.2 Degree of receptivity

1.2.2 Use of knowledge

1.3 Organisational language

1.3.1 Purpose and standards

- 1.3.1.1 Goals
- 1.3.1.2 Mission
- 1.3.1.3 Objectives
- 1.3.1.4 Values
- 1.3.1.5 Norms

1.3.2 Look and style

- 1.3.2.1 Leadership style
- 1.3.2.2 Dress
- 1.3.2.3 Appearance
- 1.3.2.4 Time and space
- 1.3.2.5 Policies and procedures

1.4 Emotional atmosphere

1.4.1 Prevailing mood

1.4.2 Overall stability or variability of mood

1.4.3 Relationships

1.5 Organisational action

1.5.1 Degree of directness

1.5.2 Degree of flexibility

1.5.3 Planning and timing

1.5.4 Effectiveness

1.5.5 Constructive or destructive

2 Attitudes and Relationships

2.1 Contemporary attitudes towards and relations with others in the organisation

2.1.1 Human resources and relationships

- 2.1.1.1 Personnel images
- 2.1.1.2 Roles
- 2.1.1.3 Relationships
- 2.1.1.4 Expectations
- 2.1.1.5 Development
- 2.1.1.6 Motivation

2.1.2 Range diversification, departmentalisation, and consistency

2.2 Relationships to things and ideas

2.2.1 Processes and activities

2.2.1.1 Procedures

2.2.1.2 Personnel activities

2.2.2 Quality and intensity of relationships

2.2.2.1 Symbolism

2.2.2.2 Unconscious personification

2.2.3 Communication and information systems

2.2.3.1 Communication

2.2.3.2 Behaviour

2.2.3.3 Information systems

2.2.3.4 Technology

2.2.4 Time and space

2.2.5 Meaning of work for the organisation

2.2.5.1 Environment

2.2.5.2 Psychological contract

2.2.6 Authority, power and responsibility

2.2.6.1 Regard of power

2.2.6.2 Internal power

2.2.6.3 Authority and responsibility

2.2.7 Rational and identity in relation to positions and social, ethical and political issues.

2.2.7.1 Philosophy

2.2.7.2 Beliefs

2.2.7.3 Attitudes

2.2.7.4 Boundaries

2.2.7.5 Images

2.3 Intraorganisaitonal relationships

2.3.1 Key people

2.3.2 Significant groups

2.3.3 Implications between both key people and significant groups

2.3.5 Linking Integrated Structural Framework to Research Questions

With this structure in place, the researcher then proceeded to go through a process in which the combined Harris and Levinson items were linked to the three research questions. The sub-sections were then split up and placed under the question most applicable to the category as follows, and revealed the structural format of the three-section questionnaire.

Section 1

The items in this section of the survey deal with Question 1 (*To what extent were family businesses prepared for the change in management?*), and are as follows:

- 1.1.1 Rational and identity
 - 1.1.1.1 Philosophy
 - 1.1.1.2 Beliefs
 - 1.1.1.3 Attitudes
 - 1.1.1.4 Boundaries
- 1.4 Emotional atmosphere
 - 1.4.1 Prevailing mood
 - 1.4.2 Overall stability or variability of mood
 - 1.4.3 Relationships
- 2.3 Intraorganisational relationships
 - 2.3.1 Key people
 - 2.3.4 Leadership/supervision

Section 2

The items in this deal with Question 2 (*How was this change achieved? What changes occurred before, during and immediately after the succession process?*), are as follows:

- 1.2 Organisational knowledge
 - 1.2.1.1 Processes, procedures and activities
 - 1.2.2 Use of knowledge
- 1.5 Organisational action
 - 1.5.1 Degree of directness
 - 1.5.2 Degree of flexibility

- 1.5.3 Effectiveness
- 1.5.4 Constructive/destructive
- 2.2 Relationship to things and ideas
 - 2.2.3 Communication and information systems
 - 2.2.3.1 Behaviour
 - 2.2.3.4 Technology
 - 2.2.5 Meaning of work
 - 2.2.5.1 Environment
 - 2.2.5.2 Psychological contract

Section 3

The items in this section relate to Question 3 (*What effects do these changes resulting from a recent succession process have on the organisational culture?*) and are as follows:

- 1.3 Organisational language
 - 1.3.1 Purpose and standards
 - 1.3.1.1 Goals
 - 1.3.1.4 Values
 - 1.3.1.4 Norms
 - 2.3.5 Organisational/personal pride
 - 2.3.6 Candour/openness
 - 1.3.2 Look and style
 - 1.3.2.1 Leadership style
 - 1.3.2.2 Dress
 - 1.3.2.3 Appearance
 - 1.3.2.4 Policies
 - 1.3.2.5 Procedures
- 2.2 Relationship to things and ideas
 - 2.2.6 Authority, power and responsibility
 - 2.2.6.1 Regard of power
 - 2.2.6.2 Internal power
 - 2.2.6.3 Authority and responsibility
 - 2.2.7 Issues on social, ethical and political issues
 - 2.2.7.3 Rational and identity/Attitudes

After relating the various sub-sections to the different research questions, questions were formulated around each item in order to address the research question in a systematic way related to each of the above sub-sections.

2.3.6 Design of the Questionnaire

The survey questionnaire/interview guide (referred from now onwards as the “questionnaire”) construction was split into two parts. The first part of the questionnaire is purely descriptive and demographic (Clark-Carter, 1997), and gathers information about the businesses. These questions consist of eight categorical (yes/ no) questions, establishing the demographics of the population in the research, and were used to categorise the business into family and non-family businesses and determine whether the business had gone through a succession or not.

Part 2 of the questionnaire relates to the three research questions and was aimed at only those businesses that had been through a succession. This part of the questionnaire utilised a five-point Likert scale format to provide an ordinal-level measurement of people’s attitudes, opinions and beliefs (Newman, 1997). *“Likert scales are called summated-rating or additive scales because a person’s score on the scale is computed by summing the number of responses the person gives”* (Newman, 1997, p. 159). The researcher chose the Likert scale because multiple indicator scales have a limited response rate that make it easily quantifiable, thereby improving reliability and validity. An additional benefit of using a Likert scale for this research is that it is quick and easy to answer. This was an advantage because the research was aimed at business people who have little time for long questionnaires. The optimum number of choices that are expected to be used in a Likert scale range from 4 to 8 options. For this research the researcher chose a five-point scale ranging from “Strongly Disagree (SD), Disagree (D), Neutral (N), Agree (A), and Strongly Agree (SA).” The reason why the researcher chose to place a “neutral” position in the scale was so as not to force respondents to choose a side when they may have no opinion about the question or were unsure and/or had not thought about it. However, this does pose a problem when respondents choose “neutral” for convenience or because they are lazy, even though they do actually have an opinion. These respondents are called “floaters” (Newman, 1997). As Newman (1997) suggests, the simplicity and ease of the Likert scale is its real strength, but this format can result in participant response sets. In addition, different combinations of

items can result in the same overall scores being achieved. In order to overcome this, several items were negatively phrased and reversed scored. For example, for the positive questions codes would be SD=1; D=2; N=3; A=4; SA=5 but for a negative question like “There is tension within the business” the code would be, SD=5; D=4; N=3; A=2; SA=1.

The design of the questionnaire made use of emotive language. Although, the use of emotive language is generally frowned upon in the writing of survey questionnaires, the researcher used it to elicit answers and overcame the possibility of respondents “floating”. The emotive language made respondents reluctant to answer “neutral” an item when they did have an opinion, and prompted them to select a side/opinion. The items were statements relating to the research questions, and the respondent only had to say whether they SD, D, N, A, SA to the statement.

In summary, the questionnaire is split into two parts, a descriptive part regarding organisational demographics and an opinion-based part consisting of short statements, which participants responded by indicating their answer to the three research questions using a five point Likert scale.

2.3.7 Survey Questionnaire: Organisational Culture and Family Business

Part 1: as stated above, part 1 of the questionnaire consists of eight descriptive questions, and the data is nominal or categorical. The questions are:

1. How many employees work in your business?
2. Do you consider your business to be a family business?
3. Has your business been through a succession process?
4. Do you plan to pass the business onto the next generation and keep the business in the family?
5. If you are considering a succession, have you started planning for the succession process?
6. Would you get professional assistance in planning for the succession process?
7. If your business has been through a succession process, how long ago did the change occur in years?
8. Are you satisfied with the service you receive from SEIFSA?

At this point, respondents were given the instructions, “*If your business has not undergone a succession process, you need not answer part 2 of this questionnaire,*” in an effort to prevent organisations that had not gone through a succession from answering the rest of the questionnaire. However, businesses that were not family businesses thought that they should not answer this question either, which led to only businesses that were family owned and which had gone through a succession, responding to the questionnaire. This meant that the researcher could not compare the family businesses and non-family businesses on the differences in succession, as too few non-family businesses responded the part 2 of the questionnaire.

Part 2 of the questionnaire was designed in three sections, each corresponding to one of the three questions posed, thus assessing each research question in each section. In hindsight, the researcher should not have split part 2 into sections on the actual questionnaire as it caused some confusion with some of the respondents. The reversed items, as discussed in the *Methodology*, are marked with an [R].

Section 1:

Rationale and Identity

- Philosophy
 9. Your business strives for a predetermined goal.
- Beliefs
 10. Your business contributes to the sector in which it works.
- Attitudes
 11. Your business works together for a common goal.
 12. Your business strives for excellence in the work place.
- Boundaries
 13. Your business knows what it is capable of achieving.

Emotional Atmosphere

- Prevailing mood
 14. The overall mood in the business is conducive to a positive working environment.
 15. There is tension within the business. [R]

- Overall stability or variability of mood
 16. The business atmosphere is consistent over a period of time.
 17. The mood and atmosphere of the business changed around the time of the succession.
- Relationships
 18. There is some tension between the employees and employer. [R]

Intraorganisational Relationships

- Key People
 19. You were trained for the position by the business before you took over the business.

Leadership/Supervision

20. Management and supervisors are approachable by employees.
21. Employees look upon management to set the standards of performance or goals for the business.
22. Employees do their jobs even when supervision is not available.

Section 2:

Organisational Knowledge

- Processes, Procedures and Activities
 23. Changes in the business practices occurred around the same time as the succession process.
 24. New technologies were introduced around the time of the succession.
 25. Procedures in the business change around the time of the succession.
 26. The business accepted the new leader in the succession process.
- Use of knowledge
 27. Only management makes decisions in the business. [R]

Organisational Action

- Degree of directness
 28. Sometimes employees hide problems that occur in the business. [R]
- Degree of flexibility
 29. The business has become efficient and flexible since the succession.

- Effectiveness
 - 30. The business has grown since the succession process.
- Constructive/Deconstructive
 - 31. New policies and procedures have been introduced to increase the growth of the business.

Relationships to things and ideas

- Communication
 - 32. Employees and employers communicate effectively.
- Behaviour
 - 33. The behaviour of the business has changed since the succession process.
- Technology
 - 34. The business underwent a technological change at the time of the succession.

Meaning of work

- Environment
 - 35. The working environment in the business has improved since the succession.
 - 36. Employees are more receptive to management since the succession.
- Psychological contract
 - 37. Employers are satisfied with the way in which workers are working since the succession.
 - 38. Employees prefer the old management to the new. [R]

Section 3:

Organisational Language

Purpose and Goals

- Goals
 - 39. The business goals have changed since the succession.
 - 40. The business has a mission it strives to achieve.
- Objectives
 - 41. The employees know what the mission objectives are.
- Values
 - 42. The business still follows the values set out by the founder of the business.
- Norms – Organisational pride
 - 43. Some employees criticise the business and the people in it. [R]

44. Employees show genuine concern for the problems that face the organisation and make suggestions about solving them.
45. Employees look upon the job as being merely eight hours and the major reward as the month-end paycheque. [R]
- Norms – Candour/Openness

46. Employees talk openly and freely about the business and its problems.

47. Some employees would confront the boss about a mistake or something in the boss's management style that is creating problems.

Look and Style

- Leadership Style

48. The leadership style has changed since the succession.

49. The business has adapted well to the new leadership style.

50. The organisation shows some hostilities towards the new leadership style. [R]
- Dress

51. The business has changed dress sense/style since the succession.
- Appearance

52. The business has changed in physical appearance since the succession.
- Policies and procedures

53. Organisational policies and procedures have changed since the succession.

54. The business follows these policies and procedures without hesitation.

Relationships to things and ideas

Authority, power and responsibility

- Regard of power

55. The employees tried to resist the change in management. [R]
- Internal Power

56. Supervisors and managers accept the new chain of command in the organisation.
- Authority and responsibility

57. The employees blame its leaders for any mishaps that may occur in the business.
[R]
- Attitudes

58. The organisation accepts the new leader over the old leader.

The full survey questionnaire administered in the research can be seen in **Appendix 1**.

2.3.8 Questionnaire Validity and Reliability

Although no pilot test was carried out on the survey questionnaire, the fact that interview participants also completed the survey and elaborated on the statements validated their selections, thereby overcoming many of the problems that may have arisen from this. Associated with not conducting a pilot study, the questionnaire does not look to test culture in a succession process, but merely tries to determine if a change occurred and in which areas of the organisation the change occurred. Therefore, the questionnaire's reliability in terms of replication is not an issue. Nevertheless, it is probable that similar results would be obtained if the research were conducted again. The questionnaire is geared for assessing whether a change occurred, not testing the extent or the areas most affected by the cultural change. The questionnaire is used as an exploratory indicator in this research, and not as an assessment tool. This aspect is a limitation in this questionnaire, and if it were to be used as an assessment tool it would need further validation. Further research would have to be conducted to develop the instrument in order to measure cultural change through organisational succession.

2.4 SAMPLE

Selecting the right participant is essential for the research process, because obtaining information from a participant in the wrong demographic group could introduce external variables that may influence the analysis of the data. Sampling procedures are based on statistical theories that increase the rate of generalisability and reduce the risk of contamination (Newman, 1997). Sampling techniques are divided into two groups based on the use of different methodologies, namely those based on random or probability sampling, and those based on nonprobability sampling. Probability sampling is widely used in quantitative research methods and nonprobability sampling is used more typically in qualitative research. Random sampling is more likely to yield a sample that truly represents the whole population, and can therefore statistically allow the researcher to calculate relationships between variables (Clark-Carter, 1997).

The time dimension of the research relates to the period over which the research was conducted, and can be broken into cross-sectional and longitudinal. For this research, a cross-sectional approach was used. Cross-sectional research looks at a specific event in a short period of time, using many participants to validate the data. Newman (1997)

describes cross-sectional research as being a “snapshot” of a phenomenon occurring in the social world, which is studied by the researcher. Longitudinal research is a process used to examine phenomenon over an extended period of time, and is used to observe or measure change that occurs over that time frame. Cross-sectional research is easy, fast and less expensive method of collecting research material, and for this research it is ideal. The data captured in this research is narrative, and describes events that have already occurred.

The participants for this research came from established family-owned SMMEs in the steel and engineering industry located in the Greater Gauteng area that have undergone a succession process. They were selected differently for the two different processes in the research methodology. As discussed previously, a combination of qualitative and quantitative research methods were used, hence there are two different approaches to sampling. Process 1 makes use of probability sampling and Process 2 makes use of nonprobability sampling.

2.4.1 Process 1

In this research project, the researcher chose to do stratified random sampling. Stratified random sampling involves breaking the population down into mutually exclusive sub-groups or strata (Clark-Carter, 1997). The population were SMMEs in the Gauteng area, which was further limited to SMMEs in the steel and engineering industry. A client list was obtained from SEIFSA (Steel and Engineering Industries Federation of South Africa), which is an employer body for the steel and engineering sector in South Africa. The list contained the contact details of all clients in the steel and engineering sector. This was further narrowed down to clients in the Gauteng area only. The SEIFSA list was then subdivided to include only those businesses that had between 10 and 100 employees. The reason for the restriction of employees in the businesses was that businesses with more than 100 employees could arguably be seem to fall into the corporate sector, and no longer fill the criteria of being an SMME. The cut-off of a minimum of 10 employees reduced the risk of having younger businesses involved in the sample, insofar as younger businesses are less likely to have evolved into a family business. In this way, the intake of irrelevant participants in the sample was restricted, and the probability of identifying more mature businesses as family business increased.

At this point in the research, the list of potential SMMEs was approximately 1200, which was still too large a sample for the researcher to work with. As survey research is expensive, the researcher decided to select all the clients on the SEIFSA list who had e-mail accounts ($n = 226$). A further 140 candidates were selected using systematic sampling for mailed surveys. Systematic sampling involves dividing the population by the number required for the sample, which gives a figure used to select the sample from the population (Clark-Carter, 1997). Systematic sampling requires that every k^{th} participant be selected from the desired population list. For the purpose of this research, every 8th person on the SEIFSA list (excluding the e-mail clients) was selected. There are risks that systematic sampling could fit naturally occurring cycles, but the researcher could not foresee any of these risks occurring. With the combination of the stratified and systematic sampling procedures completed, the sample size came to 366 potential participants. The expected return rate for the survey questionnaire was between 20 and 25% of the total sample, predicting a return of between 73 and 91 participants (Newman, 1997). 72 participants returned the survey questionnaire, a return rate of just under 20%. It is speculated that the reason for the low return rate was the e-mail administered survey questionnaires, as the researcher suspects that individuals receiving the e-mail considered it to be "junk-mail" in their "inbox" and deleted it.

2.4.2 Process 2

Because Process 2 was qualitative, it relied on non-random sampling; it was therefore decided to select 6 participants who most adequately fulfil the criteria of family-owned business that had recently been through a succession process. The choice of these six participants was based on the time period since the succession, and the nature of the succession, using a purposive snowball sampling technique to gain access to them.

The process of gaining access to the various family businesses that were going through or had in the last five years gone through a succession process, was achieved in the following manner. The researcher had access to one family business in the steel and engineering industry, from where access to the other six family businesses in the same industry was gained. Locating participants using this type of approach is known as snowball sampling. In this process, the researcher gains access to an interconnected group sharing the phenomenon being studied (Newman, 1997). The researcher did not however use snowball sampling for the specific designed reason of interconnectivity,

but for purposive sampling reasons. This occurred because of the likelihood that the different family businesses would know of other family businesses that have gone through succession processes recently.

The researcher gained access to the first contact family business's debtors/creditor list, from which a short-list of family businesses was developed. From the short-list, family businesses that fell into the criteria stipulated by the researcher for succession were identified, contacted and requested to participate in the research, of whom six responded. There was no concern of going through a gatekeeper, as the participants being interviewed were in essence the gatekeeper (Newman, 1997). The six participants varied in demographics relating to the succession process, to ensure that the researcher gained a broad understanding of the phenomenon being studied. The six participants' demographics were as follows:

1. A wife who had taken over her husband's business after he passed away.
2. A daughter who had taken over from her mother.
3. A son who was in the process of taking over from his father.
4. A father who had taken the business back, when his son immigrated.
5. A son who had taken over from his father.
6. A son-in-law who had taken over from the father.

The reason for using a varied range of participants was to ensure that the data captured was common throughout all types of succession processes. This would ensure that a general overview of the succession process would be achieved through the different perspectives of the broad range of participants.

2.5 IMPLEMENTATION

The implementation process consists of two processes following in line with the method. As previously stated, Process 1 deals with the distribution of the survey questionnaires and Process 2 deals with the administration of the interviews. The distribution of the Survey questionnaire took place at the same time as the interviews.

2.5.1 Process 1

As discussed in 2.4.1 above, the survey questionnaire was administered to 366 people, 226 by e-mail and 140 by mail. Both the e-mail and mail survey questionnaires are self-administrated. The problem with self-administration is that the researcher is not in control of the environment in which the survey questionnaire is completed (Newman, 1997). Therefore, there may be some misunderstandings involving the instructions, a problem which seems to have occurred with the non-family businesses. Once the e-mail candidates were selected, the researcher sent out the e-mail with a covering letter explaining the research and requesting their participation. There was a problem with non-family businesses thinking that they did not need to fill in the questionnaire, as they perceived it as not involving them, which may skew the findings gathered from the questionnaire. The problem of wording the covering letter was difficult, as the researcher faced the dilemma of whether he should withhold the information about the family businesses being the focus of the research in order to gain a greater overview, or follow ethics and explain what the researcher was actually researching and finding non-family businesses not responding.

This was a problem the researcher did not foresee, and could have possibly been overcome through the use of a different approach in the covering letter. The researcher assumes this was not only the case in the e-mail, but that it occurred in the mail surveys as well – however, the problem was simply more obvious as the researcher had instant feedback through the e-mails alerting him to the problem. In the e-mail process, the researcher addressed each to the respective business to show individuality in the e-mails in order to elicit a greater response rate. The e-mail survey questionnaire was also in an electronic format, so the respondent could complete the questionnaire on the computer and return it by e-mail. The researcher thought that the electronic version of the questionnaire would improve the response rate, but it did not. As mentioned the researcher suspects that the receivers of the e-mail may have viewed the questionnaire as “junk mail”. A copy of the Covering Letter for the e-mail survey questionnaire is given in Appendix 2.

The mailed survey questionnaire was accompanied by a covering letter explaining the purpose of the research and requesting the participation of the respondents (Appendix 3). With each questionnaire the respondent received a paid return envelope to increase

the response rate. There are many issues affecting the response rate and data obtained from mailed and self-administered questionnaires. The pertinent issues with self-administered surveys are that the questionnaire may not reach the anticipated respondent, data could be fabricated by the recipient and the researcher has no means of telling whether the data gathered is genuine. In addition, there is a limitation on the types of questions asked, and there is typically a low response rate to surveys (Newman, 1997). The types of questions in this questionnaire are short closed statements to which the participant has to respond through the process of ticking the appropriate answer on the Likert scale. Therefore the mailed survey questionnaires were theoretically meant to have a greater response rate, but the researcher speculates that the respondents, being busy business managers, had little time or inclination to complete the questionnaires.

2.5.2 Process 2

In-depth interviews were conducted with selected participants as discussed in 2.4.2, *above*. The interview guide consisted of focused, thematically structured questions based on Levinson (1972) and Harris (1998) relating to the three research questions. In particular, interviewees were asked to describe the transition and post-succession period of the change process. The aim of Process 2 was to get an in-depth understanding of the perceived problems that may have been experienced by the organisation and managers after the succession process. Structured open-ended interviews were conducted and recorded on audiotape, ranging in length from 30 to 90 minutes. Access and permission was gained prior to the interview meeting, and interviewees had to sign an agreement to clarify the expectations of both parties (Appendix 4).

Process 2 followed a typical survey interview format, as highlighted by Newman (1997, p. 371).

1. It has a clear beginning and end.
2. The same standard questions are asked of the respondents in the same sequence.
3. The interviewer appears neutral all the time.
4. The interviewer asks questions and the respondent answers.
5. It is almost always with one respondent alone.
6. It has a professional tone and businesslike focus; diversions are ignored.
7. Closed-ended questions are common, with rare probes.
8. The interviewer alone controls the pace and direction of the interview.

9. The social context in which the interview occurs is ignored and assumed to make little difference.
10. The interviewer attempts to mould the communication pattern into a standard framework.

The interview followed similar lines to the outline presented by Newman (1997), but not as stringently. As previously seen, the interviews were highly structured, following the format of the survey questionnaire. However, the interviewer did allow the interviewees some freedom to discuss points that they thought were pertinent to the interview. The interview had a clear beginning and end, and followed a standard procedure with all interviewees. The interviewer tried to remain neutral throughout the interview process, probing issues of interest throughout the interview. All the interviewees were alone in the interviews with as little disturbance as possible. However, it must be noted that the interviewees were all busy people, and therefore had to be interrupted to conduct business. The interviews were conducted on a professional level and were very focused. The interviewees knew why the interviewee was there, as they had previously been contacted and an interview scheduled.

The disadvantages of face-to-face interviews are that they cost a great deal in terms of time and money. Interview bias is also a great concern in the interviewing situation, as the interviewee is very responsive to the reactions of the interviewer. To overcome this bias, the researcher tried to remain as neutral as possible, stringently following the interview guideline set out, and not actively directing the responses of the interviewee or leading the interviewee (Newman, 1997). Validity was obtained through interviewing six different individuals who had been through similar processes of succession. The interviewees completed the survey questionnaire at the same time as they answered the verbal statements, and in this way the interview and questionnaire support each other and reinforce the validity of the process as a whole. Reliability was achieved through the consistent method the researcher used for each interview, and it is the researcher's belief that a saturation point had been reached after six participants. Further, the researcher believes that the process would reveal similar data if it were to be replicated with the same interviewees.

2.6 DATA PROCESSING

2.6.1 Process 1

Once the survey questionnaire had been received from both the e-mails and mail, the questionnaires were coded. The coding method involved numbering the levels of the five point Likert scale from 1 to 5, 1 being “strongly disagree” and 5 being “strongly agree”. Where negative questions were involved the scales were reversed as previously described. The scale of measurement is ordinal, although scale totals were obtained by summing all variables. The survey was not designed that the total should have any significance on the impact of the study or significantly represent anything in relationship to the research. However, insofar as totals in scales of this kind are generally seen as interval in nature, the totals obtained in this study could indicate the extent of wellness of the organisational culture, although it is not recommended to be used in this way, as the variables cannot be easily summed to produce a meaningful score.

2.6.1.1 Descriptive Data

All the data from the questionnaires were coded and captured onto a spreadsheet in the computer and a total developed for each questionnaire. Part One of the questionnaire is descriptive in nature, indicating the demographics of the businesses involved in the research. Descriptive statistics were used to describe the data set (Howell, 1995). The frequencies of different data sets were able to highlight the percentages and differences between different groups within the research. From the descriptive statistics, all the family businesses that had gone through as succession process were extracted and a separate spreadsheet created. The reason for splitting the data was that it was easier to analyse and describe statistical data on the target sample, which were family businesses that had gone through a succession process.

From this point on, all the data referred to come from family businesses that have gone through a succession process.

After identifying those *family businesses that had gone through succession processes*, the data from the questionnaires was used to compute the mean, median and standard deviations. These measures of central tendency, provide a summary of all the data

collected, and give an impression of the results from the participants (Clark-Carter, 1997). The data was used to analyse where the population was in terms of the different variables and the theme each variable represented.

2.6.1.2 Factor Analysis

Factor analysis was used in this research to identify whether underlying factors were present in the questionnaire and if so, how many. Factor analysis is the process of reducing a large number of variables into a smaller set of indicators. The loading of each variable determines on which of the various factors the variable most strongly relates to through a combination of statistical procedures (Newman, 1997). Factor analysis is a set of statistical tools used for examining clusters of correlations and providing a frame of reference, known as the factor, in a space defined by a set of measures (Nunnally & Bernstein, 1993). Exploratory factor analysis was used to determine the underlying factor structure within the measuring instrument. There was no reason to presume the existence of any particular structure or set of factors – had this been the case, confirmatory factor analysis would have been more appropriate.

Where more than 20 variables are used, Nunnally & Bernstein (1993) suggests that a component solution or unity diagnosis be used. With this in mind, the researcher used Centroid Condensation for the factor analysis. Centroid Condensation is used to define a factor or set of factors as an equally weighted sum of variables. This is a general approach which is used for less specialised instruments, and provides more equally weighted factors that have broader overviews which is needed in this research (Nunnally and Bernstein, 1993). Centroid condensation is robust in smaller samples as opposed to other condensation methods, and is therefore less likely to identify lower weighted factors underlying the instrument that would be detected by chance due to the sample size.

Orthogonal Rotations were used, as this rotation method usually leads to essentially similar major groupings. According to Nunnally and Bernstein (1993, p. 507), Varimax is the definitive orthogonal solution, and is designed to eliminate general factors underlying the instrument. Varimax is ideal for this research as it captures the meaning of simple structures within the confines of an orthogonal framework. Therefore, the factors detected are relatively simple structures of meaning.

The number of factors used was determined using Cattell's Scree test using eigenvalues of 1.0 or greater. Eigenvalues represents the significant factors underlying the measure, where 1.0 represents the start of significant loading factors on the Scree test (Cattell, 1966 in Nunnally & Bernstein, 1993). Nunnally & Bernstein (1993) describe an eigenvalue by using an analogy of cliffs. When measuring a cliff's height, one does not measure from the rubble at the bottom, but ignores it. Therefore, one does not take the rubble into account either, which are the eigenvalues less than 1. This rule simply requires that a component account for at least as much variance as an individual variable. One could also see this representation on a "Scree" plot of successive eigenvalues against their ordinal position obtained from the data provided. The plot is used to locate a transition point in the function, which is used to determine the number of factors needed (Nunnally and Bernstein, 1993). The following "Scree" plot was used to determine the number of factors used in this research.

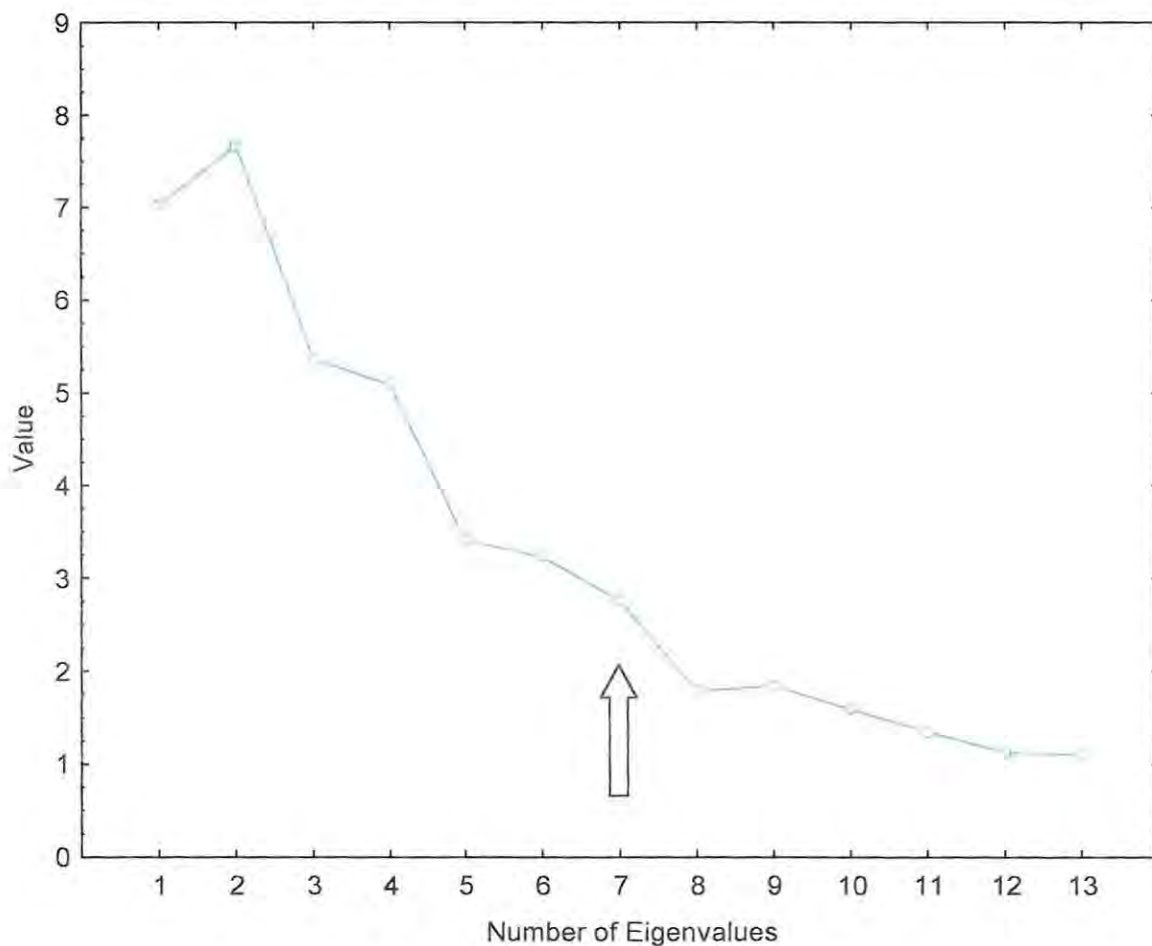


Fig. 2.1 Plot of Eigenvalues

The researcher initially specified 15 factors in the factor analysis program, and as can be seen in Fig. 2.1, 13 factors have eigenvalues greater than 1. However, the researcher decided to reduce this further by establishing a clear point of transition as described by Nunnally and Bernstein (1993). As can be seen on Fig 2.1, a distinct transition occurs at Factor 8 where a decline in the rate of descent occurs. From 8 to 13 all the eigenvalues are below 2, and therefore the researcher chose to only take the first seven factors into account for the purposes of this research. The table of Factors and their loadings can be viewed in Appendix 7.

In closer inspection of the content of items, these seven factors were named as follows:

- Factor 1: Relationships with Leader
- Factor 2: Succession Change
- Factor 3: Leader's Influence on the Working Environment
- Factor 4: Strategic Objectives
- Factor 5: Attitude towards Work
- Factor 6: Perception of Management
- Factor 7: Implementation of Change

The description and interpretation of each factor is presented in Chapter 3.

2.6.1.2 Correlation Data

In many ways, the correlation data is secondary data, as correlations are subsumed by a factor analysis. However, it was decided to examine more closely the relationships between variables to elaborate on the findings of the factor analysis. Using the Statistica program, all the variables were correlated with each other to show significant relationships between the various variables. Correlation research does not show causal relationships between variables but shows significant relationships between variables. The most widely used type of correlation coefficient is Pearson's product-movement r , which is what is used in this research. It is a more sensitive than non-parametric tests (Humphreys, 1992). The significance levels used in this research set alpha at 0.01 or 1%, to yield significant probable relationships. This process produced a matrix of scores showing significant relationships between all 58 variables in the questionnaire.

In order to increase the validity of the relationships displayed in the correlation matrix, the researcher also decided to run an item analysis on each of the variables. An item analysis determines which of the variables have a significant relationship to the overall score of the questionnaire. This process was achieved by each variable being correlated with the total score of the questionnaire, at a significance level of 0.05 or 5%. The significant variables in the item analysis were then cross-tabulated with significant variables in the correlation matrix on family businesses that had been through a succession. The results from the cross-tabulation were then used in the interpretation process and deemed by the researcher as valid data, as a two-way process was employed to determine significant relationships in the correlation matrix.

These three statistical processes (factor analysis, correlations, and item analysis) of Process 1 were used to interpret the findings in terms of the structural format developed from the work of Harris (1998) and Levinson (1972).

2.6.2 Process 2

Process 2 followed an interpretive social science stance in which meaningful social actions were described and understood in terms of themes arising from the coded data. In using this method, the researcher has a perspective on what is being investigated, and interprets these themes from that perspective. The researcher adopts a hermeneutic position in this type of interpretation, where a deeper meaning is gained from the continuous re-analysis of the material and the various themes. The researcher goes beyond what was directly stated in the interview to work out structures and relations of meanings not apparent in the original text (Kvale, 1996).

The interviews were conducted with six interviewees, recorded on audiotape and transcribed into text form. Transcriptions are decontextualised conversations and are abstractions of the original texts from which they were derived (Kvale, 1996). Kvale (1996) implies that the conversation is taken out of its context and placed onto paper, therefore losing some of the actual meaning related in the interview such as body language. The text is then summarised into shorter central themes in the text. Kvale (1996) describes this process as moving from the natural units to the central theme of that text. The process is achieved through the researcher breaking the text down into smaller parts, which are then summarised into a central theme according to the textual

section being analysed. Usually the central themes are encoded in accordance with the paragraph structure of the transcribed text.

In this research project, the central themes of the text were coded and sorted into themes developed from the work of Harris (1998) and Levinson (1972), which constitute the thematically structured format of the survey questionnaire/interview guide. The process was made easier as the interview guide was to a large extent already structured.

When the process had reached a comprehensive saturation point of understanding between the parts and the whole, the meaning was unravelled, and the analysis could be written up in a thematic order following the interview guide. In this process, the *parts* are the themes in the interview, and the *whole* is the organisational cultural change relating to the succession. Validity was achieved through the researcher attempting to remain as close as possible to the interviewees' views and not actively interpreting what was being said during the interview. In the analysis of the interview text during Process 2, an attempt was made to discover embedded social meaning with reference to the framework provided by Harris (1998) and Levinson (1972). The social action being studied has a subjective meaning with regard to the interviewee, as well as a social contextual meaning, which must be taken into consideration in the interpretation of the interview text (Neuman, 1997). The interviewer must also take into consideration the biases that may arise as a result of the interviewer's own views and perceptions being reflected in the research material through the analysis and interpretation processes.

2.7 INTERPRETATION

The interpretation process involves combining the two methodologies in relation to the relevant literature – this is done in the *Discussion* (Chapter 4). According to Newman (1997), interpretation means the assigning of significant and coherent meaning to data obtained during the research process. In quantitative research, meaning is given to numbers in relation to the research question whereas in qualitative research, the data is given meaning through an interpretation of textual notations (Newman, 1997). In this research, both processes were used to gain an understanding of the succession process in relation to the three research questions.

2.8 VALIDITY AND RELIABILITY

Reliability and validity are crucial in the design, implementation and analysis of an instrument of psychological assessment and measuring devices. The reliability of a measure refers to the ability to produce and reproduce consistent results (Westen, 1998). Validity refers to the ability of the measure accurately assessing the variable it was designed to assess. There are various forms of validity in research involving the construction, implementation, assessment and analysis, all of which have an impact on the strength of the measures validity (Westen, 1998).

There are a few points to be raised about methodological problems related to qualitative research and which apply to this research. Parker (1994) has identified “*three methodological horrors*” of qualitative research. *Indexicality* is the concept whereby an explanation is always tied to a particular context and has a tendency to change as the context changes over a period of time or circumstance. This means that if there is a change in the context of the organisation there will be a change in the explanation that has been offered or it may even become outdated. For instance, if another succession took place within the organisation, the results could vary because of circumstance and therefore change the type of data that could have been collected. *Indexicality* is closely related to a form of reliability called *stability reliability*, which is a measure of the degree to which the indicator delivers the same results over a period of time (Newman, 1997). In this research, over a longer time frame organisational and managerial conditions could have changed, and could thus have resulted in different data being retrieved.

Inconcludability is the second methodological horror that states that research is never concluded. There will always be the possibility of adding to the research in terms of further observations, theories and conclusions. Research is never complete, because of space and time limitations facing the researchers, and could always be revisited and revised.

The last of the methodological “*horrors*” is *reflexivity*. This concept stipulates that how the researcher classifies and relates to the research will change how it operates for the reader. This implies that the reader may have different perceptions from the researcher

in respect of various aspects and concepts in research, and that this could result in very different perspective on the research findings.

This research project has suffered the consequences to a greater or lesser degree of all of these “*horrors*” over a time period, but at the time of the research this was the perspective and interpretation of the researcher (Parker, 1994). Biases could have arisen, especially in the interview process, as the interviewee expectations can create a significant bias in the responses, as the participants may have tried to please or satisfy the interviewer with the correct responses (Newman, 1997).

The internal validity of the research has been commented on throughout the research methodology. As stated, the main technique used in trying to secure internal validity, was through the structuring of the questionnaire according to themes provided by Harris (1998) and Levinson (1972). In addition, the research was based on a process of triangulation in which the two processes of qualitative and quantitative research were combined and thematically organised to reflect the meaning in the interview texts and statistics. External factors that could have influenced the research outcomes are the economic climate, socio-political developments, and the current state of the steel and engineering industry, which was pointed out by various interviewees, has been in a slump for the last few years.

However, all in all, this research opens up an important avenue in the exploration concerning the implications that family business culture has on the succession process. This research suggests that particular organisational cultures contribute to the high failure rate that family businesses experience in the succession process. Although this research made use of an untested instrument, the implementation of data reassurance processes validated the findings expressed. The data has converged to show unified results through the use of triangulation involving various statistical procedures and in-depth interviews.

CHAPTER 3

RESULTS

The results obtained from the research processes are shown in this chapter. Chapter 3 is split up into two sections, which follow the format displayed in the *Methodology* chapter. The first section relates to Process 1, which pertains to the data obtained from the survey questionnaire and is quantitative in nature. The second section relates to Process 2, and the results from data collected in the interviews are displayed here and are qualitative. Only the results obtained from the data are displayed in this chapter, while a discussion commences on the results in Chapter 4, the *Discussion*.

The data in this research are the results obtained from businesses in the steel and engineering industry situated in the Gauteng province of South Africa, and the results may therefore be industry specific.

3.1 PROCESS 1 – QUANTITATIVE FINDINGS

In Process 1, the data is split into the two parts that follow the survey questionnaire format. Part 1 of the survey questionnaire is descriptive data in respect of the participating organisations, whereas Part 2 addresses the issues raised by the research questions. This part is interpretive and uses inferences to draw conclusions from the data. The descriptive data is used to describe the sample differences between variables 1 to 8. They refer to the differences between family and non-family businesses, and also refer to whether the businesses have undergone a succession process or not. The inclusion of the results with respect to non-family businesses is simply for comparative purposes. The interpretive data that is gathered from Part 2 of the survey questionnaire comprises of variables 9 to 58. These variables are in the form of a 5-point Likert scale described in the methodology, and are analysed using factor analysis and correlations.

3.1.1 Part 1 – Sample Description

As shown above, the results obtained in this part of the *Results* are descriptive. They display the differences between the various variables in Part 1 of the survey. Firstly, the frequencies of family and non-family businesses are displayed, and secondly the frequencies between succession and non-succession in family business are shown. Not all the descriptive data will be displayed in the results, only the data that the researcher deems important for answering the research question.

3.1.1.1 Family vs. Non-Family Businesses

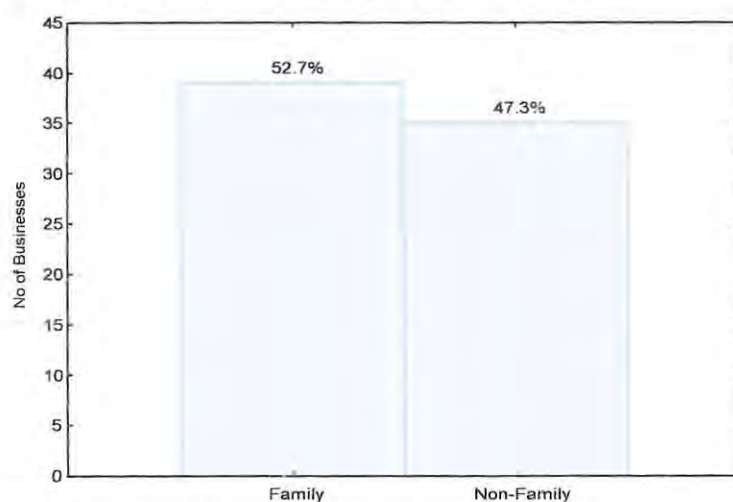


Fig 3.1 Family vs. Non-Family Business

As seen in Fig 3.1, the number of family businesses and non-family businesses in this research is about the same. 52.7% of the cases in this research are family businesses and the other 47.3% are non-family businesses. The data represented here suggests that there is a lower proportion of family businesses in this sector than is suggested by the literature. This could be because of the sample size, as well as the size of the businesses chosen for the study. It may also reflect the fact that South Africa is relatively more corporative with fewer family businesses than in North America.

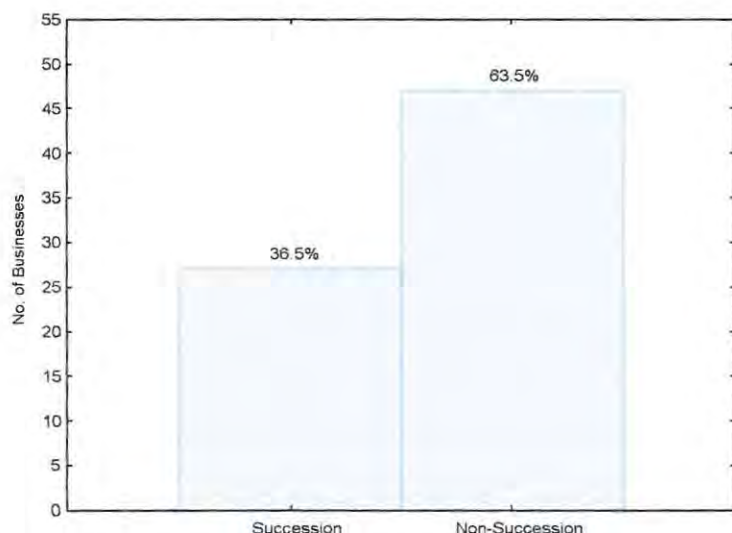


Fig. 3.2 Succession vs. Non-Succession

In Fig. 3.2, there is a large difference between businesses that have been through a succession process (36.5%) and those that have not (63.5%). This suggests that there are a high number of businesses that are still managed by the original founder or leader. The term succession refers to all businesses, and includes CEO and managerial successions in the corporate sector. However, this indicates that a large portion of the businesses are still relatively young, and are probably under the 25 year age mark as a leader's full term or tenure ranges roughly up to this mark (Oliver, 1996).

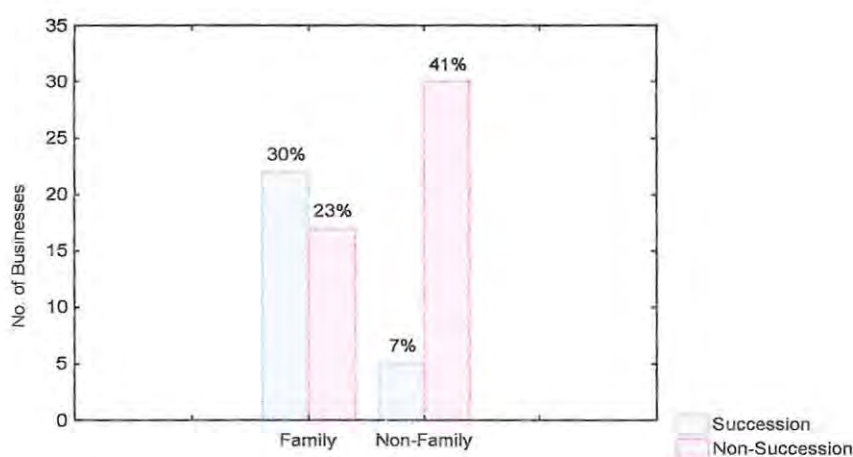


Fig 3.3 Family vs. Non-Family In Succession

Fig 3.3 shows an interesting phenomenon, which suggests that family businesses are more likely to engage in a succession process than non-family businesses. It seems that few non-family businesses intend to pass the business over to the next successor,

because a board of directors drives the succession in the corporate setting. Therefore, the researcher speculates that the present leader will have little to do with the succession process when it comes to pass, whereas in the family business the predecessor and successor are actively involved.

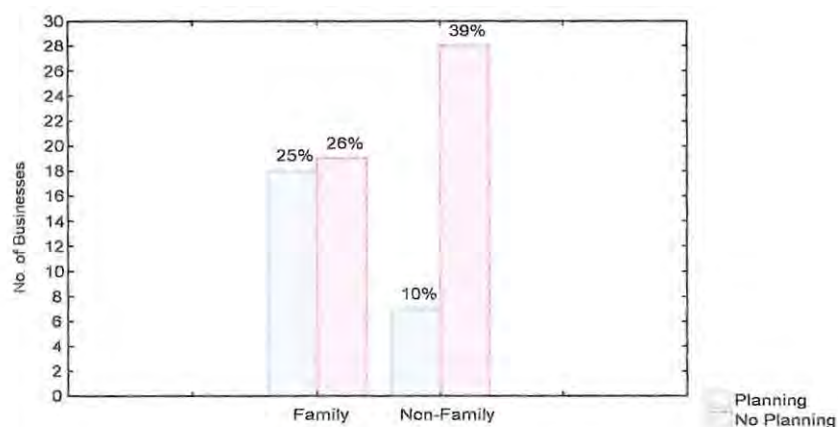


Fig 3.4 Succession Planning in Family vs. Non-Family Businesses

Fig 3.4 follows a similar pattern to Fig 3.3, and suggests that family businesses are more likely to plan for a succession than non-family businesses. The graphic suggests that fewer than 50% of family businesses consider planning for the succession, and the literature suggests that about 35% of family businesses will actually plan for the event (Scarborough & Zimmerer, 1996). Fig 3.4 follows from Fig 3.3 concerning non-family businesses, and as can be seen few non-family businesses consider succession, and it therefore follows that fewer of them are likely to plan for a succession in the future.

3.1.1.2 Family Businesses

In this section, all the family businesses were extracted ($n = 22$) and analysed separately to show the following results. In relation to successions (Fig 3.3), 22 or 56.4% of family businesses had been through a succession process, and 23 or 59% of them intended to pass the business onto the next generation and to keep the business in the family. As shown in Fig 3.4, 48% ($n = 18$) of the family businesses that were considering a future succession had actually started planning for the process. It seems that although family businesses generally intend to pass the business onto the next generation, less than half of them have actively considered a procedure that they should be following for the future event. When asked whether the family business would get professional assistance

in the succession process, relatively few family businesses indicated that they intended to do so ($12/37 = 32\%$, Fig 3.5.). This suggests that the businesses believe that they are able to manage successfully with the succession process on their own.

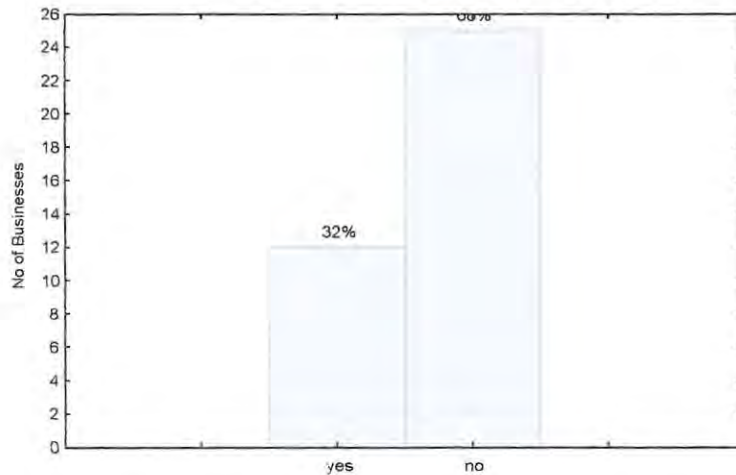


Fig 3.5 Seek Professional Assistance

3.1.1.3 Succession in Family Businesses

As seen in Fig 3.6, 8 or 36% of the family businesses have been through a succession in the last five years, and this therefore suggests that a large portion of the data that has been collected is from family businesses that have recently been through a succession process as required by the methodology.

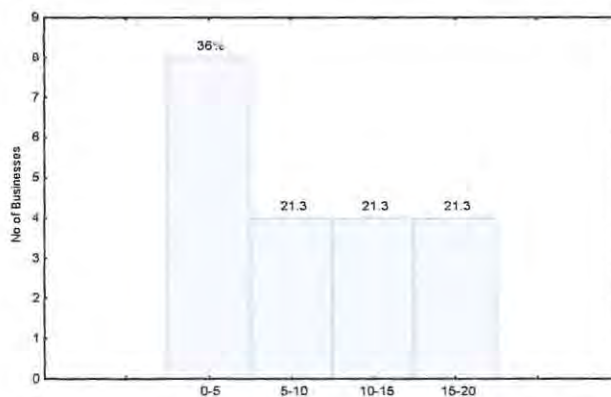


Fig 3.6 Times Since Succession

In summary, the incidence of family businesses in the steel and engineering sector in the Gauteng area is sizeable, and the function that the succession process has is considerable in the businesses life cycle.

3.1.2 Part 2 – Responses to Explorative Data

Part 2 of the questionnaire was concerned with the Likert scale questions, and is interpreted according to the statistical methods discussed in the *Method*. Firstly, the researcher discusses the factors that were highlighted in the Factor Analysis of variables 9 to 58. Secondly, the researcher analysed the correlation matrix, and cross-referenced it with the Item analysis matrix to gain a deeper understanding of the data set. Through the selection of significant items highlighted by the Item Analysis, and then by taking the significant correlations in that item, a new set of data was provided for the researcher. Lastly, the researcher looked at the high and low means and standard deviations that represent significant secondary data. All of the above-mentioned data are interpreted in relation to the cultural change that may or may not have occurred in the organisations at the time of the succession.

The variables looked at in this section are variables 9 to 58 of the questionnaire, and the data concerned in these analyses was derived from the raw data related to family businesses that have been through a succession process.

3.1.2.1 Factor Analysis

The factor analysis process is used to reduce the number of variables in a data set, and to detect structure in the relationships between variables. Therefore, factor analysis is applied as a data reduction or structure detection method, and identifies clusters of variables underlying the data set (Statistica Manual, 2001).

This process determines which of the variables contributed to each of the factors that underlie the measure. As discussed in the *Methodology* chapter, seven significant clusters are seen underlie the measure, which was determined by a plot of eigenvalues. The seven factors that have been identified and now be discussed in relation to the variables that loaded significantly on each of them. In this process, the researcher will focus on the highest loadings in the determined factor. The full factor loadings for this measure are given in Appendix 7. The strength of each factor is determined by the variance represented by a percentage. This indicates the strength of each factor in relation to the factor structure. The most significant seven factors in this study comprise a total of 33.5% of the variance.

The Factor Analysis process was conducted only using family businesses that had already passed through a succession process. The factor analysis identified the seven factors mentioned in the *Methodology* (see p. 82). These are discussed below.

3.1.2.1.a Factor 1: Relationships with Leader

The factor is concerned with the relationship the organisation has with the new leader. The relationship aspect focuses on the acceptance of the new leader in the organisation, and explores the possibility of resistance towards the succession process. This relationship may be based on a number of variables, and are highlighted by the factor analysis table. The views that are expressed in this research are the perceptions of the successor in the family business. The variables that load on Factor 1 are as follows:

VARIABLE	LOADING	SUMMARY
16	0.73	Atmosphere Consistency
21	0.71	Management Goals
26	0.7	Acceptance of New Leader
32	0.69	Communication
41	0.62	Mission Objectives
55	0.66	Resistance of Change
56	0.83	Internal Power

Table 3.1 Factor 1: Relationships with Leader

As can be seen in the Table 3.1, variables 16, 21, 26 and 56 loads on Factor 1. In order for a relationship between employees and the leader to be positive, the factor suggests that the atmosphere has to be consistent over a period of time. This may not be the case in a succession process, as the organisation has just passed through a change process. Variable 21 suggests that employees look towards management to set standards and goals within the organisation, and therefore the working relationship is affected by how management uses the organisational structure. Variable 26 looks at the acceptance of the new leader within the organisation after the succession process. Variable 56 suggests that the chain of management (managerial hierarchy) accepts the new leader in the chain of command. The general thrust of these variables suggest that for the acceptance and relationship with the new leader to be successful, there has to be a

consistent atmosphere provided in which goals and objectives clearly communicated with the support of the management team. Bearing in mind that all these family businesses have passed through a succession process, the data implies that there has been a change in the relationship with the leader since the implementation of the succession process. Accordingly the factor is labelled *Relationships with Leader*. This factor accounts for 5.50 % of the variance in the factor structure.

3.1.2.1.b Factor 2: Change since Succession

This factor looks at the various variables that are predominantly involved with the change process in the family business. These changes are related to organisational culture, and suggest that succession affects organisational culture. The variables involved in Factor 2 are as follows:

VARIABLE	LOADING	SUMMARY
17	0.6	Atmosphere & Mood
22	0.72	Supervision
23	0.65	Business Practices
25	0.61	Procedures
33	0.86	Behaviour
44	0.66	Employee Concern
48	0.71	Leadership Style

Table 3.2 Factor 2: Change since Succession

Variables 17, 23, 25, 33, and 48 all suggest that changes have occurred since the succession. These changes seem to be related to the mood and atmosphere, business practices within the organisation, and policies when the leadership style changed in the succession process. The most significant loading is on variable 33, which suggests that organisational behaviour changed since the succession process and implies that organisational culture has changed as well. As variable 33 loads the highest on the highest factor variance, it suggests that behaviour change is an important and significant change that occurs in the succession process. Variables 22 and 44 are concerned with employees not being supervised and employee concern for the organisation respectively. This suggests that if new leadership promotes good working relationships with their employees, employees will take initiative in their work. The data suggests

that change has occurred in the family businesses since the succession process relating to the above variables, and if good working relations are promoted, the succession will be successful. The factor is therefore labelled *Change since Succession*. This factor accounts for 6.03% of the variance in the factor structure, which is the largest percentage of all the factors. This indicates that change since the succession is the dominant underlying structure in this research, and contributes significantly to the cultural perspective in the succession process.

3.1.2.1.c Factor 3: The Leader's Influence on the Working Environment

This factor involves a whole range of aspects in the theory of industrial psychology, but specifically for Factor 3 the working environment focuses on the variables displayed in table 3.3. The leader often dictates the processes and practices which affect the structures implicated in this working environment, and thereby influence it. These variables indicate the influence leaders have on the working environment, and focus mainly on the managerial aspects of organisational environments.

The higher loading variables focus on the managerial relationship, which translate to a good working environment if they are positive. The higher loading variables are 20, 50, and 58, which look at whether management is on good terms with employees. This is determined by seeing if management is approachable, whether the business is hostile towards management, and whether the new management is accepted over the old. The data suggests that if a good working relationship is not built after the succession process between the new leader and the employees, then the employees will start to resent the new leader, and resistance to the new leadership will start to develop.

VARIABLE	LOADING	SUMMARY
11	0.58	Common Goal
15	0.53	Tension
20	0.78	Approachable Managing
36	0.53	Receptiveness to Management
37	0.54	Employer Satisfaction
50	0.76	Hostilities toward New Leader
58	0.62	Acceptance of New Leader

Table 3.3 Factor 3: The Leader's Influence on the Working Environment

The variables with lower loadings (i.e. 11, 15, 36, and 37) look at common goals, tension in the working environment, receptiveness to management since the succession, and employers' satisfaction with employees. These variables relate to the other variables in this factor, and suggest that if the working environment is determined by common goals communicated by the new leader, the working environment will be effective and acceptable to both employees and the new leader. These variables function from the premise that a succession has taken place, and therefore involves change within the organisation. This implies that the new leader has implemented the change after the succession, and it is up to the leader to ensure that the working environment has little tension to ensure good relations. This factor is therefore labelled *The Leader's Influence on the Working Environment*, and accounts for 4.77 % of variance.

3.1.2.1.d Factor 4: Strategic Objectives

This factor focus on the strategic intentions of the business since the succession process, and determines whether the business has undergone any significant changes since the succession regarding these objectives. Strategic objectives are related to attitudes of excellence in the workplace, goals, implications of organisational growth, and organisational missions. These are the strategic intentions of the organisation that promote organisational development, and it can be seen in Table 3.4 that since the time of the succession process these objectives have been utilised and even altered. Therefore, the family businesses have altered strategic intent since the succession, and have therefore changed the direction in which the business is/was growing or moving.

VARIABLE	LOADING	SUMMARY
12	0.73	Attitudes
13	0.61	Goals
14	0.78	Prevailing Mood
28	0.64	Degree of Directness
30	0.64	Growth of Business
40	0.69	Mission
42	0.74	Organisational Values

Table 3.4 Factor 4: Strategic Objectives

Although variables 28 and 42 suggest that because changes occurred with respect to strategic objectives after the succession, the businesses seem hesitant to commit to the new direction and the new leader, and this supports the *adjustment period* described in Process 2. The factor is labelled *Strategic Objectives*, and accounts for 6.05 % of variance.

3.1.2.1.e Factor 5: Attitude towards Work

This factor looks to identify if employees' perceptions have changed in view of the new leader. This determines if a change in perception of leadership in the organisation has occurred since the succession process.

VARIABLE	LOADING	SUMMARY
9	0.54	Predetermined Goals
18	0.51	Employer/Employee Tension
46	0.62	Norms
51	0.64	Dress

Table 3.5 Factor 5: Attitude towards Work

Factor 5 has weaker loadings across the range of variables as well as a low variance, and suggests that employees have perceived change and have changed their attitudes towards work. The variables suggest that norms and dress sense have changed since the succession process with the introduction of the new leader. However, it is difficult to determine to what extent attitudes have changed within the family business, and whether they are positive or negative. This merely shows that it is the successors perceptions that a change has indeed occurred. This factor has been labelled *Attitudes towards work*, and has a variance of 3.57 %.

3.1.2.1.f Factor 6: Perception of Management

Factor 6 determines that a change has occurred with regards to how employees perceive management within the family business.

VARIABLE	LOADING	SUMMARY
27	0.62	Use of Knowledge
43	0.50	Employee Satisfaction
46	0.53	Candour/Openness
54	0.69	Leadership Style

Table 3.6 Factor 6: Perception of Management

As reflected in Table 3.6, management seems to be in control of the major decision-making process in the family business, even though policies and procedures have changed within the organisation. Therefore, Factor 6 suggests that management still operates through a “*top down*” process in the family business, but it seems that the working environment is slightly less restrictive compared to the predecessor and the hierarchy structure has to some extent been flattened, as indicated by the variable 45 (Candour/Openness) and variable 43 (Employee Satisfaction), and thereby suggests a positive perception of management by employees. Therefore, this factor is named *Perception of Management*, and has a variance of 3.98%.

3.1.2.1.g Factor 7: Implementation of Change

This factor assumes that tangible changes have occurred in the family business since the succession process, which implies a change in organisational culture. Factor 7 focuses on tangible and physical changes that have occurred within the organisation since the succession process. These variables’ loadings suggest that changes have occurred, even if slightly within the organisation.

VARIABLE	LOADING	SUMMARY
24	0.52	New Technologies
31	0.74	Policies & Procedures
34	0.57	Technological Change
52	0.54	Physical Appearances
53	0.77	Policies & Procedures to Improve Growth

Table 3.7 Factor 7: Implementation of Change

The types of changes suggested are the introduction of new or other technologies within the business, the implementation of new policies and procedures regarding various organisational aspects, such as growth, and the change in the physical appearance of the organisation. Factor 7 therefore indicates that change since the succession has affected the physical and tangible aspects of the organisation. This factor is therefore named *Implementation of Change*, and has a variance of 3.60 %.

3.1.2.2 Item Analysis and Correlation Analysis

This analysis is secondary in nature, and is designed to examine relationships that occurred between different variables, thereby confirming results shown in the factor analysis. The data provides a greater insight into the variables present, providing stronger validity, and is purely exploratory in nature. Firstly, the Item analysis was conducted on the questionnaire to highlight significant variables. Secondly, a correlation was run between all the variables to determine significant relationships between the variables. Thereafter, the two matrixes were cross-referenced, and only the significant relationships in significant variables that arose therefrom were examined. The combination of Item Analysis and Correlation matrixes were used to define and analyse the various variables that contributed significantly to the measure, and highlight significant relationships that occurred between the different variables.

As outlined above, an Item Analysis process was used to increase validity in the instrument, and highlighted significant variables within. The item analysis correlated the total of each variable with the total of the whole measure, which determined the significant variables that contributed to the measure as a whole. The significance level was set at 5% ($\alpha > 0.05$). In the measure 13 of the variables were significant, although this does not mean that the rest of the variables did not contribute to the understanding

of the research topic, as the measure is interpretive and exploratory in nature. Each significant variable determined by this process is discussed in relation to organisational culture and succession.

The variables that emerged from the Item Analysis are listed in Table 3.8, and following that the significant variables cross-referenced with the correlation matrix (where $p < 0.01$) are described and discussed below. The comprehensive correlation matrix can be viewed in Appendix 6. The Item Whole Correlation results support the Factor Analysis findings. This is seen by the relationships between the variables, which mostly correlate together within one factor. The factors with the higher percentage of variance show a higher clustering of same factor variables, which are mainly shown in Factors 1, 2 & 3. In this analysis, like factor variables (variables that fall in the same factor group) were mainly focused on to describe relationships that occurred within the factor and not between them. Although the Factor Analysis is inherently correlative, these correlations describe specific internal relationships between variables mainly within a factor. Therefore, these findings support the factors, and give insight into the relationships present in each factor. This data significantly strengthens the research process.

VARIABLE	ITEM WHOLE CORRELATION*	SUMMARY
11	0.56	Common Goal
15	0.497	Tension
16	0.529	Atmosphere Consistency
17	0.522	Atmosphere & Mood
18	0.629	Employer/Employee Tension
22	0.663	Supervision
23	0.539	Business Practices
28	0.596	Degree of Directness
29	0.699	Degree of Flexibility
33	0.648	Behaviour
43	0.558	Employee Satisfaction
44	0.639	Employee Concern
45	0.568	Candour/Openness

* Significant @ 5%

Table 3.8 Significant Items from Item Analysis

Variable 11: *Your business works together for a common goal.*

Variable 11 (Factor 3) falls into the category of *Attitudes* in relation to *Rationale and Identity* in the structural framework. This Variable correlates significantly with Variable 50 (Factor 3) where $r = 0.61$, and looks at leadership style. Variable 50 looks at hostilities towards the new leadership style in the succession process, and suggests that if the new leadership presents a goal to work towards in the business, then it is less likely that the business is going to act with hostile intentions toward the leader when a change process occurs. This data supports Factor 3, and shows how the leader is able to influence the working environment.

Variable 15: *There is tension within the business.*

This variable (Factor 3), looks at the *prevailing mood* within an organisation, and significantly correlates with variable 28 (Factor 4) where $r = 0.51$. Variable 28 focuses on degree of directness within the organisation, and suggests that if there is tension within the organisation then there is a likelihood that employees are going to hide problems that may arise within it. The relationship between Factor 3 and Factor 4 suggests that the strategic objectives and intentions may influence and direct the processes in the working environment. Therefore, if the leader controls the strategic intent of the organisation (which is the case), the leader controls the outcome of the working environment.

Variable 16: *The business atmosphere is consistent over a period of time.*

The variable (Factor 1) suggests that family businesses have a stable atmosphere within over extended time periods, and suggests consistent practices and procedures occurring within the business. Variable 16 correlates significantly with the following variables:

Variable 13	$r = 0.59$;	Factor 4;	Goals
Variable 26	$r = 0.56$;	Factor 1;	Acceptance of New Leader
Variable 32	$r = 0.75$;	Factor 1;	Communication
Variable 56	$r = 0.59$;	Factor 1;	Internal Power
Variable 57	$r = 0.57$;	Factor 6;	Authority and Responsibility

With variable 16 correlating with all the above variables suggests there is a relationship between the atmosphere of the business and the acceptance of a new leader, effective

communication, and acceptance of responsibility within the business. This suggests that if the family business has a consistent atmosphere at the time of succession, then there is a possibility that the succession will be accepted by the organisation. Therefore, in relation to Factor 1, it seems that the relationship with the leader will determine the consistency of the atmosphere within the organisation.

Variable 17: *The mood and atmosphere of the business changed around the time of succession.*

Variable 17 (Factor 2) correlates with variables 33 (Factor 2) where $r = 0.64$, and variable 48 (Factor 2) where $r = 0.59$. Variable 33 looks at behaviour change since the succession as perceived by the leader. The correlation suggests that if the mood and atmosphere changes around the time of the succession, then a behavioural change occurs as well. Therefore, it seems that there is a relationship between organisational atmosphere and organisational behaviour. Variable 48 focuses on leadership style, and whether it changed subsequent to the succession or not. The data suggests that if the leadership style changed around the time of succession, there is a relationship with *atmosphere change* and a relationship with *behavioural change*. Then the researcher suggests that when a succession process occurs, which suggests a change in leadership style, then a change in organisational behaviour and organisational atmosphere may occur. In relation to Factor 2, as established, behaviour is a large contributor to the changes that occur in the succession process.

Variable 18: *There is some tension between employers and employees.*

Variable 18 (Factor 5) looks at working relationships in the business under the overall focus of *emotional atmosphere*. This variable correlates with variables 29 (Factor 4) where $r = 0.63$, and 45 (Factor 5) where $r = 0.66$. Variable 29 looks at *degree of flexibility* since the succession, and the correlation suggests that if there is less tension within the business then there is going to be an element of flexibility within the business. If there is less tension between employer and employees, then flexibility may occur in the working relationship. Variable 45 looks at values and job satisfaction in the business. The correlation suggests that if there is tension in the working relationship, the employees then tend to see the working environment as merely a means of earning a wage. The employees value the organisation less and job dissatisfaction starts to occur when tension is present in the organisation, and therefore organisational pride is

affected in the working organisation. Increased tension seems to affect both *degree of flexibility* and employee morale within the business.

Variable 22: *Employees do their job even when supervision is not available.*

Variable 22 (Factor 2) falls under leadership/supervision, and correlates with variable 33 (Factor 2) at $r = 0.59$ and variable 46 (Factor 6) at $r = 0.57$. Although significant, these correlations are not as strong as the others. Variable 33 looks at behaviour since the succession and variable 46 looks at candor/openness in the organisation. The relationships between these variables suggest that if the leadership in the organisation allows freedom in the working environment, then an open working relationship may develop between employer and employee.

Variable 23: *Changes in the business occurred around the same time as the succession process.*

Variable 23 (Factor 2) looks at processes, procedures and activities in relation to *organisational knowledge*. Variable 39 (Factor 3) correlates significantly with variable 23 at $r = 0.56$. Variable 39 looks at *goals* in organisational language, and suggests that the goals changed around the time of succession. This suggests that goals in the organisation do change in the event of a succession process, which in turn affects organisational language that is related to organisational culture. The relationship between the two variables is not very strong, but there is an implication that succession processes does affect organisational culture.

Variable 28: *Sometimes employees hide problems that occur in the business.*

Variable 28 (Factor 4) focuses on *degree of directness* within organisational action, and determines whether the working relationship is open and direct. Variable 28 correlates with variable 18 (Factor 5) at $r = 0.63$, 29 (Factor 4) at $r = 0.59$, and 40 (Factor 4) at $r = 0.65$. Variable 18 and 29 look at tension and degree of flexibility respectively, and were discussed in variable 18. Therefore, an increase in tension and inflexibility may result in the degree of directness in the employment relationship being jaded. Variable 40 focuses on organisational goals and missions, and the correlation suggests that if organisational goals and missions are set out by the leadership and the organisational members are exposed to them, then employees may be more direct and open with and towards the new leader. Therefore, in relation to the succession process, if the

organisation is aware of the processes that are occurring around them, they may not resist the change. Regarding Factor 4, if the strategic objectives are made known in the organisation, the degree of directness may become more positive, and less tension experienced.

Variable 29: *The business has become efficient and flexible since the succession.*

The degree of flexibility is dealt with in this Variable (Factor 4), and correlates with variable 22 (Factor 2) at $r = 0.61$. Variable 22 looks at leadership/supervision, and states that employees do their job when supervision is not available. This correlation suggests that if a business allows for flexibility, then employees tend to need less supervision.

Variable 33: *The behaviour of the business has changed since the succession process.*

This variable (Factor 2) correlates significantly with the following variables:

Variable 17	$r = 0.64$;	Factor 2;	Atmosphere and Mood
Variable 23	$r = 0.59$;	Factor 2;	Business Practices
Variable 25	$r = 0.61$;	Factor 2;	Procedures
Variable 48	$r = 0.67$;	Factor 2;	Leadership Style

The above-mentioned variables all deal with practices that occurred around the time of the succession process. Variable 17 dealt with mood and atmosphere, variable 23 dealt with business practices, variable 25 dealt with business procedures, and variable 48 dealt with leadership style. The relationships between these variables and variable 33 are stronger, and variable 33 has a strong item analysis correlation. Therefore, it is evident that at the time of the succession, behaviour, business practices, procedures, mood, and atmosphere changed around the time when the new leadership style was introduced in the succession process. These correlations support Factor 2, and suggest that the succession process implies change in the organisation.

Variable 43: *Some employees criticise the business and the people in it.*

Variable 43 (Factor 6) deals with organisational pride, and correlates weakly with variable 11 (Factor 3) at 0.5 and variable 57 (Factor 6) at 0.53. Variable 11 looks at attitudes and variable 57 at authority and responsibility. The combinations of these variables suggest that a well-adjusted business understands what issues are facing it.

Where as if common goals are not expressed to the organisation, then the new leaders get blamed for problems occurring in the business.

Variable 44: *Employees show genuine concern for the problems facing the organisation, and make suggestions about solving them.*

Variable 44 (Factor 2) deals with organisational pride as well, and correlates with variables 22 (Factor 2) at $r = 0.63$ and 33 (Factor 2) at $r = 0.61$. Variable 22 and 33 have been discussed in variable 22, and in relation to variable 44 suggests that employees who show concern for the organisation have a better working relationship with their leaders.

Variable 45: *Employees look upon their job as merely eight hours and the major reward as the month-end paycheque.*

Variable 45 (Factor 5) correlates with variable 27 (Factor 6) at $r = 0.55$, and states that management only make decisions in the business. The correlation suggests that if only management make decisions without providing flexibility within the organisation, then the job satisfaction of employees will decrease within the organisation.

3.1.2.3 Descriptive High and Low Means

The data discussed in this section is secondary data, and shows the high and low scores of means. The means relate to the descriptive data of family businesses that have passed through a succession process, and are shown in table 3.9 with the Standard deviations. Not all the variables are displayed in this section, only those that have a high (>4) or low mean (<2.1). The various high and low means are described below in relation to the Variable, which follows the table. The means have a range of 1 to 5, which follow from the Likert scale coded 1 to 5 and described in the methodology. The full table of Means and Standard Deviations is given in Appendix 5.

However, the questions that have high and low means may lend themselves to elicit a response set from the interviewees, and is commonly referred to as *social desirability bias*. This bias occurs when respondents give answers they believe to be the normative or socially desirable answers, which results in over-reporting or under-reporting of the true situation (Newman, 1997). Therefore, this data is secondary, as the researcher believes that this bias has occurred in these responses, because they all portray positive

business practices that would be socially accepted. Nevertheless, the data is still valuable and should not be discarded, but caution should be practiced in taking the results into account.

VARIABLE	MEAN	STANDARD DEVIATION
10	4.526	0.474
12	4.578	0.711
20	4.315	0.875
21	4.263	0.746
26	4.2	0.497
28	2.1	0.921
40	4.2	0.662
58	4	0.69

Table 3.9 High and Low Means and Standard Deviations

Variable 10: *Your business contributes to the sector it works in.*

This Variable looks at the beliefs of members in the family businesses. The mean suggests that family businesses believe that they are a valuable contributor to the sector they operate in, and contribute positively to that working environment. This suggests that the family business have firm beliefs in their capabilities, which is supported by the strong value systems that they display.

Variable 12: *Your business strives for excellence in the work place.*

This Variable has a focus in attitudes, and determines whether a business has a healthy outlook toward the working environment. This Variable establishes whether the business perceives itself as striving for excellence in the workplace, and would thereby suggest a healthy outlook on overall business practices of the business. As shown by the mean, family businesses do perceive themselves as providing an excellent working situation, and therefore suggests that they do have a healthy and stable working environment.

Variable 20: *Management and supervisors are approachable by managers.*

21: *Employees look upon management to set standards of performance or goals for the business.*

These variables fall into the same category of Leadership/Supervision, and determine the relationship between employees and leaders in terms of leader values. Both Variable 20 and 21's means are high that suggest that the leadership relationship in family businesses is favourable. Variable 20 suggests that management and leaders in family businesses are approachable about problems that may concern the business. This suggests that the leadership-relationship process in the family business is relaxed, as opposed to corporate etiquette found in larger non-family businesses. However, Variable 21 focussed on leaders setting goals in the business for employees to follow, and suggests that the leaders do set the standard and goals.

Variable 26: *The business accepted the new leader in the succession process.*

This Variable looks at the leader's perception of how the business views him/her. This reveals that the leaders view themselves as accepted by the business in general when the succession process occurred. This acceptance suggests that the leader was accepted into the business, but does not indicate how long this process took. Therefore, the leader could still have trouble during and after the succession process, but has in the end been accepted by the organisation as the new leader.

Variable 28: *Sometimes employees hide problems that occur in the business.*

The variable focuses on the degree of directness within the organisation, and reflects upon the relationship between management and employees. There is a tendency for employees to hide difficulties that they experience within the organisation, but the researcher believes this to be true for most organisations. Although, the leaders perceive the relationship between themselves and employees to be a two-way process, and the fact that leaders see employees as unwilling to share problems, suggests there may be some underlying issues present. This signifies that the *degree of directness* between the leaders and employees is larger than the leaders anticipate and acknowledged.

Variable 40: *The business has a mission it strives to achieve.*

This item falls into the category of Purpose and Goals, which tries to identify whether the business has an objective view on what they are doing in the organisation. Through

the provision goals and missions for the organisation, the leader creates focus and objectivity for employees to identify with. Therefore, if a business believes itself to have these objectives, then it is more likely to be efficient and directed in terms of its production outputs. Family businesses in this sample seem to have these missions, but they may be somewhat unclear to the employees. This suggests that the new leaders do not adequately communicate the goals and missions to the organisation.

Variable 58: *The organisation accepts the new leader over the old.*

This Variable relates to organisational attitudes towards authority. The mean suggests that the organisation has accepted the new leader over the old leader in the succession process, but there may be some uncertainty in the minds of the present leaders about their own abilities as a leader. Results indicated that through the acceptance of the new leader in the work place, the overall working situation in the business has improved.

In summary, these variables show that the family businesses and their leaders have a positive perspective of themselves, and Process 1 indicates that the succession has altered the tangible aspects of organisational culture.

3.2 PROCESS 2

As discussed in the *Methodology* chapter (see pp. 58-86), Process 2 involves in-depth interviews that follow the structural format of the questionnaire. In Process 2, the results were obtained through the transcription of the interviews from audio to text format, after which themes were extracted from the text. The researcher then described meaningful social actions that emerged from the text themes, and a continuous analysis of these social actions was embarked upon following the Hermeneutic style of analysis. The circular analysis involved the interpretation of the structures in the text (themes) to the “*whole*” of the research (the research question). In short, this transition translates into the understanding and interpretation of the structural format in relation to the three research questions through a hermeneutic interpretation.

The structure of Process 2 follows the structural framework of the questionnaire/interview guide. The variables were listed in sequence and the results of the analysis expressed in relation to each. Only Part 2 of the questionnaire will be

examined, as Part 1 is descriptive and is analysed along with Process 1; Part 1. The results reported on each variable have already gone through the hermeneutic process, and therefore had already been interpreted from the original text format. Because some of the interviewees gave only one-word responses, not all of the variables will be discussed. The final interpretations of the significant responses are as follows:

Variable 12: *Your business strives for excellence in the in the work place.*

All of the family businesses believed that their businesses were achieving the best that they could in the conditions that they were under. The family businesses tended to have a sense of pride in their business, which they showed in the production and delivery of their product. When the statement was posed to one of the family business leaders, the response was, " *Obviously we do!*" (Interviewee 5) which signified pride within the business.

Variable 13: *Your business knows what it is capable of achieving.*

The family businesses all had a sense of what their businesses were capable of achieving, but they all suggested that if the economy were better their businesses would be more profitable and able to grow. Therefore, it seems that in this sector, the impact of the succession has not hindered the growth and financial stability of the business to the same extent as the unstable and depressed economy has.

Variable 14: *The overall mood in the business is conducive to a positive working environment.*

A phenomenon arose that only appeared in the qualitative research process relating to the mood and atmosphere in the working environment. If a family business had a sudden unexpected succession (For example, because of death of the founder as opposed to an expected succession) the business had a longer adjustment period to the successor and experienced more turbulence in the working relationship. Therefore, it is suggested that if the business went through an expected succession, the mood and atmosphere in the business was more conducive to a positive working environment than if not. Although preparation is not a prerequisite for an expected succession, anticipation and some kind of preparation was clearly involved. However, it seems if most of the leaders tried to maintain consistency in the working environment.

Variable 15: *There is tension within the business.*

In this variable, tension in the business seemed to arise more frequently in businesses that had sudden or unexpected successions. In the family businesses where the succession was expected, and the organisation informed of the occurring succession, there was a less tense working environment. In the case of sudden successions, it seems that the business resented the successor taking over the business and replacing the founder. However, where the founder appeared to have handed the business over willingly in an expected succession, the successor was better accepted. The acceptance or not of the successor indicated the level of tension present in the business. The following quote from Interviewee 1, who had an unexpected succession, indicates more tension in the business than with interviewees who had experienced expected successions.

“Sometimes if you struggle to get work out, then you are not the same person that walked in this morning. You tell people that they must do this and do that, but then you relax.” (Interviewee 1)

The interviewee also seemed to be under more stress, than the interviewees that had been through an expected succession. This indicates that the succession process could introduce stress and tension into the working environment, which may result in a shift in the organisational atmosphere and behavioural systems.

Variable 16: *The business atmosphere is consistent over a period of time.*

All the family businesses reported that the business atmospheres were consistent over a period of time, but they did have occasional tension within the business. The businesses suggested that the tension was normal and was even described by one of the interviewees as a relationship that had its ups and downs.

“It is like a marriage.” (Interviewee 3)

Variable 17: *The mood and atmosphere of the business changed around the time of the succession.*

All the interviewees suggested that there was a shift in the organisational atmosphere and mood around the time of the succession. This suggests, that because of the different

leadership styles between the successor and predecessor, a different mood and atmosphere was within the organisation. For example, Interviewee 2, who had come from a corporate setting, introduced a corporate approach into the business, as opposed to the relaxed leadership style the predecessor had.

Yeah, we changed the atmosphere and mood of the business to a more corporate environment. I presume we changed from a very relaxed mood to a more professional atmosphere. The mood is still relaxed, still enjoyable, not stiff, but we are still a business and have more a business atmosphere, than just an office you go to – so that definitely changed. (Interviewee 2)

Variable 18: *There is some tension between the employees and employer.*

With regards to tension between employer and employees, the successors felt that there is always going to be tension in the labour relationship. However, some of the interviewees did suggest that there was an increase in tension and uncertainty shortly after the succession, but after a period it settled down.

“That is obvious, there will always be!” (Interviewee 5)

Variable 21: *Employees look upon management to set the standards of performance or goals for the business.*

This variable was intended to determine whether employees look towards management to set standards of performance and goals. Setting the standards regarding the goals and performance is not an overt action carried out by the leaders of the business, but tends to be achieved through the actions the leaders carry out and through the practices they implement in the business. Interviewee 1 suggested she tried to maintain the standards that were set out by the founder, but that over a time period changes did occur because of her different leadership style.

“I tried to carry on the same.” (Interviewee 1)

Interviewee suggested that she tried to carry on leading the business the same as her husband, but after a while she had to change some aspects in the business to better suit her leadership style.

Variable 23: *Changes in the business practices occurred around the same time as the succession process.*

All of the interviewees suggested that changes in business practices occurred around the same time as the succession process to various extents within the different businesses. Many of the changes in leadership and leadership style led to a change in business practices designed to improve organisational performances.

"I took over with a 'new broom sweeps clean philosophy,' and thereby improved our standards and quality of work." (Interviewee 3)

Variable 24: *New technologies were introduced around the time of the succession.*

Not all of the businesses introduced new technologies into the business after the succession process, but they did all improve on the production line through introducing different processes. Some of the interviewees said that they set out to improve the standard and quality of the product within the production line, while others introduced new production lines altogether into the business.

Variable 25: *Procedures in the business change around the time of the succession.*

As previously mentioned (see p. 94), successors did introduce new procedures into the family business after the succession. Many of the successors decided to decentralise the hierarchy of the family business, and distribute decision-making power across the organisation to encourage efficiency and flexibility. As stated, change in the organisation may first lead to uncertainty and distrust, and unless these changes are effectively communicated, they may result in organisational tension and resistance. This indicates that policies were affected after the succession process in the family businesses, and supports the concept of the *adjustment period* (discussed later).

Variable 26: *The business accepted the new leader in the succession process.*

In all of the successions, the business accepted the successor over a period of time. However, an adjustment period tends to occur directly after the succession, and it varies depending on the type of succession that has occurred. In an unexpected succession, the adjustment period seems to take longer than in an expected succession. The reason for the adjustment period was that employees were entrenched in the values of the founder, and struggled to adapt to the values of a new leader.

"I don't say tension arose. But they had to get used to different ways, my way of doing things. But they had to get comfortable with it." (Interviewee 5)

Interviewee 2 suggested that her dynamic work ethic clashed with the traditional work systems that were previously in place. This indicated an adjustment period occurred, which the successor had to work through to gain the acceptance of the organisation as the new leader. The researcher suspects that it is in this period that employees develop a feeling of trust for the new leader, and until they are comfortable with the new leader resistance is an important consequence.

"Initially we had some problems with some employees. I was young, and they knew what they were doing, and they were very reluctant in the beginning to accept me as their new boss. But over a period of time they accepted me." (Interviewee 2)

Variable 27: *Only management makes decisions in the business.*

As stated previously (see p. 112), successors in general are more open than their predecessors and distribute the decision-making processes more widely throughout the organisation. However, the leader is still at the summit of power within the business, and the decentralisation process occurs over a period of time.

Variable 28: *Sometimes employees hide problems that occur in the business.*

It is the researcher's opinion that employees tend to hide problems in the organisation, not from mistrust, but for fear of disappointment in the face of the new leader. Employees may not want to disappoint their new leader by being incompetent, and may therefore try to cover-up problems they encounter in the business.

"Sometimes, yes. It depends what it is. If the employees make a mistake they don't say that they have made a mistake, they try to fix it by doing their own thing."
(Interviewee 1)

Variable 30: *The business has grown since the succession process.*

As mentioned (see p. 109), many of the family businesses have implemented processes to stimulate growth, but because of economic conditions in the steel and engineering sector, growth in the industry has been difficult.

Variable 32: *Employees and employers communicate effectively.*

It is difficult to ascertain whether the communication process of the successor is better than that of the predecessor, but there is a difference in the communication styles. The successors tend to be slightly more open and relaxed towards formalities regarding communication as opposed to traditional means used by the founder.

“I would say they are more free to come ask us questions, without having their heads bitten off.” (Interviewee 4)

Variable 33: *The behaviour of the business has changed since the succession process.*

There has been strong evidence to suggest that the behaviour of the business has changed since the succession process. The working environment, the nature of the working atmosphere, the hierarchical structure, approachability of management, and the means of achieving work are all aspects that contribute to the behaviour in the workplace. When systems and procedures change in the family businesses under the new leader numerous behavioural aspects also change, it is these new processes that set the parameters of what is now expected in the organisation. As indicated by the following quote, the new leader changed the parameters by altering aspects regarding the working environment.

“Yes they have, the working environment, the nature of the work atmosphere, and the way work gets done, has changed.” (Interviewee 5)

Interviewee 5 altered behavioural patterns through the introduction of accessible communication channels within the business, which lead to an open working relationship with employees.

“I have an open policy here.” (Interviewee 4)

Variable 35: *The working environment in the business has improved since the succession.*

It is difficult to evaluate whether the working environment has in actual fact improved because of the succession process. However, most of the interviewees suggest that they have improved the working environments, but it is mandate that they do since the introduction of the Basic Conditions of Employment Act of 1997.

"It has changed, not for the better or worse, it has just changed." (Interviewee 2)

"I built an office, and extended the workshop. I opened up the whole workshop, so that there are no nooks and crannies." (Interviewee 3)

Variable 36: *Employees are more receptive to management since the succession.*

After the adjustment period, it seems that employees become more receptive to the successor after the succession process. However, receptiveness of the change to the business depends on whether the succession process were expected or unexpected. In an unexpected succession, the successor often tries to hold onto the value system created by the founder, and disregards his or her own leadership style.

"I tried to carry on the same." (Interviewee 1)

Interviewee 5 suggested that, in an expected succession the successor is seen as an extension of the founder, by, and therefore when changes are implemented they are not seen as a betrayal of the founder.

Variable 40: *The business has a mission it strives to achieve.*

Most of the family businesses have missions they strive to achieve, even if it is as simple as stated by Interviewee 4, *"Money is the mission."* Family businesses try to accommodate all the needs within the business, in terms of the working environment and employee/employer relations.

Variable 41: *The employees know what the mission objectives are.*

Employees are aware of the mission objectives within the organisation, but they may not fully understand the implications involved in relation to the business. Therefore, leaders need to communicate effectively what is expected from employees to enhance mission objectives.

"Agree, they do know, but not strongly." (Interviewee 5)

Variable 43: *Some employees criticise the business and the people in it.*

After the succession process, there was some tension between employer and employee, which led to some employees criticising the business and people working for it. This type of behaviour possibly reflects opposition toward the change that occurred in the

succession process. Employees may feel that they were excluded from the succession process, and are therefore dissatisfied with the process. This dissatisfaction does however fall into the adjustment period experienced by the successors after the succession.

Variable 46: *Employees talk openly and freely about the business and its problems.*

Employees do not generally talk open and freely about the business and its problems – however, it does seem to occur in some instances. There seems to be a guarded communication process occurring between the employees and management, and this may result in tension within the business.

“Some of them, we talk from time to time.” (Interviewee 1)

Variable 48: *The leadership style has changed since the succession.*

All interviewees agree that their leadership style is different to that of the predecessor. They all suggest that their practices and procedures that they carry out are different in comparison to that of the predecessor, and some even point to new initiatives and product lines.

“Where the business has changed the most, as a result of the younger blood, we have taken on a whole new sector of business.” (Interviewee 2)

Variable 49: *The business has adapted well to the new leadership style.*

As suggested (see p. 109 and p. 110), after a period of adjustment the businesses have generally accepted the successor as the new leader in the organisation.

“They just adapted to me.” (Interviewee 2)

“They realised it is not the old regime of management, it is the new, but it took them a while to accept us.” (Interviewee 5)

Variable 51/52: *The business has a changed dress sense/style since the succession / the business has changed in physical appearance since the succession.*

After the successions there were a few of the family businesses that altered dress sense and changed the physical appearance of the organisation. However, these changes did

not impact on the culture of the organisation significantly, although these changes indicate that a cultural change had occurred.

“So when you are in an environment where you are dealing with customers like that, all the time. You can’t be in shorts, t-shirts and slops.” (Interviewee 2)

Variable 53: *Organisational policies and procedures have changed since the succession.*

Most of the interviewees suggested that they changed the policies and procedures after the succession to accommodate new lines that they had introduced in the production line. The policies and procedures were also introduced to make the business more efficient and manageable for the successor.

“For about a year we went along, till my Mom realised that we had to make changes, and that she was sort of holding the business back with her ways and methods. So what has happened is I have introduced different systems where everything is on computer.”
(Interviewee 2)

Variable 55: *The employees tried to resist the change in management.*

Previously it was mentioned (see p. 109) that initial resistance of employees was experienced by the successor after the succession. It would follow that employees would also initially resist the managerial structure, which was seen to have brought about the change process. Various interviewees, who suggested that after the succession they were met with scepticism and mistrust until they were accepted, supported this prediction. In relation to the resistance, one interviewee said that *“Initially they did, yes”* (the employees) resist her (Interviewee 2).

Variable 58: *The organisation accepts the new leader over the old leader.*

In all the interview cases, the organisation accepted the new leader over the old, but only after the adjustment period. There were various responses from the different interviewees, which all suggested the same outcome. In one of the cases where the founder stepped back into the business when his son emigrated, he suggested that the organisation was quick to accept him back.

"They always accepted me as the leader, as I am the founder." (Interviewee 3)

This statement also implies that the business is able to revert back to the old culture if the circumstances require it, and not resist the change as much as with the successor.

"They have to don't they, they don't have an option." (Interviewee 4)

The results for Variable 58 do not imply that the employees no longer respect the predecessor, but they have to accept the successor and the changes that accompany the successor, in order that the business survive. The results merely suggest that through the succession process, the successor has become accepted as the new leader in the family business through a process of cultural adjustment.

3.2.1 Summary of Process 2

Through the analysis of the interviews, three main points regarding succession surfaced. *Firstly*, two types of succession processes were identified, one being the expected succession, where a smoother succession process by both the business and the successor was experienced; the other, an unexpected succession, which tends to have more difficulties in the succession process. *Secondly*, there is an adjustment period after the succession process, in which the organisation has to get used to or adjust to the new leader. In this adjustment period tension and resentment may be experienced by the successor and organisation. The adjustment period does however pass in to a period where the successor is accepted into the organisation. This adjustment period is much shorter when the change has been expected, suggesting that some form of psychological preparation for the change results in reduced periods of uncertainty and turbulence. *Thirdly*, the successor changes practices and procedures shortly after the succession, which alters the behavioural systems operating within the organisation. These changes in turn affect the organisational culture, and result in a cultural shift triggered by the successors' different leadership style and approach to issues.

CHAPTER 4

DISCUSSION

In this chapter, the results shown in Chapter 3 are discussed in relation to the literature in Chapter 1. The structure of this chapter is based mainly on the three research questions, and questions two and three are examined with the aid of the seven factors previously outlined. It is the intent of the researcher that not all of the variables shown in the results will be discussed – only pertinent material that is relevant to the research questions will be examined.

The crux of this research is an examination of the effect a succession process in the family business has on organisational culture, and asks three questions pertaining to this. Firstly and briefly, the preparation of the family business for the succession process is looked at in section 4.2.1. Secondly, the changes that occurred in the family business as a result of the succession are considered – these are discussed in-depth in section 4.2.2. Thirdly, the effects these changes have had on the organisational culture are discussed in detail in section 4.2.3. The discussion focuses around these three issues as these are the key issues under investigation – it draws upon the data gathered to explain the findings in relation to the literature in Chapter 1. A cross-discussion process was used in which the results are compared with the literature and explained in relation to the research questions.

4.1 DEMOGRAPHICS OF THE SOUTH AFRICAN SAMPLE

4.1.1 Demographics – SMMEs

The family businesses that participated in this study were all typical SMMEs. As defined by NTSIKA (1997, pp. 8-9), the family businesses in this study are all distinct business entities, and were not part of any group of companies or part of a holding company. The owners, who developed their businesses into SMMEs, govern their businesses themselves, and are all family orientated. This sector includes all the businesses sampled that had been through a succession process. However, the most important aspect in determining whether or not a business was indeed a SMME, according to NTSIKA (1997), was by the number of employees that worked for the

business. As outlined in Chapter 2, all the businesses sampled had between 10 and 100 employees, and therefore it is evident that all the businesses were in fact SMMEs.

The importance of the SMME sector in the South African context is that they are heavily reliant on labour, local resources, and need low capital expenditure to get under way. This ensures that the South African market is utilised, which provides internal economic support and growth. The family business plays a large part in this sector and is depicted in Fig 3.1, where 52.7% of the cases in this research are family businesses. The family business has a large role to play in economic activities of the country, and it is vital that attention be paid to the problems that affect this sector. There are numerous issues that plague the development and sustainability of the South African family business, not to mention family businesses all around the world. The issue focused on in this research is the problem of the succession process.

4.1.2 Demographics – Family Businesses

As portrayed in Chapter 1, family businesses face a large problem when it comes to the time of succession. The succession process in the family business is fraught with difficulties, ranging from sibling rivalry to poor succession planning. In this research, it is the change in the organisational culture that has been focused on as one of the elements contributing to the destabilisation of the family business after the succession process. Briefly, the argument in this research suggests that the change in the leadership, from predecessor to successor, influences a shift in the organisational culture. It is the changes in practices and procedures implemented by the successor that affect the underlying assumptions of the organisation, and trigger new developments within the business that may have diverse effects on the organisation as a whole. The effects could range from full acceptance of the new leadership to total rejection and the obliteration of the organisation. Therefore, it is important to understand the succession process in terms of cultural aspects and the implications thereof for the family business.

4.1.3 Incidence of Family Businesses

To conceptualise the South African family business in the steel and engineering sector, it should be examined in relation to the figures provided in Chapter 1. Overseas trends show that the family businesses constitute 70% to 90% of all businesses in the economic sectors (Burns, 2001). In contrast, the sample collected in this research

suggests that the family businesses constitute 52.7% of businesses in this sector. There is a significant difference between the overseas trends and the South African trends, and may have been influenced by numerous factors in the specified economic sector. The sampling frame excluded businesses that had more than 100 employees in them, and could therefore have resulted in a bias relating to the data. However, the numbers collected are true of the SMMEs in the steel and engineering sector in the Gauteng province of South Africa, and may yield significantly different data to other economic sectors. Another factor resulting in the difference could be that the South African economy is still relatively young, and has not yet matured and developed the businesses that would constitute the parameters of a family business.

In support of a young economy, Fig 3.2 shows that 36.5% of the businesses involved in the research had been through a succession process (including non-family businesses), and indicates that the businesses in this sector is still relatively young and probably still governed by the original founder. As previously discussed by Smith (1999), there was a “boom” of new businesses after the Second World War, and at present should be ripe for a succession process. As seen in Fig 3.6, from 20 to 5 years ago there were a steady number of successions occurring in this sector, but over the last 5 years, there has been a sudden increase (nearly double). Therefore, Smith’s (1999) theory about the post WWII family business “boom” supports the results obtained. The research indicates that in a few years time, the family business ratio should have increased in relation to the non-family business, and is likely to have come into line with global trends as described in the Literature Review.

As stated in Chapter 1, Scarborough & Zimmerer (1996) argued that 80% of family businesses want to pass the business onto the next generation, but only 35 % of the business actually prepare for the succession process. In this study, the results supported the relationship that Scarborough & Zimmerer (1996) identified between desire and practice in the preparation of the succession process in the family business. Fig 3.3 shows that 59% of family businesses intend to pass the business onto the next generation, but fig 3.4 shows that only 48% of the family businesses that considered a succession had planned, or considered planning, for the event. To further the dilemma in succession planning, results showed that only 27.3% of the family businesses would consider getting professional assistance for this. The results confirm what the literature

suggests about family business intentions, and further suggests that family businesses do not have the time, inclination or the knowledge to adequately prepare themselves for the succession process. The discrepancies between the research results and the literature may have arisen from the small sample size collected as well as the restrictions placed on the sample to ensure research validity and the exclusion of extraneous variables. The research sample is very specific and results obtained should not be generalised over broader population groups. At the same time, the data does support the current trends shown in global family business studies.

The results of the descriptive data shown in Chapter 3 support the trends displayed in the Literature Review regarding succession characteristics exhibited by family business. Family businesses tend to be more prone to succession issues than non-family businesses, and the family businesses are more likely to plan for the succession. According to Morris et al (1997), the family business is more likely to suffer problems concerning the handover than non-family businesses. Because of the large economic role that the family business plays, and their poor performances in successions, it is imperative that researches try to understand the succession process and the implications involved. The aim of this research has been to look at one specific aspect that may result in the poor succession figures discussed, namely organisational culture.

4.2 FAMILY BUSINESS, SUCCESSION AND ORGANISATIONAL CULTURE

As discussed in Chapter 1, the founder of the business determines the family business's culture. It is through the founder of the business that norms, values and behavioural systems are established by the practices and procedures implemented. After the founder has served his/her tenure in the family business as the leader, a new leadership needs to be implemented to manage the family business. However, with the implementation of the new leader, the practices and procedures that the founder established are altered by the successor (Oliver, 1996). In this section, the three research questions are discussed, which focus on the change in the environment of the family business after a succession process and the implications thereof on the organisational culture and business environment. Questions 2 and 3 will be described in relation to the seven factors shown in the results and the relevant literature.

4.2.1 Question 1 - *To what extent were family businesses prepared for the change in management?*

The change that occurred in management is the change of leadership from the predecessor to the successor. The extent of preparation of the family business refers to two aspects or areas of the family business. These two areas regard the preparation that the successor went through, and the preparation of the business employees before the succession process. The preparation of both these areas is vital to the success of the hand over process. If either of these areas is not adequately prepared for the succession process, then both parties could experience tension and difficulties after the succession process has occurred.

4.2.1.1 Preparation of the Successor

As seen in the literature review (see p. 42), the founder has great difficulty in passing the business onto the next generation. The founders have to give up a business they have put so much time and energy into, where the succession process signifies the end of an era for them. Therefore, as Handler (1990) suggests, the predecessor often leaves the preparation of the succession too late, and thereby sabotages the process. As discussed in Chapter 1, Morris et al (1997) have shown that the two major aspects contributing to the failure of succession processes are the relationships among family members in the business, and the insufficient preparation of successors. According to Hoover and Hoover (1999), the success of the transfer of power also depends on the relationships that exist between the family members within and without the business. Therefore, if there is tension between the successors and the predecessors, then a problem may occur in the succession process, as the views and concerns about the nature of the business may come into question. It is desirable if both the successor and the predecessor agree on the initial methods of management during the succession, such as practices and procedures, to prevent dramatic changes occurring in the culture. The role of the founder and leader of the business is to ensure that the business is well taken care of after his/her retirement, and therefore is also his/her task to ensure that a successor capable of leading the business is in place.

The results in this research suggest that very few of the family businesses were adequately prepared for the transition, and reinforce the view put forward by the

interviewees who stated that they were unprepared for the succession process themselves. Although the data suggests that many of the successors had been exposed to the business before the succession took place, few of them had been exposed to the leadership practices necessary to manage the business. Very often, the successor is placed in the organisation before the succession, and does menial tasks in the business. The exposure that the successor receives regarding the organisation is minimal, and largely he/she is not involved with the managerial aspects of the business. Interviewee 1 stated that prior to the succession process, she was only involved in the accounting section of the business, and when the succession occurred she at first hired someone to manage the business, and then only later became involved herself. This position supports Neubauer's (1998) statement that while the successors may be trained to conduct the business, very few of them are trained to lead the business.

It seems that it is essential that the successor be trained for the managerial and leadership positions of the family business to ensure a smooth transition. However, Handler (1990) suggests that successor training is rarely conducted in the family business, and it could therefore explain the poor succession rate that occurs in the family business in this sector. The trend that seems to occur in the business is that when the succession is due, the successor is abruptly brought into the business and expected to learn the trade in a short period. In turn, the abrupt introduction may result in some tension between the founder and the successor, because the successor does not perform as the founder expects. The lack of training may result in resentment between the founder and the successor, thereby creating tension in the business. The results suggest that a sudden introduction of the successor may result in resentment by non-family employees, who have to adjust to a new leader without any warning. There are indications in the data that the succession process is smoother and the turbulence associated with the change over shorter than when the succession is expected.

Many authors such as Neubauer and Lank (1998) and Hoover and Hoover (1999), have elaborated on succession strategies the family business should utilise to ensure a successful transition, and they all agree that the family business needs to get an early start on the succession process. The successor needs to understand the business systems fully, the practices and procedures, and gain the acceptance of the organisation as the new future leader, and is discussed in more depth later in the chapter.

4.2.1.2 Preparation of the Business

Brunåker (1999) suggests that the succession is the point of inflection for the family business. Little in the literature is to be found about the reaction of the employees in the family business to the succession process, but the researcher suggests that the succession process is much like an organisational development (OD) intervention for the organisation. The business faces a new leadership, which is likely to result in a cultural change. According to Hanson and Lubin (1995), typical OD goals in relation to the succession process would strive to achieve the following objectives:

1. *To integrate individual needs for the change process with organisational goals.* Current leadership of the family business would have to integrate the needs of the employees with the coming succession, through promoting the process and generating an acceptance of the outcome. In this study, the researcher suspects that the employees in family businesses had not been prepared for the succession, and as established, if they resist it suggests they had not been prepared. Many of the interviewees stated that they had not been adequately prepared for the succession themselves, which implies that neither had the employees. When the interviewees were asked whether the employees had tried to resist the change in management, many of them suggested that the employees had initially done so.
2. *To change systems towards being more open.* A transparent relationship with employees will allow for trust relations to build, and promote a spirit of unity when the change process does occur. As was seen in the Results (see p. 114 and p. 116), most of the successors suggested that the communication processes had improved since the succession, and they also implied that if communication was more open, the succession process was more likely to be successful.
3. *To unfreeze, move, and refreeze systems.* This process would only be involved in the later stages of the succession process when the successor starts to implement changes as a result of his/her different leadership style, but this process will be looked at in relation to culture change after the succession process has occurred.
4. *A process of increasing awareness of implicit behaviour patterns that help and hinder development.* As stated, it is necessary that the business know of the processes that are going to occur. This way employees and management will know what is expected of them so that the succession will be a success. In this study, the adjustment period may be a result of unawareness occurring within

the business. The results suggested that if the goals and objectives were clearly communicated, then the relationship with the new leader would be successful. Therefore, a well-defined relationship with the new leader implies a smooth transition.

5. *A planned process of change.* This is a point that has been reinforced throughout the literature. Some sort of plan has to be in place so that the succession process can have direction. In this study two types of successions were identified, one was an expected succession and the other was an unexpected succession. Where the succession was expected, it appears that some degree of planning occurred, and that as a result the process seemed to take place with fewer difficulties – when the succession was unexpected, no planning took place and numerous difficulties were experienced. It is thus clear that if a family business intends to pass the business over to the next generation, then it is always a good idea to have a basic contingency plan in place, should something happen to the founder.

As can be seen, the succession process is much the same as a planned OD process, in that the organisation proceeds through a change process. However, if the succession process is not successful, then similar problems may arise as in the case of unsuccessful OD interventions. Many of these problems may arise because of a poorly implemented succession process, and the problems tend to manifest themselves within the organisation after the change has occurred. Hanson and Lubin (1995) identify the following problems that often occur as a result of the handover process:

1. *The same problems keep recurring.* This indicates that an inadequate management does not have the skills to address the issue that may arise or tend to ignore them as they try to cope with their new roles. One of the contributing factors to this may be the inadequate training of the successor. In this study, it was found that predominantly unexpected successions processes experienced this issue. The new successor tries to cope with many tasks at once in the business, and cultural adjustment was ignored. This results in re-occurring resistance against policies and procedures that the employees do not agree with, because they are not informed by management of its significance to the welfare and even survival of the business.

2. *Many efforts have been tried to increase productivity, but none work.* This may be a form of resistance to the change that has occurred in the managerial structure, and employees regard the successor as an intruder or a traitor to the founder.
3. *Morale is low and the cause is unclear.*
4. *Closed communication.* The more open the communication channels between employees and the successor, the better the transition process is. The opposite is also true; if the communication channels are compromised then employees feel that they are unimportant in the transition process. The findings of this study suggest that communication is essential to a successful transition. It has been found that most successors are less formal about the communication channels used in the business, and are more focused on production output than formal procedures. This was expressed by one of the interviewees, when he suggested that employees are not afraid of "*having their heads bitten off anymore*". One must bear in mind that the study comprises of 22 organisations that have been through a successful succession, all of which have a more relaxed policy toward forms of internal communication. This indicates that open communication enhances the survival of the business in a succession process.
5. *A climate of distrust* may arise when the employees become suspicious of the change process occurring, which may then lead to resistance. In this study, the adjustment period was experienced directly after the succession process, in which a climate of distrust could have been present.
6. *Resistance to change.* When a change process compromises the working environment, it creates a sense of uncertainty within the organisation. Change is often seen as a threat if not properly understood by the people it is affecting, and therefore employees may see the succession process as this threat. It is essential that the employees understand the succession process communicated through open channels, which may result in an unproblematic succession process. The results of this study suggested that there is a short period of resistance after the succession, and the period of resistance varied from business to business depending on the extent of preparation for the change process.

As suspected in the Literature Chapter (see pp. 40 to 45) and confirmed by results, the family businesses are usually not prepared for the succession process. The focus of the succession processes in family business is generally around the needs and development

of the successor. The preparation of the organisation with respect to the succession process is greatly overlooked, and therefore there seems always to be a subsequent adjustment period. In the adjustment period, the business may experience tension and difficulty as the organisation adapts to the new leader. The extent of the adjustment period depends on the type of succession and the scope of the succession plan. The adjustment period is merely a reaction of the organisation to the succession process.

Concerning the readiness of the family business organisation for the succession process, two positions were identified in the research. Firstly, if the successor was involved with the family business before the succession, then their tasks, were relatively minor within the organisation. Therefore, when the new leader takes over the leadership role, the organisation may not see him/her as adequately prepared for the job of leader, and may resist the new person's management strategies. Secondly, if a successor stepped into the business after the founder leaves the business without any prior indication, this may result in resentment among employees toward the successor. The business may view the successor as being an intruder and replacement within the business, and, if loyalties to the founder are still in place, could result in organisational resistance developing.

In conclusion, it seems that while there is a succession plan in place within some family business, the plan focuses only on the development of the successor and estate planning. In regard to the preparation of the organisation as a whole, there is no evidence to suggest that the business is as a whole or in various forms informed about or prepared for the succession process. In some cases, where even though no formal succession plan was discussed with the business, they suspected that a succession would occur.

4.2.2 Question 2 - *How was this change achieved? What changes occurred before, during and immediately after the succession process?*

Question 2 examines and describes the changes that occurred in the succession process, and will be discussed in relation to the seven factors identified in the Factor Analysis. Question 2 looked at various aspects related to *organisational knowledge, organisational actions, and relationships within the organisation, the meaning of work, and practices and procedures*. All of these factors focus on organisational changes in relation to the organisational culture, and serve as a prelude to Question 3. The question

focuses on the change in management and leadership style in relation to the above-mentioned aspects, and which is suggested in the literature to influence organisational culture. Question 3 focuses on how the changes are implicated in the organisational culture. These research questions are answered with reference to the seven factors identified by the factor analysis.

4.2.2.1 Factor 1: Relationships with Leader

As a direct result of the succession process, the leadership of the organisation changes, this alters many of the relationships within the organisation that are controlled by the leader. As shown in 3.1.2.1.a in the Methodology, there are seven variables that load on factor 1, and they are *atmosphere consistency, management goals, acceptance of the new leader, and communication*. The above-mentioned variables tend to alter in the succession process to various extents, which suggests that the relationship between the business and the leader evolves over time.

The results gained from *atmosphere consistency* suggest that the family business atmosphere is usually consistent over extended periods. However, over the succession period the atmosphere depends on the extent to which the business has been prepared for the change, and whether the correct processes have been followed to aid in a successful succession. The results suggest that communication plays a large role in the consistency of the organisational atmosphere, and therefore suggest that if the succession is transparent it is likely to be successful. Interviewees suggested that the organisational atmosphere was consistent, but as seen in labour relationships across sectors within the businesses, tension always seems to emerge. Therefore, it seems that the family business atmosphere is consistent over a leader's tenure, but in the process of a succession, the atmosphere changes to adjust to the new leader. This supports Scarborough & Zimmerman (1996), who suggest that the family business strives to maintain stability and to ensure security, which means keeping the atmosphere consistent over an extended period.

The results indicated that the goals of the family businesses changed slightly around the time of the succession with the introduction of the new leader who sets the goals. Therefore, the leader is viewed as the person responsible for setting goals and guides that the organisation ought to follow, and the organisation accepts this as the norm. The

literature suggests that the founder of the organisation sets the values, norms and behavioural standards, but when a successor takes over the role of leader then these processes are altered. This appears to be the case in this research when, for example, the successors stepped into the leadership position and the goals of the organisation changed. When these new goals and procedures are properly communicated, the mood, atmosphere, and goals of the organisation changed. This suggests that the successor has been accepted into the family business as the new leader, and that the relationship between the employees and the leader has improved since the succession.

4.2.2.2 Factor 2: Change since Succession

In answering Question 2, Factor 2 plays a large role, and focuses on the changes that have occurred as a result of the succession process. According to the results of the factor analysis, the following variables changed significantly during and after the succession process: *The atmosphere and mood, supervision practices, business practices, procedures within the business, and behavioural patterns in the business.* The interview results confirm that these changes did occur. The Interviewees suggested that the mood and atmosphere did change because of the different leadership styles of the founder and the successor. The interviewees also suggested that they changed the business practices when they took over the business, and altered methods and principles of business practice so that they were more suited to their needs. Because of these changes, the behaviour of the business also changed to accommodate the new approaches the successor had implemented.

As discussed by Smith (1999), successors are willing to change conventional systems that had been put in place by the founder. This suggests that when a successor takes over the business, he/she implements systems that accommodate his/her needs and belief systems. As the results suggest, the changes take place because of the introduction of the new leadership style, which include behaviour, business practices, procedures, mood, and atmosphere. In other words, and following Hatch's Model presented in Chapter 1, the *artefacts* and *symbols* are the processes that are most affected in the succession process, and according to Schneider, Brief and Guzzo (1996) these aspects relate to the organisational climate. As argued above, climate is the more tangible aspect of organisational culture, and it is this aspect that has changed, as will be discussed when the organisational culture is discussed in Question 3.

4.2.2.3 Factor 3: *The Leaders Influence on the Working Environment*

The relationship that the leader has with his/her employees impacts directly on the working environment, as was demonstrated in the Literature Review. The Leader of the organisation sets the standards, rules and regulations that govern the organisation. Thus, if a change in the leadership occurs within the organisation, then a change in the working environment may occur as well. Job insecurity is often a reflection of the increasingly unpredictable swings in national and international economies, budget cuts, aggressive competition, deregulation and technological innovation that influences the environment in which our organisations are situated (Hartley, Jacobson, Klandermans & van Vuuren, 1991). Employees within an organisation perceive job insecurity when change occurs, because they feel that their job is in danger of becoming redundant. The succession process is a form of disruption that takes place within the organisational setting, which causes environmental turbulence. This turbulence may lead the employees to perceive that the working environment has undergone a change, referred to as “*environmental uncertainty*” by Hartley, Jacobson, Klandermans and van Vuuren (1991, p. 30).

The variables that relate to Factor 3 for this question are concerned with *goals* within the organisation, *tension* within the business, *managerial approachability*, and *employee satisfaction*. These variables impact on the working environment, and because of the change in the leadership, these variables alter and may result in environmental uncertainty. This in turn may produce further tension, as the succession process takes place. It depends on the degree of change these variables undergo in the succession process, which may influence the amount of tension that will occur in the business. As the results indicate, tension occasionally surfaces in the family business that seems to be the expected from the labour relations literature (cf. Bendix, 1997) in the employer/employee relationship. However, in the adjustment period, there is an increase in tension in the relationship because of uncertainties experienced by both parties.

The changes that seem to be implemented by the new leader regarding the working environment after the succession process involve the implementation of common goals within the organisational setting, and the promotion of a more approachable management structure as opposed to a more conservative managerial structure of the predecessor. These aspects relate to strategic intent, and the observable changes are

discussed in the following section where Factor 4 is discussed. Morris, Williams, Allen and Avila (1997) support these views, that decision-making processes become less centralised, and the promotion of employee satisfaction gains importance over generations.

In general, it would appear that the successor improves the working environment after the change process. These changes are met with some resistance until the change process by the organisation and the new leader has been accepted.

4.2.2.4 Factor 4: Strategic Objectives

The strategic objectives refer to the strategic intent that appears to alter at the time of the succession. Strategic intent involves the development of strategies for the development and growth of the business for the future (Van Aardt, Van Aardt & Bezuidenhout, 2000). The literature suggests that in general terms the successor strives to change the strategy of the business in order to adapt to the global trends that have been ignored by the founder (Smith 1999). The results support this stance to a certain extent, especially with regard to changes in values, norms, and mission objectives. However, the mission of the family business seems to be a little uncertain during the adjustment period after the succession process. The strategy of the business does seem to change after the change over with the implementation of new practices and procedures by the successor, but the organisational members are hesitant to accept these new changes. This hesitation may result in some tension between the new leader and the organisational members, and which may be the reason why the degree of directness in the employer/employee relationship is as low as shown in 3.1.2.1.d above.

In summary, therefore, it would appear that the strategic intent and objectives of the businesses do change in the family business during and after the succession process, but that organisational members are hesitant in accepting the new changes. Again, the hesitancy falls into the adjustment period that most organisations seem to experience immediately after the succession process, and thereafter the organisation settles down and accepts the changes and the new organisational strategy.

4.2.2.5 Factor 5: Attitude towards Work

Factor 5 focuses on the attitudes of organisational members, and whether they have changed since the succession process. The results of the study show that the perceptions of the successor's attitudes of the organisational members do in fact change subsequent to the succession. There is no strong evidence in factor 5 to indicate whether good or bad attitudes have been adopted, but a change of attitude has occurred. When employees enter into a psychological contract with an organisation, they expect some of the organisation's resources and stability in exchange for the skills and effort they invest in the organisation. When the organisation enters into a succession, it is assumed to result in stress on the organisational members because of the change process (Beehr, 1995). The stress process may result in tension between the employer and employees, and influence the attitudes employees have about the successor during and after the succession process. In this study, clear signs of stress and anxiety before, during and for a short time after the change over were identified.

4.2.2.6 Factor 6: Perception of Management

The change in leadership style alters that perception employees have of management. The change in leadership style involves the change in practices, procedures, and the alteration of organisational structures. In this study, all of these aspects changed significantly in all the family businesses examined. A change in leadership gives rise to changes in leadership style, and this alters the view employees have of management. Therefore, in the succession process a new leader is introduced, which results in a new leadership style, and changes the perception of management. The results indicate a change in perception by the presence of the adjustment period.

4.2.2.7 Factor 7: Implementation of Change

This factor suggests that the successor introduces new processes and aspects into the family business during and after the succession. In terms of the results obtained in this study, technological changes occurred within the family businesses as a direct result of the succession process and these resulted in changed policies, practices and procedures. In other words, it is the tangible aspects of the organisational culture that change internally, and in accordance with the literature, this results in due course in a cultural shift.

4.2.3 Question 3 - *What effects do these changes resulting from a recent succession process have on the organisational culture?*

Schneider, Brief and Guzzo (1996) believe that culture is subtle and not directly observable, but that the effects that it has on such tangible aspects as policies, practices, procedures and rewards are. These are the tangible aspects of the organisational culture, and should they be altered the organisational culture will change, which is the case in the succession process. Chell (2001) states that organisational culture is reflected through the system of knowledge present, organisational ideologies, value systems, norms, rules and roles displayed within the organisation. Question 2 focused on these reflections of culture to determine whether the succession process had altered them. The extent to which the change process has affected organisational culture and the way in which this occurred will now be explored in relation to Question 3, and will briefly be looked at in terms of the seven factors identified in the study.

4.2.3.1 Factor 1: *Relationships with Leader*

As stated (see p. 28-32), the leader of the organisation is the person who sets the values and norms that are followed by the organisation and translates into the organisational culture. The organisational culture binds the working individuals together, so that the organisation can function in a pattern that is efficient for production purposes within that specific business. However, when a change interrupts the cultural environment, it creates uncertainty and insecurity within the organisational member, as their framework of reference to “*doing and being*” in the organisation has altered (Chell, 2001).

An effect of this insecurity is that the organisational member will have lower levels of trust in the new management of the organisation, and therefore the legitimacy and authority of management is questioned and eroded by the turbulence of the succession process. If the insecurity is not addressed, a cycle of mistrust, blame and dissatisfaction will embed itself in the labour-management relationship and may eventually result in the downfall of the organisation (Hartley et al, 1991). It is therefore imperative that the successor quickly promotes a relationship of trust through confronting the issues of resistance, and reaffirming his/her role as leader within the organisation. In order to do this, the leader has to acquire the top-management’s support of the organisation when wanting to implement a new culture, which is why the *internal power* loads so highly

on Factor 1 – managerial agreement and support is essential if cultural change is to succeed.

In this study it has been determined that it is up to the leader to promote stability within the organisation and to create a culture suitable to themselves and the organisation. This process involves a stable relationship that promotes a consistent mood and atmosphere, with well-communicated strategic intent, and support from top management within the family business. This is why planning is so vital for the succession process. It is difficult enough to change an organisation's culture, and it is therefore preferable to have the assistance of the founder to support the change and promote a suitable working relationship between the successor and the organisational members first. The interviewees suggested that an adjustment period occurred after the succession process in which the organisational members had to get comfortable with and accept the new leaders. Where change was expected, this process was easier and shorter.

The results suggest that the successor is slightly less formal when addressing the organisational hierarchy, although they are conducting business acceptable to global standards and competitiveness. This is indicated by the less centralised decision making processes present in the businesses, and the simultaneous improvement of standards of production through the upgrading of production lines and output processes.

4.2.3.2 Factor 2: Change since Succession

At the time of the succession, many if not all the changes that occur in the family business, contribute to some extent in the re-defining of the organisational culture. Changes in the organisations have ranged from technological advancement to dress sense. This is a potentially large issue, and is the focus of this research. In this section, the researcher will look briefly at the six dimensions of Harris (1998) to explain changes since the succession. As shown earlier (see pp. 38 to 39), Harris (1998) defines six dimensions that are essential for understanding culture, and these will be drawn on in relation to changes that occurred in the succession process. The logic used is that if any of these six dimensions changed in the succession process, then the culture of the organisation will have changed accordingly. Because it is the new leader who changes leadership style and practices (and the new leaders in the organisations studied accepted that this was the case), it is the successor who is responsible for the change in organisational culture.

The first of Harris's (1998) six dimensions is *Organisational rationale and identity* and it is clear from the results that this aspect has changed since the succession process, as indicated by the change in beliefs, attitudes, and boundaries (as discussed in section 4.2.2.2). These changes involved the attitudes of employees toward management when the successor took over the business. The results suggest that the successor was able to change fundamental structures in the organisation, such as the means of production through the implementation of new technologies, and shifting the balance of power in decentralisation processes. These factors all contribute to the *rationale and identity* of the organisation, and by altering them, the successor altered the understanding of the organisational culture.

Harris's second dimension refers to *Purpose and standards* of the family businesses. It is clear in this study that these have changed in the family business, in so far as the missions, objectives and goals of the organisation have been altered by the successor. These are indicated in section 4.2.2.4, where the strategic intent of the organisation has been altered to accommodate the leadership of the successor. In the study, the strategic objectives have been changed, as all of the interviewees suggested that they had implemented different policies and practices to stimulate growth in their business after the succession.

Harris's third dimension, the *look and style* of the organisation, has been altered in most of the family businesses because of the succession process, and is supported by the change in the mood and atmosphere of the organisation, changes in policies, work ethic, dress sense and actual changes in physical attributes within the organisation. Many of the family business had changed the layout of their premises for more efficient operation, and two interviewees stated that they had changed premises to expand their business.

The fourth dimension put forward by Harris, namely *Processes and activities*, refers to the practices and procedure of the family business, which has clearly changed through the succession process. Harris's fifth dimension, *Communication and information systems*, refers to the means in which the organisation communicates, and the implementation of new technologies. Communication processes have altered through the decentralisation of the organisational hierarchy, and the changes in technology.

Finally, Harris's sixth dimension, *Human relations*, has changed in the family businesses, and are indicated by the changes in attitudes towards work and the perception of management, as discussed in sections 4.2.2.5 and 4.2.2.6. These sections indicate that management is more tolerant towards their employees, and employees experience greater job satisfaction. For example, interviewees suggest that employees feel freer to discuss problems and issues with the successor than with the predecessor. However, these attitudes and perceptions are experienced only after the adjustment period.

In concluding, it is evident that all six dimensions put forward by Harris (1998) have been altered to some extent in the family businesses since their succession process, and this indicates that the organisational culture has largely been changed through the introduction of the successor and the new leadership style accompanying him/her in the business.

4.2.3.3 Factor 3: The Leaders Influence on the Working Environment

The relationship the leader has with the organisation has a significant impact on the working environment. The results suggest that if the relationships between the new leader and organisational members are good, then the working environment will be positive. As shown in Chapter 1, organisational culture provides stability through reducing collective uncertainties, creating social order, providing continuity, creating a collective identity, and ensuring a vision for the future, which together creates the essence of the working environment (Chell, 2001 and Brunåker, 1999). As discussed in section 4.2.2.3, the succession process gives rise to environmental uncertainty, and introduces a degree of cultural instability within the working environment of the family business. For example, the data indicates that the working environment was changed by the successor when he/she introduced new goals into the organisation, like changing the production process. The results suggest that the effect of these changes was an increase in tension. The organisational culture reflects the working environment, and when a successor is introduced, instability occurs in the organisational culture and results in environmental uncertainty, which the researcher suspects will result in the occurrence of the adjustment period previously mentioned (see p. 128).

The adjustment period therefore occurs because of cultural instability within the organisation at the time of the succession process. The succession process results in a cultural shift, and prompts an adjustment period in which the organisational members adapt to the new leader. As previously stated, it is in this period that tension and resentment of the successor may occur within the family business.

4.2.3.4 Factor 4: Strategic Objectives

As shown by Harris (1998), strategic intent plays a significant role in the development and understanding of the organisational culture. As discussed in section 4.2.2.4, the strategic intent and objectives of the family business do change after the succession process, and therefore influence the change process of the organisational culture. Interviewee 2 demonstrated a change in strategy in her family business when she introduced a new line of products that would complement the present line, with the strategic objective of expanding the business. In changing the strategy, the new product-line has proven very successful, and is now out-performing the original product line. To further expand on the point, the predecessor did not wish to expand the line in her tenure, which prevented the growth the business now experiences.

4.2.3.5 Factor 5: Attitude towards Work

Results gathered from Factor 5 indicate that attitudes within the organisation have changed since the succession process. This indicates that a change in behaviour has occurred within the family business, which Schein (1994) says is the effect of a change in the organisational culture. The change in behaviour is a two-phase process as indicated by the research. The first phase is the adjustment period, and the second phase is the acceptance period in which the new culture is internalised by the organisation. This notion reinforces the stance taken in the Literature chapter, and suggests that culture is socially constructed and can therefore be reconstructed (Alvesson, 1993).

4.2.3.6 Factor 6: Perception of Management

So far, the results indicate that the perception of management changes in the succession process of the family business. As Chell (2001) has argued, a new leader may be strong enough to change the cultural perspective of the organisation, but in the family business, the successor may be seen as the natural or obvious leader because he/she is related to the founder. However, because of the difference in leadership style, suggested by

Hoover and Hoover (1999), there is a change in the organisational culture as previously discussed. Therefore, the successor may be perceived as the suitable new leader, but because of their different leadership style, the organisational culture is indirectly affected. This suggests that the cultural change in turn influences the perception of the organisation negatively through the adjustment period, and until the organisation adapts to the cultural shift, it will not accept the successor as the new leader, and thereby may result in tension.

4.2.3.7 Factor 7: Implementation of Change

It is evident, that through the succession process and the introduction of a new leader into the family business, the organisational culture has changed. The implementation of change of the organisational culture is achieved by the successor introducing new practices, policies, and procedures into the organisation. According to Hatch (1993), by altering the artefacts of organisational climate (i.e. policies, practices and procedures), the value structure of the organisation is altered, and this in turn alters the underlying assumptions that determine the organisational culture. The implementation of change is not achieved by directly and intentionally altering the organisational culture, but through a process of indirectly altering the organisational climate and its artefacts (Schneider, Brief & Guzzo, 1996).

4.3 CONCLUSION OF DISCUSSION

In conclusion, the family business is a complex organisation, and the process of a succession contributes to its difficulties experienced. According to Deakins (1999), there is a strong bond displayed between the family leaders of the business and their organisation. Throughout the research, this bond has been evident, and has contributed to the success of all the family businesses that have taken part in this research. As Morris et al (1997) suggests, the family business is a personal affair, and therefore the decisions that are taken are personal for the family members. This is indicated in the research by the desire of family businesses to pass the business onto the next generation.

The personal closeness of the family business translates into strong values and beliefs, originally implemented by the founder (Burns, 2001). According to Handy (1996), it is the owner/manager of the small business who shapes the initial culture of the

organisation and because of the size of the business, the culture roots quickly. It is the founder's aspirations, personal goals, values and belief structures that shape and become reflections of the business's methods, structures and leadership style (Smith & Verchio, 1997). Therefore, it is the task of the founder to institutionalise a new leader into the business, the successor. As suggested in the research, the founder and successor need to collaborate on strategies for the succession process to be successful, and ensure that the culture of the business is strategically changed through positive reinforcement and open communication. The literature suggests that it is essential that the succession process be carefully planned for the development of the successor. However, the results suggest this is very rarely the case. Few family businesses prepare the successor for the task of governing and leading the organisation, and very often the successor is only exposed to lower level tasks within the business and not prepared for the role of leader at all (Neubauer & Lank, 1998, and Oliver, 1996).

Gersik, Davis, Hampton and Lansburg (1997) argue that the core values of the family business are passed on from one generation to the next, and therefore in the succession process there should be very little change in the governance and leadership of the business, which should provide a stable culture. The stance supported by Burns (2001) and Brunåker (1999) suggests that when a change in management occurs, there is a tendency that the core belief and value system remain the same because a family member has taken over the leadership role. This implies that the organisational culture remains the same when the succession process occurs. The results of this research suggest otherwise.

It is not necessarily the *core values* of the leader that determine the organisational culture, but it is the *leadership style* that leaves a distinctive imprint. Managerial desire is communicated to the organisational through the leadership style, and it is therefore through the leadership style that the values, norms and behavioural systems are established (Bryman, 1996). It is the opinion of the researcher that in the succession process the different leadership styles of the founder and successor dictate different organisational cultures. The research shows that because of the succession process and the introduction of a new leader, the organisational culture changes. The new leadership style of the successor alters and changes the organisational climate, symbols, and artefacts, which eventually alter and affect the organisational culture.

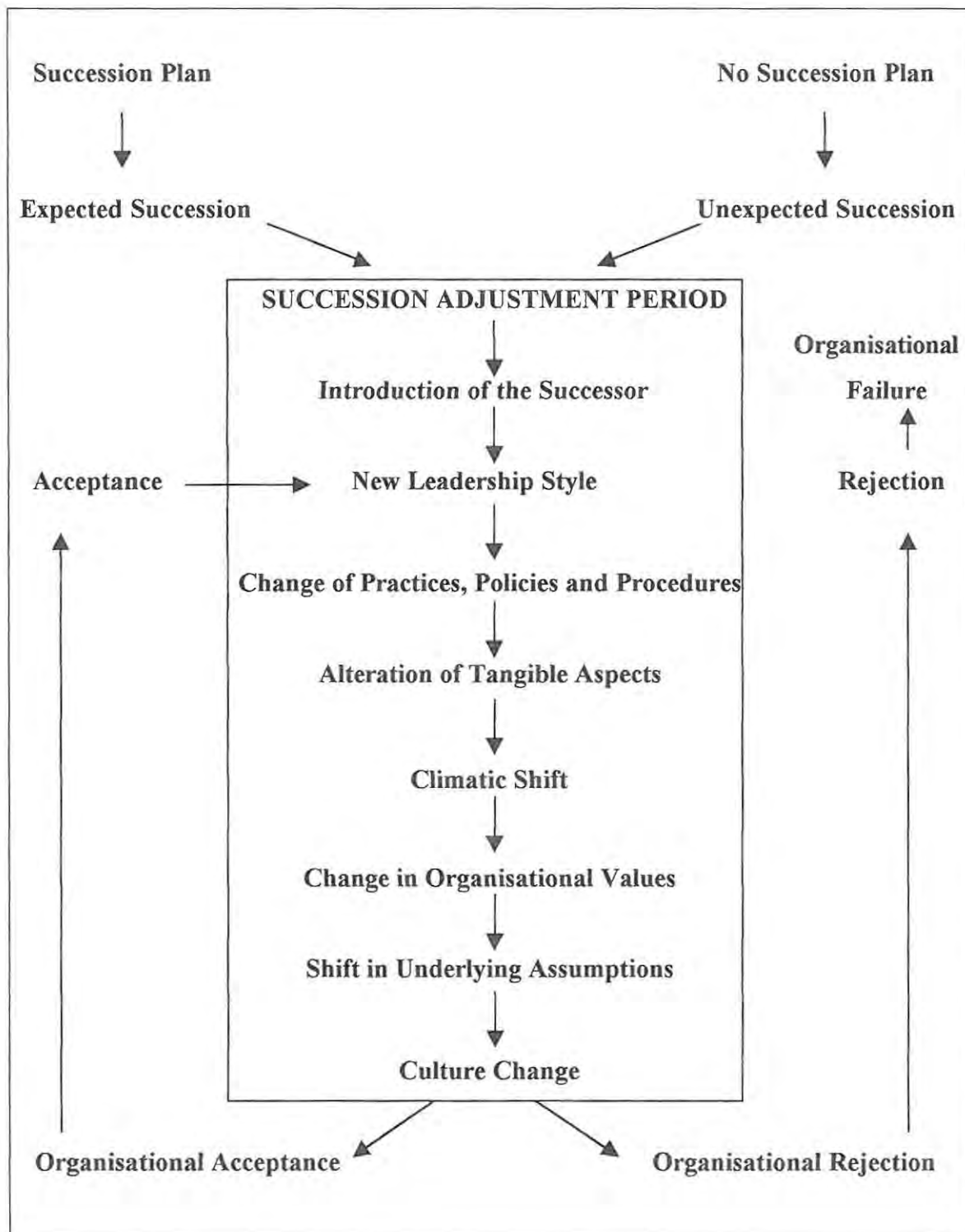
Organisational culture is subtle, and the beliefs, values and behavioural systems are not directly observable, but their tangible aspects are. As discussed, the culture is reflected in organisational systems, and therefore if the systems, policies, practices and procedures are altered they will in turn affect the subtle value, beliefs and behavioural systems of the organisation culture. In the Cultural Dynamics Model presented by Hatch (1993), symbols and artefacts are the tangible aspects within the organisation, and are equated to the practices, policies and procedures within the organisation. Therefore, if these are altered, they will change the values of the organisation through a realisation process, as described by Hatch (1993), and will thereafter change the underlying assumptions core to the organisational culture through a process of manifestation. It has been the aim of this research to examine these tangible aspects or artefacts, to observe whether they have changed. If the artefacts do change, the researcher assumes that a change in the organisational culture has occurred. The results reflected that the practices, policies and procedures of family businesses do in fact change when a succession process occurs, which indicate a change in organisational culture.

As shown earlier (see p. 25), less than one third of the family businesses that intend to pass their businesses onto the next generation (and this is 80% of all family businesses), actually succeed in this. The researcher suggests that the cultural shift resulting from a succession contributes to a portion of the failures in family business successions, and is therefore an important concept when considering the succession process. Family businesses are an important driving force in most of the substantial economies, and the results suggest that South Africa is no different. The failure rate of successions with family businesses is therefore an important phenomenon to understand and address. The aim of this research has been to explore one of the aspects that contribute to failure of family business successions, namely organisation culture, and has concluded that organisational cultures shift in the succession process. If the cultural shift is not addressed in the succession plan, the family business could face the possibility of the founding culture overriding the changing leadership style and result in the downfall of the business, with implications for the family and the national economy.

4.4 THE SUCCESSION MODEL

The Succession Model briefly encapsulates the succession process, and demonstrates the findings discussed in this research project. The model is as follows:

Fig 4.1 The Succession Model



The model suggests that unprepared and unexpected successions stand a greater risk of failing in the succession process through the rejection of the successor and his/her new leadership style, and if the culture of the organisation is not accounted for in the succession process, then the business runs the risk of inflicting serious harm to itself.

CHAPTER 5

CONCLUSION AND IMPLICATIONS

5.1 CONCLUSION

This study examined the succession process in family businesses to ascertain whether and how the organisational culture was affected by the process. The study also set out to determine whether the organisational members were affected by the succession, and how they generally responded to the change process. The study is important because of the large problem family businesses experience with the succession process. The family business is an important part of the economic sector, but it seems that two thirds of them only have a life span of 24-26 years or less. The reason for the short life span is the occurrence of the succession process. Therefore, it is in the interest of all concerned to try and extend that life span, and assist the family business to determine and overcome the difficulties that it may face in the succession process. It is the responsibility of the family business researcher to evaluate the succession process and determine aspects that result in, or contribute to, the high succession failure rate.

Little research has been conducted on the role played by organisational culture in the succession process, and it was the intent of this research to explore that horizon. This study is explorative, and did not intend to find cause and effect relations. Rather, it tried to determine whether culture played a significant role in the succession process. To this end, the research project involved a quantitative survey of a small sample of 22 family businesses that had been through a succession process, and six in-depth interviews were used to corroborate and elaborate on the survey.

The study revealed that the family businesses were generally not prepared for the succession process. A significant finding that arose from the results was that the family businesses have two types of successions, the *expected* succession and the *unexpected* succession. The *expected* succession is a process whereby at least the successor and the predecessor have knowledge of the impending succession process, and to an extent have prepared for the event. The *unexpected* succession occurs when the predecessor, for various reasons, can suddenly no longer continue in his or her role as the leader of the

business, and the successor has to quickly step in and assume leadership. The research indicates that the expected succession is more successful than the unexpected succession.

Family businesses are not in general prepared for the succession process, but where this was the case, two areas of preparation for the succession were identified. The first focused on the preparation of the business itself and the second on the preparation of the successor. The preparation of the successor may range from extensive training to the very basics of managing the family business. The preparation of the business for the succession varies from legalities and estate planning, to the preparation of the business members for the arrival of the successor. The researcher suggests that family businesses do not adequately focus on either the preparation of the successor or the business in the succession process, and if they do, the focus tends to fall on the successor and legal ramifications.

The study indicated that various changes occurred during and immediately after the succession process. These changes involved a shift in the organisational atmosphere through a change in behavioural patterns. The successor introduced new practices, policies and procedures to improve the efficiency of the business. In order to improve efficiency, the successor also introduced new product lines, improved old ones, and brought in new technologies to better equip the business for the forthcoming changes. However, one of the most significant changes that occurred after the succession process was the change in the leadership style, which was indicated through the change in employee/employer relationships.

The effects that these changes, resulting from the succession had, was an over all shift in the organisational culture. The arrival of a successor meant a change in the leadership style, which meant that the leader altered the policies, practices and procedures. Altering these tangible aspects suggests a shift in the organisational climate, and which in turn changes the organisational value structure. According to Hatch (1993), a shift in values means an alteration of the organisational culture. Environmental uncertainty then arises because of the turbulence experienced by the organisational members, at which point tension and resistance toward the new leader may occur. If the cultural shift along with the successor is not accepted, then the family business may face an uncertain

future. The researcher suggests, that if the business is informed and prepared for the change process, then the likelihood of survival of the business is greatly improved. This was demonstrated conclusively in this study.

A significant finding of the study, the researcher termed the adjustment period. The research indicates that directly after the succession a period of adjustment commences, in which the organisation becomes accustomed to the new leadership style and the cultural shift that accompanies it. The researcher suggests that in this period, tension and resentment toward the successor may occur, and at which point the family business could begin to decline. There is also a relationship between the adjustment period and the type of succession. If the succession is expected, then the adjustment period is shorter and experiences fewer difficulties. However, if the succession is unexpected, then the adjustment period is longer, and the business may experience more difficulties in regard to adaptation processes.

The significant results indicate that the findings in this research contribute to the understanding of the succession process in relation to organisational culture. It is evident that the succession significantly impacts on the organisational culture, through the process of altering tangible aspects within the business. Because some family businesses do reject the new organisational culture, there is a strong indication that the culture may be a contributor to the high failure rate of the succession process.

5.2 RESEARCH IMPLICATIONS AND LIMITATIONS

This research was very broad and therefore the researcher chose to do an explorative investigation into the cultural aspect of the succession process. The lessons that the researcher learnt were to use a simpler research methodology so that the research is tighter and more focussed. This study was a very general overview, which is good for initially exploring a research topic, but not sufficient to draw any strong, profound or significant conclusions.

The strengths of this study are that it makes use of a triangulation process, in which combining quantitative findings are explored in-depth with the aid of the qualitative results. In the researcher's opinion, this process was ideal for a broad exploration of the

research topic. However, the greatest weakness of this study is that a pilot study was not carried out on the survey questionnaire, but as stated, the study is explorative and was not intended to measure or draw causal relationships from the data. To counter this weakness, the interviews were conducted to validate the findings from the survey, which they duly did.

Organisational culture is a very broad topic and extremely difficult to assess and analyse, this may have resulted in the study being very general in the explanations put forward about the topic. However, the study was explorative in nature and could not focus on specifics within the organisational culture constructs, but it would have been gratifying to explore aspects of culture in more detail.

Another weakness in this study was the size of the used sample for the survey. However, to have obtained the appropriate number for a satisfying return rate, an excess of a thousand businesses would need to be sampled. In addition, the sample could have been distributed over a broader field, and not have been as focussed as it was in this study. This would have allowed the researcher to generalise the findings over a wider field, as opposed to focussing only on family business in the steel and engineering sector in the Gauteng area. For more general demographics regarding family businesses, the researcher suggests that further research be conducted in a broader field of businesses in the South African economic sector.

This study describes organisational culture in relation to the family business, and is supported to an extent by global trends that occur in this sector. The data is subjective because it follows an interpretative social science framework, and therefore depends on the perceptions of the researcher for interpretation.

The research area this study took place in is vast and largely unexplored in the South African context, and there are many opportunities for potential research and development regarding the family business.

Further recommendations for research and development in the family businesses include the following:

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- To define family businesses within the South African context. As it is, the definitions for family businesses are diverse and need to be focussed. The researcher found it difficult in this study to find a set definition, implications and structures that encompass a family business as a whole.
 - Further research could be conducted in regard to expected and unsuspected successions.
 - A more in-depth study could be conducted of the adjustment period experienced directly after the succession, and the implications thereof for the family business.
 - A study could be conducted on the development of an instrument to measure the succession process, which would be able to indicate areas that are unprepared and need attention.
 - The development of a workshop that demonstrates the processes needed for a succession strategy, and the design of an appropriate succession plan for the family business. Such a program could involve the preparation of the family business for the succession using the following processes:
 1. Administrative Planning: this process would involve the preparation of estate plans and legalities involved in handing the business over. It is essential that this process start early, to avoid any problematic technicalities that may arise.
 2. Organisational Preparation: this will involve preparing the organisational members for the succession process. They would be introduced to the successor and exposed to his/her leadership style with the support of the founder. This process would involve interactions between employees, management, the successor and predecessor. Consensus needs to be built between the predecessor and the successor to ensure that differences are resolved constructively, and defined long-term plans are implemented.
 3. Training the Successor: it is essential that the successor not only be exposed to the organisation, but also develops leadership skills within the business environment.
 4. Predecessor's Exiting Strategy: it is essential that the predecessor plan for his/her retirement. The predecessor needs to exit over a period of time to ensure a gradual shift between leadership styles, as well as to support the successor in the business. The predecessor also needs to plan for their future, and decide what they are going to do after they step down.

CHAPTER 6

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APPENDIX 1: SURVEY QUESTIONNAIRE

Survey Questionnaire: Organisational Culture and Family Business

Part 1

1. How many employees work in your business?
2. Do you consider your business to be a family business?
3. Has your business been through a succession process?
4. Do you plan to pass the business onto the next generation and keep the business in the family?
5. If you are considering a succession, have you started planning for the succession process?
6. Would you get professional assistance in planning for the succession process?
7. If your business has been through a succession process, how long ago did the change occur in years?
8. Are you satisfied with the service you receive from SEIFSA?

Part 2: If your business has not undergone a succession process, you need not answer part 2 of this questionnaire.

Section 1:

9. Your business strives for a predetermined goal.
10. Your business contributes to the sector in which it works.
11. Your business works together for a common goal.
12. Your business strives for excellence in the work place.
13. Your business knows what it is capable of achieving.
14. The overall mood in the business is conducive to a positive working environment.
15. There is tension within the business.
16. The business atmosphere is consistent over a period of time.
17. The mood and atmosphere of the business changed around the time of the succession.
18. There is some tension between the employees and employer.
19. You were trained for the position by the business before you took over the business.
20. Management and supervisors are approachable by employees.
21. Employees look upon management to set the standards of performance or goals for the business.

Section 2:

22. Employees do their jobs even when supervision is not available.
23. Changes in the business practices occurred around the same time as the succession process.
24. New technologies were introduced around the time of the succession.
25. Procedures in the business change around the time of the succession.
26. The business accepted the new leader in the succession process.
27. Only management makes decisions in the business.
28. Sometimes employees hide problems that occur in the business.
29. The business has become efficient and flexible since the succession.
30. The business has grown since the succession process.

Score Sheet

Click on a block to select the appropriate answer.

0-20 20-40 40-50 50 up

Yes No

Yes No

Yes No

Yes No

Yes No

0-5 5-10 10-15 15-20

Yes Moderately No

Strongly Disagree (SD) Disagree (D) Neutral (N) Agree (A) Strongly Agree (SA)

Section 1

SD D N A SA

SD D N A SA

SD D N A SA

SD D N A SA

SD D N A SA

SD D N A SA

SD D N A SA

SD D N A SA

SD D N A SA

SD D N A SA

SD D N A SA

SD D N A SA

SD D N A SA

SD D N A SA

SD D N A SA

Section 2

SD D N A SA

SD D N A SA

SD D N A SA

SD D N A SA

SD D N A SA

SD D N A SA

SD D N A SA

SD D N A SA

SD D N A SA

SD D N A SA

SD D N A SA

SD D N A SA

SD D N A SA

31. New policies and procedures have been introduced to increase the growth of the business.
32. Employees and employers communicate effectively.
33. The behaviour of the business has changed since the succession process.
34. The business underwent a technological change at the time of the succession.
35. The working environment in the business has improved since the succession.
36. Employees are more receptive to management since the succession.
37. Employers are satisfied with the way in which workers are working since the succession.
38. Employees prefer the old management to the new.

<input type="checkbox"/>	SD	<input type="checkbox"/>	D	<input type="checkbox"/>	N	<input type="checkbox"/>	A	<input type="checkbox"/>	SA
<input type="checkbox"/>	SD	<input type="checkbox"/>	D	<input type="checkbox"/>	N	<input type="checkbox"/>	A	<input type="checkbox"/>	SA
<input type="checkbox"/>	SD	<input type="checkbox"/>	D	<input type="checkbox"/>	N	<input type="checkbox"/>	A	<input type="checkbox"/>	SA
<input type="checkbox"/>	SD	<input type="checkbox"/>	D	<input type="checkbox"/>	N	<input type="checkbox"/>	A	<input type="checkbox"/>	SA
<input type="checkbox"/>	SD	<input type="checkbox"/>	D	<input type="checkbox"/>	N	<input type="checkbox"/>	A	<input type="checkbox"/>	SA
<input type="checkbox"/>	SD	<input type="checkbox"/>	D	<input type="checkbox"/>	N	<input type="checkbox"/>	A	<input type="checkbox"/>	SA
<input type="checkbox"/>	SD	<input type="checkbox"/>	D	<input type="checkbox"/>	N	<input type="checkbox"/>	A	<input type="checkbox"/>	SA
<input type="checkbox"/>	SD	<input type="checkbox"/>	D	<input type="checkbox"/>	N	<input type="checkbox"/>	A	<input type="checkbox"/>	SA

Section 3:

39. The business goals have changed since the succession.
40. The business has a mission it strives to achieve.
41. The employees know what the mission objectives are.
42. The business still follows the values set out by the founder of the business.
43. Some employees criticise the business and the people in it.
44. Employees show genuine concern for the problems that face the organisation and make suggestions about solving them.
45. Employees look upon the job as being merely eight hours and the major reward as the month-end paycheck.
46. Employees talk openly and freely about the business and its problems.
47. Some employees would confront the boss about a mistake or something in the boss's management style that is creating problems.
48. The leadership style has changed since the succession.
49. The business has adapted well to the new leadership style.
50. The organisation shows some hostilities towards the new leadership style.
51. The business has changed dress sense/style since the succession.
52. The business has changed in physical appearance since the succession.
53. Organisational policies and procedures have changed since the succession.
54. The business follows these policies and procedures without hesitation.
55. The employees tried to resist the change in management.
56. Supervisors and managers accept the new chain of command in the organisation.
57. The employees blame its leaders for any mishaps that may occur in the business.
58. The organisation accepts the new leader over the old leader.

Section 3

<input type="checkbox"/>	SD	<input type="checkbox"/>	D	<input type="checkbox"/>	N	<input type="checkbox"/>	A	<input type="checkbox"/>	SA
<input type="checkbox"/>	SD	<input type="checkbox"/>	D	<input type="checkbox"/>	N	<input type="checkbox"/>	A	<input type="checkbox"/>	SA
<input type="checkbox"/>	SD	<input type="checkbox"/>	D	<input type="checkbox"/>	N	<input type="checkbox"/>	A	<input type="checkbox"/>	SA
<input type="checkbox"/>	SD	<input type="checkbox"/>	D	<input type="checkbox"/>	N	<input type="checkbox"/>	A	<input type="checkbox"/>	SA
<input type="checkbox"/>	SD	<input type="checkbox"/>	D	<input type="checkbox"/>	N	<input type="checkbox"/>	A	<input type="checkbox"/>	SA
<input type="checkbox"/>	SD	<input type="checkbox"/>	D	<input type="checkbox"/>	N	<input type="checkbox"/>	A	<input type="checkbox"/>	SA
<input type="checkbox"/>	SD	<input type="checkbox"/>	D	<input type="checkbox"/>	N	<input type="checkbox"/>	A	<input type="checkbox"/>	SA
<input type="checkbox"/>	SD	<input type="checkbox"/>	D	<input type="checkbox"/>	N	<input type="checkbox"/>	A	<input type="checkbox"/>	SA
<input type="checkbox"/>	SD	<input type="checkbox"/>	D	<input type="checkbox"/>	N	<input type="checkbox"/>	A	<input type="checkbox"/>	SA
<input type="checkbox"/>	SD	<input type="checkbox"/>	D	<input type="checkbox"/>	N	<input type="checkbox"/>	A	<input type="checkbox"/>	SA
<input type="checkbox"/>	SD	<input type="checkbox"/>	D	<input type="checkbox"/>	N	<input type="checkbox"/>	A	<input type="checkbox"/>	SA
<input type="checkbox"/>	SD	<input type="checkbox"/>	D	<input type="checkbox"/>	N	<input type="checkbox"/>	A	<input type="checkbox"/>	SA
<input type="checkbox"/>	SD	<input type="checkbox"/>	D	<input type="checkbox"/>	N	<input type="checkbox"/>	A	<input type="checkbox"/>	SA
<input type="checkbox"/>	SD	<input type="checkbox"/>	D	<input type="checkbox"/>	N	<input type="checkbox"/>	A	<input type="checkbox"/>	SA
<input type="checkbox"/>	SD	<input type="checkbox"/>	D	<input type="checkbox"/>	N	<input type="checkbox"/>	A	<input type="checkbox"/>	SA

APPENDIX 2: e-MAIL COVER LETTER

Rhodes University
Department of Psychology

SEIFSA

To the Management of

My name is Dale Hynd, and I am conducting research for the fulfillment of a Masters Degree at Rhodes University. I am working in conjunction with SEIFSA on this research. The aims of this research are to establish the presence of family businesses in the steel and engineering sector, as well as the cultural impact of a succession process in family business.

Your participation in this survey questionnaire would be greatly appreciated. I am hoping to publish the results in the SEIFSA news magazine early next year, if you are interested in the results.

This is an electronic survey questionnaire, therefore you do not have to print it out and send it off to me. For this survey all you have to do is open the attachment, click on the appropriate answer, close and save, then forward the e-mail back to D.Hynd@ru.ac.za.

Some terms you might want to know about in the questionnaire:

- Family businesses are classified as businesses that have family members involved in its management structure, or where a founder has started a business and passed it onto another family member.
- The succession process or succession in the process of passing the ownership or management onto another family member, e.g. handing the business over from the father to the son.

In completing this questionnaire, you acknowledge the following and have therefore consented to the questionnaire:

1. The researcher is a student conducting the research as full requirements for a Masters Degree at Rhodes University.
2. The researcher is interested in the presence of family business in the steel and engineering sector and the shift in organisational culture after a succession process in family businesses.
3. My participation will involve my completing a minimum of 8 questions and a maximum of 58 questions.
4. I am free to withdraw from the study at any time – however I commit myself to full participation unless some unusual circumstances occur or I have concerns about my participation that I did not originally anticipate.
5. I will answer all the questions as honestly as possible as all the information is confidential and will not be traced back to the business under any circumstances.

If you have any further queries, please don't hesitate to contact me at D.Hynd@ru.ac.za, work (046) 603 8618 or cell 082 962 9075

Kind Regards
Dale Hynd
Rhodes University

APPENDIX 3: MAIL COVER LETTER



SEIFSA

Department of Psychology

To the Management Concerned,

My name is Dale Hynd, and I am conducting research for the fulfillment of a Masters Degree at Rhodes University. I am working in conjunction with SEIFSA on this research. The aims of this research are to establish the presence of family businesses in the steel and engineering sector, as well as the cultural impact of a succession process in family business.

Your participation in this survey questionnaire would be greatly appreciated. I am hoping to publish the results in the SEIFSA news magazine early next year. Even if your business is not a family business, please could you still answer the relevant questions and return the answered survey in the postage paid return envelope provided

Some terms relevant to the questionnaire are:

- **Family businesses** are classified as businesses that have family members involved in its management structure, or where a founder has started a business and has passed it onto another family member.
- The **succession process** or **succession** is the process of passing the ownership or management onto another family member, e.g. handing the business over from the father to the son.

In completing this questionnaire, you acknowledge the following and have therefore consented to the questionnaire:

6. The researcher is a student conducting the research as full requirements for a Masters Degree at Rhodes University.
7. The researcher is interested in the presence of family business in the steel and engineering sector and the shift in organisational culture after a succession process in family businesses.
8. My participation will involve my completing a minimum of 8 questions and a maximum of 58 questions.
9. I am free to withdraw from the study at any time – however I commit myself to full participation unless some unusual circumstances occur or I have concerns about my participation that I did not originally anticipate.
10. I will answer all the questions as honestly as possible as all the information is confidential and will not be traced back to the business under any circumstances.

If you have any further queries, please don't hesitate to contact me at dale.hynd@rhodes.ac.za, work (046) 603 8618 or cell 082 962 9075

Kind Regards
Dale Hynd
Rhodes University

APPENDIX 4: RESEARCH AGREEMENT

RHODES UNIVERSITY
DEPARTMENT OF PSYCHOLOGY
AGREEMENT
BETWEEN STUDENT RESEARCHER AND
RESEARCH PARTICIPANT

I (participant's name) _____ agree to participate in the research project of Dale Hynd on cultural change in family business after a succession process.

I understand that:

11. The researcher is a student conducting the research as full requirements for a masters degree at Rhodes University.
12. The researcher is interested in the shift in organisational culture after a succession process in family businesses.
13. My participation will involve my completing a tape-recorded interview that will take about 30-90 minutes.
14. I will be asked to answer questions of a personal nature, but I can choose not to answer any questions about aspects of my life that I am not willing to disclose.
15. I am invited to voice to the researcher any concerns I have about my participation in the study and to have these addressed to my satisfaction.
16. I am free to withdraw from the study at any time – however I commit myself to full participation unless some unusual circumstances occur or I have concerns about my participation that I did not originally anticipate.
17. The report on the project may contain information about my personal experiences, attitudes and behaviors, but the report will be designed in such a way that I will not be able to be identified by the general reader.

Signed on (Date) _____

Participant _____

Researcher _____

APPENDIX 5: DESCRIPTIVE DATA

	Valid N	Mean	Minimum	Maximum	Std.Dev.
No. of Employees	22	2.363636	1.000000	4.000000	1.328997
Family Business	22	1.000000	1.000000	1.000000	0.000000
Succession	22	1.000000	1.000000	1.000000	0.000000
Planning on Succession	22	1.500000	1.000000	2.000000	0.511766
Planning Process	20	1.650000	1.000000	2.000000	0.489360
Prof. Assistance for Succ	20	1.700000	1.000000	2.000000	0.470162
Time since Succession	20	2.200000	1.000000	4.000000	1.196486
9	22	4.105263	2.000000	5.000000	0.682763
10	22	4.526316	4.000000	5.000000	0.474936
11	22	4.105263	3.000000	5.000000	0.525061
12	22	4.578947	2.000000	5.000000	0.711523
13	22	4.105263	2.000000	5.000000	0.682763
14	22	3.894737	2.000000	5.000000	0.682763
15	22	3.157895	2.000000	5.000000	0.988657
16	22	3.947368	2.000000	5.000000	0.722013
17	22	3.000000	1.000000	5.000000	1.154701
18	22	3.210526	1.000000	5.000000	1.050122
19	22	2.833333	1.000000	5.000000	1.550729
20	22	4.315789	1.000000	5.000000	0.875738
21	22	4.263158	2.000000	5.000000	0.745916
22	22	3.450000	1.000000	5.000000	0.898411
23	22	3.050000	1.000000	5.000000	1.290072
24	22	3.250000	1.000000	5.000000	1.149534
25	22	3.750000	1.000000	5.000000	1.063462
26	22	4.200000	3.000000	5.000000	0.497613
27	22	2.350000	1.000000	5.000000	1.389587
28	22	2.100000	1.000000	5.000000	0.920662
29	22	3.850000	2.000000	5.000000	0.989228
30	22	3.950000	1.000000	5.000000	1.174126
31	22	3.894737	2.000000	5.000000	0.749269
32	22	4.000000	2.000000	5.000000	0.617213
33	22	3.550000	1.000000	5.000000	1.089998

	Valid N	Mean	Minimum	Maximum	Std.Dev.
34	22	2.894737	1.000000	4.000000	1.108183
35	22	3.500000	1.000000	5.000000	1.046536
36	22	3.300000	1.000000	5.000000	1.158817
37	22	3.750000	2.000000	5.000000	0.919368
38	22	3.600000	2.000000	5.000000	0.995227
39	22	3.333333	1.000000	5.000000	1.284832
40	22	4.200000	3.000000	5.000000	0.661888
41	22	3.650000	2.000000	5.000000	0.708788
42	22	4.000000	1.000000	5.000000	0.925820
43	22	2.952381	1.000000	5.000000	1.090050
44	22	3.428571	1.000000	5.000000	1.049781
45	22	2.857143	1.000000	5.000000	1.124858
46	22	2.947368	1.000000	4.000000	0.785201
47	22	3.428571	2.000000	5.000000	1.003396
48	22	4.050000	1.000000	5.000000	1.045398
49	22	4.142857	3.000000	5.000000	0.466569
50	22	3.809524	2.000000	5.000000	1.096273
51	22	2.857143	1.000000	5.000000	1.283066
52	22	3.571429	1.000000	5.000000	1.399708
53	22	3.761905	1.000000	5.000000	1.064794
54	22	3.952381	2.000000	5.000000	0.722179
55	22	3.857143	2.000000	5.000000	1.036740
56	22	3.952381	2.000000	5.000000	0.785353
57	22	3.142857	1.000000	5.000000	1.166424
58	22	4.000000	2.000000	5.000000	0.690066

APPENDIX 6: FAMILY BUSINESS CORRELATION MATRIX

Correlations: Family Businesses through a Succession Process
 Marked correlations are significant at $p < .01000$
 N=22 (Case wise deletion of missing data)

	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26
9	1.00	-0.01	0.24	0.18	0.08	0.12	-0.16	0.11	0.24	0.24	0.19	-0.29	-0.05	0.09	0.05	-0.16	-0.16	0.36
10	-0.01	1.00	0.37	0.17	0.14	0.15	0.35	-0.07	-0.09	0.09	-0.10	0.44	-0.22	-0.02	0.16	-0.19	-0.22	-0.02
11	0.24	0.37	1.00	0.23	0.10	0.16	0.43	0.26	0.16	0.40	-0.16	0.35	-0.06	0.02	0.14	0.11	0.13	0.11
12	0.18	0.17	0.23	1.00	0.47	0.60	0.29	0.33	-0.06	0.43	0.16	-0.11	-0.35	0.25	-0.26	-0.09	-0.32	0.23
13	0.08	0.14	0.10	0.47	1.00	0.63	0.26	0.59	0.12	0.24	0.55	-0.05	0.14	0.32	-0.32	0.14	-0.29	0.36
14	0.12	0.15	0.16	0.60	0.63	1.00	0.38	0.47	0.24	0.43	0.13	-0.35	-0.14	0.53	-0.32	-0.08	-0.23	0.06
15	-0.16	0.35	0.43	0.29	0.26	0.38	1.00	0.34	0.25	0.29	-0.27	0.39	-0.18	0.25	0.34	0.09	0.31	-0.06
16	0.11	-0.07	0.26	0.33	0.59	0.47	0.34	1.00	0.00	0.52	0.11	-0.20	0.47	0.47	-0.15	0.02	0.05	0.56
17	0.24	-0.09	0.16	-0.06	0.12	0.24	0.25	0.00	1.00	0.16	-0.13	-0.09	-0.06	0.41	0.32	-0.04	0.31	0.08
18	0.24	0.09	0.40	0.43	0.24	0.43	0.29	0.52	0.16	1.00	0.16	-0.01	-0.12	0.52	0.07	-0.13	-0.13	0.29
19	0.19	-0.10	-0.16	0.16	0.55	0.13	-0.27	0.11	-0.13	0.16	1.00	-0.01	0.15	0.18	-0.22	0.21	-0.35	0.22
20	-0.29	0.44	0.35	-0.11	-0.05	-0.35	0.39	-0.20	-0.09	-0.01	-0.01	1.00	-0.19	-0.21	0.30	0.19	-0.07	-0.14
21	-0.05	-0.22	-0.06	-0.35	0.14	-0.14	-0.18	0.47	-0.06	-0.12	0.15	-0.19	1.00	0.13	-0.10	-0.03	0.20	0.38
22	0.09	-0.02	0.02	0.25	0.32	0.53	0.25	0.47	0.41	0.52	0.18	-0.21	0.13	1.00	0.39	0.27	0.21	-0.09
23	0.05	0.16	0.14	-0.26	-0.32	-0.32	0.34	-0.15	0.32	0.07	-0.22	0.30	-0.10	0.39	1.00	0.38	0.63	-0.39
24	-0.16	-0.19	0.11	-0.09	0.14	-0.08	0.09	0.02	-0.04	-0.13	0.21	0.19	-0.03	0.27	0.38	1.00	0.36	-0.50
25	-0.16	-0.22	0.13	-0.32	-0.29	-0.23	0.31	0.05	0.31	-0.13	-0.35	-0.07	0.20	0.21	0.63	0.36	1.00	-0.27
26	0.36	-0.02	0.11	0.23	0.36	0.06	-0.06	0.56	0.08	0.29	0.22	-0.14	0.38	-0.09	-0.39	-0.50	-0.27	1.00
27	0.16	-0.16	0.14	-0.13	-0.49	0.14	-0.01	-0.07	0.36	0.24	-0.50	-0.29	-0.10	0.38	0.31	0.01	0.25	-0.30
28	0.21	0.32	0.47	0.42	0.29	0.47	0.51	0.29	0.27	0.62	-0.22	0.14	-0.45	0.41	0.28	0.16	-0.02	-0.15
29	0.38	0.31	0.41	0.43	0.38	0.39	0.32	0.52	0.33	0.63	0.07	0.12	-0.13	0.61	0.30	-0.01	-0.03	0.35
30	0.11	0.38	0.15	0.48	0.59	0.42	0.16	0.12	-0.00	0.22	0.42	0.12	-0.45	0.11	-0.16	0.33	-0.31	0.10
31	-0.09	-0.06	0.26	0.06	-0.27	-0.28	0.15	-0.08	0.06	0.03	-0.31	0.03	-0.32	-0.07	0.40	0.47	0.50	-0.20
32	0.34	0.00	0.29	0.11	0.23	0.23	0.16	0.75	-0.00	0.51	0.09	-0.26	0.62	0.43	0.06	-0.13	0.22	0.47
33	-0.01	-0.07	-0.01	-0.08	0.12	0.14	0.37	0.22	0.64	0.11	-0.10	-0.07	0.06	0.59	0.59	0.35	0.61	-0.02
34	0.13	-0.18	0.01	-0.24	-0.38	-0.25	-0.13	-0.42	0.26	-0.32	-0.31	-0.15	-0.29	-0.01	0.47	0.54	0.43	-0.48
35	-0.20	-0.65	-0.26	-0.27	-0.26	-0.40	0.03	0.16	0.20	-0.21	-0.17	-0.20	0.40	0.13	0.34	0.18	0.66	0.09
36	-0.21	-0.10	0.05	-0.25	-0.15	-0.22	0.51	0.18	0.36	0.01	-0.26	0.32	0.27	0.24	0.53	-0.05	0.60	0.07
37	0.27	0.29	0.45	0.28	0.27	0.19	0.41	0.34	0.09	0.40	0.10	0.33	0.23	0.25	0.21	-0.08	0.13	0.21
38	-0.28	-0.03	0.45	-0.19	-0.07	-0.07	0.12	0.17	-0.04	0.09	-0.19	0.32	0.22	-0.13	-0.17	-0.08	-0.09	0.06
39	0.13	-0.09	0.24	-0.23	-0.36	-0.24	0.34	-0.39	0.26	-0.08	-0.21	0.30	-0.53	-0.09	0.56	0.33	0.44	-0.48
40	0.23	0.45	0.49	0.46	0.27	0.47	0.33	0.32	-0.02	0.41	-0.26	-0.09	-0.47	-0.01	-0.15	-0.14	-0.20	0.17
41	0.22	0.07	0.20	0.01	-0.04	-0.15	-0.31	0.25	-0.19	0.09	-0.01	-0.28	0.28	-0.28	-0.36	-0.30	-0.23	0.58
42	0.14	0.38	0.28	0.68	0.67	0.61	0.20	0.43	0.00	0.38	0.33	-0.14	-0.09	0.26	-0.28	-0.10	-0.23	0.29
43	-0.06	0.28	0.50	0.06	-0.06	0.26	0.49	0.42	0.34	0.46	-0.48	0.20	0.06	0.31	0.14	-0.18	0.24	0.19
44	0.28	-0.16	0.11	-0.13	0.02	0.12	0.27	0.34	0.51	0.45	0.03	-0.11	0.25	0.63	0.51	0.08	0.26	0.13
45	0.32	-0.26	0.02	0.01	0.01	0.30	0.01	0.35	0.40	0.66	-0.04	-0.40	-0.03	0.58	0.20	0.03	0.21	0.05

	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26
46	-0.16	-0.32	0.13	-0.21	-0.17	0.26	0.13	0.25	0.32	0.13	-0.27	-0.33	0.26	0.57	0.24	0.33	0.50	-0.34
47	0.20	-0.03	0.09	0.01	-0.00	0.21	-0.12	-0.03	0.29	0.13	-0.19	-0.17	-0.23	-0.00	-0.16	-0.05	-0.35	0.11
48	-0.01	-0.39	-0.19	-0.07	-0.28	-0.06	0.08	-0.18	0.59	-0.10	-0.34	-0.29	-0.15	0.36	0.49	0.30	0.54	-0.31
49	0.40	0.09	0.33	0.04	0.40	0.05	-0.05	0.16	0.27	0.04	0.23	0.24	0.17	-0.15	-0.17	-0.07	-0.12	0.49
50	-0.16	0.19	0.61	-0.22	-0.10	-0.22	0.38	0.17	-0.08	0.12	-0.19	0.46	0.24	0.02	0.38	0.29	0.42	-0.21
51	0.28	0.12	0.29	-0.13	-0.10	-0.22	0.04	-0.05	0.06	0.50	0.26	0.44	-0.19	0.01	0.21	0.15	-0.10	0.04
52	0.18	-0.13	-0.02	-0.12	-0.22	-0.18	-0.41	-0.11	-0.12	0.30	0.13	-0.28	-0.20	0.02	0.09	0.27	0.00	-0.10
53	0.09	-0.08	0.29	-0.23	-0.23	-0.62	-0.24	-0.26	-0.12	-0.13	0.01	0.32	-0.12	-0.26	0.39	0.54	0.21	-0.20
54	-0.39	-0.14	0.13	-0.37	-0.48	-0.29	-0.07	-0.09	-0.06	-0.31	-0.51	-0.23	0.27	-0.15	0.15	0.11	0.56	-0.27
55	0.22	0.01	0.02	0.33	0.62	0.39	0.06	0.50	0.12	0.15	0.38	-0.28	0.40	0.18	-0.35	-0.27	-0.18	0.57
56	0.18	0.00	0.00	-0.17	0.18	0.09	-0.00	0.59	0.16	0.35	0.15	-0.14	0.65	0.34	-0.09	-0.32	-0.06	0.61
57	-0.31	0.13	0.23	0.31	0.23	0.37	0.37	0.57	0.07	0.30	-0.21	0.08	0.15	0.48	0.03	0.01	0.18	0.11
58	-0.21	0.21	0.25	-0.15	-0.01	-0.39	0.27	0.10	-0.12	0.25	0.09	0.76	-0.02	-0.03	0.32	0.23	-0.05	0.11

	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44
9	0.16	0.21	0.38	0.11	-0.09	0.34	-0.01	0.13	-0.20	-0.21	0.27	-0.28	0.13	0.23	0.22	0.14	-0.06	0.28
10	-0.16	0.32	0.31	0.38	-0.06	0.00	-0.07	-0.18	-0.65	-0.10	0.29	-0.03	-0.09	0.45	0.07	0.38	0.28	-0.16
11	0.14	0.47	0.41	0.15	0.26	0.29	-0.01	0.01	-0.26	0.05	0.45	0.45	0.24	0.49	0.20	0.28	0.50	0.11
12	-0.13	0.42	0.43	0.48	0.06	0.11	-0.08	-0.24	-0.27	-0.25	0.28	-0.19	-0.23	0.46	0.01	0.68	0.06	-0.13
13	-0.49	0.29	0.38	0.59	-0.27	0.23	0.12	-0.38	-0.26	-0.15	0.27	-0.07	-0.36	0.27	-0.04	0.67	-0.06	0.02
14	0.14	0.47	0.39	0.42	-0.28	0.23	0.14	-0.25	-0.40	-0.22	0.19	-0.07	-0.24	0.47	-0.15	0.61	0.26	0.12
15	-0.01	0.51	0.32	0.16	0.15	0.16	0.37	-0.13	0.03	0.51	0.41	0.12	0.34	0.33	-0.31	0.20	0.49	0.27
16	-0.07	0.29	0.52	0.12	-0.08	0.75	0.22	-0.42	0.16	0.18	0.34	0.17	-0.39	0.32	0.25	0.43	0.42	0.34
17	0.36	0.27	0.33	-0.00	0.06	-0.00	0.64	0.26	0.20	0.36	0.09	-0.04	0.26	-0.02	-0.19	0.00	0.34	0.51
18	0.24	0.62	0.63	0.22	0.03	0.51	0.11	-0.32	-0.21	0.01	0.40	0.09	-0.08	0.41	0.09	0.38	0.46	0.45
19	-0.50	-0.22	0.07	0.42	-0.31	0.09	-0.10	-0.31	-0.17	-0.26	0.10	-0.19	-0.21	-0.26	-0.01	0.33	-0.48	0.03
20	-0.29	0.14	0.12	0.12	0.03	-0.26	-0.07	-0.15	-0.20	0.32	0.33	0.32	0.30	-0.09	-0.28	-0.14	0.20	-0.11
21	-0.10	-0.45	-0.13	-0.45	-0.32	0.62	0.06	-0.29	0.40	0.27	0.23	0.22	-0.53	-0.47	0.28	-0.09	0.06	0.25
22	0.38	0.41	0.61	0.11	-0.07	0.43	0.59	-0.01	0.13	0.24	0.25	-0.13	-0.09	-0.01	-0.28	0.26	0.31	0.63
23	0.31	0.28	0.30	-0.16	0.40	0.06	0.59	0.47	0.34	0.53	0.21	-0.17	0.56	-0.15	-0.36	-0.28	0.14	0.51
24	0.01	0.16	-0.01	0.33	0.47	-0.13	0.35	0.54	0.18	-0.05	-0.08	-0.08	0.33	-0.14	-0.30	-0.10	-0.18	0.08
25	0.25	-0.02	-0.03	-0.31	0.50	0.22	0.61	0.43	0.66	0.60	0.13	-0.09	0.44	-0.20	-0.23	-0.23	0.24	0.26
26	-0.30	-0.15	0.35	0.10	-0.20	0.47	-0.02	-0.48	0.09	0.07	0.21	0.06	-0.48	0.17	0.58	0.29	0.19	0.13
27	1.00	0.27	0.07	-0.31	0.18	0.11	0.29	0.52	0.08	-0.00	-0.08	-0.01	0.20	0.07	-0.07	-0.24	0.45	0.40
28	0.27	1.00	0.59	0.36	0.23	0.17	0.19	0.11	-0.40	-0.07	0.37	-0.06	0.21	0.65	-0.22	0.39	0.43	0.21
29	0.07	0.59	1.00	0.36	-0.01	0.39	0.38	-0.18	-0.16	0.20	0.43	0.04	0.00	0.45	-0.02	0.37	0.43	0.42
30	-0.31	0.36	0.36	1.00	0.22	-0.20	0.17	0.07	-0.52	-0.48	-0.01	-0.34	-0.05	0.49	0.00	0.53	-0.08	-0.18
31	0.18	0.23	-0.01	0.22	1.00	-0.21	0.42	0.61	0.30	-0.08	-0.25	-0.23	0.33	0.23	0.07	0.01	0.06	0.06
32	0.11	0.17	0.39	-0.20	-0.21	1.00	0.07	-0.34	0.15	0.27	0.59	0.08	-0.30	0.12	0.33	0.25	0.42	0.37
33	0.29	0.19	0.38	0.17	0.42	0.07	1.00	0.39	0.44	0.40	0.04	-0.33	0.18	-0.10	-0.32	0.02	0.26	0.61
34	0.52	0.11	-0.18	0.07	0.61	-0.34	0.39	1.00	0.20	-0.16	-0.34	-0.33	0.50	0.01	-0.11	-0.32	-0.11	0.07
35	0.08	-0.40	-0.16	-0.52	0.30	0.15	0.44	0.20	1.00	0.63	-0.17	0.05	0.16	-0.49	0.01	-0.42	-0.02	0.35

	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44
36	-0.00	-0.07	0.20	-0.48	-0.08	0.27	0.40	-0.16	0.63	1.00	0.34	0.26	0.35	-0.31	-0.26	-0.32	0.39	0.38
37	-0.08	0.37	0.43	-0.01	-0.25	0.59	0.04	-0.34	-0.17	0.34	1.00	-0.05	-0.05	0.00	-0.26	0.35	0.37	0.10
38	-0.01	-0.06	0.04	-0.34	-0.23	0.08	-0.33	-0.33	0.05	0.26	-0.05	1.00	0.07	0.06	0.28	-0.29	0.29	0.05
39	0.20	0.21	0.00	-0.05	0.33	-0.30	0.18	0.50	0.16	0.35	-0.05	0.07	1.00	0.08	-0.32	-0.40	0.01	0.11
40	0.07	0.65	0.45	0.49	0.23	0.12	-0.10	0.01	-0.49	-0.31	0.00	0.06	0.08	1.00	0.35	0.47	0.36	-0.15
41	-0.07	-0.22	-0.02	0.00	0.07	0.33	-0.32	-0.11	0.01	-0.26	-0.26	0.28	-0.32	0.35	1.00	0.07	0.08	-0.07
42	-0.24	0.39	0.37	0.53	0.01	0.25	0.02	-0.32	-0.42	-0.32	0.35	-0.29	-0.40	0.47	0.07	1.00	0.14	-0.20
43	0.45	0.43	0.43	-0.08	0.06	0.42	0.26	-0.11	-0.02	0.39	0.37	0.29	0.01	0.36	0.08	0.14	1.00	0.18
44	0.40	0.21	0.42	-0.18	0.06	0.37	0.61	0.07	0.35	0.38	0.10	0.05	0.11	-0.15	-0.07	-0.20	0.18	1.00
45	0.55	0.52	0.37	-0.01	0.10	0.48	0.34	0.14	0.06	0.03	0.15	-0.22	0.07	0.20	-0.02	0.09	0.42	0.46
46	0.63	0.08	0.06	-0.31	0.08	0.29	0.37	0.27	0.38	0.28	-0.15	0.34	0.16	-0.07	-0.03	-0.26	0.39	0.43
47	0.44	0.21	0.11	0.26	0.19	-0.31	0.22	0.33	-0.25	-0.48	-0.40	-0.02	-0.11	0.29	0.17	-0.00	0.06	0.28
48	0.47	0.09	0.02	-0.15	0.50	-0.22	0.67	0.62	0.57	0.25	-0.32	-0.24	0.34	-0.18	-0.19	-0.24	0.00	0.42
49	-0.30	0.08	0.36	0.27	-0.24	0.17	0.03	-0.16	-0.24	0.01	0.53	0.02	-0.08	0.06	0.01	0.22	0.11	-0.12
50	-0.06	0.20	0.11	-0.26	0.10	0.35	-0.09	-0.08	0.10	0.45	0.39	0.60	0.35	0.07	0.08	-0.14	0.31	0.07
51	0.05	0.33	0.17	0.22	0.18	0.12	-0.01	-0.01	-0.27	-0.07	0.29	-0.08	0.23	0.01	-0.02	-0.00	0.23	0.19
52	0.22	0.14	-0.01	0.28	0.56	-0.06	0.11	0.37	-0.10	-0.55	-0.37	-0.28	0.00	0.16	0.28	-0.00	-0.20	0.16
53	-0.12	0.07	0.02	0.07	0.57	-0.22	0.01	0.47	0.13	-0.11	-0.10	0.11	0.37	-0.03	0.12	-0.24	-0.30	-0.04
54	0.33	-0.29	-0.40	-0.45	0.44	0.00	0.12	0.36	0.44	0.11	-0.36	0.27	0.07	-0.06	0.31	-0.21	0.12	-0.04
55	-0.45	-0.09	0.27	0.12	-0.44	0.45	-0.06	-0.54	0.02	0.09	0.24	0.12	-0.39	0.11	0.39	0.45	-0.09	0.06
56	-0.00	-0.13	0.31	-0.21	-0.40	0.69	0.11	-0.49	0.17	0.31	0.20	0.24	-0.41	-0.07	0.48	0.07	0.39	0.43
57	-0.00	0.25	0.51	0.01	0.08	0.26	0.31	-0.40	0.14	0.32	0.21	0.25	-0.29	0.16	-0.13	0.35	0.53	0.14
58	-0.27	0.14	0.29	0.12	0.11	0.00	0.03	-0.18	0.03	0.34	0.17	0.37	0.21	0.00	0.10	-0.15	0.19	0.13

	45	46	47	48	49	50	51	52	53	54	55	56	57	58
9	0.32	-0.16	0.20	-0.01	0.40	-0.16	0.28	0.18	0.09	-0.39	0.22	0.18	-0.31	-0.21
10	-0.26	-0.32	-0.03	-0.39	0.09	0.19	0.12	-0.13	-0.08	-0.14	0.01	0.00	0.13	0.21
11	0.02	0.13	0.09	-0.19	0.33	0.61	0.29	-0.02	0.29	0.13	0.02	0.00	0.23	0.25
12	0.01	-0.21	0.01	-0.07	0.04	-0.22	-0.13	-0.12	-0.23	-0.37	0.33	-0.17	0.31	-0.15
13	0.01	-0.17	-0.00	-0.28	0.40	-0.10	-0.10	-0.22	-0.23	-0.48	0.62	0.18	0.23	-0.01
14	0.30	0.26	0.21	-0.06	0.05	-0.22	-0.22	-0.18	-0.62	-0.29	0.39	0.09	0.37	-0.39
15	0.01	0.13	-0.12	0.08	-0.05	0.38	0.04	-0.41	-0.24	-0.07	0.06	-0.00	0.37	0.27
16	0.35	0.25	-0.03	-0.18	0.16	0.17	-0.05	-0.11	-0.26	-0.09	0.50	0.59	0.57	0.10
17	0.40	0.32	0.29	0.59	0.27	-0.08	0.06	-0.12	-0.12	-0.06	0.12	0.16	0.07	-0.12
18	0.66	0.13	0.13	-0.10	0.04	0.12	0.50	0.30	-0.13	-0.31	0.15	0.35	0.30	0.25
19	-0.04	-0.27	-0.19	-0.34	0.23	-0.19	0.26	0.13	0.01	-0.51	0.38	0.15	-0.21	0.09
20	-0.40	-0.33	-0.17	-0.29	0.24	0.46	0.44	-0.28	0.32	-0.23	-0.28	-0.14	0.08	0.76
21	-0.03	0.26	-0.23	-0.15	0.17	0.24	-0.19	-0.20	-0.12	0.27	0.40	0.65	0.15	-0.02
22	0.58	0.57	-0.00	0.36	-0.15	0.02	0.01	0.02	-0.26	-0.15	0.18	0.34	0.48	-0.03
23	0.20	0.24	-0.16	0.49	-0.17	0.38	0.21	0.09	0.39	0.15	-0.35	-0.09	0.03	0.32
24	0.03	0.33	-0.05	0.30	-0.07	0.29	0.15	0.27	0.54	0.11	-0.27	-0.32	0.01	0.23
25	0.21	0.50	-0.35	0.54	-0.12	0.42	-0.10	0.00	0.21	0.56	-0.18	-0.06	0.18	-0.05

	45	46	47	48	49	50	51	52	53	54	55	56	57	58
26	0.05	-0.34	0.11	-0.31	0.49	-0.21	0.04	-0.10	-0.20	-0.27	0.57	0.61	0.11	0.11
27	0.55	0.63	0.44	0.47	-0.30	-0.06	0.05	0.22	-0.12	0.33	-0.45	-0.00	-0.00	-0.27
28	0.52	0.08	0.21	0.09	0.08	0.20	0.33	0.14	0.07	-0.29	-0.09	-0.13	0.25	0.14
29	0.37	0.06	0.11	0.02	0.36	0.11	0.17	-0.01	0.02	-0.40	0.27	0.31	0.51	0.29
30	-0.01	-0.31	0.26	-0.15	0.27	-0.26	0.22	0.28	0.07	-0.45	0.12	-0.21	0.01	0.12
31	0.10	0.08	0.19	0.50	-0.24	0.10	0.18	0.56	0.57	0.44	-0.44	-0.40	0.08	0.11
32	0.48	0.29	-0.31	-0.22	0.17	0.35	0.12	-0.06	-0.22	0.00	0.45	0.69	0.26	0.00
33	0.34	0.37	0.22	0.67	0.03	-0.09	-0.01	0.11	0.01	0.12	-0.06	0.11	0.31	0.03
34	0.14	0.27	0.33	0.62	-0.16	-0.08	-0.01	0.37	0.47	0.36	-0.54	-0.49	-0.40	-0.18
35	0.06	0.38	-0.25	0.57	-0.24	0.10	-0.27	-0.10	0.13	0.44	0.02	0.17	0.14	0.03
36	0.03	0.28	-0.48	0.25	0.01	0.45	-0.07	-0.55	-0.11	0.11	0.09	0.31	0.32	0.34
37	0.15	-0.15	-0.40	-0.32	0.53	0.39	0.29	-0.37	-0.10	-0.36	0.24	0.20	0.21	0.17
38	-0.22	0.34	-0.02	-0.24	0.02	0.60	-0.08	-0.28	0.11	0.27	0.12	0.24	0.25	0.37
39	0.07	0.16	-0.11	0.34	-0.08	0.35	0.23	0.00	0.37	0.07	-0.39	-0.41	-0.29	0.21
40	0.20	-0.07	0.29	-0.18	0.06	0.07	0.01	0.16	-0.03	-0.06	0.11	-0.07	0.16	0.00
41	-0.02	-0.03	0.17	-0.19	0.01	0.08	-0.02	0.28	0.12	0.31	0.39	0.48	-0.13	0.10
42	0.09	-0.26	-0.00	-0.24	0.22	-0.14	-0.00	-0.00	-0.24	-0.21	0.45	0.07	0.35	-0.15
43	0.42	0.39	0.06	0.00	0.11	0.31	0.23	-0.20	-0.30	0.12	-0.09	0.39	0.53	0.19
44	0.46	0.43	0.28	0.42	-0.12	0.07	0.19	0.16	-0.04	-0.04	0.06	0.43	0.14	0.13
45	1.00	0.43	0.14	0.29	-0.05	-0.06	0.41	0.41	-0.15	-0.13	-0.06	0.32	0.09	-0.12
46	0.43	1.00	0.03	0.47	-0.37	0.32	-0.19	0.03	-0.12	0.50	-0.06	0.23	0.32	-0.18
47	0.14	0.03	1.00	0.25	0.07	-0.45	0.05	0.40	0.05	0.03	-0.17	-0.03	-0.09	-0.07
48	0.29	0.47	0.25	1.00	-0.31	-0.12	-0.17	0.21	0.18	0.38	-0.13	-0.11	0.08	-0.13
49	-0.05	-0.37	0.07	-0.31	1.00	0.05	0.19	-0.20	0.16	-0.40	0.34	0.15	-0.04	0.15
50	-0.06	0.32	-0.45	-0.12	0.05	1.00	0.18	-0.15	0.41	0.35	0.06	0.16	0.21	0.50
51	0.41	-0.19	0.05	-0.17	0.19	0.18	1.00	0.44	0.29	-0.37	-0.30	0.14	-0.18	0.48
52	0.41	0.03	0.40	0.21	-0.20	-0.15	0.44	1.00	0.47	0.17	-0.27	-0.06	-0.20	0.05
53	-0.15	-0.12	0.05	0.18	0.16	0.41	0.29	0.47	1.00	0.23	-0.25	-0.30	-0.20	0.45
54	-0.13	0.50	0.03	0.38	-0.40	0.35	-0.37	0.17	0.23	1.00	-0.14	-0.00	0.12	-0.10
55	-0.06	-0.06	-0.17	-0.13	0.34	0.06	-0.30	-0.27	-0.25	-0.14	1.00	0.58	0.17	0.00
56	0.32	0.23	-0.03	-0.11	0.15	0.16	0.14	-0.06	-0.30	-0.00	0.58	1.00	0.27	0.26
57	0.09	0.32	-0.09	0.08	-0.04	0.21	-0.18	-0.20	-0.20	0.12	0.17	0.27	1.00	0.12
58	-0.12	-0.18	-0.07	-0.13	0.15	0.50	0.48	0.05	0.45	-0.10	0.00	0.26	0.12	1.00

APPENDIX 7: FACTOR ANALYSIS

Family Businesses through a Succession Process

Factor Loadings: Varimax normalized
 Extraction: Principal factors (Centroid)
 Marked loadings: P > .500000

	Factor 1	Factor 2	Factor 3	Factor 4	Factor 5	Factor 6	Factor 7
9	0.129747	0.088355	-0.069435	0.071590	0.541933	-0.331228	0.029908
10	-0.111644	-0.252087	0.417178	0.354524	0.053247	-0.012578	-0.128836
11	0.141793	-0.044155	0.587510	0.415804	0.236126	0.238890	0.275693
12	0.033809	-0.045818	-0.099307	0.733730	-0.065939	-0.136095	-0.116599
13	0.324533	0.064622	-0.010643	0.615999	-0.212311	-0.524147	-0.053670
14	0.089630	0.178338	-0.255409	0.789941	0.023690	0.017870	-0.329458
15	-0.089415	0.376759	0.538671	0.435988	-0.199654	0.164515	-0.148676
16	0.734418	0.221146	0.099341	0.408497	-0.006344	0.046061	-0.051688
17	-0.014690	0.603404	0.001052	0.118750	0.184583	0.001484	0.015515
18	0.299787	0.201352	0.155141	0.438901	0.519822	0.048153	-0.132973
19	0.212609	-0.064165	-0.118307	0.013654	0.061905	-0.719188	-0.035264
20	-0.271192	-0.162411	0.784053	-0.013059	-0.109598	-0.114801	0.012279
21	0.714754	0.104350	0.010152	-0.379393	-0.203490	0.018073	-0.109023
22	0.189302	0.727040	-0.092683	0.315561	0.161284	-0.006237	-0.212417
23	-0.303385	0.658216	0.406416	-0.216040	0.140721	0.049924	0.157986
24	-0.215914	0.286953	0.109221	0.006409	-0.104229	-0.120528	0.523750
25	-0.055127	0.619830	0.233201	-0.269033	-0.184374	0.270130	0.271287
26	0.709971	-0.127949	-0.003274	0.122779	0.100053	-0.262156	-0.068752
27	-0.185729	0.362106	-0.221321	-0.031957	0.507484	0.621788	-0.037317
28	-0.191754	0.235677	0.274601	0.642555	0.421651	0.108306	0.038888
29	0.256137	0.382133	0.289399	0.541352	0.278737	-0.130928	-0.029743
30	-0.147194	-0.089364	-0.032103	0.641827	0.095047	-0.468742	0.296123
31	-0.223387	0.220794	0.034213	0.087322	-0.008478	0.209466	0.742734
32	0.699769	0.213686	0.209781	0.073922	0.241081	0.074915	-0.191738
33	-0.013435	0.865927	-0.011726	0.101860	-0.047372	-0.031983	0.221833
34	-0.510739	0.315542	-0.178558	-0.174191	0.194260	0.140950	0.577343
35	0.261539	0.524968	-0.080061	-0.509033	-0.363582	0.174019	0.190838
36	0.155218	0.579276	0.536772	-0.314274	-0.299364	0.131089	-0.281933
37	0.179401	0.138238	0.549445	0.228970	0.141447	-0.224908	-0.311714
38	0.293782	-0.207674	0.336236	-0.084489	-0.097416	0.402712	-0.051394
39	-0.517920	0.250412	0.371750	-0.190066	0.130867	0.081028	0.215071
40	0.009333	-0.194003	0.116120	0.693173	0.263734	0.209938	0.158500
41	0.620549	-0.427723	-0.100958	-0.041633	0.211651	0.205880	0.324556
42	0.200891	-0.086282	-0.045864	0.746496	-0.033059	-0.240377	-0.025174
43	0.213511	0.233345	0.398582	0.308803	0.243717	0.508639	-0.168612
44	0.263197	0.686696	-0.012013	-0.063899	0.347780	0.078516	-0.051153
45	0.136303	0.445783	-0.144833	0.122301	0.629623	0.134027	-0.084757

	Factor 1	Factor 2	Factor 3	Factor 4	Factor 5	Factor 6	Factor 7
46	0.131144	0.508705	-0.110093	-0.042701	0.028720	0.530938	0.056119
47	-0.075205	-0.024551	-0.354034	0.233309	0.365131	0.125601	0.236001
48	-0.205147	0.718672	-0.292008	-0.127912	-0.033732	0.211473	0.320498
49	0.251902	-0.094448	0.284790	0.096397	0.164122	-0.470241	0.047553
50	0.152119	0.048393	0.762926	-0.089593	-0.069260	0.298154	0.159095
51	-0.061223	-0.033635	0.368755	-0.069796	0.643938	-0.205636	0.088169
52	-0.043749	-0.062600	-0.312628	-0.037426	0.513513	0.025007	0.546130
53	-0.122047	-0.064890	0.287872	-0.231799	0.086280	-0.129107	0.774292
54	0.106758	0.044934	-0.086172	-0.257282	-0.289411	0.695144	0.438129
55	0.662595	0.010477	-0.052794	0.245061	-0.192714	-0.316693	-0.137737
56	0.832786	0.159380	0.086607	-0.122447	0.205516	0.033610	-0.251484
57	0.265738	0.269445	0.150057	0.431430	-0.272661	0.302872	-0.120010
58	0.101494	0.001277	0.626590	-0.074929	0.039554	-0.096977	0.161303
Expl.Var	5.506882	6.034632	4.767402	6.050352	3.577236	3.976724	3.600228

APPENDIX 8: INTERVIEW 2 TRANSCRIPT

Interview 2: Organisational Culture and Family Business

Part 1

Interviewee: It was my dad that started the business. It was very small, and it was regarded as a – well it was not even registered as a CC – and he was registered as a sole proprietor. Then my dad passed away and my mom got involved in the business. She developed whole new systems, and the business started growing. My mom, not being computer literate, comes from the older school, and everything was done manually. Ok, very effective very efficient, everything was controlled a 100%. There was a control for everything, and you could never have one stock item go missing, and you could never have one cent go missing, due to her controls being that good. Anyway, so my mom was involved in the business since April 96. Ok, at the end of May 98 is when my mom approached me, and said, look business is growing and she wants to start stepping down, and it is time I get involve. Which I did! I made the decision, and made the break, and now I run the business. Initially, just to get a feel for the business, I went along with the controls she had set up. So, I came from an environment where everything was just computerised, and put into an environment where everything was just manual. For about a year we went along, till my mom realised that we had to make changes. So, she was sort of holding the business back with her ways and methods. So, what has happened is, I have introduced different systems whereby everything is on computer, except daily counter business. That is because we have so many people there, and my mom still works there. If you give her a computer terminal to do an invoice on she will run away, which we can't have because we still need her in the business. But where the business has changed the most, as a result of the younger blood is, we have taken on a whole new sector of business. Where before we used to just do the gas, where we now have taken on welding consumables and equipment that my mom never wanted to do. She didn't want to get involved, she was happy with what she was doing and didn't want to get involved with the welding, and that kind of thing because it was too much for her. So, I said to her that this is the way we have to go, as that is the way the business is going. This is so that the people have one place to go to, and they don't have to walk into one place and get the gas here, and have to go to another and get the welding supplies there. They just want to walk into one place and get all the equipment they need there. She was very reluctant to change, but I eventually convinced her, and we made the change. That has been a major, major change in our business. I mean it is now a year and a half, and it is probably about 10% of our turnover now. Because we would have been predominantly gas, and we would have stayed there, but we went along with the equipment as well, more work came, which

meant another family member joined. Warren, who is one of the guys you met out there, became involved in the business. He predominantly controls the equipment, as it has just grown so much, and you have got to have a guy that controls that kind of thing. So, from a succession point of view he will probably be the next one in line. So ja, we also brought in Shaun who is also family, he is my cousin, so we are keeping it in the family. I've got to always look into the future, at the gas and equipment, which is why we brought Warren in. he is young and enthusiastic, and he really wants to go with the equipment even though he is in the gas.

So really the whole culture of the business has changed, where we used to be predominantly do gas supplies, to where we will probably in a few years time be predominantly welding supplies. It would never have happened if the change had not taken place. So it defiantly does, with culture, new leaders, new blood, the way different people have different outlooks, especially in generations. People stay with what they know, and are too scared to take risks, where the younger generation says what the hell, and take the risk.

1. Researcher: How many employees work in your business?

Interviewee: eight

2. Researcher: Do you consider your business to be a family business?

Interviewee: Yes

3. Researcher: Has your business been through a succession process?

Interviewee: Yes

4. Researcher: Do you plan to pass the business onto the next generation and keep the business in the family?

Interviewee: Yes, as long as we possibly can. As long as there are family members to pass the business on to. Yes defiantly.

5. Researcher: Would you get professional assistance in planning for the succession process?

Interviewee: I haven't actually thought about it, probably not, I mean I still have enough time to sort it out, so the answer would be no.

6. Researcher: If your business has been through a succession process, how long ago did the change occur in years?

Interviewee: Four years

Part 2: Section 1:

9. Your business strives for a predetermined goal.

Agree

10. Your business contributes to the sector in which it works.

Strongly Agree

11. Your business works together for a common goal.

Strongly Agree

12. Your business strives for excellence in the in the work place.

Strongly Agree

13. Your business knows what it is capable of achieving.

Agree

14. The overall mood in the business is conducive to a positive working environment.

Strongly Agree

15. There is tension within the business.

Strongly Disagree

16. The business atmosphere is consistent over a period of time.

Agree

17. **Researcher:** The mood and atmosphere of the business changed around the time of the succession.

Interviewee: it was over a period.

For me, coming from a professional environment and then stepping into a very casual environment. I found it very difficult to work under circumstances like that, as you come from an environment where you work strict hours, where you used to come into work at eight and leave at five. Where as, the environment here, you used to go home at four o'clock, and even two on Fridays. There are no set lunch hours, and if you want to go do something, you go. So yes, with the employees I probably set more stringent rules, where I said everybody has to work their hours for what they are paid for. I presume we changed from a very relaxed mood to a more professional atmosphere, and do the best we possibly can. It helps the customers that we were servicing. These would be the kind of mood changes that occurred. The mood is still relaxed, still enjoyable, not staunch, but we still a business and have more of a business atmosphere, than just an office you go to – so that defiantly changed.

18. There is some tension between the employees and employer.

Strongly Disagree

19. You were trained for the position by the business before you took over the business.

Strongly Disagree

20. Management and supervisors are approachable by employees.

Strongly Agree

21. **Researcher:** Employees look upon management to set the standards of performance or goals for the business.

Interviewee: that is a difficult one, because everything operated so well. They know what needs to be done, and they do it. They don't really look for standards, the standards are already there, and they know what they need to do to keep them.

Section 2:

22. Employees do their jobs even when supervision is not available.

Strongly Agree

23. Changes in the business practices occurred around the same time as the succession process.

Strongly Agree

24. New technologies were introduced around the time of the succession.

Strongly Agree

25. Procedures in the business change around the time of the succession.

Strongly Agree

26. **Researcher:** The business accepted the new leader in the succession process.

Interviewee: initially we had some problems with some employees. I was young, and they knew what they were doing, and they were very reluctant in the beginning to accept me as their new boss. But over a period of time they accepted me.

27. Only management makes decisions in the business.

Strongly Disagree

28. **Researcher:** Sometimes employees hide problems that occur in the business.

Interviewee: as far as I know.

29. The business has become efficient and flexible since the succession.

Strongly Agree

30. The business has grown since the succession process.

Strongly Agree

31. New policies and procedures have been introduced to increase the growth of the business.

Strongly Agree

32. Employees and employers communicate effectively.

Agree

33. The behaviour of the business has changed since the succession process.

Strongly Agree

34. The business underwent a technological change at the time of the succession.

Agree

35. **Researcher:** The working environment in the business has improved since the succession.

Interviewee: um, disagree; it has changed, not for the better or worse, it has just changed. Just remain neutral.

36. Employees are more receptive to management since the succession.

Neutral

37. Employers are satisfied with the way in which workers are working since the succession.

Strongly Agree

38. **Researcher:** Employees prefer the old management to the new.

Interviewee: with my mom still being here it is difficult to say.

Section 3:

39. The business goals have changed since the succession.

Strongly Agree

40. The business has a mission it strives to achieve.

Strongly Agree

41. **Researcher:** The employees know what the mission objectives are.

Interviewee: probably not they just do a days work.

42. The business still follows the values set out by the founder of the business.

Strongly Agree

43. Some employees criticise the business and the people in it.

Strongly Disagree

44. Employees show genuine concern for the problems that face the organisation and make suggestions about solving them.

Agree

45. Employees look upon the job as being merely eight hours and the major reward as the month-end paycheck.

Strongly Disagree

46. Employees talk openly and freely about the business and its problems.

Agree

47. Some employees would confront the boss about a mistake or something in the boss's management style that is creating problems.

Agree

48. The leadership style has changed since the succession.

Strongly Agree

49. The business has adapted well to the new leadership style.

Agree

50. The organisation shows some hostilities towards the new leadership style.

Strongly Disagree

51. **Researcher:** The business has changed dress sense/style since the succession.

Interviewee: Strongly Agree, when my mom was in the business, we used to have a guy Eddy who worked here, and he used to go to work casually in shorts and slops. You weren't really dealing with customers, you went in and dealt with people like scrap dealers who aren't worried about what you look like they have just come to collect their gas, and they are out of there. As we started to change we started to deal with a different calibre customer over the counter. We had a good cliental then but they were mainly on delivery, so they never saw you, and if they did they made appointments and of course you would be suitably attired. The business has changed in such a way that we have people coming in all the time. So when you are in an environment where you are dealing with customers like that all the time, you can't be in shorts, t-shirts and slops. I mean, there are days where we are still casual, but times have changed as well, people used to get dressed to go to work. Where now even in the corporate world people get dressed in jeans as well. It has changed, still casual, bust not as casual as it used to be. But that is not as a result of me, which is a result due to the way business is going.

52. **Researcher:** The business has changed in physical appearance since the succession.

Interviewee: well we have moved premises, we were in a small premise and now we are in a larger on, so Ja it has.

53. Organisational policies and procedures have changed since the succession.

Agree

54. The business follows these policies and procedures without hesitation.

Agree

55. **Researcher:** The employees tried to resist the change in management.

Interviewee: initially they did, yes.

Researcher: Supervisors and managers accept the new chain of command in the organisation.

Interviewee: The supervisors, who are Warren and Shaun, came after me so they were here after the change had occurred.

56. The employees blame its leaders for any mishaps that may occur in the business.

Strongly Disagree

57. **Researcher:** The organisation accepts the new leader over the old leader.

Interviewee: it has changed; my mom even says she would not even have liked to be in the position to make all the decisions. She is quite happy to just come in and help out. I wouldn't be able to do with out her, but she doesn't want to be in the position of making all the decisions. I'm the one who has to have sleepless nights now; she said that she has had her turn.

Natural Meaning Units

1. For me, coming from a professional environment and then stepping into a very casual environment. I found it very difficult to work under circumstances like that, as you come from an environment where you work strict hours, where you used to come into work at eight and leave at five. Where as, the environment here, you used to go home at four o'clock, and even two on Fridays.
2. There are no set lunch hours, and if you want to go do something, you go. So yes, with the employees I probably set more stringent rules, where I said everybody has to work their hours for what they are paid for.
3. I presume we changed from a very relaxed mood to a more professional atmosphere, and do the best we possibly can. It helps the customers that we were servicing. These would be the kind of mood changes that occurred.
4. The mood is still relaxed, still enjoyable, not staunch, but we still a business and have more of a business atmosphere, than just an office you go to – so that defiantly changed.

Central Theme

1. Successor's struggle to adjust to the new working environment.
2. Changing organisational rules and policies by successor.
3. Shift in organisational mood and atmosphere because of successor.
4. Change in mood and atmosphere.

Meaning Categorisation

1. Environmental change.
(Processes and activities)
2. Policies and procedures.
(Processes and activities)
3. Overall stability or variability of mood.
(Rational and identity)
4. Mood and atmosphere
(Rational and identity)

