Exploring strategic and succession planning in SMME family businesses in selected areas in South Africa

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DECLARATION

I, **Rorisang Seabelo**, hereby declare that this mini-dissertation, submitted in partial fulfilment of the requirements for the degree, Master of Business Administration at the faculty of Economics and Management Science at the Nort-West University, is my original work and has not been submitted to any institution of Higher Education. All the sources used in this study are cited and referenced in the reference list.

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DEDICATION

To my younger self, who dared to dream: It all works out. You face the challenges and overcome them. You put in the hard work, and you succeed. Keep pushing forward. It is all worth it in the end.

ACKNOWLEDGEMENTS

Firstly, I would like to thank God for bringing me so far. Your grace has brought me to this day, and I am faithful that it will continue to hold me going forward. Thank you for granting me the strength to continue even during difficult times. Your presence in my life is highlighted in Psalm 23:4, "Even though I walk through the darkest valley, I will fear no evil for you are with me; your rod and your staff, they comfort me."

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ABSTRACT

Research on family businesses remains limited compared to fields such as strategic management, human resources, and corporate development (Rovelli *et al.,* 2021:1). However, scholarly interest in family business research has surged, with academic journals increasingly focusing on family enterprise topics (Sharma, 2004:2). Most studies have examined issues such as conflict, succession, performance and governance (Pounder, 2015:116). Yet, a disconnect appears between family business practices and entrepreneurial norms (Aldrich & Cliff, 2003:74). This study explores family business characteristics, specifically management, ownership, strategic planning and succession planning, to investigate how family businesses differ from entrepreneurial norms.

Family businesses are vital in global and local economies, contributing between 70% and 90% of global GDP and employing a substantial workforce (Arzubiaga *et al.*, 2021:351). Despite this, continuity is a significant challenge; only a tiny fraction of family businesses endure beyond the second generation, underscoring the need for robust strategic and succession planning (Baron & Lachenauer, 2021). Existing research shows varied approaches to defining family business, but common principles include significant ownership and managerial influence by family members (Chrisman *et al.,* 2012:3).

This study examines strategic and succession planning in South African family-owned SMMEs, offering a review of the literature and focusing on motivations for the research. Through a qualitative approach, it seeks insights into how strategic planning can enhance effective succession planning in family enterprises. By studying the South African context, the research contributes to understanding the influence of strategic planning on the sustainability of family businesses.

Key terms

Family-owned business; SMMEs; Strategic planning; Succession planning; Management; Ownership; Management-succession; Ownership-succession

LIST OF ABBREVIATIONS

BBBEEE	Broad-Based Black Economic Empowerment
FOB	Family-owned Business
FBR	Family Business Review
GDP	Gross Domestic Product
JFBM	Journal of Family Business Management
JFBS	Journal of Family Business Strategy
JSE	Johannesburg Stock Exchange
NWU	North West University
PESTLE	Political, Economic, Social, Technological, Legal and Environmental
POPIA	Protection of Personal Information Act
SMMEs	Small, Medium and Micro Enterprises
VUCA	Volatility, Uncertainty, Complexity and Ambiguity

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CHAPTER 1 NATURE AND SCOPE OF STUDY

1.1 INTRODUCTION

Research into family business is relatively limited in comparison to other research topics such as strategic management, human resources and corporate development (Rovelli *et al.*, 2021:15). However, the interest in family business research has seen a sharp increase, with numerous academic journals showing increased interest in the topic of family business (Sharma, 2004:2). Most research into family business has been around conflict, succession, performance dimensions and governance (Pounder, 2015:116). Researchers argue that there is a fundamental disconnect between family business and entrepreneurial norms (Aldrich & Cliff, 2003:575). This questions fundamental entrepreneurial norms and how family businesses are disconnected from such norms. To understand this, we need to examine the nature of family business in terms of management, ownership, strategic planning and succession planning.

The importance of family business in the economy is due to its stimulant characteristic of addressing socio-economic dynamics such as economic growth and creating employment (Visser & Chiloane-Tsoka, 2014:430). Family businesses are estimated to contribute 70% to 90% of the global annual GDP, with a significant portion of the worldwide workforce employed by family-owned businesses (Arzubiaga *et al.*, 2021:351). The contribution is a clear indication that family-owned businesses have an impact on economies. However, it is crucial to investigate the length of time that these entities impact their communities. It is estimated that 30% of family businesses go past the second generation, 10-15% exceed the third generation, and only 3-5% go beyond fourth-generation family owners (Baron & Lachenauer, 2021). The lack of continuity indicates the need for more strategic and succession planning within family-owned enterprises. These family-owned entities must form strategic plans to succeed in the long term.

Family business researchers often find themselves at a crossroads regarding which theoretical approach to focus on to yield research results. Researchers have resorted to considering a continuum definition rather than a dichotomous approach to produce results in the research sector (Klein *et al.*, 2005: 321). The ownership of an entity plays a crucial role in defining and analysing family businesses. Even though there are contrasting ideas,

it can be determined that researchers agree on certain principles; there is a certain degree of ownership by the founding family and a certain degree of managerial influence by family members (Chrisman *et al.*, 2012:269).

This study explores strategic and succession planning in family-owned businesses. Below, the researcher discusses the history and background of family-owned businesses, with a specific focus on the study's development. Furthermore, the researcher offers motivations for conducting such a study.

1.2 BACKGROUND TO THE STUDY

The family business has played a crucial role in economies since ancient times, with Ancient Greek civilisations, the Roman Empire and the Middle Ages mainly being controlled by family-owned entities (Bird *et al.*, 2002:337). In South Africa, family business plays a crucial role in sustaining the economy, promoting entrepreneurship and creating employment (Venter & Farrington, 2009:132). From the information assessed by researchers, it is pretty straightforward to determine that family business plays a crucial role in the South African economy.

Family Business research is a discipline which has grown significantly (Venter & Farrington, 2009:133). Social scientists began showing an interest in family businesses during the 1970s, arguing that family businesses are the stepping stones towards advanced organisational structures (Colli, 2003:23). The main focus, during this time, by many schools of theory focused on entrepreneurial history related to the individual rather than the family business (Colli, 2003:23). A development in the science occurred when different scientists in the 1960s and 1970s started probing family business strategy and structure to gain a systematic understanding of the strengths and weaknesses associated with running such an entity (Colli, 2003:23). The development continued throughout the 80s and 90s, with a keen interest in continuity planning, structural issues and management succession planning.

In South Africa, there has been substantial interest in family business and the dynamics influencing family entities' success through different generations. Most of these studies have focused on critical components regarding the family business. One such research study was conducted by Van Der Merwe (2009:32), who assessed the vision generation

process of the family business to identify the items that influence the family vision generation process. In a later article, the researcher evaluated the determinants of successor development to gain insight into the dynamics involved in developing a successor in family businesses (Van Der Merwe, 2010:121). Other contributing researchers in the South African context include Farrington *et al.* (2010:34), who assessed the influence of certain relationships on the success of family businesses. Venter (2018:50) asserts that certain factors affect succession planning, including pride and dignity, retirement and gender. In addition, researchers have found that values play a crucial role in the longevity of a business, and understanding these values is essential for ensuring longevity (Kupangwa *et al.*, 2023:2).

Although there are studies of factors that influence family businesses, more attention should be paid to strategic planning and its influence on succession planning, especially in South Africa. Mazzola *et al.* (2008:239) conducted a study to address the issues related to the training of next-generation family members by including them in the planning process and management. Researchers assert that effective succession planning is quite complex in the family business and has an overarching effect on business continuity to the next generation (Mazzola *et al.*, 2008:239). In his research, the author aims to link the potential impact that strategic planning may have on succession planning (Mazolla *et al.*, 2008:240).

Considering the contribution of family businesses to the global economy and South African economy, a study needs to be conducted to explore the effects of using strategic planning to ensure effective succession planning. Such a study will provide a fundamental understanding of the factors in strategic planning that are considered adequate for succession planning, and those that are not.

This research explored strategic planning and succession planning in family SMME businesses in selected areas in South Africa. The study used a qualitative research method to gather insights from SMMEs in selected regions of South Africa. The researcher aimed to gain a deeper understanding of the role of strategic planning in effective succession planning in family-owned businesses.

1.3 DEFINITION OF TERMS

The following section explores some key terms used in the research study. The researcher will be utilising these terms throughout the study.

1.3.1 Family business

A family business is defined as an entity where a specific family holds the most shares (Grobler, 2022:5). However, no legal term describes family business (Lusnakova *et al.*, 2019:504). Researchers argue that a business has to be defined within four characteristics to ascertain whether it is a family business or something contrary to a family business (Lusnakova *et al.*, 2019:504). These elements include the ownership of the business, the succession plan of the business, the perception of stakeholders and the entity's management (Westhead *et al.*, 2002:248). Furthermore, researchers assert that family businesses are quite different to other firms in terms of objectives, ethical standards and corporate governance (Henssen, 2011:63). It is apparent from the various definitions that family business is characterised by two main themes: ownership (Henssen *et al.*, 2011:63) and management of an entity (Silva *et al.*, 2021:4). Family business has developed on a significant scale. However, the family business does not have a generic definition (Sharma, 2004:3).

1.3.2 Succession planning

Succession and management succession planning have a significant impact on the continuity of an entity from one generation to the next (Venter, 2007:43). Venter *et al.* (2003:4) outline succession planning as the process of preparing the next generation, which ensures harmony and continuity within the family business and continuity to the next generation. Alayo (2016:90) describes succession planning as transferring ownership and decision-making to the next generation in a family business. Succession planning is integral to organisational longevity and the ultimate success of a family business beyond the fourth generation. Researchers have used empirical methods to determine different factors that influence succession planning (Venter & Boshoff, 2005:43). Furthermore, scholars have found that successful succession is possible when the successor is competent, willing and able to add value to an entity (Van Der Merwe, 2011:40). Researchers found that successful succession planning considers the level of

education and training, work experience, external networks, managerial expertise, operational management and human relations (Van Der Merwe, 2011:40).

1.3.3 Strategic planning

Jaffe (2005:62) states that a family business needs to balance family dimensions with the needs of the business. He further suggests that adequate financial and strategic planning is essential for an organisation's future (Jaffe, 2005:52). To understand strategic planning within the context of a family business, it is essential to understand what strategic planning is. Strategic planning is formulating an organisation's plans, objectives and goals through data collection, analyses, conceptualisation, modelling and forecasting (Mazzola *et al.*, 2008:241). In earlier studies, Ward (1988:105) asserts that family concerns and preferences can influence business strategy and decisions, resulting in the strategy having limited aggressiveness (Ward,1988:105). The same author goes on to indicate the benefits of strategic planning, including the commitment of family members to the processes of a family business (Ward,1988:115).

1.3.4 Family business: a historical overview

Family businesses are among the most prominent contributors to wealth and employment in every country (Venter *et al.*, 2005:283). Some researchers argue that family businesses are one of the highest contributors to the economy (Venter & Farrington, 2009:133). To understand the research surrounding family business, it is vital to note the history of the research field. Family business as a research concept can be traced to the manufacturing sector during the 1870s in the United States (Colli, 2003:6). Many researchers argue that the concept was promulgated by the second Industrial Revolution, powered by technological innovation in transport and production processes (Colli, 2003:6). Classic researchers of the concept emerged in the 1980s, with a focus on family business succession planning (Venter & Farrington, 2009:135). The emphasis on succession created a gap in theoretical and analytical vigour (Venter & Farrington, 2003:135).

1.3.5 Family business: historical development

The development of the family business as an element of scholarly interest developed in the late 1980s and mid-1990s, with a rapid increase in academic interest and a widened

range of disciplines focusing on the concept (Venter & Farringnton, 2009:133). Up until 1996 the field remained dominated by research into succession. Since then, the range of studies into family business has improved, with various topics and researchers from different fields showing a keen interest in the field (Zahra & Sharma, 2004:331). During this time, research into the field developed more empirical studies, with significant development in formulating dependent and independent variables in different scholarly articles (Zahra & Sharma, 2004:332).

1.3.6 Family business: topic development

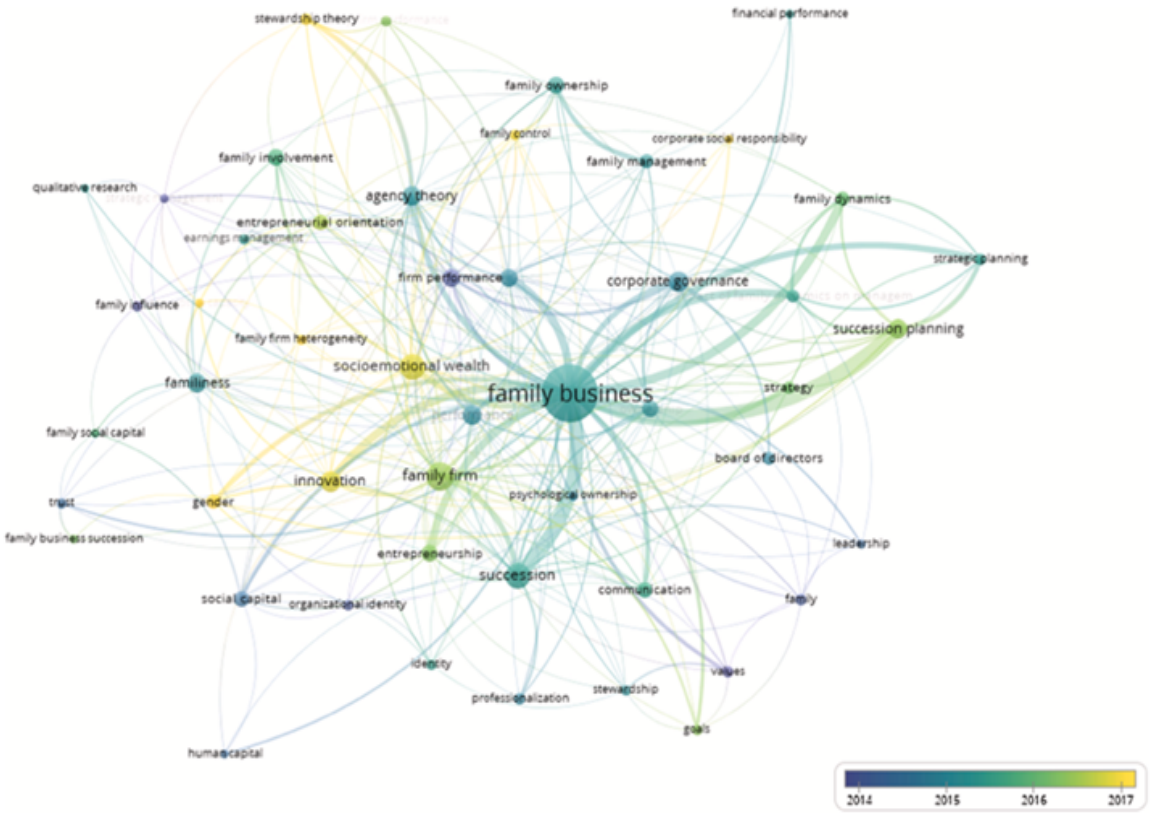
Family business as a research discipline has struggled to gain an identifiable, intellectually rigorous domain in academia (Bird *et al.*, 2002:338). The leading cause of this deficit is criticism of scholars' limited methodological application of family research (Bird *et al.*, 2002:338). However, this lack of empirical foundation has developed over the past two decades (Zahra & Sharma, 2004:332). The most prominent topic is leadership succession, with different scholars emphasising the challenges associated with efficient succession planning, given the importance of the subject (Zahra & Sharma, 2004:334). Additional topics which have been frequently researched include conflict (Gavrić, 2021:101), performance dimensions (Alves & Gama, 2020:167) and governance (Aronoff & Ward, 2016:5).

1.3.7 Family business research: current research

Recently, the field has grown in topics, with different scholars from different fields showing a keen interest in family business research, with particular interest in strategy and management (Rovelli, 2022:2). There has been a growing interest in family business research, with a catalyst in the form of academic journals. The Family Business Review (FBR) has been a clear source of family business research (Bird *et al.*, 2002:339). Additional academic forums in the form of educational conferences and other academic journals offer channels for information sharing on the discipline (Bird *et al.*, 2002:339). The increase in scholarly contributions demonstrates apparent growth in the field. Recent studies into family business have seen the emergence of new journals; these include the Journal of Family Business Strategy (JFBS), founded by Joseph Astrachan in 2010, and the Journal of Family Business Management (JFBM) founded by Lorna White and Nicholas O'Regan in 2011 (Rovelli *et al.*, 2022:1). This demonstrates a clear expansion

in the topics researched. Rovelli *et al.* (2022:12) demonstrate the expansion in topics in Figure 1.1.

Figure 1.1: Family Business Research Keywords



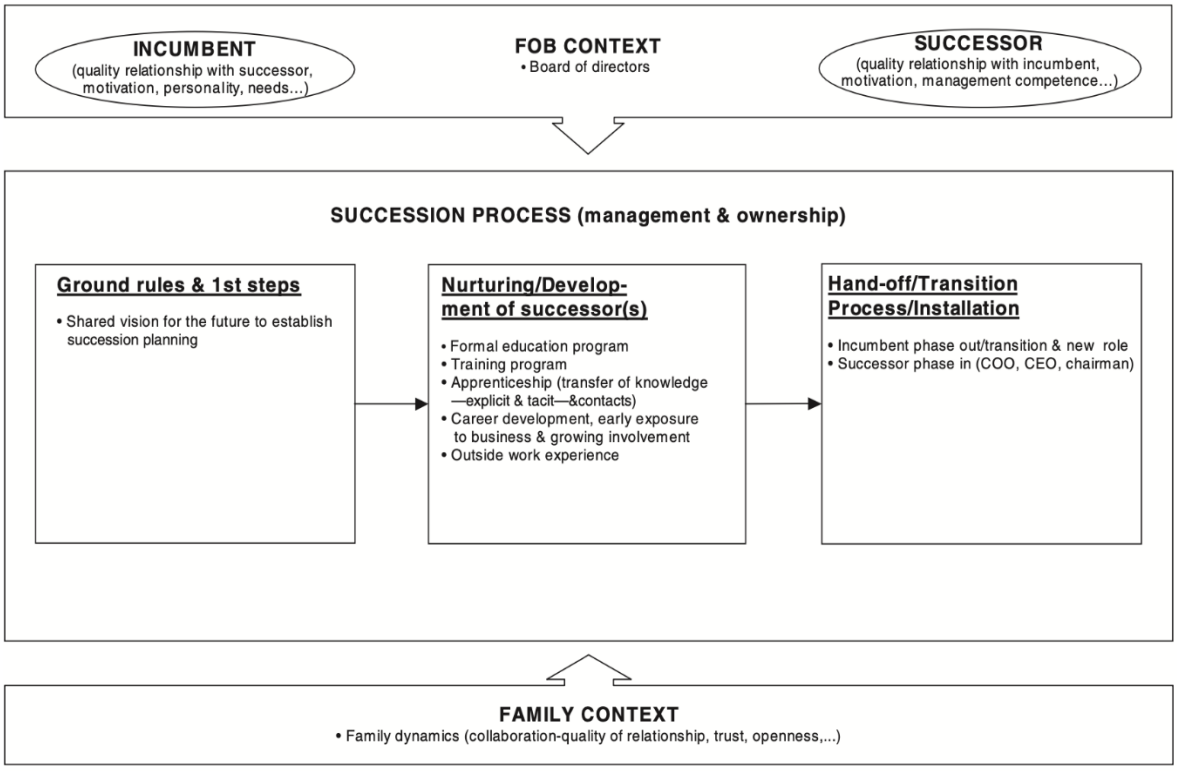
(Rovelli *et al.*, 2022:12)

1.3.8 Family business research: a South African perspective

Succession planning is a prominent research topic in the family business discipline. Venter *et al.* (2003:2) explore the influence of organisational factors on successful succession in family businesses. The researchers found that succession is a complex task, requiring honest and transparent communication among family members (Venter *et al.*, 2003:2). Furthermore, Van Der Merwe (2007:25) conducted a study on the determinants of family harmony in small and medium-sized family businesses in South Africa. The researcher conducted the research to gain insight into the dynamics of family relationships, with particular attention to the effects that communication and conflict play in family relationships and harmony. The researcher found that there is a relationship

between the independent constructs of Conflict Management and the dependent construct of the existence of family forums, which is an indication that harmonious family relationships are related to effective conflict management (Van Der Merwe, 2007:32). In a recent study, Gomba and Kele (2016:11) utilise the preliminary model for successful Family-owned Business (FOB) succession model (Le Breton-Miller *et al.*, 2004:312) to further examine the succession process in detail. The process is illustrated in Figure 1.2.

Figure 1.2 Preliminary Model for Successful Succession



Source: Le Breton-Miller *et al.* (2004:312)

1.3.9 Ownership

According to Cano-Rubio *et al.* (2017:135), a business is a family business when direct blood or marriage relatives own more than 50% of the entity. In support of this, Cano-Rubio *et al.* (2017:135) assert that non-family ownership of a family business does not exceed 49% of an entity. In contrast to these definitions of ownership, some researchers argue that family ownership only requires a minimum threshold of ownership necessary to classify an organisation as a family business (Henssen *et al.*, 2011:2). Chrisman *et al.* (2005:556) observed the difference between the different approaches used to describe

the ownership of the family business; they refer to these approaches as the components-of-involvement approach and the essence approach. The components approach is based on the idea that the mere involvement of family members in a business qualifies the entity as a family business (Chrisman *et al.*, 2005:556). At the same time, the essence approach asserts that family involvement must encourage activities which lead to achieving organisational objectives (Chrisman *et al.*, 2005:557).

1.4 PROBLEM STATEMENT

Family businesses account for the majority of business operations across the United States of America, Europe and Africa (Osunde, 2017:1). Researchers estimate that family businesses account for 70% of global GDP (Osunde, 2017:1). However, given the significant economic implications of family-owned entities, not enough research has been conducted on the influence of strategic and succession planning on the prosperity of family businesses. A closer look must be considered to fill a research gap in the family business field.

In South Africa, family-owned businesses are estimated to contribute to 80% of all enterprises. In addition to this, 60% of all listed companies on the Johannesburg Stock Exchange (JSE) are said to be family businesses (Visser & Chiloane-Tsoka, 2014:428). Family businesses play a primary role in economic and social well-being; this is why longevity, or lack thereof, presents a growing concern in capitalist societies (Venter *et al.,* 2005:283). Consequently, it is necessary to examine succession planning and strategic planning to gain insight into the attitudes embraced by family-owned businesses.

Succession planning is a crucial factor in ensuring longevity in family-owned businesses. However, this can be challenging in the context of family-owned businesses due to the family nature of the company, with determinants such as family power dynamics, sibling rivalry, family values, conflict, culture, lack of innovation, succession and willingness to change (Gomba & Kele, 2016:10). It is essential to explore these factors to gain a better understanding of these dynamics. This exploration should determine whether strategic planning can be used as a tool to circumvent the challenges created by these different factors.

Strategic planning means stating bottom-line objectives to develop a business strategy and increase profit (Ward, 1988:108). Strategic planning is necessary to ensure that the business achieves longevity of an entity. Family-owned businesses face challenges such as a lack of financial resources, family conflicts, and a conceptual framework for company assessment and planning for the future (Ward, 1988:107).

In this study, the researcher explores the effect of strategic planning on entity prosperity and succession planning in selected South African entities. The researcher aims to provide a broader understanding of strategic planning in family business and succession planning in family business within the South African context. This paper explores the role of strategic planning and succession planning in SMME family-owned businesses in selected areas in South Africa.

1.5 PRIMARY AND SECONDARY OBJECTIVES

1.5.1 Primary objectives

The primary objective of this study is to explore strategic and succession planning in SMME family businesses in selected areas in South Africa.

1.5.2 Secondary objectives

The following secondary objectives are formulated for the achievement of the primary objective:

- To undertake a theoretical investigation into family-owned businesses' strategic and succession planning
- To explore the nature of succession planning in family-owned businesses
- To explore strategic planning as a tool for successful strategic planning in selected South African areas
- To provide a fundamental understanding of strategic and succession planning in family-owned businesses and provide recommendations for future empirical research on the correlation of the two concepts.

1.6 RESEARCH QUESTIONS

What is the effect of strategic planning on succession planning in family-owned businesses?

1.7 SCOPE OF STUDY

In this section of the study, the researcher outlined the study field, the sector under investigation and its geographical demarcation.

1.7.1 Field of study

Family-owned businesses exist in the entrepreneurship field. This study focused on family-owned businesses, which form part of the entrepreneurship field of studies.

1.7.2 Sector under investigation

This study explored the SMME sector, with a focus on family-owned SMME businesses in South Africa. The SMME sector is crucial in both developed and underdeveloped countries. The industry plays a significant role in economic integration and assists in improving the unemployment rate (Rungani,2022:3). This study focused on family-owned businesses as part of the SMME sector.

The study explored strategic planning and succession planning in such sectors. SMMEs in South Africa are enterprises with a maximum of 200 employees and a maximum annual turnover of R25 Million (Chiloane-Tsoka & Boya, 2014:348). Table 1.1 illustrates the definition.

Table 1.1: SMME Classification

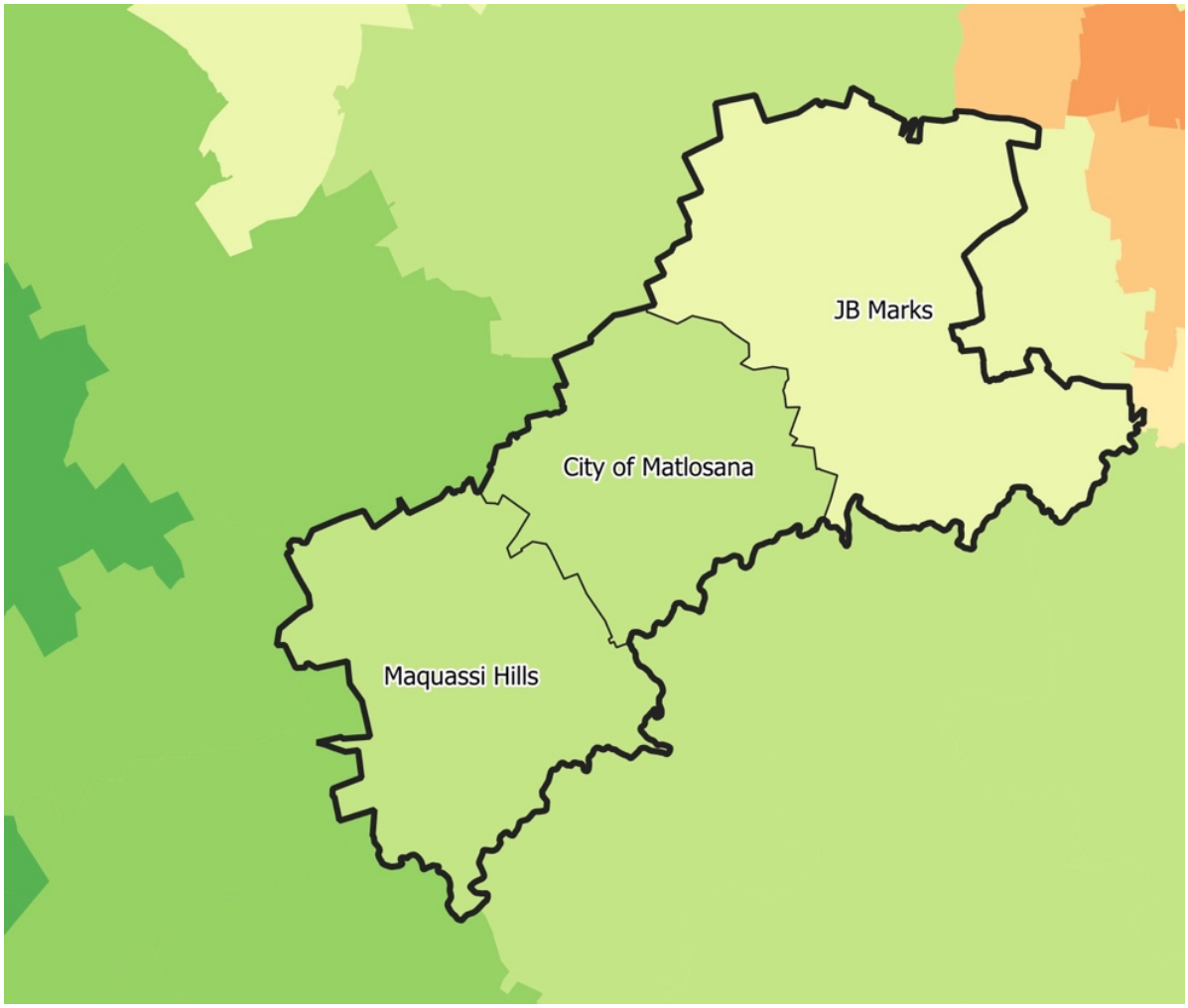
Size and/or class	Total full-time equivalent of paid employees	Total annual turnover	Total gross asset value
Medium	200	R25.00 million	R8.00 million
Small	50	R10.00 million	R3.00 million
Very small	10	R2.50 million	R0.70 million
Micro	Five	R0.50 million	R0.10 million

Source: Chiloane-Tsoka & Boya (2014:348)

1.7.3 Geographical demarcation

The areas targeted in this study were limited to the regions of North West Province and Gauteng Province. The study focused on family-owned SMMEs operating in selected areas in the North West Province and Gauteng Province. North West provides an excellent opportunity to explore family-owned SMMEs in various sectors, such as agriculture and mining. Gauteng is well known for being the economic hub of South Africa, offering an opportunity to explore different perspectives in different sectors. Figure 1.3 presents a map of the North West province, and Figure 1.4 displays a map of the various areas in Gauteng Province.

Figure 1.3: Map of Dr Kenneth Kaunda District, North West



Source: Let's Respond Toolkit (2023)

Figure 1.4: Map of Gauteng

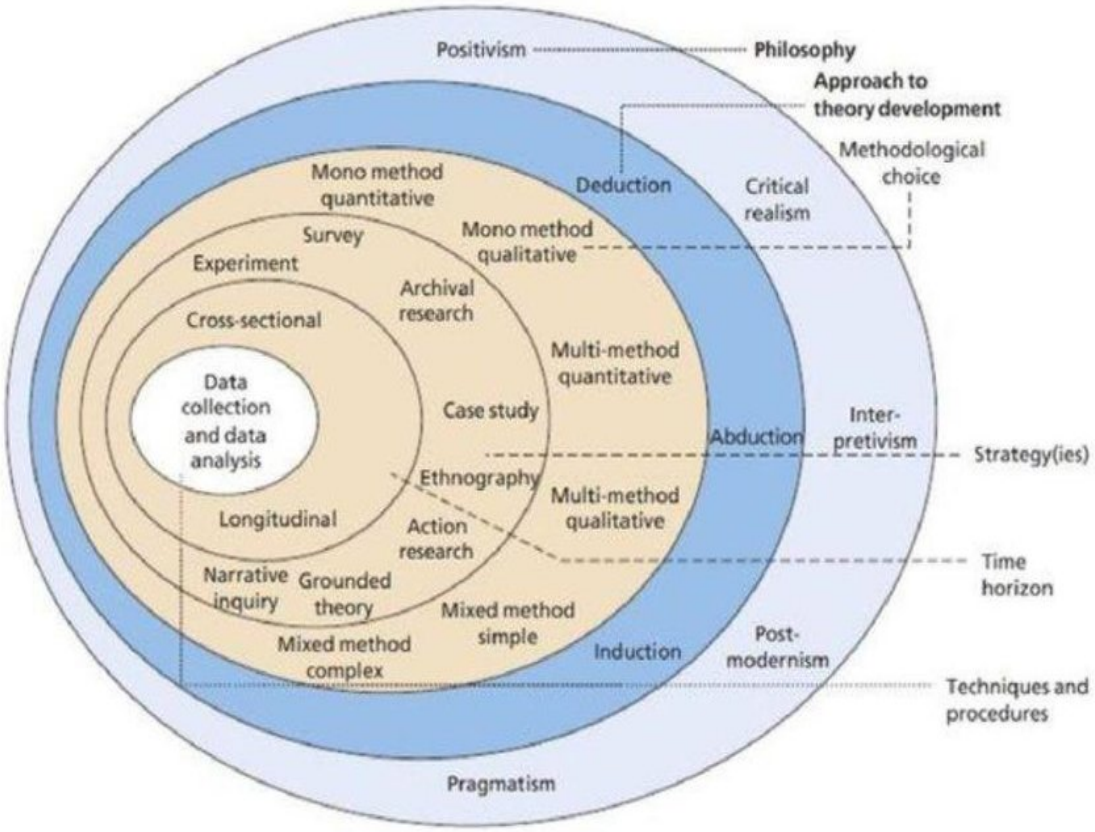
Source: Ohemeng & Ekolu (2020:5)

1.8 RESEARCH METHODOLOGY

Research is defined as the scientific and systematic inquiry aimed at obtaining information on a specified topic (Nayak & Singh, 2021:1). Research methods refer to the specific set of actions designed to acquire, generate and interpret data (Tripathy & Tripathy, 2015:6). The research onion (Figure 1.5) is a model that illustrates the main stages necessary to achieve a precise and effective research methodology (Melnikovas, 2018:33).

This research employed two fundamental methods. Firstly, a literature review provides the theoretical background on family-owned businesses and the various concepts associated with this business type. Secondly, the empirical study details the research paradigm, approach, methodological choices, strategy, and time horizon pertinent to the investigation.

Figure 1.5 Research Onion



Source: Saunders *et al.* (2019:130)

1.8.1 Literature review

An overview of scientific knowledge of social sciences is essential for good research (García-Peñalvo, 2022:2). Literature reviews present different benefits for scholarly articles, one of them being the exploration of existing knowledge in a specific field to attain a theoretical background of a study (Lim *et al.*, 2022:485). An added benefit is assisting readers in understanding key concepts in the study (Lim *et al*., 2022:485). A literature review provides an overview and assessment of previous research articles to motivate the study's objectives and justify the research question (Snyder, 2019:334). A literature

review often requires that the information is accurate, precise and trustworthy (Snyder, 2019:334).

The literature review in this study provided an overview of the family business, ownership of the family business, management dimensions of the family business, succession planning and strategic planning in the family business. The researcher also provided insight into family-owned business research history, intending to give a clear timeline and scope of research contributions. The researcher used various sources to obtain knowledge and understanding of the field:

- Peer-reviewed journals
- Publications
- Online sources
- Internet articles
- Peer-reviewed article
- Dissertations and theses
- Academic textbooks.

1.8.2 Empirical study

This study employed a qualitative research approach to collect data to obtain in-depth insights during discussions. The researcher aimed to identify recurring themes and thus utilised thematic analysis to interpret the interview data. This section delineates the methodology employed to gather data and information from participants. It commences with an explanation of the research paradigm, followed by a description of the research approach. The researcher further elaborated on the research strategy, concluding with an overview of the time horizon adopted for the study.

1.8.3 Research paradigm

According to researchers, a research paradigm is the set of beliefs used by scientists to view the world and conduct research (Rahi, 2017:1). Therefore, a research paradigm guides our assumptions and underlines how research is conducted (Rahi, 2017:1). Kivunja and Kuyini (2017:26) assert that research should adhere to the assumptions, beliefs, norms and values of a chosen paradigm. It is, therefore, essential that researchers understand the epistemology and ontology of their chosen paradigm. In this

study, an interpretivism paradigm was adopted, where researchers believe that proper knowledge is obtained through a thorough interpretation of reality (Rahi, 2017:1). Additionally, the study utilised the inductive approach as the researcher aimed to induce a particular pattern by observing and developing theory (Rahi, 2017:2).

Table 1.2: Research Paradigm

Research Paradigm	
Ontology	Interpretivism
Epistemology	Inductive

Source: Researcher

1.8.4 Research approach

Researchers understand that they cannot research everything at the same time. Therefore, researchers find a gap in knowledge by reviewing existing literature in the field of study (Flick, 2013:112). Qualitative researchers often use two approaches when conducting research, namely, deductive and inductive research approaches. The inductive research approach explores the why, what and how questions (Tuffour, 2017:1). Inductive research can be defined as a qualitative research approach which requires that researchers make observations, identify a pattern, and draw conclusions based on the pattern (Business Research Methodology, 2023). For this study, the researcher collected data from participants in the North West and Gauteng provinces. From that data, the researcher made observations and identified patterns within the collated information. Finally, the researcher concluded and added to the existing literature on strategic and succession planning in SMME family businesses in selected areas in South Africa.

1.8.5 Methodological choice

The research methodology used in this research is the qualitative research methodology. The nature of qualitative research is inductive and does not require statistical analysis or empirical calculation (Hussain, 2022:2). The qualitative research methodology focuses on obtaining words and feelings, as opposed to quantitative research, which is focused on numbers and the nature of the relationship of the numbers. Therefore, this study utilised the qualitative methodology as it will allow them to collect non-numerical data and

interpret the meaning of the data to form information regarding the research objectives. This methodology will enable the researcher to interpret the meaning of the data and understand the impact of social study through targeted populations and places (Hussain, 2022:2).

1.8.6 Research strategy

A research strategy is necessary for guiding researchers in achieving their research objectives and answering their research questions (Saunders *et al.*, 2019:179). The research paradigm, design, methods, time horizons and sampling strategy guide the researcher. Doyle *et al.* (2020:444) characterise the qualitative descriptive research approach as flexible, simple and efficient. For these reasons, the study used a qualitative descriptive research approach through semi-structured interview questions to achieve the objectives.

1.8.7 Time horizon

Time horizon refers to the time a researcher estimates the study will take. Estimating the correct timeline is imperative as additional considerations must be made. One such consideration is the allocation of resources. Resources should be allocated in such a manner which allows the researcher to complete the study without overburdening themselves. Researchers identified different types of time horizons, including longitudinal and cross-sectional time horizons.

The longitudinal time horizon is a study which studies the population at various points in time to answer a research question (Saunders *et al.,* 2012:190). Longitudinal research presents the advantage of learning change and development (Saunders *et al.*, 2012:190).

In contrast, a cross-sectional study gathers information over a selected period to answer a research question (Saunders *et al.*, 2014:106). It aims to study a particular phenomenon at a specific time (Saunders *et al.*, 2012:190). This cross-sectional study collected data over a single selected period and extracted information from one data set. It was also in the interest of time and limited resources available for the study.

1.8.8 Study population and sampling

A population is the entire target group to which conclusions will be attributed (Banerjee & Chaudhury, 2010:60). When selecting the population of a research study, the research objectives, questions and the purpose of an analysis must be considered to define the population adequately (Banerjee, 2010:60). It is, therefore, apparent that the population needs to be represented correctly to determine which characteristics qualify participants and which possible participants should be disqualified from the study (Banerjee & Chaudhury, 2010:61).

The research utilised individuals from family-owned businesses in the North West and Gauteng Provinces. The sample required that the researcher had access to the sample and could source responses from the sample. The researcher used Snowball sampling (Saunders *et al.*, 2012:289). The Snowball sampling method is where participants volunteer to be part of the study rather than being chosen (Saunders *et al.*, 2012:289).

Considering the vast number of characteristics which can be attributed to participants, it is crucial to determine the sample size of the population. A sample size is defined as a representative of a segment of the population (Kadam & Bhalerao, 2010:55). To determine the inclusion and exclusion criteria of the study, characteristics of the target population, which may include demographics and geographical factors, need to be considered (Patino & Ferreira, 2018:84). For this study, the inclusion and exclusion criteria are outlined below:

Inclusion criteria

- Businesses owned by families
- Family does not wholly own businesses, but family units have at least 50% ownership.
- Businesses in which family members have decision-making powers
- Businesses which have family-member management
- Businesses which generate an income within the SMME threshold
- Businesses which have a maximum of two hundred employees

- Businesses within the Dr Kenneth Kaunda District Municipality and the City of Johannesburg Metropolitan University.

Exclusion criteria

- Businesses which are not owned by family units
- Businesses which are not classified as SMME enterprises
- Businesses which generate no income.

The researcher created a freestanding sample frame using various physical and online networks to determine the sample frame. Technology allowed the researcher to reach various research participants and ensure that the data collected were random, alluding to the probability sampling technique.

1.8.9 Sample size

Sampling is selecting a population representation from which conclusions would like to be drawn (Saunders *et al.*, 2019:293). Sampling is done due to the deterrents of gathering data from the entire population. Researchers argue that sampling from a population is much more practical, not only in the interest of data processing but also in the use of resources such as finances (Turner, 2020:2). Guest *et al.* (2020:1) investigated the concept of data saturation, a concept defined as a point where new data generation leads to no new information which would allow researchers to gain additional insight into research questions. It raises the question of whether an unlimited amount of data contributes to addressing the objectives of a study. Proponents of data saturation argue that researchers should follow three basic constructs to optimise data saturation, namely base size, run length and new information threshold (Guest *et al.*, 2020:5).

The researcher believes that information saturation provided a more accurate data set to address the research objectives. Data saturation is a technique where researchers continue to collect qualitative data until the data suggest no new information or themes (Saunders *et al.*, 2012:283). The study, therefore, utilised non-probability sampling to collect data. The data were sourced from different family businesses through one-on-one interviews. The researcher utilised non-probability sampling. The researcher interviewed 8 participants until saturation and information power were reached.

1.8.10 Sampling technique

Sampling is defined as the process where the researcher selects a set number of individuals from a larger population using probability and non-probability methods (Mashwi & Sakyi, 2020:180). Cooper and Schindler (2014:338) define sampling as the selection of elements of the population, which allows the researcher to draw conclusions about the entire population. Probability sampling is a technique in which all members of a population sample have an equal opportunity to form part of a particular study (Stratton, 2021:373). Non-probability sampling is a sampling technique that does not allow each population member to participate in the study, where the researcher selects the sample, is referred to participants or allows the participants to volunteer (Stratton, 2021:373). The nature of the non-probability sampling is random and subjective, removing all the technical constraints associated with probability sampling. Due to the limitations of the study, and the subective nature of the research, the researcher selected non-probability sampling.

1.8.11 Sampling process

Qualitative research methods include phenomenology, ethnography, grounded theory and narrative theory (Gill, 2020:579). In addition, other qualitative sampling methods include convenience/volunteer sampling, snowball sampling, purposive sampling and theoretical sampling (Gill, 2020:579). In this study, the researcher approached the study using snowball sampling. Snowball sampling is a sampling technique where different participants of the study recommend more participants to participate in the study (Gill, 2020:580). Various researchers have used snowball sampling in studies; one such study was conducted by Venter *et al.* (2005:291). The researchers used this method to gather sufficient responses to analyse the data (Venter *et al.*, 2005:291).

The Protection of Personal Information Act (POPIA) has implications for all research processes which include the collection, processing and storage of personal information (Adams *et al.*, 2021:1). The consequences of the Act on research is to ensure confidentiality and security in the processing of personal information and the dissemination of information beyond South Africa (Adams *et al.*, 2021:1). The Act requires that all information is protected, and to ensure that the rights and interests of all participants are protected in terms of the Act (Adams *et al.*, 2021:1). The Act has different

implications. It outlines eight conditions which must be fulfilled to regulate the lawful processing of personal information (Adams *et al.*, 2021:1). The conditions are detailed below:

Accountability (Section 8): This section requires that the responsible party ensures that the processing of all information adheres to all the regulations in the POPIA Act at the time of determination of processing and during processing.

Process limitation (sections 9-12): These sections require the researcher to ensure that the collection and processing of personal information is lawful, necessary, direct, protective and legitimate. Most importantly, they require that the researcher receive informed consent from the participating parties. The Act requires that the lawful basis be determined at the beginning of the processing.

Purpose specification (sections 13-14): The purpose of collecting and processing personal information should be clear. These sections also clearly indicate the retention of personal information.

In addition to these sections, sections 15-25 deal with purpose specification, further processing limitations, information quality, openness, security safeguards and data subject participation (POPIA, 2019).

The POPIA Act requires researchers to obtain the participants' consent when collecting and processing personal information. Furthermore, it requires that the researcher collecting the research inform the participants that they can access the researcher by providing their contact details. These steps are necessary to ensure that the POPIA Act is not violated in any way or form.

1.8.12 Conflict of interest

Conflict of interest occurs when a secondary source may unduly influence professional perspectives or judgements due to other interests, such as career development or financial gain (Romain, 2015:122). For this study, there was no known conflict of interest as the participants had no direct interaction with the different parties.

1.8.13 Designing measuring instrument

Interviews are primarily used in qualitative research (Bryman *et al.*, 2016:268). There are different interview structures: structured, semi-structured and unstructured (Saunders *et al.*, 2012:374). For this study, the semi-structured method was employed. Semi-structured interviews are characterised by an interview framework that includes a list of themes and potential questions the interviewer may pose (Saunders *et al.*, 2012:268). Semi-structured interviews allow the interviewer to exclude some questions in some organisational contexts (Saunders *et al.*, 2012:268). The semi-structured interview, by its nature, covers a wide range of topics, and the interviewer has a series of questions which serve as a guide; however, the interviewer may choose to add discretionary questions according to the context.

This study utilised the semi-structured interview format by deriving questions from the literature review. The interviews served the purpose of obtaining feedback on topics which are aligned with the study. The researcher utilised a set of questions to serve as a prompt and guide during the interview process. It further served the purpose of answering the primary research question. Qualitative research requires that the researcher clearly and transparently explains how participants were identified, the study's purpose and the research's ethical standards.

The researcher was responsible for ensuring that the interview was ethical and that the interviewee was not unduly pressured and uncomfortable during the interview process (Bryman *et al.*, 2016:272). Additionally, the researcher had to ensure that they are familiar with the business environment in which the interviewer works, and to ensure that an appropriate recording device is available for the interview to transcribe at a later stage. Furthermore, the interview setting had to be comfortable, quiet and private.

1.8.14 Interview Questions

Interview questions should be structured, and interviewers should follow nine different types of questions (Bryman, 2016:274). The structure used is outlined below:

1. Introductory questions
2. Follow-up questions

3. Probing questions
4. Specifying questions
5. Direct questions
6. Indirect questions
7. Structuring questions
8. Silence
9. Interpreting questions

1.8.15 Data collection

The researcher sent out emails and used social media to engage the target population and obtain consent through informed consent. Additionally, the interviewer contacted the potential participants in person in certain circumstances. Permission to conduct the study was obtained from employers and employees of relevant family-owned businesses. Participation was voluntary, and all participants reserved the right to withdraw from the study at any research stage. The participants were given sufficient information about their participation in the study and its purposes. Consent forms were given to participants to grant the collection and use of data. Confidentiality and privacy were paramount and were strictly maintained in terms of the Protection of Personal Information Act 4 of 2013. No personally identifiable information was shared per the regulations, and such information was kept private. It was not disclosed to third parties.

The researcher utilised semi-structured interviews, allowing the participants to take the interview without any bias or perceived pressure from the researcher. Participation in the interview was entirely voluntary, with the researcher using electronic and digital means of obtaining and categorising the data. The participants were provided with a brief introduction to the study so that they understood the nature of their participation. The introduction served as an additional way to inform participants of the purpose of the study. It allowed them to withdraw from the interview or stop participating, ensuring that the interview's completion was voluntary.

Below is a detailed description of the data collection method, which served as a step-by-step guide for the data collection procedure.

Table 1.3: Data Collection Process

Step 1:	**The informed consent letter and interview guide was developed using MS Word.**
Step 2:	The informed consent letter and interview guide were submitted to the MBA supervisor and EMS review board for review and approval. All necessary reviews were considered and adjusted. From that point, the researcher resubmitted until the ethics application was approved.
Step 3:	The researcher recruited participants via email, social media and physical contact. The participants were introduced to the research, notified of the purpose of the study, and provided with informed consent letters. They were also notified of their rights under the Protection of Personal Information Act 4 of 2013, and the researcher explained that identifiable information would not be included in the study.
Step 4:	The participants were allowed to go through the informed consent letters without the researcher's help and ask any necessary clarification questions, ensuring that they felt free from pressure to sign the informed consent.
Step 5:	The researcher requested feedback from the participants regarding informed consent. As soon as the participants signed the letter of consent, an interview was arranged. If participants refused to sign the informed consent, they were thanked for their time, and all communication ceased.
Step 6:	The interview was conducted in a quiet and professional environment. The interview was recorded on a recording device, which ensured high quality transcription and allowed the opportunity to extract data from the interview.

Step 7: After the interview, the data were stored in a secure location. The researcher used electronic and digital means to categorise and analyse the data. From this point, data collection and analysis software were used to consolidate data.

Source: Researcher

1.8.16 Informed consent

Informed consent refers to allowing a participant to willingly and voluntarily participate in a study by informing the participant of all the research information and purpose (Manti & Licari, 2018:145).

Informed consent in this study will be provided as follows:

- A detailed description of the research on the communication method
- Emphasis of the voluntary nature of the study
- Advice to participants that they can withdraw from the study at any given time
- Inclusion of an informed consent form in the study.

1.8.17 Data analysis

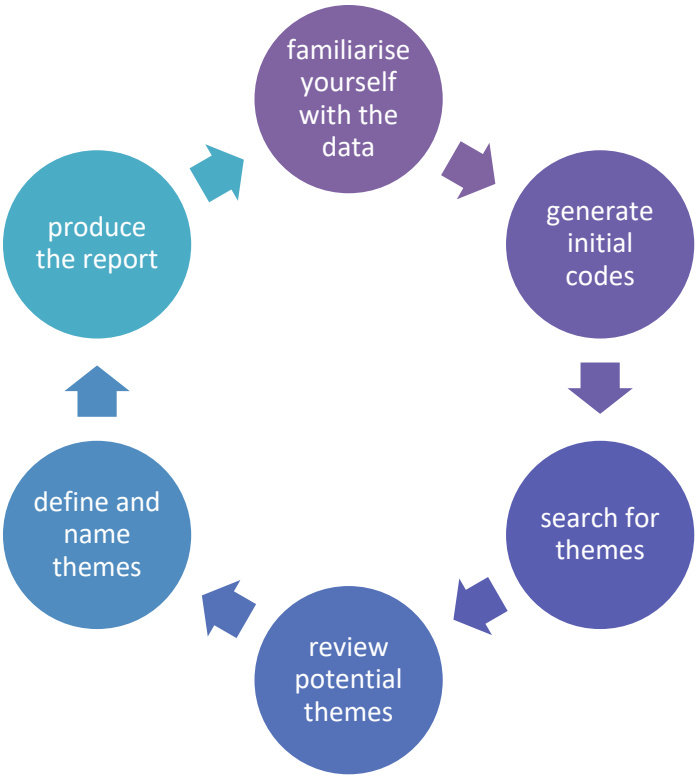
Qualitative studies are often structured within the deductive conceptual framework or the inductive approach, where the data drive the study (Mihas, 2019:1). Qualitative research is also characterised by a vast database of information generated from the study (Bryman, 2016:365). Due to the rich nature of the data generation, the researcher opted to utilise thematic analysis to identify, analyse and describe themes across the data set (Bryman *et al.*, 2016:365). Thematic analysis aims to investigate meaning in the context of the research. Therefore, it is important that the informed judgement of the researcher is used to determine which theme is significant for the study (Bryman *et al.*, 2021:366). In addition, thematic analysis requires the researcher to follow a six-phase process of analysing data (Bryman *et al.*, 2016:366). The process is outlined below:

1. **Familiarisation with the data:** the researcher used the recordings to transcribe them to identify specific details. Furthermore, the researcher ensured that the recordings and the transcriptions were accurate and complemented each other.
2. **Generate initial codes:** coding is the analytic process of organising data into themes

to simplify interpretation (Baralt, 2011:222). The researcher must generate initial codes for potential themes to gather all data reasonably, equally and accurately.

3. **Search for themes**: the researcher collated the themes and ensured they were coded. Coding allowed the researcher to categorise the themes into relevant and irrelevant according to the research objectives.
4. **Review themes:** the themes were reviewed and checked against initial extracts. Additionally, the researcher used this thematic review to develop a thematic map.
5. **Define and name themes:** since the research occurred continually, the researcher aimed to refine the specifics of each theme and ensure clear definitions of each.
6. **Produce the report:** the researcher utilised the literature review and research approach to produce a compelling report related to the research objectives.

Figure 1.6: Data Analysis Process



(Adapted from Bryman *et al.*, 2016:366)

1.8.18 Reliability and Validity (Trustworthiness)

Reliability and validity are essential components of ensuring trustworthiness in research. Reliability refers to the consistency of the research findings, meaning that if the study were replicated under similar conditions, the same results would be achieved (Noble & Smith, 2015:34). It ensures that the methods and procedures used in the research are stable and consistent over time. Conversely, validity refers to the accuracy of the findings and whether the research truly measures what it intends to measure (Creswell & Poth, 2016:245). In qualitative research, validity is often associated with credibility, while reliability is aligned with dependability, both of which are critical to establishing the overall trustworthiness of the study. Ensuring validity and reliability strengthens the confidence that other researchers and practitioners have in the study's results, reinforcing the integrity and robustness of the research process. As with trustworthiness, reliability and validity were explored by examining credibility, dependability, confirmability and transferability within this study.

Credibility

Credibility refers to the confidence that the information derived from the study is accurate and represents the truth (Connelly, 2016:435). In establishing credibility, the researcher ensures that the information derived from the study is accurate. Credibility can be achieved by utilising techniques such as prolonged engagement, persistent observation, peer-debriefing, member-checking and reflective journaling (Connelly, 2016:435). Researchers also recommend that negative case analysis be considered when establishing credibility (Amankwaa, 2016:121). For this research, the researcher utilised techniques which would be appropriate and considerate of the study objectives, methodology and limitations.

Dependability

Dependability refers to the ability to repeat the findings, which shows consistency (Amankwaa, 2016:121). Researchers also refer to dependability as the stability of the information regarding the nature of the study (Connelly, 2016:435). Maintaining dependability can be achieved by utilising different strategies, including maintaining an audit trail and debriefing with another scholar (Connelly, 2016:435). The best way to

establish dependability would be by setting up inquiry audits with a different researcher who would audit both the processes followed during the research and the output achieved by those processes (Amankwaa, 2016:122). For this study, the researcher maintained research logs that were transparent, accurate and accountable. The purpose of keeping such documentation would be to allow external researchers and internal supervisors to audit the findings whenever necessary.

Transferability

This aspect demonstrates that the findings have applicability in different contexts (Amankwaa, 2016:121). Qualitative researchers argue that patterns and themes from a specific study may be applied to a different study (Stahl & King, 2020:27). Research, in its essence, is meant to allow scholars to learn from each other. Should a study be unable to contribute to existing literature and studies, it would reduce the impact of the study (Stahl & King, 2020:27). In this study, the researcher plans to have the information regarding the main themes of the study transferable to other studies in different contexts.

Confirmability

Confirmability refers to the degree of accuracy of the study in relation to objective reality (Stahl & King, 2020:28). This requires that the study remain neutral, devoid of researcher bias, motivation, or interest (Amankwaa, 2016:121). Qualitative research requires that biases be removed from studies and that all study findings be derived from raw data without any input from the researcher. Confirmability can be achieved by having the study supervisor and research peers review the findings and conclusions from the data.

1.9 ETHICAL CONSIDERATIONS

Ethical considerations during research practices aim to protect human subjects through ethical principles (Arifin, 2018:33). Qualitative research, in its nature, becomes more reliant on ethical standards due to humanistic elements involved with conducting research through methods such as interviewing. Researchers must consider ethical aspects such as informed consent, voluntary participation, morality, and other ethical elements acceptable to participants and the researcher. In addition, the researcher ensured that

ethical principles were applied throughout the entire research process, from the research planning to the data analysis. The ethical standards followed in this study include:

1.9.1 Informed consent

Informed consent refers to the participants understanding the purpose of the research and signing written consent forms to ensure that the participants are not coerced into the study.

1.9.2 Voluntary consent

Subjects should be aware of what they are participating in and competent enough to consent to participation.

1.9.3 Anonymity and confidentiality

The researcher should preserve and protect the participants' identity during the collection, analysis and reporting of data.

1.9.4 Data protection

The data in the study should be protected by ensuring that the researcher uses the data safely, stores the data securely, and ensures that no other individual has access to the data. Additionally, all secondary parties should receive the data in a non-attributable manner.

1.9.5 Legislative compliance

As outlined above, the study was conducted in accordance with the POPIA Act. Additionally, information collected during the data collection process was only used with the participants' consent.

1.10 LAYOUT OF STUDY

This study is presented in four chapters. Each chapter presents different aspects of the study.

Chapter 1: Nature and scope of study

This chapter introduces the study by establishing a theoretical background as its foundation. It outlines the study, including the problem statement, research objectives, scope, methodology and limitations. Additionally, it discusses the study's background and key terms to create a solid framework for the reader. Finally, the researcher addresses ethical considerations relevant to the study.

Chapter 2: Literature review

The literature review provides a theoretical framework by examining current studies on family businesses, ownership, strategic thinking and succession planning, all within the context of SMMEs and family-owned enterprises.

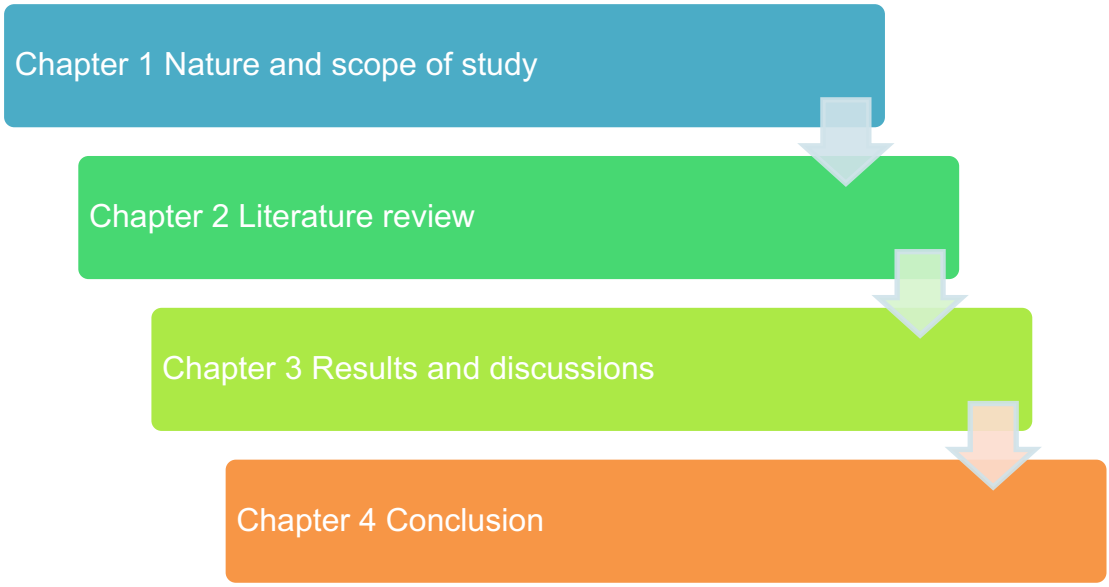
Chapter 3: Results and discussions

Chapter 3 presents the research findings through both presentation and discussion.

Chapter 4: Conclusion

The conclusion summarises the results, offering comprehensive insights from the research exploration. The researcher assesses whether the research objectives were met and outlines the recommendations that can be drawn from the findings.

Figure 1.7: Study Layout



CHAPTER 2 LITERATURE REVIEW

2.1 INTRODUCTION

Since the launch of *Family Business Review*, scholars have continuously debated the precise definition of a family business (Suddaby *et al.,* 2023:5). Over the past 34 years, the field of family business has grown (Rovelli *et al.*, 2022:1), with various definitions emerging from different scholars. These definitions focus on particular aspects of family businesses, that is, family involvement, ownership and management. In this section, the researcher investigates the historical evolution of the concept of family business, in support of considering the richness of key corpora of scholarship and themes.

Family business research has been widely documented, with more than a thousand academic papers published since 1988 (Rovelli *et al.*, 2022:2). Definitions have evolved from Donnelley's (1964:16) early characterisation of a family business as entities intertwined with multiple generations to contemporary models that consider ownership, management and generational continuity (Chua *et al.*, 1999: 24; Venter *et al.,*2005:284).

This study examines the numerous definitions and seeks to integrate these perspectives into a cohesive understanding that captures the distinctive elements distinguishing family businesses across generations.

2.2 DEFINING FAMILY BUSINESS

The primary sources for family business research are the Family Business Review (FBR), the Journal of Family Business Strategy (JFBS), and the Journal of Family Business Management (JFBM). The journals have published more than 1300 family research papers since 1988 (Rovelli *et al.,* 2022:2). This indicates increasing citations that validate the field and interest in the subject. Scholars agree that, for a definition to be clear, it must fulfil two criteria. The first criterion is essential for evaluating spatial and temporal performance, while the second criterion forms the basis for developing theories, frameworks, and models (Diaz-Moriana *et al.*, 2019:333).

Donnelley coined the earliest definition of family business in scholarly literature in 1964 (1964:16). He defined family business as an entity with close associations to multiple generations, where both family interests and company policies mutually influence each

other (Donelly, 1964:16). This definition points out multiple dimensions associated with different elements of family business, including family member involvement, consequences of influence, management board composition and succession planning (Harms, 2014:284). Beckhard and Dryer (1983:5) also suggest several subsystems to define family businesses by identifying constraints on the features that should be satisfied by a business to be classified as such. These parameters are the enterprise, the family that is to be served by it, the founder and the board of directors and management (Beckhard & Dryer, 1983:5). Davis (1983:47) characterised family business as comprising two distinct entities, the family and the business, whose interactions shape the fundamental identity and distinctiveness of the family business. The scholar further describes family business as an enterprise where family influence, both through ownership and management, shapes the organisation's policies and direction (Davis, 1983:47). Subsequent researchers have expanded upon these definitions, where decisions regarding ownership and management are influenced by family members (Venter & Farrington, 2009:151).

Newer definitions emerged during the 1990s. In 1990, Ward (1990:263) characterised a family business as an entity where the direct influence of two or more family members is felt within the business. Ward and Aronoff (1990:6) added that family businesses are usually intended to be carried over to future generations. Gallo and Sveen (1991:181) defined a family business as a company where one family predominantly holds ownership and control. Holland and Oliver (1992:27) defined family businesses as businesses in which family relationships influence the ownership and management. Lansberg and Astrachan (1994:39) characterised a family business as a company owned or overseen by a family, with various family members participating in its management. During the same period, Leach (1991:7) proposed that a family business is a venture controlled and influenced by a family holding over 50% ownership, with family members occupying most management positions.

Researchers have also used the generational mix to define family business, with Neubauer and Lank (1998:6). A family business is characterised as an enterprise deeply intertwined with the involvement of at least two generations of a family, where this connection mutually influences both company strategies and family objectives and aspirations. At the end of the 1990s, Donckels and Lambrecht (1999:174) stated that a

family-owned business is characterised by many shares held by a single family. Additionally, members of the same family exert control over most of the business management.

By the early 2000s, research into family-owned businesses had been increasing, and scholars had continued to develop definitions and models concerning family businesses. In 2001, Steier (2001: 356) defined a family business as an enterprise where individuals of the same ancestry held an economic and financial interest. In the same year, Litz and Kleysen (2001:338) characterised businesses with intergenerational involvement from a single-family unit as family businesses. Research into family businesses developed into a division of entrepreneurship, focusing less on the definition of the family business but rather on the dynamics that influence the business, adding to scholarly research into defining family business by behaviour, which was done due to the difficulty of defining the family business (Chua *et al.*, 1999:19). The researchers proposed a theoretical definition focusing on the vision and intention. The scholars suggested a definition asserting that a family enterprise is an organisation overseen or directed to advance and realise the business vision as envisioned by the leading group, influenced by individuals from one family or a few families, intending to endure through multiple generations of those families (Chua *et al.*, 1999:24).

Scholars started showing a keen interest in family business as a discipline, with scholars researching other elements such as succession, relational factors, conflict and strategic planning. Venter *et al.* (2005:284) defined a family business as one that members of the same family own to achieve the business's implicit and explicit vision. Van Der Merwe *et al.* (2009:4) continued this exploration into family business by exploring the determinants of management succession in family business, with the researchers adopting a definition which states that family business is a business in which 51% is owned by a single family, with at least two family members in management positions and with an anticipated generational transfer of the business (Van der Merwe *et al.*, 2009:4).

Interest in the discipline has continued to expand, with scholars exploring different elements associated with family business.

2.2.1 Timeline of definitions

Table 2.1: Timeline of definitions

Timeline of family-owned business definitions	
Researcher	**Family business definitions**
Donnelley (1964:16)	A family business is an organisation deeply linked to multiple generations of a family, where the family's interests and the company's policies mutually impact one another.
Beckhard & Dryer (1983:2)	Family businesses utilise various subsystems that must be satisfied to classify a business as such, encompassing the business itself, the family unit, the founder, and the board of directors and management.
Davis (1983:47)	A family business comprises two distinct entities, the family and the business, which interact to shape the enterprise's fundamental character and distinctiveness.
Dyer (1986: xiv)	Family businesses are organisations where the involvement of family members impacts decisions regarding ownership and management.
Ward (1990:66)	A family business is an entity with more than one family member directly influencing it.
Ward & Aronoff (1990:6)	Family-owned businesses are usually intended to be carried over to future generations in one family.
Gallo & Sveen (1991:181)	A business where a single family possesses majority ownership and control over the entity.
Leach (1994:7)	A family business is an entity influenced and controlled by a family owning more than 50% of the entity, with most management positions held by relatives of the same family.
Chua, Chrisman & Sharma (1999:24)	An organisation managed or guided to fulfil and bring to fruition the business's vision, as envisioned by a leadership group influenced by members of a family or a few families, in a manner capable of persisting across multiple generations of those families.
Steier (2001: 356)	An enterprise where individuals from the same lineage possess economic and financial stakes.
Litz & Kleysen (2001:338)	Businesses characterised by intergenerational involvement from a single-family unit are classified as family businesses.
Venter, Boshoff & Maas (2005: 284)	A family unit-owned business must realise the enterprise's implicit and explicit vision.

Van Der Merwe *et. al*. (2009:4)	A family business is a company in which at least 51% of ownership rests with a single family. It incorporates at least two family members in managerial roles and expects to transfer ownership across generations.

Source: Researcher

2.3 SUCCESSION PLANNING IN FAMILY BUSINESS

Succession planning in a family business is crucial for long-term sustainability and continuity. This process involves preparing and selecting the next generation of family members who will act as leaders and ensure that the business continues to operate (Baltazar *et al.*, 2023:2899). However, there are certain mitigating risks involved with succession planning. These include the challenges associated with leadership transitions, disruptions in operations and maintaining a strategic direction (Baltazar *et al.*, 2023:2908). Various challenges are associated with succession planning. These challenges include the incumbent leader failing to hand over control to the successor, resulting in family conflicts that impact succession (Baltazar et al., 2023:2899). Internal conflicts play a crucial role in the success of the succession process, such as having a detrimental effect on innovation (Baltazar *et al.*, 2023:2899). It is essential to understand the definition of innovation and its implications for family succession.

Innovation in family business is a broad spectrum, including product, process, strategic, and managerial (Baltazar *et al.*, 2023:2910). Baltazar *et al.* (2023: 2901) found that long-term goals and objectives may be a foundation for thriving innovation, whereas conservative family values may stifle innovation. Furthermore, generational influence plays a significant role. An older generation may not be open to innovation, and this brings about the need for a generational mix to ensure that traditional and innovative approaches influence overall direction and strategy (Baltazar *et al.*, 2023:2901). A generational mix is a great platform for effective succession planning, ensuring that the family business remains viable in its strategic and management planning (Baltazar *et al.*, 2023:2901). Researchers also argue that successor knowledge is positively correlated to corporate sustainable innovation (Wang *et al.*, 2019:189). The researchers state that succession, with knowledge capability, ensures that the transfer of power to a successor results in

realising the innovation potential and sustainable development of a family-owned business (Wang *et al.*, 2019:189).

Succession is a varied process with different factors influencing it. Wang *et al.* (2019:189) state that succession is a four-step process entailing a succession event, developing successor criteria, identifying potential successors and selecting a successor. Moreover, researchers argue that succession is determined by different factors, including governance structures, the external environment and cultural context (Wang *et al.*, 2019:189). Moreover, Van Der Merwe (2011:40) argues that successful succession considers education and training levels, work experience, external networks, managerial expertise, operational management and human relations. Researchers clarify that succession is a multifaceted concept, with different factors playing a role in the successful implementation.

2.3.1 Ownership succession planning and management succession planning

A common question that arises when succession is discussed is the candidacy of succession. Is there a difference between family-member succession and professional management succession (Wang *et al.*, 2019:189)? In early research, researchers defined family business as a business where both the ownership and policy orientation are influenced and dominated by members of a specific family (Morris *et al.*, 1996:68). The researchers go on to further state that family businesses violate the contemporary models of organisations, namely the separation of powers between ownership and management, which results in an influence on how families handle succession between different generations (Morris *et al.*, 1996:68). Bozer *et al.* (2017:753) argue that there is always a challenging interplay between family and business considerations, with family business succession playing a crucial role in the success of a business. Researchers argue that succession is critical for the success of a business (Levin, 2014:23). However, it is often implemented infrequently, resulting in adverse effects on organisational culture (Levin, 2014:23). In addition to these reasons, researchers also argue that there are certain obstacles to succession, which may create a lack of strategic direction and a clash between different interest groups and variables in the succession process (Levin, 2014:30).

2.3.2 Ownership succession planning

Ownership succession planning refers to transferring ownership of an organisation, typically in family-owned businesses or privately-held firms, from one generation to the next. Research suggests that ownership succession is often faced with challenges due to the emotional and financial stakes involved, especially in family businesses (De Massis *et al.*, 2018:13). Scholars such as Le Breton-Miller *et al.* (2004:307) argue that the complexity of ownership transfer is heightened by the need to balance family dynamics with the strategic needs of the business.

In family-owned businesses, succession planning can lead to conflicts, often termed "family feuds," when multiple successors are involved, or there are disagreements over the timing or method of succession (Sharma, 2004:7). Chrisman *et al.* (2003:332) found that family harmony, open communication and successor qualifications, are key determinants of successful ownership transfer. In cases where ownership is transferred to non-family members, the focus tends to shift more towards the financial and legal structures of the succession process, such as buy-sell agreements and equity distribution (Handler, 1994: 136).

Ownership succession planning is not confined to family businesses. Large organisations often face significant challenges during ownership transitions, especially when they have a large and diverse shareholder base. Research by Bennedsen *et al.* (2007:648) shows that ownership changes can greatly impact a company's financial performance, particularly when external groups like private equity firms or public shareholders are involved. These obstacles to ownership transitions highlight just how important it is to have clear, structured and legally sound plans in place for these transitions. The perceived relationship between ownership succession and performance underscores the importance of structured and legally sound succession frameworks.

2.3.3 Management succession planning

Management succession focuses on preparing potential successors to step into leadership roles. Unlike ownership succession, this type of planning ensures strong leadership and keeps the business running smoothly (Van der Merwe, 2010:299). It is a

way to ensure critical skills and organisational knowledge are passed on to the next generation of leaders (Rothwell, 2010:19). Done well, it can make a big difference to a company's resilience, especially when leadership changes could alter its strategic direction or overall performance.

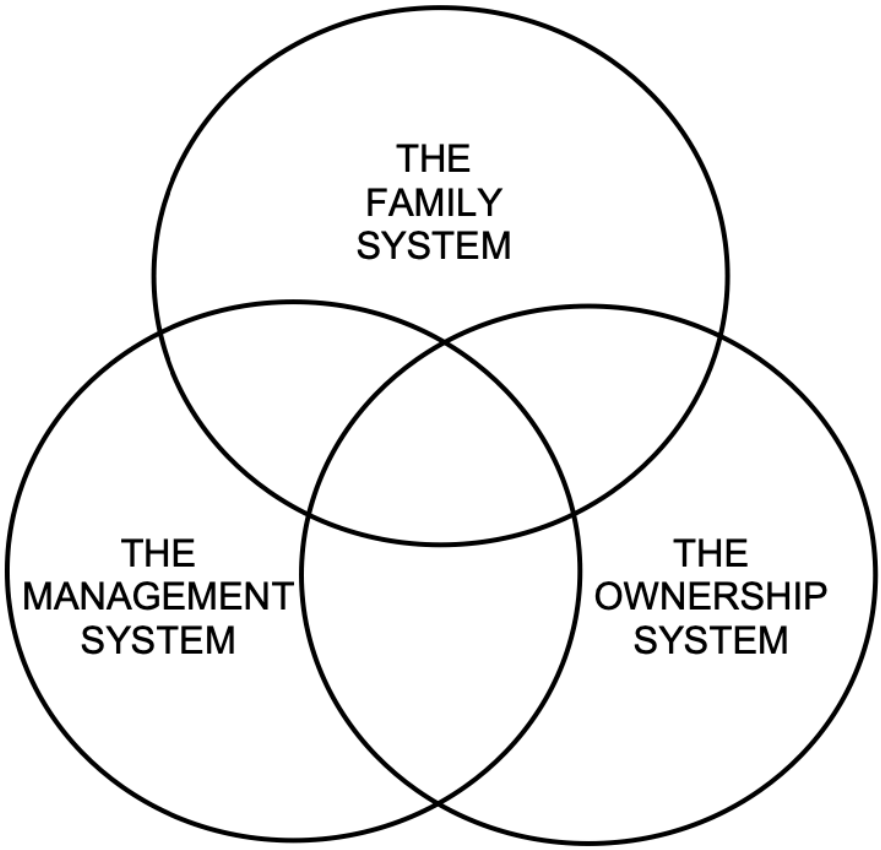
Research on management succession distinguishes between internal and external succession strategies. Internal promotions come with the benefit of continuity (Zhang & Rajagopalan, 2010:456). Leaders who grow organically within the organisation already understand the internal culture and operations (Zhang & Rajagopalan, 2010:456). As Cannella and Shen (2001:253) noted, this familiarity often leads to smoother transitions. External succession involves bringing in leaders from outside the organisation, which can foster innovation and new perspectives but may also disrupt the existing organisational culture (Schepker *et al.*, 2017:706). A management succession plan often includes leadership development programmes, mentorship and performance evaluations aimed at grooming potential leaders over time (Conger & Fulmer, 2003:77). According to Kim (2006:670), clear succession planning is associated with better performance by companies that are systematic in their approach rather than companies that are not systematically structured in their approach. Moreover, Rothwell (2005:62) notes that succession planning should not be limited to executive roles but should encompass various management levels to ensure that leadership pipelines are adequately filled across the organisation.

2.3.4 Interplay between ownership and management succession

While ownership and management succession are distinct processes, they are often interrelated, particularly in family-owned businesses, where the successor may assume ownership and managerial responsibilities. The overlap between the family, management and ownership system is depicted in Figure 2.1. Handler (1994:138) argues that the overlap of ownership and management succession can create a dynamic in the process of transitioning, which is further complicated by the lack of experience of the successor in both ownership and management. Steps aimed at transitioning from one person to another should be taken by designating training, preparation and the objectives of the individual who intends to take over the responsibilities of the business as a whole, taking

into account its strategic dimension as well as operational demands (Venter *et al.*, 2003:11)

Figure 2.1: The Family Firm System



Source: Lansberg (1998:122)

Ownership and management succession are typically handled separately in non-family-owned businesses, with professional managers often taking over leadership roles. In contrast, ownership is transferred to external parties, such as investors or holding companies (Bennedsen *et al.*, 2007:650). The separation of ownership and control in these cases can introduce agency problems, as the interests of the owners and managers may only sometimes align (Jensen & Meckling, 2019:308). Therefore, aligning the goals of ownership and management succession is crucial for sustaining organisational performance during and after transitions.

2.4 DETERMINANTS OF SUCCESSION

Succession is a dynamic process that may solidify the strategic direction of family-owned businesses. It would be ideal if there were no challenges to such a process. However, there are certain obstacles which affect the succession process. In early studies, researchers identified underlying determinants of succession on different levels (Morris *et al.*, 1994:70). Firstly, the researchers indicated that the preparation of heirs is important, with education levels, training, work experience, motivation and self-perception of preparation playing a crucial role in the preparation of the heir (Morris *et al.*, 1994:70). The researchers further identified relationship dynamics within the family which have an influence on succession, including communication, trust, commitment, loyalty, conflict, values and traditions (Morris *et al.*, 1994:71). Lastly, the researchers emphasised planning and control activities as key factors, with elements ranging from succession planning, tax planning, use of an outside board, use of family business consultants and the creation of a family council (Morris *et al.*, 1994:71).

Van der Merwe *et al.* (2009:4) also indicated that factors such as hopes, dreams, ambitions, relationships and personal struggles all have an influence on succession planning (Van Der Merwe *et al.*, 2009:4). In later studies, Van Der Merwe (2010:309) indicated that preparation of the prospective successor also played a crucial role in the succession process, which relates to the first aspect mentioned by Morris *et al.* (1994:70). Most of these concepts have formed the basis of multidisciplinary studies related to family-businesses and SMMEs (Venter *et al.*, 2003:2; Venter *et al.*, 2005:283; Van Der Merwe *et al.*, 2012:209; Farrington *et al.*, 2010:32), which indicates a certain direction which researchers have orientated towards in the studies relating to family-business and succession planning.

One notable study was conducted by Van Der Merwe *et al.* (2009), where the researchers performed an exploratory study on the determinants of management succession planning in family businesses. The researchers based their research on three factors, namely management succession planning, perceived suitability of the successor and the expected outcome of the succession (Van Der Merwe *et al.*, 2009:3). The researchers explored whether management succession planning and perceived suitability of the successor had any influence on the expected outcome of the succession (Van der Merwe

et al., 2009:3). In their findings, the researchers highlight the importance of determining the selection criteria when choosing a successor, planning the transfer of management, the perceived suitability of the successor and the expected outcome of the succession process (Van der Merwe *et al.,* 2009:13).

2.5 SUCCESSION PROCESS

Literature indicates that the succession process involves various steps. Therefore, it is essential to consider the viewpoints of different scholars on what constitutes succession. Furthermore, a literary framework can be formulated to identify the different aspects of the succession process.

Decker *et al.* (2017:4) view succession as a process of multiple levels, focusing on individual, organisational and environmental analysis. Furthermore, the researchers place a dimensional focus on family, business, management and ownership (Decker *et al.*, 2017:4). Earlier studies also indicate a lean toward four factors, which include family, business, personal and market (Hania, 2012:9). The researchers based their studies on the view that succession is a five-stage process comprising the three dimensions stated above (Decker *et al.*, 2017:4).

2.5.1 Phase 1: Succession preparation

According to Decker *et al.* (2017:5), the first stage of succession is the preparation phase, where the next generation is influenced by personal goals, family involvement and opportunities; that is to say, the stronger personal desires to grow and break away from traditional family roles, the weaker desire to join the family business (Decker *et al.*, 2017:5). Furthermore, the researchers identify key factors which have dominated studies in this phase, including factors which include commitment, experience and encouragement from predecessors (Decker *et al.*, 2017:5). This view is supported by the early works of Morris *et al.* (1996:71), where the researcher lists preparation of heirs, relationships amongst family members and planning activities as determinants of successful transitions. In later studies, researchers identified successor-related factors which influence the succession process in SMME family-business, with key factors including willingness to take over, preparation level of the successor, personal alignment and perceived success of the succession process (Venter *et al.* 2005:285).

Succession planning also plays a crucial role in the first phase of succession. Researchers mainly focus on how internal and external dynamics influence succession planning (Decker *et al.* 2017:7). Succession planning is often facilitated by a trusted succession, where a relationship-based approach is preferred to a non-family member formalised approach (Decker *et al.* 2017:8). Succession planning is also affected by the development of a successor. Van Der Merwe (2010:12) argues that older-generation owner-managers should actively train and develop successors. The researcher further states that the older generation should create an environment where leadership, management and ownership skills should transfer, given that the potential successor understands and is willing to participate in the succession process.

2.5.2 Phase 2: Successor selection

Successor selection emphasises two key factors: characteristics of the potential successor and organisational needs (Decker *et al.*, 2017:11). Studies suggest that family successor selection is solely based on the family. However, the decision is dependent on the successor's abilities and training (Aguilera *et al.*, 2012:68). It has also been found that integrity and commitment play a crucial role in successor selection, with families placing a great emphasis on these attributes when selecting a successor (Chrisman *et al.*, 1998:19; Sharma & Rao, 2000:327).

Organisational characteristics also play a key role in the succession process. Researchers have found that in South Asian countries, family-owned businesses usually prefer family members over external candidates, with the exception only granted when the family members would be detrimental to the business (Lee *et al.*, 2003:663). Gender also plays a role in selecting successors, with smaller family firms often choosing the eldest male child as the successor, and larger firms with a female eldest child tend to appoint external candidates (Bennedsen *et al.*, 2007:677). Furthermore, researchers found that entities that need industry-specific and family-business-specific expertise choose external parties as successors due to factors such as education, work experience and track record (Royer *et al.*, 2008:27).

2.5.3 Phase 3: Exploration and Implementation

According to Decker *et al.* (2017:13), the third phase of the succession process relates to exploration and implementation. The researchers assert that this phase includes the preparation and execution of ownership and leadership transfers (Decker *et al.*, 2017:13). The researchers argue that there is a separation and difference between ownership transfer and leadership transfer.

The transfer of ownership takes into consideration relational and emotional aspects of the family business dynamics (Decker *et al.*, 2017:13). In this phase, family dynamics play a crucial role in the transfer of ownership, with factors such as anxiety playing a leading role in the emotional stability of incumbents (Decker *et al.*, 2017:13). Dunn (1999:46) argues that various factors, including family values, generation, legal standings and life cycle influence the transfer of ownership. Venter *et al.* (2005:299) found that the relationship between the owner-manager and the successor has a significant impact on the perception of the succession process and the successful completion of the process, stressing the importance of establishing a fair and harmonious transfer process where information is shared fairly and equally (Venter *et al.*, 2005: 299).

In addition to the emotional aspects of ownership transfer, some legal aspects hamper the transfer of ownership. Carney *et al.* (2014:1261) argue that the transfer of ownership is often influenced by a specific country's culture, tradition, law and tax regulations. An example is the inheritance taxes involved with the transfer of ownership. Sweden, for example, saw an improvement in the transfer of family businesses once it abolished inheritance tax in the country (Bjuggren and Sund, 2005:317). Researchers also argue that inheritance tax can affect the process of succession by creating liquidity constraints, leading to the offloading of certain business units (Redonda, 2017:8). Considering these constraints, it may be difficult for the incumbent to transfer the ownership of the family business, leading to a stall in succession. Furthermore, estate taxes also play a role in the transfer of ownership, with researchers arguing that ownership transfer is highly affected by the tax implications of the transfer (Vincencová *et al.*, 2015:303).

The transfer of leadership also plays a crucial role in the exploration and implementation phase. In this phase, researchers assert that the questions of “how” and “when” need to be answered (Decker *et al.*, 2017:15). This phase relates to the timing, methods, tacit knowledge and social capital. The transfer of leadership is influenced by various factors having an impact on the timing of the transfer of leadership (Decker *et al.*, 2017:15). These factors include family dynamics, skills development, parental influences and external factors (Venter *et al.*, 2005:296). Researchers argue that the timing of the leadership transfer is influenced by parental delay due to self-need and the child's ability to take over (Matthews *et al.*, 1999:163).

The methods of transfer can influence the timing of leadership transfer. The use of the methods can either lead to balance and continuity or imbalance and disintegration (Murray, 2003:24). Methods include voluntary leadership successor, initiation by the incumbent, moral duty by the successor, institutionalised methods and a gentle push by the incumbent in the right direction (Lambrecht, 2005:275). Transitions may also occur due to the death of the incumbent (Decker *et al.*, 2017:17). These methods resemble a relay race, with coordination, timing and communication playing a crucial role (Dyck *et al.*, 2002:144).

The transfer of tacit knowledge is often in direct correlation with the competitive advantage of an organisation (Henry, 2012:12). Tacit knowledge refers to the knowledge that individuals possess without realising that they possess it, as it only exists solely in the minds of the individual (Gamble, 2020:1123). Researchers argue that this knowledge is not necessarily found in the culture and processes of organisations but rather in the values and culture of family-owned businesses (Henry, 2012:9). The transferal of this knowledge from the incumbent to the successor is essential for business succession to succeed (Henry, 2012:122). Researchers assert that tacit knowledge is knowledge that cannot be codified or patented, and it is generated by businesses through the production and marketing of goods and services (Jaskiewicz *et al.*, 2013:128). The researchers further state that the transfer of tacit knowledge is best facilitated through socialisation, including situational learning, apprenticeship, and, in the case of a family-owned business, interpersonal relationships between the source and the recipient (Jaskiewicz *et*

al., 2013:129). Social capital can be transferred through various approaches, including planned and deliberate strategies (Steier 2001:18; Giovannoni *et al.* 2011:19).

2.5.4 Phase 4: Incumbent Exit

The exit of the incumbent has the potential to present threats and opportunities. These threats may influence the threats and opportunities faced by the entity (Decker *et al.*, 2017:19).

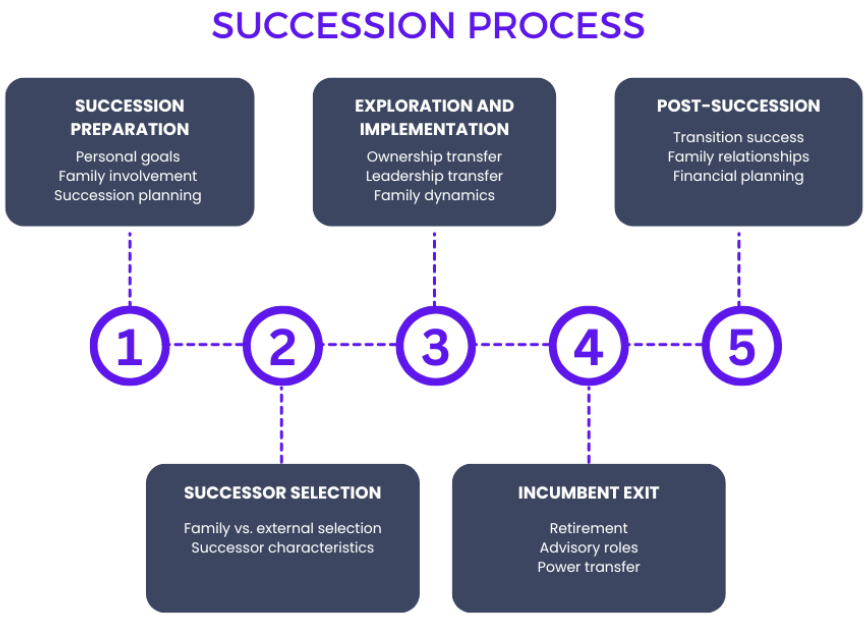
Once the successor takes over, conflicts often arise due to factors such as a lack of trust, poor communication, differing leadership styles, and the predecessor's hesitation to relinquish informal power or involvement in key decisions (Harvey & Evans, 1995:10). The timing of the predecessor's retirement is also influenced by age and personal circumstances. For instance, incumbents with better education, higher income and more retirement savings, tend to retire earlier (Kim & DeVaney, 2003:20)

During withdrawal, the predecessor’s role evolves from shared leadership to a more advisory position. While they initially act as mentors or guides, they are expected to transition into symbolic, administrative, or consulting roles (Cadieux 2007:101). However, some predecessors find it difficult to let go fully, often retaining ownership as a form of control (Brun de Pontet *et al.*, 2007:342). More research on this stage would be valuable in understanding the dynamics of leadership transitions in family businesses.

2.5.5 Phase 5: Post-succession

Successful business transitions depend on a mix of factors at the individual, family and management levels. Key predictors of success include the preparedness of successors, the personality of the incumbent, the culture within the family and business, the strength of the relationship between the predecessor and successor, and the planning and control activities carried out by family business managers (Decker *et al.*, 2017:21) When heirs are well-prepared, family relationships are built on trust and good communication, financial planning is prioritised, and transitions tend to be more seamless. Therefore, the quality of intra-family relationships plays a crucial role in ensuring smooth succession (Decker *et al.*, 2017:21).

Figure 2.2: Succession Process



Adapted from Decker *et al.* (2017)

2.6 STRATEGIC PLANNING

Strategic planning involves developing a strategy that guides a company's leadership by defining its identity, goals and ultimate objectives (Rambeka & Odollo, 2024:71). It is also seen as a process of envisioning an ideal future for a business, which shapes its mission and vision (Van Scheers & Makhitha, 2016:243). This approach includes setting the company's mission and vision while analysing its status and the competitive landscape (Van Scheers & Makhitha, 2016:243). Additionally, strategic planning is regarded as the process of establishing and maintaining alignment between the company's goals and objectives (Gomera *et al.*, 2018:2). Scholars suggest that this planning process encompasses setting business goals, creating a vision, and outlining a clear path to achieve that vision (Gomera *et al.*, 2018:2).

Developing an organisation's strategic direction involves multiple factors significantly impacting its culture and traditions (Van Scheers & Makhitha, 2016:243). As previously mentioned, strategic planning also includes scanning and analysing the environment, enabling businesses to create actionable steps to maintain a competitive edge (Gomera

et al., 2018:2). Strategic planning requires an organisation to reflect internally and ask critical questions to shape a strategic plan that outlines the direction it aims to take, the steps it will follow to reach that goal, and how it will adapt to achieve these objectives (Gomera *et al.*, 2018:2). Researchers suggest that strategic planning consists of three key elements: formulation, implementation, and control and evaluation (Gomera *et al.*, 2018:3). To understand the influence of these elements on family-owned SMMEs, it is essential to assess each component in detail.

2.6.1 Strategic planning initiation

Strategic planning can be approached in various ways, and starting such a process presents challenges due to several influencing factors. These include management characteristics, internal company dynamics and external environmental conditions (Harris & Ogbonna, 2006: 101). Management traits, such as executive planning abilities, a focus on long-term goals, entrepreneurial spirit, and views on past successes, play a significant role (Harris & Ogbonna, 2006:101). The primary consideration here is whether management possesses the necessary planning expertise. In other words, how well-equipped the leadership is to either execute or oversee a formal strategic planning process. A critical barrier to initiating such planning is often the absence of these skills, particularly in smaller or family-owned businesses, where strategic development tends to be less formal (Harris & Ogbonna, 2006:101).

Firm dynamics are critical in shaping the initiation of strategic planning (Harris & Ogbonna, 2006:102). These dynamics include key aspects such as competitor awareness, organisational culture and resource availability (Harris & Ogbonna. 2006:102). Competitor orientation reflects how well a company understands not only its rivals' strengths and weaknesses, but also their tactical and strategic capabilities, both current and emerging (Harris & Ogbonna, 2006:102). Some researchers suggest that many strategic decisions tend to imitate competitors rather than develop innovative strategies relative to them (Harris & Ogbonna, 2006:102). Cultural entrenchment is an ingrained organisational mindset (Shrivastava & Schneider, 1984), limiting individual, team, and organisational decision-making and activities (Harris & Ogbonna, 2006:103).

Resource scarcity, particularly in small businesses that rely on limited assets, also influences strategic planning. Issues such as liquidity and the ability to adapt to change are key factors in the process (Harris & Ogbonna, 2006:103). The allocation of resources is strongly influenced by both the organisation's and the entrepreneur's goals (Dunkelberg *et al.*, 2013:225). Researchers argue that strategic planning can only commence with committing some of the limited resources to the process, considering factors like financial and non-financial goals, labour and other resource distributions (Dunkelberg *et al.*, 2013:225).

2.6.2 Strategy formulation

The strategy formulation process is an intentional, step-by-step and structured activity aimed at achieving the organisation’s vision and mission, by analysing and understanding the key factors that impact the organisation within its environment. These factors influence the organisation’s capacity to observe, track, and integrate relevant information (Hania & Ahmad, 2017:92). Strategy formulation consists of steps taken to set the direction of the organisation through analysing the micro and macro environments (Gomera *et al.*, 2018:3). Researchers suggest that the assessment of the internal and external environment should lead to the clear formulation of the mission, vision, objectives, corporate level strategy and functional strategy (Hania & Ahmed, 2017:92). Similarly, others suggest that the same elements are important for strategy formulation, with the sequence of events being formulated inversely. Thompson *et al.* (2013:102) highlighted the importance of defining an organisation's vision, mission and objectives, conducting an environmental analysis, formulating business strategies, and developing functional strategies. However, a significant limitation of these frameworks is their inflexibility, which can hinder an organisation's ability to remain agile in a rapidly changing environment.

Literature indicates that formal strategic planning improves business performance, as it sets a formal resource allocation and capability plan that enables entities to be ready and responsive to challenging market conditions (Majama & Magang, 2017:74). The formulation of strategy constitutes different elements which talk to the direction and procedures of an organisation. SMMEs, in particular, find it challenging to formulate a strategic plan, mainly due to a lack of knowledge, perception of size and outdated

intuition-based decision-making (Majama & Magang, 2017:74). In order to investigate whether SMME owners and managers understand some elements of strategic planning, it is necessary to investigate whether they understand what strategic planning is, and whether the processes involved with current business procedures constitute strategic planning.

In early studies, researchers focused their studies on two approaches. Firstly, they investigated the relationship between strategic planning *elements* and performance, whereas the second approach explored the relationship between the strategic planning *process* and performance (Rue & Ibrahim, 1996:29). Although it seems like a minor difference, there is a level of differentiation. One approach focuses on the minor elements associated with strategic planning, whereas the other focuses on the process. The first approach began with the analysis of the content of strategic planning, followed by an analysis of industries (Rue & Ibrahim, 1996:29). The second approach aimed to develop generic business strategies which can be applied as a standard across different firms and industries (Rue & Ibrahim, 1996:29).

2.6.3 Strategic planning in SMMEs

Strategic planning is described as both an art and a science, involving the formulation, implementation and evaluation of decisions across various functions, to help an organisation meet its objectives (David & David, 2017:33). It is also viewed as a process that aligns an organisation's goals, resources and changing opportunities (Grant, 2014:55). The growth of SMMEs is essential for achieving economic objectives, reducing unemployment, and addressing inequality (Mkhonza & Sifolo, 2022:1). The South African government plays a pivotal role in shaping the development of SMMEs to influence the country’s economic landscape (Mkhonza & Sifolo, 2022:1). Nevertheless, strategic planning is a function that is often lacking in SMMEs in South Africa (Mkhonza & Sifolo, 2022:1).

Strategic planning is crucial for organisational performance. It serves as a clear link between the external and internal environment, often resulting in the formulation of the organisation’s mission, vision, goals, objectives and the limited resources controlled by the organisation (Mkhonza & Sifolo, 2022:2). Furthermore, strategic planning often determines the competitive ability and position of an organisation (Ikem, 2016:73).

Organisations must know how to respond appropriately to different changes in the internal and external environment, which is reliant on clear strategic plans (Ikem, 2016:73).

In a study examining the perceptions of business planning and entrepreneurial education among SMMEs in Gauteng Province, the researcher underscores the importance of effective planning in managing uncertainties within both micro and macro environments (Marecha, 2020:6). The absence of a well-defined plan can result in management difficulties, potentially leading to business failure (Marecha, 2020:31). Strategic planning is identified as a crucial process that enables organisations to respond to market fluctuations while sustaining performance (Sandada *et al*., 2014:60). Additionally, entrepreneurial education is highlighted as playing a vital role in enhancing strategic planning, helping businesses maintain a competitive and economic advantage. Planning quality significantly influences whether a business remains productive or falls into inefficiency (Aeeni *et al.*, 2019:30).

The South African SMME sector is vast and comprehensive, spanning different sectors and industries. South African SMMEs are estimated to contribute up to 40% of South Africa's GDP (Bhengu, 2023). It is, therefore, necessary to investigate the factors that encourage these entities' success and longevity. Although these entities are important for the growth of the South African economy, there seems to be a high failure rate (Van Wyk & Venter, 2023:1). This indicates that the factors which contribute to the success of entities are not carefully considered, neither are there effective management practices which contribute to entity success (Van Wyk & Venter, 2023:1). These factors include managerial practices, inadequate infrastructure, insufficient finances, risk management and insufficient networks (Van Wyk & Venter, 2023:1).

2.6.4 Strategic planning in family-owned businesses

Family-owned businesses make up a significant portion of South Africa's SMME sector. As a result, strategic planning needs to be considered alongside family-run enterprises. Early studies suggest that family-owned businesses should incorporate strategic planning to ensure long-term success, growth and optimal performance (Upton *et al.*, 2001:60). Additionally, research highlights the importance of strategic planning for the survival of these businesses, helping to prevent decline and mitigate economic losses (Upton *et al.*, 2001:60). The same researchers emphasise that strategic planning is vital for business

continuity, succession, family cohesion, job preservation and wealth creation (Upton *et al.*, 2001:60). This suggests a strong link between strategic planning and succession planning. However, despite these indications, research has yet to explore the relationship between these two concepts.

To fully grasp strategic planning in family-owned businesses, it is essential to understand what it entails in this context. Effective succession planning is crucial to SMME longevity (Mazzola *et al.*, 2008:239). Some researchers argue that studies need to look into the potential of strategic planning as a tool for developing the next generation of family members involved in business management (Mazzola *et al.*, 2008:240). The need for more research into strategic planning as a developmental tool is a significant oversight, as strategic planning is widely recognised as a valuable tool for effective management, playing a crucial role in the long-term success of an organisation (Mazzola *et al.*, 2008:240). Researchers agree that strategic planning offers numerous advantages, such as providing a competitive edge, fostering growth, enhancing business success, and attracting external funding (Sonandi *et al.*, 2021:3). Moreover, strategic planning is also associated with improved resource efficiency, better internal communication, increased innovation, greater customer value and clearer organisational goals (Sonandi *et al.*, 2021:4).

Strategic planning is seldom implemented by SMMEs, which often undermines their long-term survival (Sonandi *et al.*, 2014:4). Researchers claim that SMMEs are less effective than larger corporations in applying strategic planning, resulting in poor performance and frequent business failures (Sonandi *et al.*, 2014:4). They further note that the lack of strategic planning leads to inadequate business practices, such as a short-term focus, time limitations, insufficient expertise, and a lack of a comprehensive organisational perspective (Sonandi *et al.*, 2014:4). Conversely, some scholars argue that strategic planning offers no benefits to SMMEs, suggesting that it creates rigidity and limits their ability to adapt in a competitive environment (Sandada *et al.*, 2014:659). Supporters of strategic planning, however, assert that it is a vital management tool that helps businesses remain stable in competitive markets (Sandada *et al.*, 2014:659).

2.6.5 Strategic planning process

The strategic planning process is a structured approach that organisations use to define their long-term goals, short-term objectives, assess internal and external factors, and develop actionable strategies to meet these goals. According to Wolf and Floyd (2017:1754), strategic planning typically begins with identifying the organisation's mission, vision and core values. This phase clarifies the organisation's purpose and long-term aspirations. Following this, environmental scanning is conducted, which involves analysing both internal and external environments. The external environment includes factors such as political, economic, social, technological, legal and environmental trends (PESTLE analysis), alongside internal audits of resources and capabilities, often using a strengths, weaknesses, opportunities and threats (SWOT) analysis framework (Andersen, 2013:64).

Once the environmental analysis is complete, strategy formulation occurs, where organisations develop and evaluate strategic alternatives. These strategies may span across corporate, business and functional levels to select the most suitable one to achieve long-term success (Clegg *et al.*, 2011:46). The next stage is strategy implementation, which involves translating these strategies into detailed plans, allocating resources, and establishing performance metrics (Elbanna *et al.*, 2016:469).

Finally, the evaluation and control phase ensures that organisations monitor their progress and make necessary adjustments to stay on course toward their strategic objectives. This step is crucial for addressing challenges and opportunities during implementation (Jarzabkowski & Balogun, 2009:1255).

2.7 CRITICS AGAINST STRATEGIC PLANNING

Strategic planning has been widely regarded as a crucial capability for organisations to navigate complexity, develop competitive advantages, and ensure long-term success (Goldman *et al.*, 2015:155). However, despite its prominence in the literature and adoption in organisational practice, strategic thinking has faced significant criticism. These critiques range from concerns about its practical applicability to doubts regarding its adaptability and inclusiveness. In this section of our literature review, the researcher explores the key criticisms of strategic thinking, emphasising its limitations in practice, the

challenges of predicting the future in turbulent environments, and the risk of exclusionary practices within organisations.

2.7.1 Practical applicability

One of the primary criticisms of strategic thinking is its perceived need for more practical applicability. Critics argue that strategic thinking often remains a theoretical construct that requires more work to operationalise in real-world settings. While strategic thinking encourages long-term planning and foresight, many organisations need help implementing these concepts in unpredictable business environments (Wolf & Floyd, 2017:1754). According to Bonn (2001:64), strategic thinking can become overly abstract and detached from the operational realities of day-to-day business activities, leading to plans that are difficult to implement effectively. This disconnect between high-level strategic thinking and the day-to-day actions required to achieve organisational goals can create inefficiencies, as employees may need clear guidance on translating strategic goals into practical outcomes (Golsorkhi *et al.,* 2010:780).

Furthermore, strategic thinking is often relegated to the upper echelons of management, resulting in a top-down approach that excludes insights from lower-level employees who are directly involved in operational activities (Hughes *et al.*, 2013:102). This exclusion can lead to strategies needing to be fully aligned with the organisation's challenges and needs (Hughes *et al.*, 2013:102). As a result, these strategies may appear impractical or disconnected from the realities of the organisation, contributing to strategic failures (Klag & Langley, 2014:277).

2.7.2 Strategic predictability

Strategic thinking places a strong emphasis on forecasting and predicting future trends, which has been widely criticised due to the inherent uncertainties in rapidly changing environments (Sull *et al.*, 2015:61). Mintzberg (1994:16) argues that the focus on long-term planning and prediction is fundamentally flawed, as it assumes that managers can anticipate future developments with a high degree of accuracy. This overemphasis on prediction often leads to rigidity, as organisations may become overly committed to specific strategies based on forecasts that may not materialise. Mintzberg (1994:16)

suggests that strategic thinking should be more flexible and adaptive, allowing organisations to respond to changes rather than relying on fixed, long-term plans.

The criticism regarding the unpredictability of the future is further supported by the rise of volatile, uncertain, complex and ambiguous (VUCA) environments (Bennett & Lemoine, 2014:311). In such contexts, strategic thinking that heavily focuses on long-term foresight may need to be improved, as rapid technological changes, shifting consumer preferences and geopolitical uncertainties, can render carefully crafted strategies obsolete. The difficulty of predicting future trends has led some scholars to advocate for a more emergent approach to strategy, where organisations focus on adaptability and learning rather than rigid adherence to pre-determined plans (Grant, 2003:515).

2.7.3 Exclusionary nature of strategic thinking

Another significant criticism of strategic thinking is its exclusionary nature, which can marginalise certain organisational voices. Traditional strategic thinking frameworks often centralise decision-making in the hands of senior executives, potentially excluding valuable insights from other levels of the organisation (Mantere & Vaara, 2008:342). According to Mantere and Vaara (2008:342), this centralisation leads to a hierarchical approach that limits the participation of middle managers and frontline employees, whose insights could be crucial for developing more informed and holistic strategies.

The exclusionary nature of strategic thinking also extends beyond the internal structure of organisations. As Nguyen *et al.* (2023:2) point out, traditional strategic thinking approaches often need to account for external stakeholders' perspectives, such as customers, suppliers and local communities. This exclusion can result in strategies disconnected from market realities and societal expectations, failing to address critical external factors. A more inclusive approach to strategic thinking, often called strategic engagement, has been suggested to remedy these limitations, promoting broader participation across organisational levels and incorporating diverse perspectives (Hamel, 2009:94).

2.7.4 Cognitive biases

Finally, cognitive biases in strategic thinking have been criticised for distorting decision-making processes. Kahneman and Tversky's (1979:289) seminal work on decision-making highlighted that even experienced managers are prone to overconfidence, confirmation bias and availability bias. These cognitive distortions can result in poor strategic decisions, as managers may rely on flawed assumptions or selective information when developing strategies. Acciarini *et al.* (2021:640) argue that strategic thinking, as it is traditionally practised, does not adequately account for these biases, which can lead to misjudgements in risk assessment and opportunity evaluation.

Moreover, cognitive biases can reinforce the exclusionary nature of strategic thinking. Senior leaders may rely on their existing beliefs and experiences when making strategic decisions, potentially overlooking new or unconventional ideas from other parts of the organisation (Lovallo & Sibony, 2010:33). This can result in strategies that reinforce the status quo rather than fostering innovation or adaptation to changing environments.

2.8 STRATEGIC PLANNING IN FAMILY-OWNED BUSINESSES

Strategic planning in family-owned businesses is critical in ensuring long-term sustainability, growth, and the preservation of family legacy. Unlike large companies, family businesses must navigate the interplay between family dynamics and business objectives, making strategic planning more complex. This literature review section examines strategic planning within family-owned businesses, particularly in South Africa, where SMMEs play a vital role in the economy.

2.8.1 Strategic planning in family-owned businesses

Strategic planning is how organisations define their long-term goals and strategies. In family businesses, integrating family values and business objectives is necessary. The unique governance structure of family-owned businesses, including family councils and boards, often influences the development and implementation of strategic plans (Astrachan & Shanker, 2003:212).

One of the key challenges in strategic planning for family-owned businesses is the alignment between family values and business imperatives. According to Carlock and

Ward (2001:89), the involvement of multiple generations can complicate the decision-making process, as each generation may have differing visions for the future of the business. In South Africa, many family businesses operate in agriculture, retail and manufacturing sectors, where multi-generational involvement is common. This generational diversity can hinder the development of coherent strategic plans if family members do not share the same vision for the business (Visser & Chiloane-Tsoka, 2014:429).

2.8.2 Succession planning influence on strategic planning

As a key component of the broader strategic planning process, succession planning is often considered one of the most significant challenges family-owned businesses face. Sharma *et al.* (2003:3) note that effective succession relies on the current generation preparing the next for leadership through structured mentorship and active participation in strategic decision-making. However, Venter *et al.* (2005:284) indicate that only around 30% of family businesses successfully transition to the second generation, and fewer than 14% make it to the third generation. The need for successful transitions is often linked to the reluctance of the senior generation to delegate authority, share crucial information, and give up control (Venter *et al.*, 2012:75), which can hinder effective succession planning and undermine long-term strategic goals.

2.8.3 Governance structures and strategic planning

Strong governance structures are essential for strategic planning in family businesses, as they help balance family interests with business needs. Family governance mechanisms, such as family constitutions and councils, can provide a framework for decision-making that incorporates family and business perspectives (Brenes, Madrigal, & Requena, 2011:280).

In South Africa, the development of formal governance structures is often limited in family-owned businesses due to a need for more professional management expertise and resources (Fatoki, 2014:926). As a result, many family businesses operate with informal decision-making processes, which can undermine long-term strategic planning. Studies by Venter *et al.* (2005:286) suggest that family businesses with formalised governance structures are more likely to survive through generational transitions.

2.8.4 Strategic planning and the external environment

Family-owned businesses in South Africa face unique external challenges, including political and economic instability, regulatory changes and market competition. These factors necessitate flexible and adaptive strategic planning (Van der Merwe *et al.*, 2012:219). For example, the Broad-Based Black Economic Empowerment (BBBEE) policy has forced many family businesses to rethink their ownership and management structures to remain legal and competitive (Horwitz & Jain, 2011:300). Additionally, technological advancements and globalisation present both opportunities and threats for South African family-owned businesses. Those who engage in forward-looking strategic planning are better positioned to leverage these trends for growth, while others may need help to keep pace (Visser & Chiloane-Tsoka, 2014:38).

Strategic planning in family-owned businesses is a multifaceted process that requires careful consideration of family dynamics and business imperatives. In South Africa, family-owned businesses face additional challenges due to external factors such as political instability and economic policy changes. While strategic planning can be a tool for ensuring long-term survival and growth, many South African family businesses need to catch up in areas such as governance and succession planning. Addressing these issues through formalised structures and long-term strategic thinking is crucial for sustainability.

2.9 THE RELATIONSHIP BETWEEN SUCCESSION PLANNING AND STRATEGIC PLANNING

The connection between succession planning and strategic planning is crucial for family-owned businesses, as both processes are forward-looking and critical for success. Succession planning must be embedded in the strategic planning process to ensure the leadership transition aligns with the long-term goals (Astrachan & Shanker, 2003:217). This integration allows the business to maintain continuity while adapting to new market conditions and internal changes.

According to Ward (1987:114), effective strategic planning in family-owned businesses requires incorporating succession plans, as leadership changes are often inevitable. A comprehensive strategic plan ensures the business has clear goals for future leadership

transitions, enabling a smoother handover process. By aligning leadership continuity with strategic objectives, businesses can mitigate risks associated with succession, such as power struggles or loss of direction (Chesley, 2017:17).

In South Africa, many family businesses need help integrating succession into their strategic planning. Research by Visser and Chiloane-Tsoka (2014:37) highlights that family-owned businesses often need more formal succession plans, undermining long-term survival. As a result, many businesses need help to successfully transition from one generation to the next, leading to closure or sale. The failure of family-owned businesses is particularly concerning, given their role in the South African economy, where they contribute significantly to employment and GDP (Fatoki, 2014:926)

2.10 INTEGRATING SUCCESSION AND STRATEGIC PLANNING

Family businesses should formalise both processes to minimise ambiguity and reduce conflict (Sharma *et al.*, 2003:20). Establishing a family constitution or governance framework can effectively manage the relationship between family members and the business, ensuring that succession plans are aligned with the company's long-term objectives (Brenes *et al.*, 2011:282).

Involving the next generation early in strategic decision-making is also crucial for effective succession planning. Mentorship and gradual involvement in leadership roles can prepare successors to take over the business while ensuring continuity with its strategic goals (Carlock & Ward, 2001:91).

Moreover, succession planning should not be treated as a one-time event but as an evolving process that adapts as the business grows (Chesley, 2017:19). Regularly reviewing and updating both succession and strategic plans ensures they remain aligned with current market conditions and the family's evolving objectives (Venter *et al.,* 2005:286).

2.11 CONCLUSION

In conclusion, integrating strategic and succession planning is essential for long-term sustainability and success for family-owned businesses. Strategic planning provides a

framework for aligning the business's goals with its operational strategies, while succession planning ensures continuity of leadership. According to Sharma *et al.* (2003:20), formalising both processes reduces ambiguity and conflict within family businesses, making transitions smoother and more efficient.

In South Africa, family-owned businesses contribute significantly to the economy. However, many struggle with long-term survival due to the lack of formalised strategic and succession planning processes (Visser & Chiloane-Tsoka, 2014:37). The need to manage family dynamics alongside business objectives makes planning more complex in family-owned businesses. Venter *et al.* (2005:286) explain that incorporating succession planning into the broader strategic framework is vital for the survival and growth of these businesses across generations.

Additionally, family governance mechanisms, such as family constitutions, can help manage the intersection of family interests and business operations, ensuring that succession plans are aligned with the company's long-term objectives. Carlock and Ward (2001:91) suggest that the next generation be involved in strategic planning, which prepares successors for future leadership roles while preserving the business's strategic direction.

Both succession and strategic plans must be continuously reviewed and updated to stay relevant in changing market conditions (Venter *et al.*, 2005:286). Without these updates, businesses risk stagnating and failing to adapt to evolving external pressures, leading to potential decline. As Upton *et al.* (2001:60) noted, strategic planning is crucial for maintaining competitiveness, family cohesion, and job preservation in family-owned businesses.

In conclusion, integrating succession planning into strategic planning ensures that family-owned businesses remain resilient and adaptive in an ever-changing business landscape, particularly in South Africa, where these entities play a vital economic role.

CHAPTER 3 RESULTS AND DISCUSSIONS

3.1 Introduction

In this part of our study, the researcher explores the findings. It is vital to grasp critical concepts related to qualitative research. Interpretivism holds that human behaviour differs from physical phenomena, as humans provide more nuanced information and meaning (Alharahsheh & Pius, 2020:41). Moreover, interpretivism considers diverse social realities, such as culture, location and context (Alharahsheh & Pius, 2020:41). In this study, the researcher utilises interpretivism to gain depth and insight into the chosen phenomena, without aiming to create universal rules applicable to all (Alharahsheh & Pius, 2020:42). Furthermore, inductive reasoning is used to interpret multiple premises and truths to draw a probable conclusion (Sauce & Matzel, 2022:3414).

This study utilises a qualitative research method to examine strategic and succession planning in SMME family businesses in selected areas of South Africa. An interpretive inductive approach aims to gain valuable insights and contribute to existing knowledge. Semi-structured interviews are conducted to collect data, which are then interpreted to address the research questions. Firstly, the researcher describes the data collection method, followed by presenting the demographic profiles and backgrounds of participants, the study's objectives, the different themes and subthemes, and the results of the different interviews.

3.2 Research approach and methodological choice

In this research, a qualitative approach is utilised to gather data to explore detailed issues during discussions. The researcher seeks to identify recurring themes through thematic analysis of the interviews. Following an inductive approach, the researcher aims to observe patterns in the data and develop theories from these patterns (Rahi, 2017:2). This paradigm aligns with the researcher’s goal of building knowledge based on observed trends.

The study employs a qualitative research methodology, which is inductive and focuses on collecting and interpreting non-numerical data rather than relying on statistical analysis (Hussain, 2022:2). This approach enables the researcher to explore the social impact of

the study within specific populations and locations. Data were collected from participants in the North West and Gauteng provinces, allowing the researcher to identify patterns and contribute new insights to the existing literature on strategic and succession planning in SMME family businesses in selected regions of South Africa.

In qualitative research, it is essential for the researcher to clearly and openly describe how participants were selected, the objectives of the study, and the ethical guidelines followed throughout the research. For this research, the researcher used two different methods of investigation: a literature review to gain background information into SMME family businesses, and semi-structured interviews to derive data from eight (8) participants.

3.2.1 Literature review

A literature review serves several critical purposes in academic research. It synthesises existing knowledge on a specific topic, offering a comprehensive evaluation of relevant theories, methodologies and findings, while identifying gaps in the current body of research (Snyder, 2019:334). By doing so, it positions the new research within the context of prior work, ensuring its contribution is clear and relevant (Torraco, 2016:404). Additionally, a literature review helps refine the research questions, develop a theoretical framework, and choose appropriate research methods (Rowe, 2014:244). It allows the researcher to critically examine areas of consensus and debate within the field, as well as highlight emerging trends (Webster & Watson, 2002:13). Ultimately, a well-conducted literature review ensures that new research adds value to the academic discourse and avoids unnecessary duplication of previous studies (Snyder, 2019:335).

For this research, the literature review comprehensively examined a range of topics pertinent to family-owned SMMEs, ownership dynamics, strategic planning and succession planning. The researcher engaged with multidisciplinary studies sourced from both international contexts and the South African landscape. A balanced perspective was maintained by critically analysing various processes and procedures. Moreover, the literature review explored the advantages associated with succession planning and strategic planning, alongside the challenges faced by individuals and businesses when grappling with these concepts. Through this literature review, the researcher aimed to gain in-depth insights into the selected topics and to inform the development of a research

instrument and data collection methodology tailored to address the research questions effectively.

3.2.2 Empirical study

The researcher performs an empirical study through qualitative data collection. The researcher utilised semi-structured interviews to gather data from eight representatives of family-owned SMMEs in selected areas in South Africa. Semi-structured interviews are a flexible research tool, allowing researchers to explore topics deeply while maintaining a guide of critical questions. This method encourages rich, qualitative data collection, as participants can elaborate on their responses (Gill *et al.*, 2008:291). The open-ended nature facilitates the discovery of unexpected insights. It is beneficial in exploratory research where themes still need to be fully defined (Bryman, 2016:468).

A semi-structured interview is a widely used qualitative data collection method, offering flexibility while maintaining a focused approach. In this method, the researcher prepares an interview guide (see Appendix B), which contains key themes or questions intended to explore specific topics in depth. Unlike structured interviews, where questions are rigidly followed, a semi-structured format allows the interviewer to adapt and probe further, based on participants' responses, encouraging more open dialogue and deeper insights.

The researcher employs this method to balance consistency across interviews with the flexibility to explore emergent themes or clarify responses. The use of an interview guide ensures that the research objectives are addressed. However, the conversational nature of the interview allows participants to express their thoughts in their own words, often leading to the discovery of rich, nuanced data.

Prior to the interview, the researcher ensures ethical considerations are adhered to by obtaining informed consent from participants. A letter of consent outlining the purpose of the study, the voluntary nature of participation and the confidentiality of responses, is provided to each interviewee (see Appendix A). This process ensures that participants understand their rights and the scope of the study before engaging in the interview, aligning the data collection process with ethical research practices.

3.3 POPULATION AND SAMPLING

In the first chapter, the researcher indicated that sampling involves selecting a representative portion of a population from which conclusions can be drawn (Saunders *et al.*, 2019:293). Sampling is necessary due to the challenges of collecting data from an entire population. Researchers argue that sampling is more practical, not only for managing data but also for conserving resources like time and money (Turner, 2020:2). Guest *et al.* (2020:1) explored the idea of data saturation, which occurs when no new information is generated from additional data collection, making further insights into research questions unnecessary.

The researcher believes that reaching data saturation provides a more reliable dataset for meeting the study's objectives. Data saturation occurs when qualitative data collection continues until no new themes or information emerge (Saunders *et al.*, 2012:283). This study used non-probability sampling to gather data from various family businesses through individual interviews. The researcher interviewed eight participants until data saturation and sufficient information power were achieved.

The researcher limited the study to participants in limited areas in the North West and Gauteng provinces. To attract more participants, the researcher used non-probability sampling in the form of a snowball technique. The researcher conducted interviews with eight representatives of family-owned businesses. The interviews were conducted with one participant at a time to ensure that there was no influence from other parties.

3.4 TRANSCRIBING THE INTERVIEWS

The researcher conducted eight interviews in English. On one occasion, an interviewee indicated difficulty in articulating a specific point in English. However, the interviewee adapted their response to communicate their thoughts more clearly. The interviewer employed the transcription feature within Microsoft Teams and cross-verified the transcriptions with the recorded interviews to ensure accuracy.

3.5 DATA ANALYSIS

This research uses thematic analysis. As mentioned in Chapter One, thematic analysis seeks meaning in a text. The researcher achieves this by following the six phases

mentioned in Chapter 1: familiarising themselves with the data, generating initial codes, searching for themes, reviewing themes, defining and naming themes, and producing a report.

3.6 DEMOGRAPHIC INFORMATION

The study explores strategic planning and succession planning in family-owned SMMEs in selected areas of South Africa. In this section, we profile the participants according to their qualifications, gender, age, education, nature of business, staff complement and location of the business. The profiles are demonstrated in Table 3.1 below.

Table 3.1: Demographic information

Participant	Gender	Age	Education	Nature of business	Staff	Business years	Location
P1	Female	29	BSc	Farming	3	2	North West
P2	Female	29	Diploma	Waste Management	4	2	Gauteng
P3	Female	47	MSc	Farming	4	3	North West
P4	Male	29	Honours	Funeral service	25	12	North West
P5	Male	57	Diploma	Farming	14	11	North West
P6	Male	29	Matric	Fuel & Retail	25	10	North West
P7	Male	30	BCom	Retail	15	27	North West
P8	Male	28	Diploma	Driving school	8	10	North West

Source: Researcher

The profiles of the participants indicate that most of the participants have a post-matric qualification, apart from one participant who only holds a matric certificate. The age range of the businesses is between two years and twenty-seven years. Moreover, the staff complement range between 3-25 employees. The nature of the businesses that the participants are involved in include farming, waste management, funeral services, fuel, retail and a driving school.

3.7 OVERVIEW OF THEMES

The empirical research explores strategic planning and succession planning in SMME family businesses in selected areas in South Africa. The researcher achieved this by conducting semi-structured interviews aimed at deriving themes from the participants. Moreover, the interview questions were crafted in such a way that they provided insight into the research questions and research objectives. The questions are as follows:

1. Please tell me more about your role in the business.
2. Can you tell me about the nature (or type) of the business?
3. Does the business have a strategic plan?
4. Do you believe the strategic planning function is efficient?
5. Does the business have a management and ownership succession plan? Explain.
6. Kindly explain succession-related issues in the family business.
7. Explain the correlation between the strategic and succession planning functions in the business.
8. Finally, what recommendations do you have for other family businesses regarding successfully transferring ownership and management to the next generation of family members?

The interview utilised a thematic analysis tool known as ATLAS.ti. It is a qualitative data analysis software designed to help researchers systematically analyse large volumes of unstructured data such as interviews, focus group discussions, or textual documents (Fries, 2019:45). Its primary function is to assist in coding, categorising, and visualising data to uncover patterns and themes, making it particularly useful in grounded theory and other inductive research approaches (Friese, 2019:45). Researchers can import a variety of data formats, including text, audio, video and images, to build a comprehensive analysis framework. Through its advanced features like network views and code co-occurrence tables, ATLAS.ti enables users to establish relationships between codes, helping to build complex theories from qualitative data (Paulus *et al.*, 2015:39). This tool is essential for researchers aiming for a systematic and rigorous approach to qualitative research.

The researcher utilised the qualitative data analysis software to derive codes from the interviews. Coding in qualitative research is a fundamental process used to organise and make sense of large amounts of data. It involves assigning labels or "codes" to segments of data, such as words, phrases, or sentences, that represent a particular theme or concept (Saldaña, 2021:3). These codes allow researchers to systematically categorise and interpret data, facilitating the identification of patterns, trends and relationships within the dataset (Bryman, 2016:578). Coding can be deductive, where codes are pre-defined based on theoretical frameworks, or inductive, where codes emerge from the data itself during analysis (Charmaz, 2014:91). The process is iterative and reflexive, requiring constant revisiting and refinement of codes to ensure they accurately reflect the meaning of the data. Coding plays a crucial role in qualitative research, enabling researchers to draw meaningful insights and develop grounded theories.

The researcher employs this method to categorise codes into distinct themes systematically. Through analysis of the interview data, various themes are identified and visually represented in Table 3.2, clearly reflecting the emerging thematic structure. The researcher further refines the analysis by organising these themes into overarching main themes and corresponding sub-themes, enhancing the thematic framework's depth and clarity.

Table 3.2: Overview of themes and subthemes from the study

Overview of themes and sub-themes from the study	
Themes	**Sub-themes**
Does the business have a strategic plan?	
1. Strategic planning and growth goals	1.1 Expansions of operations
	1.2 Increased production for market competitiveness
2. Long-term vision and succession planning	2.1 Generational continuity
	2.2 Sustainability beyond the founding generation
3. Operational challenges and adaptation	3.1 Weather and environmental impacts
	3.2 Adjusting to external economic factors and infrastructure limitations

4. Community engagement and social responsibility	4.1 Commitment to community and employment
	4.2 Employee retention and loyalty
Do you believe the strategic planning function is efficient?	
5. Perceived efficiency of strategic planning	5.1 Adherence to long-term plans
	5.2 Trust in strategic outcomes
6. Challenges affecting strategic planning	6.1 Internal challenges
	6.2 Resource constraints
	6.3 Operational and economic challenges
	6.4 Market and seasonal fluctuations
7. Adaptation to continuous improvement	7.1 Regular review, adjustment and external support
Does the business have a management and ownership succession plan? Explain	
8. Succession planning and readiness	8.1 Absence or early stages of formal planning
	8.2 Readiness and capability of successors
9. Family dynamics and flexibility in succession planning	9.1 Grooming and mentoring the next generation
	9.2 Adaptability and contingency planning
Kindly explain the following succession-related issues in a family business.	
10. Family dynamics and succession planning	10.1 Hands-on training and incremental responsibility
	10.2 Direct mentorship from the senior generation
11. Transition and retirement of the senior generation	11.1 Transition to advisory and oversight role
	11.2 Conditional retirement based on successor readiness
Explain the correlation between the strategic and succession planning functions in the business	
12. Integration of strategic and succession planning	12.1 Mutual support in vision and mission alignment
	12.2 Strategic planning as a foundation for succession
13. Long-term planning as a tool for future-orientated strategy	13.1 Strategic planning as a tool for future succession readiness

	13.2 Adaption and Vision Expansion
14. Succession planning as a component of strategic continuity	14.1 Ensuring continuity in business strategies
	14.2 Succession planning as a mechanism for sustaining growth across generations
Recommendations for other family businesses to successfully transfer the ownership and management to the next generation of family members?	
15. Knowledge and skills development	
16. Alignment with business values and vision	
17. Mentorship and guidance	
18. Balanced trust and responsibility	
19. Formal succession planning	

Source: Compiled by the researcher

3.8 INTERVIEW FINDINGS

This thematic analysis examines the critical roles of strategic and succession planning in SMME family businesses within selected areas of South Africa. As family-owned enterprises transition across generations, strategic and succession planning become central to ensuring continuity, preserving core values, and fostering growth. This study delved into perspectives from various participants involved in SMME family enterprises, each labelled as "P" by the researcher to uphold privacy and confidentiality throughout the research. Quotes from participants are utilised to support these views, reinforcing the ideas reached during the thematic analysis.

The research offers insights into how current leaders in family businesses approach succession, focusing on critical factors such as mentorship, skills development, alignment of values, and support mechanisms that prepare successors to lead eventually. This analysis also highlights the importance of formal succession planning as an integral component of strategic foresight, addressing both immediate and long-term needs for family business sustainability. Ultimately, this study seeks to identify practical

recommendations that may guide other family-owned SMMEs in South Africa as they plan their generational transitions, contributing to broader economic resilience and family business longevity.

3.9 Does the business have strategic goals?

3.9.1 Theme 1: Strategic planning and growth goals

During the research process, the researcher observed responses that indicate strategic intent for business growth, whether through increasing livestock, expanding crop production, or acquiring additional vehicles. Growth targets, including expansion, indicate an underlying strategic vision to scale operations, improve market reach, and enhance capacity to supply products. Participants expressed the desire to transition from emerging operations to commercial enterprises. The ultimate goal is to establish commercial enterprises and a competitive position within the industry.

Subtheme 1.1: Expansion of operations

Participants consistently expressed that increasing production capacity and acquiring additional assets could drive business growth, a view supported by literature on resource-based firm expansion. Studies by Grant (1991:116) affirm that increasing production capability can provide firms with operational flexibility, making it possible to scale up as needed and respond to market demands. Barney (2001:643) emphasises that strategic acquisition of assets, both tangible and intangible, can create competitive advantages, positioning businesses for sustainable growth (Barney, 2001:644).

P1 described the strategic approach for increasing livestock: *"We plan the whole year's cycles and how many chicks we will put in, what we did wrong and what we need to do right."*

P3 mentions aspirations to expand their fleet: *“Our strategic plan is to get more fleet. We would like to have skip bins in the near future.”*

P7 shares further aspirations of commercial growth: *“We are gradually moving to becoming commercial. We anticipate that the next generation will benefit from what we are building."*

Subtheme 1.2: Increased production for market competitiveness

Participants also firmly focused on achieving specific production targets as a measurable growth indicator. According to Kaplan and Norton (1996:78), setting production goals aligns operational activities with strategic priorities, directly linking output targets to overall business objectives. Furthermore, Porter (1985:52) notes that production targets serve as benchmarks for efficiency and are essential in guiding operational focus toward growth and market share expansion.

P6 indicates a production goal*: "The target is to pump anything close to 380 000 to 400 000 litres a year three of the business."*

P2 indicates that their goal is to increase cattle numbers and crop yields: *"The aim is to increase the number of cattle to at least 300 breeding cows and to produce enough tonnage of maise."*

P4 highlights this ambition: "*The vision is to be the best in the industry, especially with service delivery within the community."*

3.9.2 Theme 2: Long-term vision and succession planning

A recurring theme observed was the commitment to ensuring generational continuity to sustain the business over time. According to the literature review in Chapter 2, family businesses often face unique challenges in achieving longevity, particularly beyond the third generation. Participants frequently emphasised that involving the next generation early in business operations is pivotal for a seamless transition and continuity. Lussier and Sonfield (2015:387) note that early succession planning fosters adaptability and helps prevent succession-related issues that frequently disrupt family businesses.

Subtheme 2.1: Generational continuity

Another recurring theme was the importance of generational continuity to ensure the sustainability over time. Family businesses often face distinctive challenges in maintaining longevity beyond the third generation. Involving younger family members in operations at an early stage is frequently cited as a critical strategy for continuity. Le

Breton-Miller *et al.* (2004:322) argue that early involvement and structured succession planning mitigate potential disruptions associated with generational transitions.

P5 explains the philosophy: "Our family planned to ensure that they start us very early, to ensure that the business does not die into the third generation."

P8 describes succession planning as involving mentorship from family members: "I have my younger cousin in the office, learning the ins and outs of the business."

Subtheme 2.2: Sustainability beyond the founding generation

Participants often emphasised proactive planning, a concept supported by Astrachan and Shanker (2003:219), who found that intentional, early-stage planning enhances adaptability and positions family businesses to overcome common longevity issues. Further, research by Ward (1987:129) suggests that initiating succession planning sooner strengthens the chances of successful generational transfer and long-term sustainability (Astrachan & Shanker, 2003:219)

P5 expanded on the risks associated with businesses that fail to plan at an early stage: "Most people do not plan for the succession of their family businesses early enough; by that time, it is too late."

3.9.3 Theme 3: Operational challenges and adaptation

The findings indicate that South African businesses face a unique set of operational challenges that influence their strategic decision-making, including seasonal weather changes, load-shedding, and handling perishable goods. These factors necessitate adaptive strategies that help companies navigate a dynamic and often volatile business environment. Research confirms that frequent disruptions in infrastructure and climate variations significantly impact operational continuity, compelling businesses to adopt adaptive strategies to maintain growth and sustainability (Olajuyin & Mago, 2022:6)

Subtheme 3.1: Weather and Environmental Impacts

Environmental factors play a prominent role in shaping the operational strategies of South African businesses. For example, seasonal droughts and fluctuating weather conditions heavily impact agriculture and other resource-dependent industries. According to

Gbetibouo *et al.* (2010:290), climate variability places considerable strain on South African SMMEs, particularly in agriculture, where weather patterns influence production cycles and outputs (Gbetibouo *et al.*, 2010:293). The study suggests that strategic planning must incorporate resilience to climate impacts to ensure long-term viability.

P6 discusses the impact of extreme weather on perishable goods: *“when dealing with perishable goods, milk has a lifespan, and the heat is one of the biggest factors against it."*

Subtheme 3.2: Adjusting to external economic factors and infrastructure limitations

External macroeconomic elements are beyond the business owners' control, with elements such as power disruptions affecting operations and requiring strategic adjustments. Economic factors, especially those beyond the control of business owners, such as load-shedding, create further operational challenges that require strategic adaptations. Load-shedding disrupts production schedules, increases operational costs, and forces businesses to invest in costly backup power systems. As Olajuyin and Mago (2022:6) explain, South African SMMEs increasingly factor load-shedding into their operational strategies, finding ways to mitigate disruptions through flexibility and alternative power sources.

P6 notes: *"We just recovered from load-shedding right now. We would have to find concrete solutions to the current challenges."*

P6 discusses the need for essential equipment for perishable goods: *"The vans do not have refrigerators and installing one refrigerator is quite big because the profit margins in this field are quite slim."*

3.9.4 Theme 4: Community engagement and social responsibility

Community engagement and social responsibility play significant roles in the strategic framework of South African SMMEs. These businesses often engage with local communities by providing employment, fulfilling local service needs, and contributing to socio-economic development. Research by Herrington and Kew (2016:84) highlights that

South African SMEs contribute to local economies by prioritising social value and community development alongside profit goals (Herrington & Kew, 2016:86).

Subtheme 4.1: Commitment to community and employment

Participants indicated a strong commitment to community and family involvement, often hiring family members and prioritising service to underserved areas. This commitment supports social cohesion and reflects broader social responsibility practices within South Africa. Fatoki (2014:923) suggests that SMEs contribute substantially to community well-being, employing residents and providing essential services, which fosters brand loyalty and community trust (Fatoki, 2014:925).

P4 highlights this by focusing on service delivery: *"The vision is to be the best in the industry, especially with the service delivery within the community."*

P3 shares plans to employ family members who need jobs: "*We would like to employ a few of our family members in the near future."*

3.9.5 Subtheme 4.2: Employee retention and loyalty

There is a focus on retaining employees to foster loyalty, with the belief that a stable workforce can enhance productivity and brand reputation. Employee retention is seen as a crucial element of the strategic plan, especially in young businesses aiming to build a committed team. Employee retention emerges as a focal point, with an emphasis on fostering loyalty to enhance productivity and strengthen brand reputation. Particularly in newer businesses, as it supports the cultivation of a cohesive and committed team.

Employee retention is critical for maintaining productivity and continuity in South African SMMEs. In new and growing businesses, retaining a loyal workforce is integral to building brand reliability and operational stability. According to Urban and Naidoo (2012:147), loyalty initiatives that focus on employee retention help small businesses foster a stable workforce, which in turn, strengthens business resilience and reputation (Urban & Naidoo, 2012:150).

P5 emphasises the role of employee loyalty: *"We believe staff retention ensures that they become more loyal to the business…they become our mouthpieces."*

3.10 DO YOU BELIEVE THE STRATEGIC PLANNING FUNCTION IS EFFICIENT?

3.10.1 Theme 5: Perceived efficiency of strategic planning

Different participants indicated that the efficiency of strategic planning could improve with different participants. Other participants indicated that their strategic planning function is efficient due to the commitment to long-term objectives. Other subthemes that emerged from this analysis include trust in strategic outcomes. Strategic planning is seen as efficient when aligned with long-term goals and when there is a high level of trust in expected outcomes. According to Dibrell *et al.* (2011:471), formalisation in planning, which entails clear goal-setting and resource alignment, strongly influences organisational performance in family businesses. Similarly, Glaister *et al.* (2009:368) emphasise that well-structured plans can help balance strategic objectives with resource constraints, fostering a more substantial organisational commitment. Trust in strategic outcomes is often bolstered by past successes, reinforcing confidence and reducing resistance to planning (Kaplan & Norton, 2008: 65).

Subtheme 5.1: Adherence to long-term plans

Participants indicated a commitment to strategic goals, with a core focus on achieving long-term goals.

P1 noted the importance of following yearly plans: "Ours is efficient because we stick to the plans we make. We have all the cycle dates for the whole year."

P3 also supports long-term planning, emphasising the need to review and adjust regularly: *“We still have to sit down and look at short-term goals, to go into the table and look at our strategy every three or six months.”*

Subtheme 5.2: Trust in strategic outcomes

Some participants see success as a sign of efficient planning.

P4 believes their community’s trust is evidence of good planning: *“The trust that the community has in us, such as delivering the services needed today, I think we are on the right track.”*

3.10.2 Theme 6: Challenges Affecting Strategic Planning

This theme emerged from participants' acknowledgement that some elements serve as a barrier to effective strategic planning. Participants noted that internal challenges, resource constraints, economic challenges and seasonal fluctuations, are also challenges. Research conducted into family business indicates that family-owned businesses face unique internal challenges, where personal relationships often impact strategic alignment (Chrisman *et al.,* 2005:240). Resource limitations in SMMEs also challenge efficient planning as limited finances and staff can constrain strategic initiatives. Furthermore, external factors, such as market seasonality, create additional obstacles, requiring flexible strategies to respond effectively (Ward, 1987:135).

Subtheme 6.1: Internal Challenges

Some participants note conflicts arising from family involvement, which can disrupt strategic alignment. P1 explains: *"Planning happens with family…they tend to forget the reason we are actually doing the business…they want to impose all their plans, even though they do not align with the company's vision."*

P6 discusses the challenge of high operational costs, which impact efficiency: *"Balancing the books…employees need to get paid, and the business itself needs certain things…with the current plan, I believe it is not as efficient as it can be."*

Subtheme 6.2: Resource Constraints

P2 states this directly: *"No, [it is not efficient] due to a lack of time and resources."*

P7, an emerging business owner, acknowledges resource limitations but values support from experienced business owners: *“Challenges come at the stage of resourcing. We are fortunate enough to have successful business owners advising and giving us ideas.”*

Subtheme 6.3: Operational and Economic Challenges

P5 emphasises the unpredictability of economic factors, such as currency exchange rates and oil prices, which impact cash flow management: *"Changes in economic factors, like*

the dollar-to-rand rate and oil prices changing, mean you are not going to have as many regular customers."

P3 highlights issues related to maintaining transportation assets and driver health for a fleet-dependent business: *"Challenges might be…maintenance of trucks…managing the fleet and drivers' medical background."*

Subtheme 6.4: Market and Seasonal Fluctuations

Some participants experience season-specific challenges that impact business operations, such as exams or weather conditions.

P8 explains: *"There are seasons when students are busy with exams, so you will find out it is quite thin, and then the weather, if it is raining, businesses are on hold."*

3.11 DOES THE BUSINESS HAVE A MANAGEMENT AND OWNERSHIP SUCCESSION PLAN?

3.11.1 Theme 7: Adaptation and continuous improvement

Adapting to continuous change in the internal and external environment is essential for continuous improvement. Participants indicated that regular review and adjustment serve as a great tool to adapt changes in order to ensure continuous improvement. Furthermore, participants need external support and industry trends. Continuous improvement in family businesses requires frequent adjustments to strategies. Jarratt and Stiles (2010:32) note that regular evaluations based on feedback and external input can help family-owned SMMEs sustain a competitive advantage. Adaptability, especially in fluctuating markets, is crucial for these businesses to remain resilient and aligned with industry trends (Lumpkin *et al.,* 2010: 246).

Subtheme 7.1: Regular review, adjustment and external support

P3 illustrates this by emphasising quarterly to semi-annual reviews: "We will always have, after three or six months, a look at our strategic plan and what we can change."

P4 acknowledges the need for continuous improvement due to industry demands: "*There is always room for improvement; there are a lot of demands and competition that happen."*

P7 highlights how beneficial external support from successful business owners in similar industries: "*We are fortunate to have successful business owners…who are also advising and giving us ideas on how to move forward."*

3.12 DOES THE BUSINESS HAVE A MANAGEMENT AND OWNERSHIP SUCCESSION PLAN?

3.12.1 Theme 8: Succession planning and readiness

This theme explores the current state of formalised succession planning within family-owned SMMEs. A notable proportion of participants reported an absence of formalised succession plans, often due to an unanticipated need to plan for long-term leadership transitions. For those initiating succession discussions, the readiness and capability of successors remain primary concerns. Participants emphasised the importance of gaining experience and skills, with some acknowledging that current successors are still in the early stages of their careers and may still need to be equipped to assume complete control. This theme underscores a recognised need for experience accumulation and structured planning for the successful continuity of family businesses.

Succession planning in family-owned SMMEs is often informal, creating risk in leadership transitions. Handler (1994:135) highlights that structured succession processes, including leadership development and skill-building, are essential for stability. The readiness of successors, who may need more experience, further complicates this process, as noted by Cater and Justis (2009:114), emphasising the importance of preparation through mentorship and incremental responsibility. With a formal succession strategy, family businesses can maintain continuity and the strategic capacity needed for sustained growth (Lansberg, 1988: 122).

Subtheme 8.1: Absence or early stages of formal planning

Participants often indicated a need for a formal succession plan or were at the initial stages of the succession planning process. The responses from the participants highlighted that many family-owned businesses are future-oriented, but a formal approach to succession needs to be developed.

P1 stated: "*Not at the moment*."

P3 indicated that they do not have a plan at the moment: "*So far, we do not have it, to be honest. I think we did not plan until that far."*

P7: "*Not at this stage. It is something that we will look at in the future*."

P2: "*We are planning to have this ownership succession plan for the kids that are in the business right now. So that it becomes easy for them to know how to manage*."

P8: "*I would like to say that there is no exact plan right now, but I am still working on it*."

Most of the responses indicated that participants do not have a formal succession plan, and succession planning was not part of initial business plans.

Subtheme 8.2: Readiness and capability of successors

Participants expressed concerns about whether the next generation is prepared to take on leadership roles, with some indicating the need for more time and experience.

P5: "*As the second generation, we are still very young. None of us are married. We do not have kids. So there is no plan at the moment for the third generation to take over."*

P8: "*I just started taking over four years ago. I still have a lot to learn."*

P6: "*As much as she would like to hand it over, I guess she is still a bit too attached, and that is the gap that I am trying to close."*

3.12.2 Theme 9: Family dynamics and flexibility in succession planning

This theme highlights the significant impact of familial relationships and adaptability on succession planning approaches. Participants reveal that succession in family businesses often includes informal mentorship and grooming within the family unit to prepare younger members for leadership roles. Additionally, flexibility is a recurrent characteristic, with several families maintaining open-ended succession plans that can adapt to shifting personal and business circumstances. Some participants indicated a willingness to consider external management options as a contingency should internal successors lack interest or sufficient readiness. This theme reflects an adaptive approach

in which family involvement and flexible planning respond dynamically to the evolving needs of the family and the business.

Subtheme 9.1: Grooming and mentoring the next generation

Participants often engage in informal mentoring to prepare younger family members for future leadership roles, ensuring these successors align with the business's core values and long-term vision. Through this mentorship model, current leaders are able to instil foundational business knowledge and foster a sense of ownership among potential successors.

P4 illustrated this with an ongoing mentorship relationship: *"Currently, there is. My father. He is grooming me into taking over, learning from the inside."*

P6 described the tentative and evolving nature of this grooming process: *"It is a yo-yo. At some point, she feels like, OK, yes, it is time, and then she feels that maybe I am not ready."*

P5 noted a flexible approach, acknowledging that succession may require external involvement if family members lack genuine interest: *"If the kids are not really passionate, the family will then employ other people to come and take over."*

Subtheme 9.2: Adaptability and contingency planning

Many participants recognise the importance of keeping succession strategies flexible, allowing for external takeover options if family successors need to be prepared or uninterested. This adaptable approach enables businesses to remain operational and ensures continuity even in the absence of an internal successor.

P5 described this contingency approach as a pragmatic solution, where the family considers external hires when necessary: "*If the kids are not really passionate, the family then employs other people to come and take over. However, since the kids are interested, it has been scrapped."*

P8 underscored the value of maintaining an evolving plan: "*There is not an exact plan right now, but I am still working on it. I am planning the path for the next guy."*

These subthemes clearly illustrate how family businesses balance the importance of family continuity with the practical need for flexibility, ensuring ongoing adjustments to ensure that the business remains sustainable across generations.

3.13 KINDLY EXPLAIN THE FOLLOWING SUCCESSION-RELATED ISSUES IN THE FAMILY BUSINESS.

3.13.1 Theme 10: Development and mentorship of prospective successors

This theme addresses the strategic development of future leaders within family-owned SMMEs, with an emphasis on incremental responsibility and mentorship by the senior generation to prepare successors for eventual ownership.

Subtheme 10.1: Hands-on training and incremental responsibility

Participants described a progressive approach to successor development, where responsibilities are gradually expanded to build capability and understanding of the business. This incremental strategy ensures that successors gain hands-on experience essential for effective leadership. Strategic development for future leaders in family-owned SMMEs often relies on incremental responsibility and mentorship from the senior generation. Research indicates that effective mentorship is vital for knowledge transfer, especially in family businesses where institutional knowledge and values are embedded in senior leadership (Cater & Justis, 2009: 111). Incremental responsibility is a common approach, allowing prospective successors to learn and take on key roles progressively, ultimately preparing them for ownership (Lansberg & Astrachan, 1994:39). The mentorship process not only fosters leadership skills but also aligns successors with the strategic goals, creating a seamless path toward eventual ownership and management (Daspit *et al.*, 2016: 53).

P6 illustrated this gradual development: *"I would just do basic things, then it developed into me now coming in and handling the books. Gradually, I have been given more responsibility."*

P2 highlighted the importance of in-depth knowledge of daily operations: *"The successor should know the day-to-day running of the firm."*

Subtheme 10.2: Direct mentorship from the senior generation

Mentorship is a crucial element, with the senior generation actively guiding successors through critical business decisions and sharing valuable lessons from their own experiences. This approach not only transfers technical skills but also aligns successors with the business's values and practices.

P4 detailed this mentoring process: *"I am always sitting in the office with him. He shows me what he does and asks, what would you do differently?"*

P8 pointed to learning from previous errors: *"He guides me and shows me what not to do. He is helping me not to make the same mistakes he did."*

3.13.2 Theme 11: Transition and retirement of the senior generation

In this theme, the researcher notes the envisioned role and retirement planning of the senior generation within family businesses. The participant highlighted the shift from active management to advisory roles and the gradual handover of control to successors. Transition and retirement planning in family businesses often include a shift from active management to advisory roles, allowing the senior generation to maintain an influence while gradually transferring control. This phased approach, where senior leaders move to advisory roles, is considered beneficial as it reduces abrupt power shifts, allowing successors time to adapt to their new responsibilities (Le Breton-Miller *et al.*, 2004:310). Effective retirement planning can also address potential conflicts, supporting a smoother transition that sustains the family legacy and business goals (Handler, 1994:137).

Subtheme 11.1: Transition to an advisory and oversight role

Participants view the senior generation's role as evolving into one of strategic oversight and occasional guidance. This shift ensures that successors assume operational control while retaining access to the senior generation's expertise in critical situations.

P5 elaborated on this transition: *"They oversee, but they are not present every day. They mainly oversee and advise."*

P4 envisioned a shadow role where senior members remain available to resolve issues: *"They are more of a silent shadow in the business. If there is some hiccup, they will always be there to help."*

Subtheme 11.2 Conditional retirement based on successor readiness

Retirement of senior members is typically conditional on the perceived readiness of successors. Participants suggest that the senior generation will retire fully once they are confident in the successor's capabilities to maintain the business effectively.

P2 indicates this phased approach, dependent on successor competence: *“The senior generation will retire once they are happy that the young ones are able to run the farm efficiently and effectively.”*

P7 echoed this sentiment, underscoring the need for continued mentorship: *“We will keep on mentoring them until we are quite happy that we can leave them on their own.”*

3.14 EXPLAIN THE CORRELATION BETWEEN STRATEGIC AND SUCCESSION PLANNING

In this segment, the researcher attempted to determine the correlation between strategic and succession planning. The participants offered perspectives on long-term planning, mutual support and strategic continuity. Below, these themes are outlined in order to get a better understanding of the perspectives.

3.14.1 Theme 12: Integration of strategic and succession planning

According to the research, participants view strategic and succession planning as closely interlinked, with each process supporting the continuity of long-term goals and ensuring that leadership transitions align with the mission and objectives. Strategic and succession planning are often viewed as intertwined processes that support long-term continuity. Studies suggest that aligning strategic objectives with succession plans reinforces the business's mission and values, ensuring that leadership transitions uphold the business's long-term vision (Davis *et al.*, 1997: 20). This integration allows family businesses to align succession goals with broader strategies, creating a unified approach that can improve the chances of successful leadership transitions (Ward, 1987:139).

Subtheme 12.1: Mutual support in vision and mission alignment

Participants emphasised the interdependence of strategic and succession planning to ensure that leadership continuity aligns with the business's core mission and vision.

P3: *"They need to work hand in hand so that they both meet each other's vision and mission. We need to know who is going to manage our business in the future."*

P5 added to this: *"If the people who need to take over do not understand the business's strategies, it cannot succeed. There is no succession planning if they do not understand the business strategies."*

Subtheme 12.2: Strategic planning as a foundation for succession

Respondents observed that strategic planning provides a roadmap for the business, while succession planning prepares successors to follow it effectively.

P2: *"If I do not transfer the knowledge, it will be my part that the family dies. My plan was not transferred. So there is a positive correlation between strategic and succession planning."*

3.14.2 Theme 13: Long-term planning and future-orientated strategy

Participants emphasised that strategic planning is inherently forward-looking, incorporating goals that anticipate future leadership transitions. This theme covers how strategic planning prepares the business for continuity through adaptation and growth, ensuring successors can advance the company's vision. Strategic planning in family businesses is typically forward-looking, incorporating goals that address future leadership changes. Research highlights that family businesses can better prepare for continuity and resilience by embedding long-term goals that accommodate potential leadership transitions (Miller *et al.*, 2003: 517). This future-oriented approach safeguards the organisation's legacy and ensures that successors are prepared to advance the company's vision through adaptation and growth (Sharma *et al.*, 2001: 22).

Subtheme 13.1: Strategic planning as a tool for future succession readiness

Participants identified strategic planning as inherently future-focused, with a need for leaders to consider long-term transitions.

P7: *"As you strategise, you have to look into the future. That is where the correlation comes in."*

P4: *"Growing up with these ethics works into how things have been done. However, as the younger generation, we evolve into more technological ways. Strategic planning means we look into that evolution."*

Subtheme 13.2: Adaption and Vision Expansion

The participants perceived strategic planning as essential in setting a vision for business growth and handing it over to successors to continue building upon it.

P8: *"The whole vision of the business is to expand…so one day, when my daughter does take over, she can handle a big business."*

3.14.3 Theme 14: Succession planning as a component of strategic continuity

According to the participants, succession planning is seen as a vital mechanism for sustaining and expanding the business's strategic goals over time. This theme highlights how succession planning preserves strategic continuity across generations, reinforcing long-term growth and stability. Succession planning is viewed as crucial for maintaining and expanding the strategic objectives of a family business over generations. Studies underscore that succession planning contributes to long-term growth and stability by ensuring that each generational transition aligns with the company's strategic direction (Le Breton-Miller *et al.*, 2004: 312). This approach enables a smooth transition that preserves the business's culture and strategic priorities, ultimately contributing to sustained competitiveness (Cabrera-Suárez *et al.*, 2001: 40).

Subtheme 14.1: Ensuring continuity in business strategies

Participants noted that succession planning ensures business strategies remain consistent through leadership changes.

P1: *"They work hand in hand."*

P3: *"Somehow, we have to go back to our Dream Board and include it in our strategic plan for the long run of our business."*

Subtheme 14.2: Succession planning as a mechanism for sustaining growth across generations

Succession planning was regarded as critical for maintaining and expanding strategic goals across generations. This dual focus on continuity and expansion reflects the practical role succession planning plays in ensuring strategic goals are upheld even as management and ownership change.

3.15 RECOMMENDATIONS FOR SMALL BUSINESS OWNERS

3.15.1 Theme 15: Knowledge and skills development

Participants recommended that family members start early in the business, with job rotation and gaining relevant education and skills. Researchers agree that successors benefit from early exposure to different roles within the business, fostering a deep understanding of various functions. Role rotation provides successors with a comprehensive view of the business's operations, which is foundational for long-term leadership. Additionally, Marler *et al.* (2017:60) argue that skills training specific to the business's context is essential to ensure successors are educated and prepared to handle real-world challenges specific to the firm.

P5: "*Start them very early. Job rotation is significant because it gives them a thorough understanding of the business."*

P4: *"I believe going to school teaches responsibility. Start by building the educational background of your successor."*

P6 emphasised the need to *"put them in positions to learn certain skills that will help the business."*

3.15.2 Theme 16: Alignment with business mission and vision

During the research, participants highlighted that successors need to understand the vision and mission of the business. Understanding the vision and mission ensures that the long-term goals of the business are aligned with succession and strategic planning. Successors need to understand and embody the family business's core values and mission to maintain continuity. Intra-family business literature, such as work by Lansberg (1988:141), highlights that successors who resonate with the family's goals are more likely to perpetuate the company's vision, supporting sustained growth and stability. Marler *et al.* (2017:61) further suggest that embedding these values helps successors align their strategic decisions with the company's established principles, ensuring the business remains true to its origins.

P1: *"They need to know everything about the business, how it is run, where it started, and where it is growing."*

P3: *"Put people who have the same vision as you. They will carry it out, and the business will succeed."*

P7 highlighted the need for *"passion, patience, resilience and persistence."*

3.15.3 Theme 17: Mentorship and guidance

A recurring theme amongst the participants was the need for continued mentorship and guidance from incumbents and the senior generation. Experienced family members should provide guidance to successors. Moreover, participants indicated that current leaders need to work closely with successors, allowing them to learn through practice and gain insights directly from the family members currently running the business. Doing so will help them navigate challenges and develop as leaders. Active mentorship is essential in transferring leadership skills and institutional knowledge. According to Venter *et al.* (2003:10), experienced family members serve as vital mentors, helping successors navigate complex business environments by offering real-time advice and insights.

Furthermore, Handler (1990:51) observed that hands-on mentorship, where successors work side-by-side with incumbents, significantly aids in skill acquisition and readiness for leadership. Mentorship from experienced family members allows successors to acquire

invaluable practical knowledge, which has been shown to improve their readiness for leadership roles. Collaborating closely with experienced family members allows successors to build resilience, refine their decision-making abilities, and tackle complex issues within the business. This form of mentorship enables a progressive transfer of responsibilities, which is often critical for a smooth and effective leadership transition (Le Breton-Miller *et al.*, 2017:66).

P8: *"It is crucial to have someone from the family who has experience to guide and mentor you."*

P2: *“Work hand in hand with the coming generation. It is easy to transfer information through practice."*

3.15.4 Theme 18: Balanced trust and responsibility

Participants highlighted the importance of trusting the process of preparing successors and believing in their potential to bring actual value to the business after acquiring the necessary knowledge. Moreover, giving successors responsibilities that match experience is essential. Delegating responsibilities allows them to bring value to the business by addressing challenges through their perspective. Granting successors appropriate levels of responsibility, while offering support, fosters autonomy without overwhelming them. Daspit *et al.* (2016:62) underscore the importance of trust in enabling successors to exercise their knowledge and creativity, which can positively impact business outcomes. However, responsibilities should be adjusted to match the successor's level of readiness, promoting a balance between support and independence.

P6: *“Trust them. Trust the process.”*

P5: *"Do not give them too much power, but also do not give them too little. Support them whenever they need it.”*

3.15.5 Theme 19: Formal succession planning

Although most participants did not fully practise formal succession planning, participants still recommended the need for a plan. The process of formal succession planning ensures that everyone understands who will take over and what the transition will involve,

providing structure and reducing uncertainty. However, the participants also noted the need to remain flexible and adaptable in their planning. Participants indicated that succession planning must remain flexible, adapting to new challenges and business opportunities. A successful transfer involves more than a single handover, and it requires ongoing adjustment to ensure the business can continue thriving under new leadership. A structured and flexible succession plan is crucial to avoid ambiguity.

P3 recommended *"Have a succession plan and hire trustworthy people with the same vision."*

P5 noted the importance of being proactive, stating, *“It would help you in making the right decisions for the business as early as possible.”*

Figure 3.1: Recommendations for family-owned SMMEs

Source: Researcher

3.16 CONCLUSION

In conducting this study on strategic planning and succession planning within family businesses, the researcher identified a range of themes and challenges faced by participants. The findings reveal that family-owned businesses are highly focused on critical areas of expansion and market competitiveness, succession development, and the efficiency of strategic planning processes. These priorities are often influenced by unique operational challenges, including the complexities of integrating strategic goals with succession planning. Participants pointed to the difficulties in balancing day-to-day

operations with long-term planning, particularly as they navigate the readiness and capability of successors and the gradual transition of roles for senior family members.

The analysis highlights the recurring themes of successor development, the envisioned roles of senior family members, retirement considerations, and the gradual transfer of management and ownership responsibilities. Participants commonly emphasised the importance of mentorship and a phased responsibility shift, enabling successors to grow into leadership roles progressively rather than through abrupt transitions. This gradual approach mitigates risks related to continuity and stability, reinforcing the notion that a deliberate, step-by-step transfer process can be crucial for family business sustainability.

Moreover, the research focus on the dynamics of succession planning revealed a strong interdependence between succession and strategic planning. Respondents underscored the necessity of embedding succession considerations into the broader strategic framework, ensuring continuity through knowledge transfer and consistent strategic vision. Early exposure to business practices, aligned educational paths and structured mentorship programmes, were frequently cited as essential to preparing successors for future roles. The integration of these elements contributes to a shared value system within the business, bolstering both personal and professional trust across generations.

Recommendations from the study include fostering an environment that promotes early exposure to business processes, aligning successors' educational trajectories with business needs, and cultivating formal mentorship structures. These, along with clearly defined succession frameworks, were found to facilitate a smoother transition. Notably, the data underscore a need for adaptability, allowing family businesses to respond flexibly to industry changes and internal dynamics. This adaptability, combined with a foundation of trust, formalised succession planning, and deeply embedded family values, emerged as pivotal to both continuity and growth.

The analysis further points to distinctive challenges and opportunities within the South African family business sector. Industry-specific factors, such as regulatory constraints and market volatility, were found to compound succession challenges. However, family-owned businesses also appear to benefit from a robust and values-driven culture that,

when leveraged strategically, enhances resilience. This study provides insights into the essential practices and values that determine successful succession and strategic planning, while also illuminating the contextual complexities that shape these processes in the South African landscape.

CHAPTER 4 CONCLUSIONS AND RECOMMENDATIONS

4.1 INTRODUCTION

This study explored strategic and succession planning in family-owned SMMEs in selected areas in South Africa. It addressed significant knowledge gaps in understanding the practical applications of succession planning within family-owned businesses. This area of research is crucial because family enterprises often face unique challenges, including generational continuity, alignment of personal and professional identities, and preservation of long-held family values. These considerations call for a strategic succession plan specifically adapted to the unique demands of family businesses.

Moreover, while the existing literature discusses theoretical frameworks extensively, it contains fewer empirical studies exploring family business members' lived experiences in preparing successors. The empirical research addresses these gaps by examining first-hand accounts and practices surrounding knowledge transfer, mentorship, value alignment, and structured planning within family businesses. Through these findings, the study aims to provide actionable insights and practical recommendations that align strategic planning with succession planning in family-owned businesses.

This research also contributes to developing a more comprehensive framework for family business strategic and succession planning that recognises the importance of early exposure, gradual responsibility sharing and value-driven mentorship. These insights offer a grounded perspective that enriches the theoretical understanding of succession planning and provides a practical guide for family businesses striving to ensure long-term stability and growth through effective leadership transitions (Chrisman *et al.*, 2010:10).

Chapter 4 presents conclusions from this study's empirical findings, drawing on data collected from participants regarding the processes and principles involved in effective succession planning within family-owned businesses. This chapter delves into the patterns and themes identified in Chapter 3.

Considering the themes observed in the context of family businesses, the chapter sheds light on how strategic planning and family values converge to support succession planning, thereby promoting both resilience and continuity.

In this chapter, the researcher analyses the research findings compared to existing literature, evaluating how established succession and strategic planning theories within family-owned businesses align or diverge from contemporary research insights. Furthermore, based on these findings, the researcher offers targeted recommendations for enhancing succession and strategic planning within family-owned SMMEs, focusing on fulfilling the study's primary and secondary objectives. Finally, the chapter concludes with a summary of the various chapters presented in this study.

4.2 KEY FINDINGS

The study provides various themes and subthemes, indicating a strong sense of consideration for concepts associated with succession planning and strategic planning. Some of the keywords found during the story include concepts such as successor, succession, planning, and other related concepts presented in Figure 4.1.

The findings analysed different themes. The researcher observed key trends centred around the interview questions, which were formulated to address the research questions and objectives. The key findings include observations regarding strategic planning, ownership and succession planning, challenges associated with them, and recommendations for family business owners.

To better understand the findings, the researcher utilised the word frequencies and tried to categorise the themes according to the research objectives. Moreover, the researcher provided a visual representation of the critical terms to simplify understanding of the findings.

Figure 4.1: Word Frequency

Source: Created by the researcher on Atlas.ti

4.3 THEMATIC KEY FINDINGS

4.3.1 Strategic planning and growth goals

The study revealed a strong orientation towards strategic planning among participants, with a clear focus on expanding operational capacities and asset acquisition to drive business growth. The observations indicate that participants aim to transition from smaller-scale operations to fully commercial enterprises, reflecting a broader strategic

intent to scale up operations and secure a competitive position within their respective industries. This intent is not limited to immediate expansion but encompasses a long-term vision of achieving substantial market reach and improved production capacities. Such goals align with literature suggesting that growth-oriented strategies, like increased production capability and resource-based asset expansion, are foundational for achieving sustained competitive advantage in dynamic markets.

Participants frequently noted the importance of setting specific growth and production targets to guide strategic direction and maintain a competitive edge. This approach indicates a comprehensive alignment between operational goals and broader business objectives, where fulfilling production targets is considered essential to improving market positioning. Pursuing these targets exemplifies a commitment to measurable growth outcomes, emphasising the importance of operational efficiency in achieving strategic business objectives.

4.3.2 Long-term vision and succession planning

The research highlights a widespread inclination to long-term sustainability, emphasising generational continuity and succession planning as central components of business continuity. Participants demonstrated awareness of the unique challenges family businesses face in sustaining operations beyond the third generation, with strategic efforts directed toward involving younger family members in business processes. This approach is consistent with literature emphasising that early integration of potential successors can mitigate succession-related disruptions and contribute to smoother generational transitions (Le Breton-Miller, 2004:306).

Furthermore, the findings underscore a proactive stance towards succession planning, where participants recognise the risks associated with inadequate early-stage planning. This planning reflects a forward-looking perspective, suggesting that businesses anticipate the challenges of sustainability and are prepared to address them through structured and intentional succession strategies. The emphasis on preparing the next generation at an early stage reflects an understanding of the complexities inherent in family business continuity, positioning these enterprises for long-term resilience and adaptability.

4.3.3 Operational challenges and adaption

The research reveals that family-owned businesses in the South African context encounter distinct operational challenges, such as seasonal weather fluctuations, load-shedding, and the management of perishable goods. These factors heavily influence strategic decision-making, prompting organisations to develop adaptive strategies to maintain resilience and continuity. The findings align with studies indicating that infrastructure disruptions and climate variability significantly impact operational stability, requiring businesses to innovate and adapt to sustain growth. In particular, the handling of perishable products in variable environmental conditions reinforces the need for strategic flexibility in operational planning, particularly for resource-dependent sectors.

Adapting to external economic factors also emerges as a critical aspect of strategic planning. Challenges like load-shedding compel businesses to invest in alternative solutions to mitigate disruptions. These adaptations not only address immediate operational concerns but also contribute to longer-term resilience as companies refine their strategies to navigate unpredictable economic and environmental influences.

4.3.4 Community engagement and social responsibility

The study highlights the pivotal role of community engagement and social responsibility in the strategic frameworks of South African family-owned SMMEs. These businesses frequently engage with local communities, contributing to economic development by providing employment, fulfilling essential service needs, and addressing social challenges. Research supports the notion that SMMEs contribute significantly to socio-economic development, reflecting a broader commitment to social value creation alongside profit-driven objectives. This community-centric approach strengthens brand loyalty and establishes trust, positioning businesses as integral contributors to local interest.

Employee retention is also identified as an essential aspect of strategic planning, particularly for businesses aiming to foster a loyal and productive workforce. The emphasis on retaining a stable workforce amplifies the importance of building long-term relationships within the organisation, as high employee loyalty supports both operational continuity and brand reputation. By prioritising retention, businesses enhance their

resilience, building a committed team that contributes to a positive brand image and organisational stability.

4.3.5 Perceived efficiency and strategic planning

The research highlights mixed perspectives on the perceived efficiency of strategic planning among participants, with some recognising areas for improvement. In contrast, others affirm its effectiveness due to alignment with long-term objectives. Efficiency in strategic planning is commonly associated with adherence to clear goals, trust in projected outcomes, and commitment to structured processes, which support the overall strategic vision of the business. Research supports the idea that formalised planning processes and structured goal-setting significantly influence performance, particularly in family-owned businesses, where precise alignment can strengthen organisational commitment. Participants who trust in the outcomes of their strategic plans often attribute this confidence to past successes, suggesting that a track record of achieving planned objectives bolsters support for ongoing strategic initiatives and reduces resistance to new planning efforts.

Participants are evidently committed to long-term goals, with many actively monitoring and adjusting plans to meet both immediate and future targets. This adherence to strategic cycles reflects a disciplined approach to goal achievement, reinforcing the importance of long-term orientation in driving perceived planning efficiency.

4.3.6 Challenges affecting strategic planning

The research identifies various internal and external challenges that participants view as barriers to effective strategic planning. These challenges include internal conflicts within family-owned businesses, resource limitations, economic fluctuations and seasonal variations, each of which necessitates adaptive approaches to maintain strategic alignment. Internal challenges, particularly those originating from family involvement, are noted for their potential to disrupt planning processes, as personal relationships can sometimes overshadow strategic priorities. This finding is consistent with research indicating that family dynamics in family-owned businesses may complicate the alignment of strategic objectives.

Resource constraints, a common issue for small and medium-sized enterprises, limit the scope of strategic initiatives, as limited finances restrict operational flexibility and adaptability. Participants also express concerns over the unpredictable economic conditions, including exchange rate volatility and price fluctuations, which affect cash flow and complicate financial planning. Seasonal fluctuations also impact business activities, creating further planning challenges. These findings underscore the need for adaptive strategies to navigate both predictable and unforeseen obstacles, highlighting flexibility as a critical component in sustaining effective strategic planning within dynamic environments.

4.3.7 Adaption to continuous improvement

The findings indicate that family-owned businesses prioritise adaptability as essential for continuous improvement, acknowledging the need for regular reviews and adjustments to maintain competitive advantage. Participants view continuous improvement as driven by industry demands and the guidance of external mentors. Research supports this approach, noting that family businesses benefit from ongoing feedback and adaptation to industry trends to remain resilient in a changing environment.

Participants emphasised the importance of routine reviews and adaptability. Some engage in quarterly or semi-annual evaluations of their strategies, allowing them to adjust for market demands and receive advice from successful peers in the industry, thus reinforcing their commitment to continuous improvement.

4.3.8 Succession planning and readiness

Succession planning within family-owned SMMEs is often informal, with many businesses needing a structured process for leadership transition. Participants noted that while they recognise the need for succession planning, it is only sometimes a priority, especially if the current generation of leaders is still early in their careers or needs more readiness for a formal handover. Research highlights the risks associated with informal succession practices, suggesting that structured leadership development is critical for stability in family businesses.

Many participants reported that they were either at the beginning stages of succession planning or had yet to initiate it, often citing a future orientation but a lack of immediate plans. Concerns were raised over the readiness of successors, with some indicating that younger family members may need more experience and guidance before assuming leadership roles.

4.3.9 Family dynamics and flexibility in succession planning

The findings underscore the significant role of family dynamics in shaping succession planning approaches. Family businesses tend to adopt flexible, open-ended plans that adjust to evolving personal and business needs. Participants revealed that informal mentorship within the family plays a crucial role in preparing the next generation and instilling foundational knowledge and values that support continuity. Furthermore, some families retain the option of hiring external management if internal successors lack interest or readiness, showcasing an adaptable approach.

Participants highlighted a solid commitment to grooming family members for leadership, often through informal mentoring relationships. This flexible succession planning process allows for contingency options, such as considering external managers, which ensures that the business can continue operations effectively even if internal succession is not viable.

4.3.10 Family dynamics and succession planning

The development and mentorship of future leaders are critical components of succession planning in family-owned SMMEs. Findings highlight a structured approach where the senior generation gradually assigns more responsibility to prospective successors. This incremental process provides hands-on experience essential for building leadership skills and aligns successors with the strategic goals of the business. Research supports this progressive approach, emphasising that mentorship from senior leaders enables effective knowledge transfer, particularly of institutional values and practices (Cater & Justis, 2009:111). This approach ensures that successors are well-prepared for eventual ownership and management, fostering continuity and stability within the family business (Lansberg & Astrachan, 1994:39). Interviewees illustrated this, with P6 noting a steady

increase in responsibilities over time, while P2 highlighted the importance of understanding the firm's daily operations.

Mentorship also plays a critical role, with the senior generation actively guiding successors in business decisions and sharing their own experiences. This relationship not only imparts technical skills but also reinforces the business's values and vision. For instance, P4 described learning through close observation and discussion with a senior family member, while P8 spoke about gaining insight from previous mistakes. This mentorship process cultivates successors' independence while maintaining alignment with the business's ethos (Daspit *et al.*, 2016:15).

4.3.11 Transition and retirement of the senior generation

The transition and retirement of senior leaders in family businesses often involve a gradual shift from active management to advisory roles. This approach allows the senior generation to continue providing strategic oversight, which can help prevent sudden power shifts and allow successors to adapt gradually to their new responsibilities. Research suggests that this phased retirement approach sustains family legacy and business goals, reducing potential conflicts and promoting stability within the business (Le Breton-Miller *et al.*, 2004:310).

Furthermore, findings indicate that retirement decisions are often conditional on the readiness of successors. Senior family members may choose to delay retirement until they are confident in the successors' ability to manage the business effectively.

4.3.12 Integration of strategic and succession planning

Participants viewed strategic and succession planning as closely connected processes that mutually reinforce long-term business continuity. Integrating these plans helps ensure that leadership transitions align with the business's mission and objectives, supporting sustained alignment with core values. Research supports this perspective, showing that a unified approach to strategic and succession planning can improve leadership transitions by reinforcing the business's overarching mission and vision (Davis *et al.*, 1997:17). Moreover, this integration offers a framework for successors to follow, creating a cohesive approach that upholds long-term objectives (Ward, 1987:139).

4.3.13 Long-term planning as a tool for future-orientated strategy

Participants highlighted the inherently forward-looking nature of strategic planning in family businesses, which incorporates anticipating future leadership transitions. This approach not only facilitates business continuity but also prepares successors to advance the company's mission through adaptation and growth. Studies confirm that embedding long-term goals within strategic plans enables family businesses to remain resilient and maintain continuity through generational changes (Miller *et al.*, 2003:517). By including succession readiness within strategic planning, family businesses secure their legacy and position successors to manage future transitions effectively (Sharma *et al.*, 2001:22).

4.3.14 Succession planning as a component of strategic continuity

Succession planning was identified as a fundamental element for sustaining and expanding the strategic objectives of a family business over time. Participants noted that succession planning not only supports the continuity of business strategies but also aligns with strategic priorities, facilitating a smooth transition that maintains cultural and strategic continuity. Research indicates that succession planning contributes significantly to long-term growth by ensuring that generational transitions remain aligned with the company's strategic direction (Le Breton-Miller *et al.*, 2004:312). This alignment allows the business to preserve its competitive edge and foster stability across generations as succession planning becomes a means of sustaining strategic goals (Cabrera-Suárez *et al.*, 2001:40).

4.3.15 Knowledge and skills development

The study found that early exposure to various roles within the family business, coupled with relevant education, is considered foundational for the development of future leaders. Job rotation and targeted skills training were highlighted as essential for preparing successors to understand the full spectrum of business functions and operations. Role rotation not only builds a holistic view of the business but also strengthens successor capabilities to handle diverse responsibilities. Skills training tailored to the context of the business ensures successors are equipped to address firm-specific challenges, enhancing their readiness for leadership roles (Marler *et al.*, 2017: 58).

4.3.16 Alignment with Business mission and vision

Successor alignment with the family business mission and vision emerged as a crucial factor in ensuring the long-term continuity and growth of the organisation. Participants underscored that successors who understand and embody the company's core values are better positioned to carry the business's strategic goals forward. The literature on family business succession similarly emphasises that aligning successors with organisational values promotes continuity, with successors more likely to make decisions that uphold the family legacy (Lansberg, 1988:127). Developed early on, this alignment helps successors integrate family values into strategic planning, fostering a seamless leadership transition that supports sustained growth (Marler *et al.*, 2017: 61).

4.3.17 Mentorship and Guidance

The participants highlighted the importance of mentorship from senior family members as a critical component of successor development. Active mentorship enables successors to gain practical insights and skills directly from experienced family members, facilitating a hands-on transfer of institutional knowledge. Mentorship is invaluable in helping successors navigate complex business environments, with hands-on guidance from incumbents significantly enhancing leadership readiness. This mentorship approach also allows successors to build resilience and decision-making skills, enabling a progressive and effective transition to leadership.

4.3.18 Balanced Trust and Responsibility

Participants noted that a balanced approach to granting responsibility is critical to preparing successors without overwhelming them. Trust in successor potential, paired with responsibilities that match their experience, fosters a supportive environment where successors can develop autonomy. Literature aligns with this perspective, indicating that trusting successors to apply their knowledge and creativity can positively impact the business (Daspit *et al.*, 2016:50). However, responsibilities should be assigned based on the successor's readiness level to ensure a balance between independence and support (Marler *et al.*, 2017: 64).

4.3.19 Formal Succession Planning

Although formal succession planning was not universally practised, the findings suggest it is crucial for clarity and structure in the transition process. Participants recommended establishing a clear, flexible succession plan to reduce ambiguity and instil confidence among stakeholders. A structured succession plan mitigates uncertainty, fostering smoother transitions. Additionally, the need for adaptability in succession planning is essential to respond to evolving business dynamics and ensure ongoing relevance.

4.4 RECOMMENDATIONS

In this section, the researcher provides recommendations based on the empirical study findings and theoretical framework.

4.4.1 Establish a comprehensive strategic planning framework

Family-owned SMMEs should formalise strategic planning. Furthermore, routine updates should be made to their strategic planning frameworks to align growth objectives with market demands and operational capacities. Measurable targets assist family-owned entities in ensuring effective strategic planning and efficient support for long-term objectives and positioning.

4.4.2 Integrate succession planning within strategic objectives

The integration of succession planning and strategic planning should be done on a formal basis. Succession planning should be integrated into the strategic framework to enhance business continuity and success across different generations. Integration can be achieved by ensuring early engagement and development of potential successors through leadership and management interactions. Formalising this process can improve stability, reduce conflicts, and ensure a precise alignment between the mission and vision.

4.4.3 Enhance efficiency in strategic planning

Goal-setting and monitoring should be formalised to increase perceived efficiency and alignment with strategic planning. Evaluating strategic plans based on historical performance and market feedback would reinforce the commitment to long-term goals and improve strategic planning.

4.4.4 Implement strategies to overcome planning challenges

Family-owned SMMEs should adopt flexible and structured planning approaches to overcome internal and external challenges. Creating contingency funds for unexpected economic shifts and conflicts, such as resource limitations, economic fluctuations and family conflicts, may be beneficial for sustaining strategic alignment under complex conditions.

4.4.5 Formalise mentorship and role rotation for successor development

A structured mentorship programme and role rotation are suggested to build essential knowledge and skills for successors. Senior leaders should take an active role in mentoring, providing practical experience and instilling organisational values. Such initiatives will equip successors with the competence needed for effective leadership and promote continuity.

4.4.6 Balance trust and responsibility in successor development

Progressively assigning responsibilities is recommended to foster independence without overwhelming successors. A balanced approach to trust and responsibility is essential for supporting successor growth and preparing them for future leadership roles.

4.5 Achievement of study objectives

The study objectives for this research were outlined in Chapter One. The researcher provided primary and secondary objectives to address the research questions. In this section of the study, the researcher highlights how the study objectives were achieved. The researcher begins by exploring the different secondary objectives that were formulated in an effort to address the primary objective. The primary and secondary research objectives are provided below:

4.5.1 Primary objectives

The primary objective of this study is to explore the role of strategic and succession planning in SMME family businesses in selected areas in South Africa.

4.5.2 Secondary objectives

The following secondary objectives were formulated for the achievement of the primary objective:

- To undertake a theoretical investigation into family-owned businesses' strategic and succession planning
- To explore the nature of succession planning in family-owned businesses
- To explore strategic planning as a tool for successful strategic planning in selected South African areas
- To provide a fundamental understanding of strategic and succession planning in family-owned businesses and provide recommendations for future empirical research on the correlation of the two concepts.

The researcher discusses how the research objectives were achieved.

To undertake a theoretical investigation into family-owned businesses' strategic and succession planning

The study accomplishes this objective by undertaking a thorough literature review of family-owned businesses in Chapter 2. To inform this review, the researcher consulted a diverse range of sources, including academic journals, peer-reviewed articles, books and online resources. This extensive theoretical framework provided a foundation for the research, guiding both the development of the interview guide (referenced in Appendix B) and the interpretation of empirical findings. Furthermore, the researcher drew upon existing literature to contextualise and analyse the results of the study.

To explore the nature of succession planning in family-owned businesses

The researcher conducted an empirical investigation using semi-structured interviews with participants from eight family-owned SMMEs in selected areas of South Africa. The interview questions, drawn from the empirical study, were designed to explore the nature of succession planning in family-owned businesses. The results of the empirical research are presented in Chapter 3, with the conclusions discussed in Chapter 4.

To explore strategic planning as a tool for successful strategic planning in selected South African areas

The researcher achieved the objective of exploring strategic planning as a tool for successful business growth in selected South African areas by conducting an empirical investigation. Semi-structured interviews were carried out with participants from eight family-owned SMMEs. The interview questions, grounded in the insights from the literature review, were designed to examine the role and implementation of strategic planning in these businesses. The literature review provided the theoretical foundation for the study, guiding the development of the interview framework. The results of the empirical research are presented in Chapter 3, with the findings discussed in Chapter 4.

To provide a fundamental understanding of strategic and succession planning in family-owned businesses and provide recommendations for future empirical research on the correlation of the two concepts

Building on the insights from the literature review and the empirical study, the researcher established a thorough understanding of strategic and succession planning in family-owned SMMEs in South Africa. This study objective was accomplished by identifying and analysing key themes that emerged from the data. The researcher presents the findings, highlighting the themes and offers recommendations centred on enhancing succession planning, strategic planning, and the relationship between these two processes. In doing so, the researcher successfully met both the primary and secondary objectives of the study.

4.6 CONTRIBUTION OF THE STUDY

4.6.1 Theoretical contribution

This study contributes to the existing literature on family-owned businesses, succession planning and strategic planning, by examining their roles within family-owned businesses in selected areas of South Africa. The research explores critical themes related to the perceptions, challenges and functions of strategic and succession planning in these businesses. The findings both reinforce and extend existing literature, offering updated insights that take into account recent developments, such as the impact of COVID-19. In

doing so, the study adds valuable perspectives to the academic understanding of family-owned businesses and their strategic and succession planning practices.

4.6.2 Pratical contribution

The study was conducted to explore existing perceptions and practices related to family-owned businesses, strategic planning and succession planning. It provides practical recommendations for entrepreneurs in this field on how to apply these concepts effectively to overcome challenges, enhance efficiency, and implement strategic and succession planning more systematically. Additionally, the researcher has presented these recommendations in a clear and accessible format, ensuring they are easy to understand and implement, with the goal of facilitating their practical application in real-world business settings.

4.6.3 Industry contribution

This study aims to provide a clear and comprehensive rationale for the importance of succession and strategic planning in family-owned businesses. It encourages family business owners to critically consider and more effectively implement these concepts within their organisations. The thoughtful consideration and efficient application of succession and strategic planning are essential for ensuring the long-term success and continuity of family-owned businesses. These factors are particularly pertinent to addressing the challenge of generational continuity in family-owned SMMEs in South Africa. This critical sector has the potential to contribute significantly to alleviating the country's high unemployment rate.

4.7 Limitations of study

The study is limited in different ways, including geographical limitations, sample limitations and timing limitations. Below, we expand on these limitations.

This study was conducted in selected areas in South Africa, specifically in the North West Province and Gauteng. The limited geographical coverage presents a geographical restriction, which indicates a need for more generalisation. Therefore, the author does not generalise the findings but indicates they are restricted to these geographical locations.

The study included eight participants, which presents a limitation in the sample size and cannot be taken to represent North West Province and Gauteng accurately. The geographical limitation is taken into consideration, and the contribution to the literature on the various study topics may be expanded further with a larger sample size.

The study was confined to time restrictions, which may have influenced the sample size, data collection and data analysis.

4.8 SUGGESTIONS FOR FUTURE RESEARCH

Research into the family business is complex and multidisciplinary. Different elements from different disciplines are often applied to the studies. Throughout the study, the researcher noticed trends that other researchers have noted in their findings. Apart from succession planning and strategic planning, themes such as generational handover, transfer of skills and knowledge, commitment to the business and retirement of an incumbent often appeared, indicating that a theoretical framework regarding family business can be developed based on these various aspects. A theoretical framework will allow the field to grow and develop. Furthermore, the theoretical framework can be developed into practical steps to assist family-owned SMMEs in South Africa. To achieve this, the researcher suggests the following research directions:

- Investigate and develop a framework to guide and develop family-owned businesses.
- Investigate the limitations of strategic and succession planning in family-owned SMMEs.
- Explore the effects of effective strategic and succession planning in family-owned SMMEs.
- Explore the elements of successful intergenerational family businesses which have survived beyond the second and third generations.

4.9 SUMMARY

Chapter 4 provides conclusions and key findings of the exploration of strategic and succession planning in SMME family-owned businesses in South Africa. The chapter

offers critical findings from the empirical research, with the researcher providing practical recommendations and suggestions for future research. Furthermore, the chapter reports on the achievement of the research objectives, clearly outlining how the study objectives were achieved. The study follows a logical format which moves progressively throughout the study.

Chapter 1 introduces the study and provides a background. It defines key terms included in the study. It goes on to outline the problem statement, the primary and secondary objectives, the conflict of interest, the data collection method, ethical considerations and the study's layout.

Chapter 2 outlines the literature review. The literature review provides a theoretical framework of existing research on family-owned businesses, SMMEs, strategic planning and succession planning. The chapter explores fundamental concepts used in the study. These include defining family-owned businesses by considering a timeline of definitions and exploring succession planning in terms of ownership, management and the interplay between ownership. The chapter further explores the determinants of succession and outlines the process of succession. Fundamental concepts surrounding strategic planning are explored, as well as the relationship and integration of succession and strategic planning. Finally, the chapter concludes the literature review with an exploration of how succession planning and strategic planning are integrated.

Chapter 3 presents the results and discusses the empirical research. It describes the research approach, the population, the transcription of the interviews, data analysis, demographic information, and a thematic analysis of the findings.

Chapter 4 concludes the study by presenting the essential findings and thematic key findings by applying existing literature on the subject. Furthermore, the chapter determines whether the primary and secondary objectives were achieved. The researcher records the study's contribution to the industry theoretically and practically.

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APPENDIX

APPENDIX A: INFORMED CONSENT

To whom it may concern

INFORMED CONSENT TO PARTICIPATE IN AN INTERVIEW

Date: _____

Participant code: _____

Dear Participant,

My name is Rorisang Seabelo, and I am a Master of Business Administration Student at the North West University Business School. This study explores strategic and succession planning in SMME family businesses in selected areas in South Africa.

The purpose of this study is to compile a mini-dissertation that will be submitted in fulfilment of the requirements for the Master in Business Administration degree at North-West University. The degree is recognised and accredited globally and receives a high ranking globally. Therefore, ethical standards must be adhered to to fulfil institutional requirements.

Your participation in the study is only possible through consent. Please be aware that consent may be withdrawn at any time during the research process. Additionally, you may refuse to answer questions you are uncomfortable answering. Should a participant wish to abstain from participation, no penalties will be imposed on the participant.

Please note that participation is entirely voluntary, and no payment will be made for participation. Please note that the data will be used solely for research without financial gain.

The interview will take place in a safe, secure and comfortable place. The interview will be one hour at maximum. The interview will be voice-recorded. However, no identifying information will be included in the recording. The participants will be provided with the recording upon request.

The data from the study will be secured in a secure storage. However, all personal identifying marks will not be included in the storage. The interviewer will ask for personal demographic information. Participants are assured that all demographic-related information is limited to profiling purposes. The personal information of participants will be protected through coding procedures. Although information will be derived from the data, no personal identifying marks will be included in the data analysis findings.

Mr Rorisang Seabelo, an MBA student at North-West University Business School, is conducting this study. Please feel free to contact him at your convenience. His contact details are as follows: Cell: 079 888 5566. Email: 26939304@mynwu.ac.za

Professor Stephan Van Der Merwe is my study supervisor for this MBA research study. Please use the contact details provided should you have any enquiries. His contact details are as follows: Tel: 018 299 1414. Email stephan.vandermerwe@nwu.ac.za

Please feel free to contact me or my study leader should you have any enquiries.

Thank you for your participation. Your valuable contribution will assist in formulating accurate research findings.

Kind regards,

Rorisang Seabelo
MBA Candidate (North-West University)

APPENDIX B: INTERVIEW GUIDE

INTERVIEW GUIDE

Rorisang Seabelo

My name is Rorisang Seabelo, and I am a Master of Business Administration (MBA) student at the North-West University Business School. This interview seeks to gain some further insight into family-owned businesses. Specifically, this study aims to **explore strategic and succession planning in SMME family businesses in selected areas in South Africa.**

Thank you for agreeing to the interview. Your contribution to the study is highly appreciated. Furthermore, your contribution will assist in developing themes associated with the subject. You should note that your consent may be withdrawn at any time should you no longer wish to participate in the interview.

With that being established, I want us to have a relaxed conversation. Please get comfortable and feel free to express yourself however you wish. We will be discussing the nature of your business, the ownership of the business, the business's management, the family's role in the business, strategic planning in the business and succession planning in the business. The duration of the interview will be approximately one hour.

Firstly, I would like to establish your demographic information as this will help me describe and create a profile for participants. **Note that the purpose of the demographical information is to profile the participants and will not be used for further statistical analysis or comparisons.**

Demographic identifiers:

1. What gender do you identify as?
2. How old are you?
3. What is your highest level of academic qualification?
4. Do you form part of a business?

5. Where is your business located?
6. How many people are employed by the business?
7. How old is the business?

Thank you for providing such vital information. From here on, I will be asking business-specific questions.

1. **Kindly tell me more about your role in the business.**

Probe: Are you active in the business? In which role?

Probe: Would you classify the business as a family-owned business? Why?

Probe: In what generation is the family business currently?

2. **Can you tell me about the nature (or type) of the business?**

3. **Does the business have a strategic plan?**

Probe: In your words, how would you define strategic planning?

Probe: Do you have a business strategic plan for the business?

Probe: Do you have a family strategic plan for the family in the business?

4. **Do you believe the strategic planning function is efficient?**

Probe: Are there any challenges associated with the strategic planning function?

5. **Does the business have a management and ownership succession plan? Explain.**

6. **Kindly explain the following succession-related issues in the family business.**

Probe: The development of the prospective successor(s).

Probe: The envisioned future role of the senior generation in the business.

Probe: The retirement of the senior generation.

Probe: The transfer of management and ownership to the next generation of family members.

7. **Explain the correlation between the strategic and succession planning functions in the business.**

8. **Finally, what recommendations do you have for other family businesses to successfully transfer the ownership and management to the next generation of family members?**

Thank you for your time and patience.

Your contribution is appreciated, and the study results will be available at your convenience.

APPENDIX C: ETHICS CLEARANCE

Private Bag X1290, Potchefstroom
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Tel: 018 299-1111/2222
Fax: 018 299-4910
Web: http://www.nwu.ac.za

Senate Committee for Research Ethics
Tel: 018 299-484
Feziwe.Mseleni@nwu.ac.za

19 April 2024

ETHICS APPROVAL LETTER OF STUDY

Based on approval by the **Economic and Management Sciences Research Ethics Committee (EMS-REC)** on, 19/04/2024 the Economic and Management Sciences Research Ethics Committee hereby **approves** your study as indicated below. This implies that the North-West University Senate Committee for Research Ethics (NWU-REC) grants its permission that, provided the special conditions specified below are met and pending any other authorisation that may be necessary, the study may be initiated, using the ethics number below.

Study title: Exploring strategic and succession planning in SMME family businesses in selected areas in South Africa

Study Leader/Supervisor (Principal Investigator)/Researcher): Prof. Stephan Van der Merwe

Student: R. Seabelo (26939304)

N	W	U	-	0	0	6	1	3	-	2	4	-	A	4
Institution				Study Number						Year			Status	

Status: S = Submission; R = Re-Submission; P = Provisional Authorisation; A = Authorisation

Application Type:
Commencement date: 19/04/2024 **Risk:** **Minimal**
Expiry date: 19/04/2025
Approval of the study is initially provided for a year, after which continuation of the study is dependent on receipt and review of the annual (or as otherwise stipulated) monitoring report and the concomitant issuing of a letter of continuation.

Special in process conditions of the research for approval (if applicable):

- None.

General conditions:

While this ethics approval is subject to all declarations, undertakings and agreements incorporated and signed in the application form, the following general terms and conditions will apply:

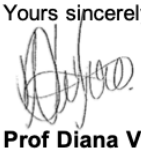
- *The study leader/supervisor (principle investigator)/researcher must report in the prescribed format to the EMS-REC:*
  - *annually (or as otherwise requested) on the monitoring of the study, whereby a letter of continuation will be provided, and upon completion of the study; and*
  - *without any delay in case of any adverse event or incident (or any matter that interrupts sound ethical principles) during the course of the study.*
- *The approval applies strictly to the proposal as stipulated in the application form. Should any amendments to the proposal be deemed necessary during the course of the study, the study leader/researcher must apply for approval of these amendments at the EMS-REC, prior to implementation. Should there be any deviations from the study proposal without the necessary approval of such amendments, the ethics approval is immediately and automatically forfeited.*
- *Annually a number of studies may be randomly selected for an external audit.*
- *The date of approval indicates the first date that the study may be started.*

n the interest of ethical responsibility, the NWU-SCRE and EMS-REC reserves the right to:

- *request access to any information or data at any time during the course or after completion of the study;*
- *to ask further questions, seek additional information, require further modification or monitor the conduct of your research or the informed consent process;*
- *withdraw or postpone approval if:*
  - *any unethical principles or practices of the study are revealed or suspected;*
  - *it becomes apparent that any relevant information was withheld from the EMS-REC or that information has been false or misrepresented;*
  - *submission of the annual (or otherwise stipulated) monitoring report, the required amendments, or reporting of adverse events or incidents was not done in a timely manner and accurately; and / or*
  - *new institutional rules, national legislation or international conventions deem it necessary.*

The EMS-REC would like to remain at your service as scientist and researcher, and wishes you well with your study. Please do not hesitate to contact the EMS-REC or the NWU-SCRE for any further enquiries or requests for assistance.

Yours sincerely,



Prof Diana Viljoen-Bezuidenhout
Chairperson: NWU Economic and Management Sciences Research Ethics Committee