

Factors influencing Family Business Succession Planning: Insights from South Africa

Victoria Adekomaya^{1,*}, Shepherd Dhliwayo², Edwin Bbenkele³

¹Department of Business Management, University of Johannesburg, Johannesburg, South Africa, Orcid: 0000-0002-0786-4851

²Department of Business Management, University of Johannesburg, Johannesburg, South Africa, Orcid: 0000-0001-7653-2466

³Department of Business Management, University of Johannesburg, Johannesburg, South Africa, Orcid: 0009-0002-8348-2182

Keywords

Family Business
Succession Planning
South Africa Economy

Abstract

Family business succession planning is a critical process that ensures the smooth transition of leadership and ownership from one generation to the next. However, the factors that influence successful succession planning can vary across different countries and cultural contexts. In the South African context, family businesses face unique challenges and opportunities that necessitate a comprehensive understanding of the factors influencing family business succession planning. This study investigates and identifies these factors in order to get insights that would guide family businesses in South Africa towards successful succession planning. The research addresses the lack of a comprehensive understanding of the specific factors that influence succession planning in the South African context. The findings of this study will contribute to the existing knowledge on family business succession planning and enable family businesses in South Africa to navigate the complexities of succession planning effectively, ensuring the long-term sustainability and success of these enterprises. The findings of this study can help South African family businesses proactively address the challenges of succession planning and create a smoother transition of leadership across generations. By ensuring the continuity and success of these enterprises, the study can have a positive impact on both the families involved and the broader South African economy.

*Corresponding author

¹* 215051471@uj.ac.za

² sdhliwayo@uj.ac.za

³ edwin.bbenkele@zcasu.edu.zm

1. Introduction

1.1. Background

Family businesses are an integral part of the economic landscape in South Africa, contributing significantly to employment, economic growth and societal well-being (Vardaman & Montague-Mfuni, 2021). However, the successful transition of leadership and ownership from one generation to the next in these businesses is a complex process that requires careful planning and consideration. Family business succession planning is influenced by a variety of factors, which can vary depending on the country and cultural context (Urban & Nonkwelo, 2022:270).

In South Africa, a country known for its diverse cultural landscape and unique business environment, understanding the factors that impact succession planning is crucial for ensuring a smooth transition and long-term business sustainability. This paper aims to shed light on some of the key factors that influence family business succession planning in South Africa, providing valuable insights for business owners, advisors and researchers. The factors discussed in this paper encompass both internal and external elements that shape the succession process. They include cultural and social factors, the legal and regulatory environment, family dynamics and relationships, business competence and preparedness, strategic planning and business continuity, the role of professional advisors and the influence of economic and market conditions.

By examining the interplay of various elements within the family, business, and external environment, the study seeks to provide a holistic understanding of the challenges and opportunities faced by family businesses in their succession planning efforts. According to Dacko-Pikiewicz (2022) family dynamics constitute a crucial aspect of succession planning. The intricate relationships, conflicts, and communication patterns within the family can significantly impact the decision-making process and the ultimate success of the succession plan. Dasanayaka, Murphy, Nagirikandalage and Abeykoon (2021) acknowledge that understanding and managing these dynamics is vital for fostering harmonious transitions and preserving family unity.

Governance structures also play a pivotal role in succession planning. In other words, Hanzes, (2020) argued that the presence of a well-defined family constitution, the professionalization of the business, and the inclusion of non-family members in key positions can contribute to effective decision-making, continuity and long-term sustainability. These governance mechanisms help establish clear roles, responsibilities and accountability within the family business, ensuring a smooth transition of leadership and ownership (Dasanayaka et al., 2021). Furthermore, business strategies adopted by family businesses have a direct influence on succession planning. Eze, Nordqvist, Samara and Parada (2021:795) observed that developing a robust strategic plan that aligns with the changing market dynamics, investing in talent development and retention, and fostering a culture of innovation are vital for maintaining the competitiveness and relevance of the business across generations. The external environment,

encompassing socio-cultural norms, legal frameworks and market conditions, cannot be overlooked when examining succession planning in South Africa.

Cultural factors, such as traditional beliefs and societal expectations, may shape the attitudes and behaviours of family members involved in the succession process. Chirkoot (2022) stated that legal requirements and regulations related to inheritance, taxation, and business governance can impact the design and execution of succession plans. Additionally, understanding the market dynamics, industry trends, and competitive landscape is essential for family businesses to adapt and thrive in a changing business environment.

Understanding these factors is essential for developing effective succession plans that address the unique challenges and opportunities faced by family businesses in South Africa. By examining the interplay between these factors, business owners can make informed decisions and implement strategies that promote successful leadership transitions and the continued growth and prosperity of their businesses. The insights provided in this paper are based on a thorough analysis of existing literature, case studies, and expert opinions on family business succession planning in South Africa. While the factors discussed are not exhaustive, they offer a comprehensive overview of the key influences and considerations that should be taken into account when developing succession plans in the South African context. The following sections will delve into each factor in detail, providing valuable insights and recommendations for effective succession planning in South Africa.

1.2 Problem Statement

The problem investigated in the study is the lack of a comprehensive insights that considers the specific factors influencing successful succession planning in the South African context. Family business succession planning is a complex process that involves multiple stakeholders, including family members, employees, and external advisors. However, the existing literature often lacks a holistic understanding of the factors that influence the success or failure of succession planning in the South African context. The study aims to address this gap by investigating the various factors that impact family business succession planning in South Africa. It seeks to identify the overriding factors that play a significant role in shaping the outcomes of succession planning efforts. The study recognizes that South Africa has unique cultural, legal, and socio-economic contexts that can significantly influence succession planning dynamics.

1.3 Research Aim

This study aims to identify the specific factors that play a crucial role in ensuring a smooth transition of leadership and ownership from one generation to the next, thereby promoting the longevity and sustainability of family businesses.

1.3.1 Research Objectives

The following are research objectives for this study:

- Investigate the challenges and barriers faced by family businesses in South Africa when planning for succession and potential strategies to overcome them; and
- Provide recommendations and best practices for family businesses in South Africa to enhance their succession planning processes and ensure long-term sustainability.

The layout of the paper will be briefly outlined to provide an overview of existing research, research design, data collection methods, and analytical techniques used to conduct the study. Here, the findings of the study are presented and analysed. This section involves a comprehensive interpretation and synthesis of the results obtained. It explores the implications of the findings, their significance, and their alignment with previous research. It may also address any limitations or challenges encountered during the study. Finally, the conclusion summarizes the main findings and their implications. It restates the research objectives and discusses the overall contributions and significance of the study. Additionally, it may suggest avenues for future research or propose practical applications of the findings.

2 Literature review

Family businesses constitute a significant portion of the global economy, and their continued success relies heavily on effective succession planning. However, the process of transitioning leadership and ownership from one generation to the next poses unique challenges, particularly in the South African context. This literature review aims to provide comprehensive insights that integrates key factors to enhance the understanding and implementation of successful succession planning. This section focus on the key factors influencing family businesses which includes: lack of leadership and motivation pressure/ lack of confidence, lack of communication, lack of specification of individual responsibility, and differences in ideology/ambiguity of roles,

2.1 Lack of leadership and motivation pressure/ lack of confidence

In the context of family business succession planning in South Africa, the lack of leadership, motivation pressure and lack of confidence pose unique challenges in family businesses. By considering the cultural, economic, and historical context of South Africa, family businesses can develop targeted strategies to address the lack of leadership, motivation pressure and lack of confidence in succession planning. Klaczak (2023) acknowledges that creating a supportive environment, fostering cultural sensitivity, and promoting economic empowerment can help successors overcome these challenges and contribute to the long-term success of the family business in South Africa.

South Africa has a diverse cultural landscape, and cultural norms and expectations can shape perceptions of leadership and success. In South Africa context, cultural beliefs and values may also

impact the perception of self-worth and confidence, influencing individuals' willingness to take on leadership roles. There may be strong traditional expectations for the eldest son or a specific family member to assume leadership, which can create pressure and affect motivation and confidence levels (Klaczak, 2023).

South Africa's complex economic and social landscape can contribute to the lack of leadership and motivation pressure (Amanquah, 2021). Anggadwita, Profityo, Alamanda and Permatasari (2019) comment that the country faces socioeconomic challenges, including high unemployment rates and economic inequality and successors that may feel the burden of responsibility to address these issues, adding to the pressure they experience. In other word, the expectations to contribute to the family's wealth creation and the broader socio-economic development of the country can create added pressure and affect confidence levels. South Africa's history of apartheid and its effects on the social fabric of the country can influence the perception of leadership and self-confidence. The historical disadvantages and inequalities may contribute to self-doubt and lower confidence levels among potential successors.

Rothwell and Prescott (2022) note that mentorship programmes that connect potential successors with experienced leaders, both within and outside the family business provide exposure to diverse perspectives and build confidence through knowledge sharing. Dusor, (2020) stress the well-being and personal development of potential successors and is to be achieved by providing resources for personal growth, such as coaching, counseling and personal development workshops that enhance their self-confidence, leadership skills and emotional resilience.

2.2 Lack of communication

Lack of communication is a significant challenge in family business succession planning, and it can have specific implications in the South African context. Cultural norms and practices may impact the openness and transparency of communication about succession planning can hinder effective communication between generations and within the family (Rothwell, and Prescott, 2022). Parilla and Santos (2022:36) state that family dynamics and relationships can influence the level of communication in succession planning. For example sibling rivalries, intergenerational conflicts, and power struggles may inhibit open and honest discussions about succession, within the family leading to avoidance or limited communication about succession plans. Many family businesses in South Africa lack formalised structures for communication and decision-making (Holte, 2019). Without clear communication processes, important information may be withheld, leading to misunderstandings and challenges in succession planning.

Family business succession planning is an emotionally charged process, and these emotions can impact communication among family members to express their desires, concerns, or fears openly, leading to a lack of clarity and shared understanding can resulting in avoidance or superficial discussions about

succession plans (Hossain, Islam & Haque, 2022). Addressing the lack of communication in family business succession planning in South Africa requires specific strategies and approaches.

Permatasari (2020) implement formal communication processes that promote regular and structured dialogue about succession planning, where all relevant stakeholders can openly discuss succession-related topics and concerns. By addressing the lack of communication and implementing these strategies, family businesses in South Africa can overcome communication barriers and foster an environment conducive to effective succession planning. Open communication promotes shared understanding, alignment of expectations, and the successful transition of leadership from one generation to the next. South Africa's cultural diversity plays a role in communication dynamics within family businesses.

2.3 Lack of specification of individual responsibility

The lack of specification of individual responsibility in family business succession planning is a significant challenge that can have specific implications in the South African context. In many South African family businesses, decision-making processes can be informal and based on traditional practices (Nonkwelo, 2019). Cultural norms and traditions in South Africa may influence the assignment of individual responsibilities in family businesses by balancing cultural expectations and modern business practices which can be a challenge in specifying individual responsibilities (Brenkman, 2020). During the transition from one generation to the next, there may be a lack of clear guidelines for handing over responsibilities from the older generation members struggling with relinquishing control and specifying the roles and responsibilities of the next generation.

The lack of specification can create confusion and uncertainty about individual responsibilities, hindering the smooth succession planning process (Kwoba, 2023). Addressing the lack of specification of individual responsibility in family business succession planning requires specific strategies and approaches. Cirillo, Huybrechts, Mussolino, Sciascia and Voordeckers, (2020) developing a formal succession planning framework that includes a roadmap for transitioning responsibilities can help with the timeline for transferring responsibilities from one generation to the next. By addressing the lack of specification of individual responsibility and implementing these strategies, family businesses in South Africa can clarify roles, enhance accountability and facilitate a successful succession planning process. Clear role definitions and effective communication contribute to the smooth transition of responsibilities and the long-term sustainability of the family business.

2.4 Differences in ideology/ambiguity of roles

Differences in ideology and ambiguity of roles are important aspects to consider in the context of family business succession planning in South Africa. South Africa is a culturally diverse country, with different cultural groups having their own ideologies, values, and beliefs on leadership, decision-making, and the role of family members in the business (Quisumbing, 2022). The historical context of South Africa, including the legacy of apartheid and economic disparities, can influence ideological differences within family businesses. Tannenbaum and Shohamy, (2023) argues that the ambiguity of roles and responsibilities can arise due to the challenges of reconciling different ideologies within the family business. Quisumbing (2022) comment that generational differences in mindset, values and aspirations can contribute to ideological differences and role ambiguity in family business succession planning. Younger generations may have different ideas about business practices, innovation and social impact compared to older generations, but there are some generational differences that can lead to conflicting ideologies and challenges in aligning expectations and roles.

Addressing the differences in ideology and ambiguity of roles in family business succession planning requires specific considerations and strategies. Quisumbing (2022) noted that cultural sensitivity training to foster understanding and bridge ideological gaps can create a platform for family members to discuss their perspectives and find common ground. Establishing a shared vision and core values that can serve as guiding principles for succession planning can help to mitigate differences in ideology and provide a framework for decision-making and role clarity.

Tannenbaum and Shohamy (2023) stated that the culture of continuous learning and adaptation within the family business can embrace innovation and flexibility to accommodate evolving ideologies and changing roles. By considering the differences in ideology and addressing role ambiguity, family businesses in South Africa can navigate succession planning with greater clarity, harmony, and alignment. Building cultural sensitivity, promoting dialogue and establishing clear governance structures contribute to a successful succession process that respects diverse ideologies and secures the long-term sustainability of the family business.

2.5 Importance of study

Urban and Nonkwelo (2022:265) investigates the factors influencing family business succession planning in South Africa through a case study approach, which highlights the importance of family cohesion, governance mechanisms, strategic planning, and the impact of cultural and socio-economic factors on the succession process. Lutfi, Alsyof, Almaiah, Alrawad, Abdo, Al-Khasawneh, Ibrahim and Saad (2022) examines the factors influencing family business succession in South Africa and Germany. It highlights the importance of family dynamics, governance structures, business strategies, and cultural differences in shaping succession planning outcomes.

2.6 Theoretical underpinning

The theoretical underpinning of the study serves as the conceptual framework that guides the research design, data collection and analysis. In the context of family business succession planning in South Africa, researcher might draw upon various theoretical perspectives and frameworks, such as:

2.6.1 Agency Theory

This theory explores the relationship between principals (family business owners) and agents (successors or managers). Agency theory suggest that conflicts of interest may arise between family members who have different roles and responsibilities within the business (Wang *et al.*, 2020:795). Poletti-Hughes and Briano-Turrent (2019:85) emphasise the importance of aligning the interests of family members to ensure effective governance and decision-making. Dong, Karhade, Rai and Xu, (2021:34), highlight issues such as principal-agent relationships, monitoring mechanisms, and the need to balance the interests of family members, shareholders and stakeholders.

2.6.2 Resource-Based View (RBV)

The RBV focuses on the unique resources and capabilities that family businesses possess. Usman and Widiyanti (2021) explain how these resources, including human capital, social capital, and family-specific assets, contribute to competitive advantage and long-term success. In the context of succession planning, Sucahyo, Damayanti, Prabowo, and Supramono (2020) highlight the importance of identifying and leveraging the unique resources and capabilities of the family in selecting and developing successors. Sucahyo et al. (2020) emphasises the importance of unique resources and capabilities within a family business. Researchers may explore how these resources, including family networks and social capital, can influence succession planning strategies.

2.6.2 Stewardship Theory

Stewardship theory posits that family members act as responsible stewards of the business's legacy and future. Stewardship theory suggests that family businesses are driven by a sense of stewardship and responsibility towards the business and its long-term success. Williams et al. (2018:74) emphasizes the role of family members as custodians of the business, working collaboratively and placing the collective interests of the business ahead of their individual interests. Stewardship theory highlights the importance of nurturing a shared vision, trust and commitment among family members in guiding the family business (Kidwell, Eddleston & Kellermanns, 2018:9).

2.5.4 Family Systems Theory

Family systems theory examines how family dynamics and relationships impact decision-making within family businesses, including the transfer of ownership and leadership. Family systems theory

views the family as an interconnected system in which each member's actions and behaviors influence others. Chrisman (2019) examines how family dynamics, roles and communication patterns impact succession planning. This theory underscores the importance of understanding and managing family relationships, boundaries, and interactions to ensure effective succession.

The theoretical perspectives to provide a deeper understanding of the factors influencing family business succession planning in South Africa. By adopting a solid theoretical framework, researchers can structure their study, and to interpret the findings more effectively. However, the actual theoretical underpinning of a study would be explicitly stated in the study itself.

3. Research Methodology

The research methodology for studying the factors influencing family business succession planning in South Africa involves a systematic approach to gather and analyse data. This approach allows for a comprehensive exploration of the factors influencing succession planning in South Africa. This section outlines the key components of the research methodology, including the research design, sample selection, and data collection methods.

3.1 Research Design

The research design for this study is qualitative in nature, and allows for a nuanced understanding of the complexities and contextual factors involved in the succession process. Semi-structured interviews were conducted with 30 family business owners, successors and family members. The interview questions were designed to cover the factors identified in the literature review, including family dynamics, governance structures, business strategies, and the external environment.

Interviews were conducted face-to-face, over the phone, or through video conferencing platforms. By conducting interviews and gathering information on these factors, the researcher aim to gain a deeper understanding of the specific context and dynamics surrounding family business succession planning. This knowledge would allow the researcher to develop comprehensive insights, identify common challenges and best practices, and provide recommendations for effective succession planning in the South African context.

In qualitative study selecting appropriate sampling techniques is crucial for identifying participants, the researcher will gain valuable insights into the complexities of family business succession planning in South Africa, contributing to a deeper understanding of the topic. Qualitative research aims to understand the experiences, perceptions, and behaviors of participants in-depth. The target populations are family businesses within the energy sector. The study's geographical locations used were focused on the provinces of Gauteng, Durban, and the Western Cape in South Africa, where oil distribution firms can be found.

The sampling size of the study were conducted among family businesses in the oil distribution sector from both South Africa, made up the sample size which was 30 participants from each country. In this study, 73% of participants from South Africa were in the first generation, 20% were in this study, 73% of participants from South Africa were in the first generation, 20% were in the second generation and 7% were in the third generation. The researchers used themes to interpret and discuss the significance in relation to the research questions, existing literature, and the study's goals. The results of the thematic analysis are presented, where the themes, descriptions, and their implications are described in detail.

Thematic analysis allows the researcher to uncover rich insights from qualitative data and offers a structured way to explore participants' perspectives and the underlying meanings within their responses. It's important to note that the process can be iterative, involving multiple rounds of analysis and refinement to ensure the accuracy and validity of the findings. Researchers may choose different approaches and variations within thematic analysis based on their research goals, theoretical frameworks, and the nature of the data.

4. Findings of the Study

The challenges to the influence of family business succession planning in South Africa, including lack of leadership and motivation pressure, lack of confidence, lack of communication, lack of specification of individual responsibility, differences in ideology and ambiguity of roles, can have significant implications for the success and continuity of family businesses.

Theme 1: Challenges to the Factors Influencing Family Business Succession Planning

The participants discussed factors that impact family business and multifactorial and ranging from lack of leadership/ mentorship, pressure/ lack of confidence, lack of will communication, lack of specification of individual responsibility, differences in ideology/ambiguity of roles, and lack of succession planning.

Table 4.1: Factors Influencing Family Business Succession Planning

Theme	Sub-categories
Challenges to the Factors Influencing Family Business Succession Planning	<ol style="list-style-type: none"> 1. Lack of leadership and motivation pressure/ lack of confidence 2. Lack of communication 3. Lack of specification of individual responsibility 4. Differences in ideology/ambiguity of roles

4.1.1 Lack of leadership and motivation pressure/ lack of confidence

The first factor that participants reported as affecting business succession planning is lack of leadership/mentorship. Majority of the participants 1, 6, 7, and 20, recounted that lack of business guidance affects succession as thus:

P 1: Oh, the first factors affecting family business succession planning is lack of leadership and mentorship among the family members.

P 6: Factor affecting family business succession planning is a lack of mentorship among family member in the business.

In the expression of the detrimental effect of family dynamics, two participants described that it influence succession through talent development and retention, and foster a culture of entrepreneurship and continuous learning. In its description P7 and P20 recounted thus.....

P7: Causes for why so numerous family businesses fall flat uncertain family discord and lack of concern, bad management, lack of proper management and preparation.

P20: Absolutely, unresolved family disagreement and indifference, as well as poor management, including a lack of leadership, managerial depth, and training, are the major causes of family company failure.

Some other participants also expressed the dichotomist in leadership as detrimental to family business succession leading to system failure and business extinction. Participants P23, and P28 recounted thus:

P23: I feel that sometime along the way, the family forgets that the family will only survive if the business succeeds. Most challenges can be overcome if people understand this fundamental truth. They must create a family business succession plan, which is a family pact that helps strike a balance between the business and the family's well-being.

P28: A family business should cultivate talent at all levels so that there are several candidates to succeed a specific manager. If you limit potential replacements to one person, that person could become a crucial failure point if he or she leaves or is unable to continue.

4.1.2 Pressure/ lack of confidence

Another category under Theme 1 apart from leadership and mentorship is pressure and lack of confidence. The participants recounted that a lack of confidence to face challenges that erupt in business can serve as reverse gear for business progression. In its description, P2 described pressure from spouses, parents and children as distracting and can adversely affect businesses business in its recount that:

P 2: Succession planning is continuously a huge deterrent for a family \business. In a few cases, the founder may feel that his or her children are not competent of running the business. This will cause self-evident pressure between the parent and the children, such that the child or children may take off the business in frustration.

4.1.3 Lack of communication

Lack of succession planning, the third category under factors affecting the business succession is lack of will communication. Participants report that a strike is inevitable when partners or beneficiaries have no prior knowledge of what ensues about the inheritance of business and inheritance portion before the demise of the original business owner. In its recount, P3 expressed that every beneficiary needs prior knowledge of their role and portion in business before the owner dies as follows:

P3: Okay, okay, this is a big problem when you someone die. Okay, you need to know where you stand before you die. Okay, because when you die, there is no way you can plan ahead because then you might take me for example, I got four children, my brother two children, my share and my brother shares are same. The children are going to say my father worked here you never worked here we want a bigger share, it mustn't come to that, you need to say before that right. If I die first this is what's going to happen. Your children are going to get that share; my children are going to get the share as well it.

Some other participants, P19, P22, P25, said;” when communication is defective in business, it will suffer amalgamation of roles, purpose and vision across generation as follow:

P19: In general, family business owners, particularly the founders, struggle to articulate and share their vision for the family firm or their long-term business objectives. Corporate planning, succession planning, and financial planning are sometimes misunderstood as a waste of time rather than an essential business process. The owners' vision tends to get lost or muddled as the business goes through generations, and the new generation of owners often finds themselves without direction as they plan for the future.

P22: This breakdown in communication could hinder succession planning. Clear communication is necessary to avoid misunderstandings and keep everyone on the same page. When each person is aware of his or her responsibilities, the chances of work duplication are greatly reduced.

P25: Yeah, it leads to poor decision-making, and withdrawal and miscommunication

4.1.4 Lack of specification of individual responsibility

Non specification of roles and responsibility is another category expressed under factors affecting business succession. In its description, P5 reported that confusion and role duplications sets in where individual roles are not well defined.

P 5: Lack of decision making in case the parts and duties are not clearly characterized, the conflict will emerge over who can make choices and how choices ought to be made. This will lead to disarray, instability, and indiscriminate choices that will put the company at a chance.

Participants P7 and P30 reported no demarcation of roles causes strain and clashes in their description as thus;

P7: Participant: Causes for why so numerous family businesses fall flat uncertain family discord and lack of concern, bad management, lack of proper management, and preparation

P30: Many successful business entrepreneurs have strained ties with their families because of all the effort and time it takes to develop a successful company. When the firm's guard changes, people may begin jockeying for positions. Employees may be more concerned about what would

happen to them if the company changes than about doing their jobs properly. This strategy has the potential to generate various business disruptions.

4.1.5 Differences in ideology/ambiguity of roles

Having different voices and flaunting expertise or egocentrism adversely affects business thrive.

Some participants report individuals' differences in nature and preferences or conceptualisation as highly limiting to business growth. P4, P9, P10 & P17 mostly expressed this in their description as follows:

P4: Everybody is diverse, distinctive identities can frequently lead to sibling contentions and intergenerational conflict. Cleared out unattended or unmanaged, they can crush family and business trade concordance, and in a few cases, crush the trade.

P9: Diverse discernments of thought processes, ambitions, goals, and foundations make up the fixings of numerous conflict circumstances and ought to not be belittled.

P10: Absolutely, one of the factors affecting family businesses is when the business founders have no clear goals for business succession, conjointly family business owners accept that more younger family members who are not capable to take over the business.

P17: One of the greatest factors affecting family business during succession planning is personality differences, some people from various backgrounds have varying perspectives, interests, and values, when beliefs and ideas clash, conflict can arise, and team members may react in ways that are destructive to the team's morale.

Difference in ideology is further expressed as factor affecting business succession by some participants who described it as emanating from lack of trust. Participants P20 and P24:

P20: As the business passes from one generation to the next, the family becomes more difficult to manage. As a result, learning how to manage the family business early on in its development will pay off in the long run.

P24: Poor succession planning, a lack of trusted consultants, family strife, differing generations' ideas, and a lack of financial education for youngsters are all issues that participants have raised.

5. Discussion to the Findings

The findings highlight that potential successors in family businesses may lack the necessary leadership qualities or motivation to take on the responsibility of leading the business. This can be attributed to various factors such as fear of failure, perceived pressure from family expectations, or a desire to pursue alternative career paths. These challenges can hinder the smooth transition of leadership from one generation to the next and affect the long-term sustainability of the business. The lack of confidence among potential successors is another significant challenge. The findings on lack of confidence can stem from a variety of factors, including a sense of inadequacy, limited experience, or the weight of family expectations. Addressing this challenge requires providing support, encouragement and developmental opportunities to help potential successors build their confidence and capabilities.

Effective communication is essential for successful succession planning, but the findings indicate that family businesses in South Africa often face challenges in this area. Communication gaps can arise due to the sensitive nature of succession planning discussions or a lack of open dialogue among family members. Insufficient communication can lead to misunderstandings, conflicts and resistance to change. It is crucial for family businesses to create an open and transparent communication culture that fosters trust, active listening, and the sharing of ideas and concerns. The findings suggest that the lack of clarity in defining individual responsibilities within family businesses can create confusion and inefficiencies. When roles and responsibilities are not clearly defined, it can lead to overlapping duties, gaps in decision-making and a lack of accountability. To address this challenge, family businesses need to establish clear job descriptions, delineate roles and responsibilities and set expectations for each family member involved in the business. This clarity helps ensure that everyone understands their responsibilities and can contribute effectively to the business's success.

Differences in ideologies and ambiguity surrounding roles and responsibilities pose significant challenges to succession planning. The findings indicated that resolving these challenges requires open dialogue, active listening, and a willingness to find common ground. It is important for family businesses to create a shared vision, values, and goals that can bridge the gap between different generations and align everyone towards a common purpose. These findings underscore the importance of addressing these challenges proactively in family businesses in South Africa. Strategies such as fostering leadership development, providing support and encouragement, promoting effective communication, clarifying roles and responsibilities, and fostering shared values can help mitigate these challenges. Engaging external advisors or consultants with expertise in family business succession planning can also provide valuable guidance and facilitate the resolution of these challenges.

The findings of the study identify and summarize relevant previous studies on family business succession planning, particularly those conducted in the context of South Africa or similar socio-economic environments. By comparing the current findings with existing research, the researcher highlights the areas of agreement, discrepancy, or convergence in the findings of the study.

6. Managerial Implication

The insights from South Africa regarding the factors influencing family business succession planning have important managerial implications for family business owners and stakeholders. Recognize the significance of succession planning and its impact on the long-term sustainability of the family business. Develop a proactive mindset and prioritise succession planning as an ongoing process rather than a reactive event. This involves dedicating time, resources and attention to ensure a smooth transition of leadership across generations. Secondly, communication plays a critical role in successful succession planning. Foster a culture of open and transparent communication within the family business, ensuring that all stakeholders are involved in important discussions and decision-making processes. Encourage

active listening, empathy and the sharing of ideas and concerns to foster collaboration and build consensus.

Thirdly, implement strong governance structures within the family business to ensure effective decision-making, accountability, and transparency. This includes establishing family councils, boards, or other mechanisms to provide a platform for family members' involvement and input. Clearly define roles, responsibilities and decision-making authority to promote clarity and avoid conflicts. Fourthly, recognise the importance of aligning business strategies with succession goals. Develop long-term strategic plans that consider the requirements of succession planning and ensure the continuity and growth of the business. This involves considering the skills and capabilities of potential successors, anticipating market trends, and adapting strategies accordingly. Finally, recognize and integrate cultural and social considerations into succession planning. Understand and align succession plans with cultural values, norms and expectations. Embrace diversity and inclusion within the business, address gender equality, and engage with the local community. Incorporate social responsibility initiatives that align with the family's values and contribute to the wider societal context. By implementing these managerial implications, family businesses in South Africa can enhance their succession planning processes, promote family harmony and increase the likelihood of a successful transition to the next generation. This, in turn, contributes to the long-term success and sustainability of the family business.

7. Managerial Recommendation

Based on the findings discussed, family businesses in South Africa can enhance their succession planning processes and increase the likelihood of successful transitions across generations. Implementing these recommendations can help family businesses in South Africa navigate the complexities of succession planning and ensure a smooth transition of leadership. It is essential to customise these recommendations to suit the specific needs and circumstances of each family business. Additionally, ongoing evaluation and adaptation are crucial to address emerging challenges and seize opportunities during the succession planning process:

- Family businesses should be encouraged to develop long-term strategic plans that consider succession requirements and ensure the continuity and growth of the business.
- Family businesses should be encouraged to regularly assess market trends, regulatory changes, and competitive forces, by incorporating scenario planning and risk management strategies to ensure resilience and sustainability during succession transitions.
- Family business owners should support implementation of structured training, mentoring and exposure to different business functions and to support external education and professional development opportunities to enhance the skills and capabilities of potential successors.
- Aligning succession plans with cultural values, promoting diversity and inclusion and addressing gender equality, should be encourage by all family businesses to engage with their

local communities and incorporate social responsibility initiatives into their succession planning.

- Family business owners should connect family businesses with industry associations, professional advisors and networking of other family businesses to foster knowledge sharing, collaboration, and best practice exchange.
- Encourage family businesses to regularly review and update their succession plans in response to changing circumstances, market dynamics, and family needs. Family businesses are hereby recommended periodic assessments of the effectiveness of the implementation of feedback mechanisms for continuous improvement.

8. Conclusions, Limitations and Future Research

In conclusion, the factors influencing family business succession planning in South Africa offer valuable insights for family businesses in their journey towards a successful transition of leadership. The identified factors, including lack of leadership and motivation pressure, lack of confidence, lack of communication, lack of specification of individual responsibility, differences in ideology, and ambiguity of roles, shed light on the challenges that family businesses may encounter during the succession planning process. While these insights provide a solid foundation, it is essential to recognise the limitations of the research. The findings may not be universally applicable to all family businesses, as variations in culture, context, and industry dynamics can significantly impact the succession planning process. Additionally, family-specific factors, changing business environments and legal and financial considerations should be carefully considered in the succession planning efforts.

Family businesses in South Africa can navigate these challenges and improve their succession planning by implementing the managerial implications and recommendations derived from the research. By fostering a culture of open communication, developing a formal succession plan, investing in leadership development, clarifying roles and responsibilities, addressing cultural differences, seeking external expertise, promoting collaboration, and continuously monitoring and evaluating the process, family businesses can enhance the likelihood of a smooth and successful transition. It is crucial for family businesses to tailor these insights and recommendations to their specific context and needs. Adapting the research findings to address family dynamics, industry dynamics and legal and financial considerations is key to effective succession planning. By combining these insights with ongoing learning, flexibility, and adaptation, family businesses in South Africa can navigate the complexities of succession planning and secure the long-term sustainability and success of their businesses for future generations.

Considering these limitations will help ensure a realistic understanding of the insight scope and applicability. South Africa is a diverse country with various cultural and regional differences. The insight should consider the specific cultural nuances, values, and practices that exist within different communities and regions. The available research on family business succession planning in South

Africa may be limited in scope or depth. There may be gaps in the understanding of specific factors or their impact due to limited empirical studies or data. Therefore, it is important to continuously assess and refine the insight based on feedback, evolving research and changing business environments to address the specific needs of family businesses in South Africa.

By conducting further research in these areas, scholars, practitioners, and policymakers can deepen their understanding of family business succession planning in the South African context. Further research should be based on comparative studies that examine the similarities and differences in differences in succession planning practices across different cultural, economic, and legal contexts. This research can help identify cross-cultural factors, institutional influences and global best practices that can inform the development of a framework tailored to the South African context.

References

- Anggadwita, G., Profityo, W.B., Alamanda, D.T. and Permatasari, A., 2019. Cultural values and their implications to family business succession: A case study of small Chinese-owned family businesses in Bandung, Indonesia. *Journal of Family Business Management*, 10(4), pp. 281-292.
- Barkhuizen, N.E. and Gumede, B., 2021. The relationship between talent management, job satisfaction and voluntary turnover intentions of employees in a selected government institution. *SA Journal of Human Resource Management*, 19, p. 12.
- Brenkman, A.R., 2020. Exploring the management succession process in small and medium-sized family businesses (Doctoral dissertation, North-West University (South Africa)).
- Chirkoot, J., 2022. Trusts, do they still have any significance as a tax planning and estate planning tool? (Doctoral dissertation).
- Cirillo, A., Huybrechts, J., Mussolino, D., Sciascia, S. and Voordeckers, W., 2020. Researching family business growth. *European management review*, 17(3), pp. 733-746.
- Dusor, W., 2020. Succession planning in family business: A case of Ketu South Municipality (Doctoral dissertation, University of Cape Coast).
- Duru, I.U., 2021. Examination of the causes and consequences of international migration in Nigeria. *Asian Development Policy Review*, 9(4), pp. 180-193.
- Eze, N.L., Nordqvist, M., Samara, G. and Parada, M.J., 2021. Different strokes for different folks: The roles of religion and tradition for transgenerational entrepreneurship in family businesses. *Entrepreneurship Theory and Practice*, 45(4), pp. 792-837.
- Holte, B.T., 2019. Making family business succession into family business success. The influence of soft issue-focused external advice on the bottlenecks in family business successions.

- Hossain, M.S., Islam, M.A. and Haque, A.A., 2022. Empirical analysis to the factors impact on succession process of the family-owned businesses in Bangladesh, moderating role of education. *International Journal of Business Innovation and Research*, 28(2), pp. 162-179.
- Kamalizeni, C., Hoque, M., Kader, A. and Mapudzi, H., 2021. Towards a Conceptual Framework for Organisationally Effective Female Leadership in Sub-Saharan Africa: The Case of Public Enterprises in Eswatini. *Africa Journal of Public Sector Development and Governance*, 4(1), pp. 89-110.
- Kano, L., Verbeke, A. and Johnston, A., 2021. Internationalization decisions in family firms: The impact of bifurcation bias. In *The Palgrave Handbook of Family Firm Internationalization* (pp. 3-35). Cham: Springer International Publishing.
- Klaczak, J.M., 2023. Succession Planning Strategies in Polish Family-Owned Businesses (Doctoral dissertation, Walden University).
- Kwali, F.N., 2022. Exploring the factors influencing agility adoption in selected financial institutions in South Africa.
- Kwoba, T.B., 2023. A critical investigation of factors influencing Ugandan family-owned manufacturing businesses' performance.
- Nonkwelo, P.R., 2019. Family Business Succession Planning in South Africa: A Daughter's Perspective (Doctoral dissertation, University of the Witwatersrand, Faculty of Commerce, Law and Management, School of Business).
- Lorange, P., 2022. Family Business Strategies. In *Learning and Teaching Business: Lessons and Insights from a Lifetime of Work* (pp. 55-63). Cham: Springer International Publishing.
- Lutfi, A., Alsyouf, A., Almaiah, M.A., Alrawad, M., Abdo, A.A.K., Al-Khasawneh, A.L., Ibrahim, N. and Saad, M., 2022. Factors influencing the adoption of big data analytics in the digital transformation era: case study of Jordanian SMEs. *Sustainability*, 14(3), p.1802.
- Murithi, W., Vershinina, N. and Rodgers, P., 2020. Where less is more: institutional voids and business families in Sub-Saharan Africa. *International Journal of Entrepreneurial Behavior & Research*, 26(1), pp. 158-174.
- Orole, F.A., 2020. An investigation of family business succession decision: the Sub-Saharan African experience.
- Parilla, E.S. and Santos Jr, J.D., 2022. Relationship of Succession Practices to Successful Leadership Transition. *International Journal of Academe and Industry Research*, 3(1), pp. 26-51.
- Permatasari, A., 2020. Cultural values and their implications to family business succession A case study of small Chinese-owned family businesses in Bandung, Indonesia.

- Phiri, N.B., 2021. Factors Affecting Tutoring Effectiveness in Finance-Related Modules. University of Johannesburg (South Africa).
- Quisumbing King, K., 2022. The Structural Sources of Ambiguity in the Modern State: Race, Empire, and Conflicts over Membership. *American Journal of Sociology*, 128(3), pp. 768-819.
- Rothwell, W.J. and Prescott, R.K. eds., 2022. Succession planning for small and family businesses: Navigating successful transitions. CRC Press.
- Urban, B. and Nonkwelo, R.P., 2022. Intra-family dynamics and succession planning in family businesses in South Africa: the daughter as a potential successor. *Journal of Family Business Management*, 12(2), pp. 266-279.
- Tannenbaum, M. and Shohamy, E., 2023. Developing Multilingual Education Policies: Theory, Research, Practice. Taylor & Francis.
- Vardaman, J.M. and Montague-Mfuni, M., 2021. Forced transgenerational succession: Insights from a South African family business. *Journal of Small Business Management*, pp. 1-26. <https://doi.org/10.1080/00472778.2021.1937634>
- von Schlippe, A., Rösen, T.A. and Groth, T., 2021. The Two Sides of the Business Family. *Management for Professionals*.
- Wong, H.W., 2023. Anthropology of family and family businesses is emic all the way. In *Family Firms and Business Families in Cross-Cultural Perspective: Bringing Anthropology Back In* (pp. 197-219). Cham: Springer International Publishing.
- Zungu, M.M., Maseko, M.S., Kalle, R., Ramesh, T. and Downs, C.T., 2020. Effects of landscape context on mammal richness in the urban forest mosaic of EThekweni Municipality, Durban, South Africa. *Global Ecology and Conservation*, 21, p. e00878.