AN INVESTIGATION INTO THE FACTORS INFLUENCING THE LEVELS OF JOB SATISFACTION AND ORGANISATIONAL COMMITMENT OF NON-FAMILY EMPLOYEES WORKING IN FAMILY BUSINESSES

MAKATLEHO JULIA LETELE-MATABOOE
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at the

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DECLARATION

In accordance with Regulation G4.6.3,

I, Makatleho Julia Letele-Matabooe hereby declare that this dissertation entitled An investigation into the factors influencing the levels of job satisfaction and organisational commitment of non-family employees working in family businesses is my own work, that all sources used or quoted have been indicated and acknowledged by means of complete references, and that this dissertation was not previously submitted by me for a degree at another university.

Makatleho Julia Letele-Matabooe
ACKNOWLEDGEMENTS

The successful completion of this study would not have been possible without the contributions and support of certain persons and institutions. My sincere gratitude and appreciation is extended to:

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ABSTRACT

Given the increasingly important role that non-family employees working in family businesses play in the success of these businesses, as well as the challenges they are faced with, it is surprising that little is known about their experiences in the family business. This study therefore was aimed at contributing to the more effective functioning of this important stakeholder group in South Africa by identifying the factors that impact on their levels of job satisfaction and organisational commitment in family businesses. As such the primary objective of this study was to identify the factors that impact on non-family employees’ levels of Job satisfaction and Organisational commitment to the family business in which they are employed.

This study sought to incorporate prior findings and theories on job satisfaction and organisational commitment into a comprehensive theoretical model. In addition, support for these theories was sought in the literature. The literature review revealed three main categories of constructs, namely, relational-based, organisational-based and reward-based factors, as influencing the levels of Job satisfaction and Organisational commitment of non-family employees working in family businesses. Within these three categories, 15 independent variables were identified and hypothesised to influence the levels of the dependent variables Job satisfaction and Organisational commitment. Of the 15 independent variables, 6 were categorised as relational-based, another 6 as organisational-based and 3 as reward-based factors.

All of the constructs in this study were clearly defined and operationalised. Operationalisation was done by using reliable and valid items sourced from measuring instruments used by prior studies. In addition, several items were self-generated items based on secondary sources. The convenience snowball sampling technique was used to identify respondents, and a structured questionnaire was made available to them. The data collected 280 usable questionnaires and was subjected to various statistical analyses. The validity and reliability of the measuring instrument was assessed by means of exploratory and confirmatory factor analyses, and Cronbach-alpha coefficients were confirmed for this purpose.
The 6 relational-based factors could not all be confirmed as initially intended. Of these factors, 5 were confirmed. Similarly, the organisational-based factors could not all be confirmed by the exploratory factor analysis. Four factors were confirmed in this regard. With regard to reward-based factors, these factors did not load as originally intended. Instead, a new factor (Job security and compensation) emerged.

In this study, a number of statistical procedures were utilised to assess the relationships between the independent and dependent variables. These included descriptive statistics which was used to summarise the sample data. Pearson’s Product Moment Correlation was also undertaken to establish the relationship between the various factors under investigation. However, the main statistical procedure that was used to test the significance of the relationships hypothesised between the independent and dependent variables was the Multiple Regression Analysis (MRA). From the analysis, 7 submodels were identified and subjected to further testing.

The following independent variables were identified as influencing the dependent variables in this study:

- Fairness
- Personal needs alignment
- Interpersonal relationships
- Family harmony
- Nature of the work
- Working conditions
- Job involvement
- Governance
- Job security and compensation

In addition, an Analysis of Variance (ANOVA) was performed to establish the influence that the various demographic variables could have on the dependent variables. The test included the use of Benferroni post-hoc test that was used to
assess the statistical difference, while Cohen’s d-values were calculated to assess the practical significance between mean scores.

Ownership of shares by non-family employees of the family business in which they are employed, the positions that these employees hold, as well as ethnicity of the respondents have been found to have an influence on the independent and dependent variables in this study.

This study has empirically investigated the challenges non-family employees working in family businesses are faced with, and has thus added to the limited amount of family business literature on this valuable stakeholder group. The theoretical model developed in this study has made a significant contribution towards understanding the factors that influence the levels of job satisfaction and organisational commitment of these employees. This study therefore presents recommendations and suggestions to assist family business leaders/owners in attracting and retaining non-family businesses in such a way as to give them a sense of belonging and to enhance the performance of their businesses.

KEYWORDS:

Family business, Non-family employee, Outsiders, Job satisfaction, Organisational commitment
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INTRODUCTION, PROBLEM STATEMENT AND DEMARCATION OF THE STUDY

1.1 INTRODUCTION AND BACKGROUND TO THE STUDY

Worldwide, family-owned businesses represent the oldest and most prevalent type of business (Ibrahim, McGuire & Soufani 2009:1). According to Ibrahim et al. (2009:1), family businesses play a significant role in both the stability and health of the new global economy, because they are stable and optimistic even in times of economic uncertainty. Family-owned businesses are considered as being at the forefront of business performance in terms of representation of the owners’ interests, job creation, wealth development, return on investment, quality of product and service, customisation capability, and speed to the market. These businesses are famous for producing better quality products, which are often the results of having the family name on the merchandise. As such, family businesses are formidable competitors within all markets (Ceja & Tàpies 2009:1).

Despite their importance to national economies, the survival rate of family businesses beyond the founder’s generation is extremely low (Ibrahim et al. 2009:1). Schwarz (2003) asserts that although family-owned businesses are the foundation of a stable economy, their failure is due to the unique problems they face. Their problems range from complex legal and tax-estate-planning issues, to family conflicts and lack of succession planning. In addition, Poza, Hanlon and Kishida (2004:99) describe family businesses as fertile ground for nepotism, self-dealing, entrenched management, and utility maximisation by the family to the detriment of corporate profits and other shareholders. Megginson, Byrd and Megginson (2003:15) also suggest that a lack of capital, poor business knowledge and management, insufficient planning, and inexperience may be responsible for the high failure rates.

The demise of these family firms not only destroys entire families, but also results in job losses and has a significant negative impact on the national economy and
competitive position of a nation (Ibrahim et al. 2009:2). According to Schwarz (2003), 30% of family businesses succeed in making a successful transition to the second generation, while as little as 10% get passed on to the third generation (Chittoor & Das 2007:65). In South Africa only 25% of family businesses proceed to the second generation, and a mere 10% to the third (Hugo 1996:8). These figures are consistent with percentages reported in other countries.

Ceja and Tápies (2009:1) advise that success in today’s competitive economy is directly linked to the capacity of an organisation to attract, select and retain talent. Attracting talent is vital for both continuous competitive advantage and the survival of a business. Obtaining the best talent is vital in today’s highly competitive environment. Furthermore, it has been found that through acquiring talent, employee involvement and motivation improve, resulting in improved business performance. Talented management is becoming a top priority for organisations around the world (Ceja & Tápies 2009:1). Klein and Bell (2007:20) add that any business with the intention to continue and grow needs employees with a profile that matches the business, culture, organisation, and strategy.

In contrast to non-family businesses, family businesses are often managed by their owners or members of the owning family. However, in many cases, the managing responsibility is partly or even fully handed over to non-family executives. According to Barnett and Kellermanns (2006:837), the management of these non-family employees is one of the biggest challenges facing family businesses. The management of non-family employees has been recognised as intensely important to family firms. Barnett and Kellermanns (2006:838) state that successful transitions and long-term survival can be achieved by attracting qualified non-family employees and fostering value-creating attitudes and behaviours among these employees.

According to Ceja and Tápies (2009), achieving long-term growth can be achieved by attracting and retaining exceptional people. Sharma (2004:15) emphasises that there is a need to devote more attention to understanding the perspective of non-family employees in family businesses, as well as to the issues that are important to them, and that would lead to superior performance. Hence, developing and maintaining the commitment and loyalty of non-family employees is one of the
highest priority concerns of family business owners (Mitchell, Morse & Sharma 2003:534). It is thus vitally important for family businesses to develop a satisfactory working environment for non-family employees, so that commitment can be fostered and satisfactory results for both the family and the firm can be realised (Vallejo 2009:138).

1.2 PROBLEM STATEMENT

Although family business owners consider non-family employee commitment a top priority (Sharma n.d.), little attention is devoted to these important stakeholders in family businesses (Sharma n.d.; Sharma 2004:15; Sonfield & Lussier 2009:23). Even though family businesses of any significant size depend on the quality and effectiveness of non-family managers to ensure their continued success and growth (Poza 2010:231), it appears that the perspectives of non-family employees are rarely considered in the family business literature. It is estimated that over 80% of people employed in family businesses are non-family members (Sharma n.d.; Mitchell et al. 2003:534-535). The perspectives of non-family employees are important because they constitute a large percent of individuals who may not think in the same way that family members do (Mitchell et al. 2003:535).

According to Vallejo (2009:380), it is imperative that the level of commitment of non-family employees to the family businesses that employ them be investigated, because the level of commitment can significantly influence the family firm’s overall performance and future continuity. In his study, Lee (2006:187) concludes that job satisfaction is a significant predictor of organisational commitment. However, Papini (2007:28) argues that with the importance of job satisfaction to organisations and its inherent connection to organisational commitment, it is only natural to study them simultaneously, no matter what their causal relationship. Consequently, for the purpose of this study both the job satisfaction and the organisational commitment levels of non-family employees working in family businesses will be investigated.

Given the lack of research attention focused on non-family employees in family businesses (Sharma 2004:15; Block 2011:11), as well as the vital role they play in family business success, this study will investigate the factors impacting on job
satisfaction and organisational commitment levels of non-family employees working in family businesses. Non-family employees are an important family business stakeholder group, and this study attempts to ensure that this valuable resource is optimally used.

1.3 PURPOSE OF THE STUDY

The purpose of this study is to investigate the factors influencing the levels of job satisfaction and organisational commitment of non-family employees in family businesses. Through investigating these factors, guidelines can be provided to family owners/managers to ensure that working conditions in family businesses are such that non-family employees are motivated and retained, and contribute to the overall success of the family businesses in which they are employed.

1.4 RESEARCH OBJECTIVES

1.4.1 PRIMARY RESEARCH OBJECTIVE

The primary objective of this study is to identify the factors influencing the levels of job satisfaction and organisational commitment of non-family employees working in family businesses. In achieving this objective the necessary conditions required to attract, retain and motivate non-family employees in family businesses will be investigated. Based on the literature, anecdotal evidence and the opinions of experts, a theoretical model or set of guidelines will be generated and then tested empirically. The ensuing results will be able to assist family businesses in creating the working conditions necessary to retain and motivate non-family employees working in family businesses.
1.4.2 SECONDARY RESEARCH OBJECTIVES

In order to address the primary objective of this study, the following secondary objectives have been formulated:

a) To undertake a detailed theoretical investigation into the nature and importance of non-family employees and their importance to family businesses, as well as the factors that influence their levels of *Job satisfaction* and *Organisational commitment* in the family business.

b) To generate a theoretical model of the factors that influence the levels of *Job satisfaction* and *Organisational commitment* of non-family employees working in family businesses.

c) To undertake an empirical investigation to test the proposed theoretical model.

d) To establish the influence of selected demographic variables on the dependent and independent variables.

e) To put forward recommendations based on the empirical results of this study in order to assist family business owners in creating the working conditions necessary to retain and motivate non-family employees working in family businesses.

1.5 PROPOSED THEORETICAL MODEL AND HYPOTHESES

The literature study has revealed several factors influencing the *Job satisfaction* and *Organisational commitment* levels of non-family employees working in family businesses. These factors have been identified in the Organisational Behaviour literature and supported by references in the Family Business literature. These factors have been divided into three categories, namely relational-based, organisational-based and reward-based factors, and have been used to develop the theoretical model depicted in Figure 1.1.

Figure 1.1 depicts the hypothesised relationships between the relational-based factors (*Open communication, Fairness, Trust, Personal needs alignment, Interpersonal relationships* and *Family harmony*), the organisational-based factors
(Nature of the work, Physical working conditions, Leadership, Job involvement and Organisational structure) and the reward-based factors (Job security, Promotional opportunities and Compensation) as independent variables, have on the dependent variables Job satisfaction and Organisational commitment. It is also hypothesised that Job satisfaction has an influence on the dependent variable Organisational commitment.

Figure 1.1 PROPOSED THEORETICAL MODEL: FACTORS INFLUENCING THE LEVELS OF NON-FAMILY EMPLOYEES’ JOB SATISFACTION AND ORGANISATIONAL COMMITMENT

Relational-based factors
- Open communication
- Fairness
- Trust
- Personal needs alignment
- Interpersonal relationships
- Family harmony

Organisational-based factors
- Nature of the work
- Physical working conditions
- Leadership
- Job involvement
- Organisational structure
- Governance

Reward-based factors
- Job security
- Promotional opportunities
- Compensation

(Source: Researcher’s own construction)
Based on the theoretical model above, several research questions and hypotheses have been formulated. These are discussed in the paragraphs below.

1.5.1 RESEARCH QUESTIONS

Taking the primary objective into consideration, the following research questions are put forward:

(a) What is the relationship between the levels of *Job satisfaction* among non-family employees working in family businesses and their levels of *Organisational commitment*?

(b) What is the impact of relational-based factors (*Open communication, Fairness, Trust, Personal needs alignment, Interpersonal relationships* and *Family harmony*) on the levels of *Job satisfaction* and *Organisational commitment* of non-family employees working in family businesses?

(c) What is the impact of organisational-based factors (*Nature of the work, Physical working conditions, Leadership, Job involvement* and *Organisational structure*) on the levels of *Job satisfaction* and *Organisational commitment* of non-family employees working in family businesses?

(d) What is the impact of reward-based factors (*Job security, Promotion opportunities* and *Compensation*) on the levels of *Job satisfaction* and *Organisational commitment* of non-family employees working in family businesses?

(e) Is there a relationship between demographic variables and the levels of *Job satisfaction* and *Organisational commitment* of non-family employees working in family businesses?

(f) Is there a relationship between demographic variables and the relational, organisational and reward-based factors that influence the levels of *Job satisfaction* and *Organisational commitment* of non-family employees working in family businesses?
1.5.2 RESEARCH HYPOTHESES

The following directional hypotheses have been formulated to test the relationships proposed in the theoretical model:

\(H^1:\) There is a positive relationship between the level of Job satisfaction of non-family employees working in family businesses and their level of Organisational commitment to the family business.

\(H^{2a}:\) There is a positive relationship between Open communication existing in the family business and the level of Job satisfaction experienced by non-family employees.

\(H^{2b}:\) There is a positive relationship between Open communication existing in the family business and the level of Organisational commitment shown by non-family employees.

\(H^{3a}:\) There is a positive relationship between Fairness experienced by non-family employees and their level of Job satisfaction in the family business.

\(H^{3b}:\) There is a positive relationship between Fairness experienced by non-family employees and their level of Organisational commitment to the family business.

\(H^{4a}:\) There is a positive relationship between the Trust experienced by non-family employees working in family businesses and their level of job satisfaction in the family business.

\(H^{4b}:\) There is a positive relationship between the Trust experienced by non-family employees working in family businesses and their level of Organisational commitment to the family business.

\(H^{5a}:\) There is a positive relationship between the Personal needs alignment experienced by non-family employees working in family businesses and their level of Job satisfaction in the family business.

\(H^{5b}:\) There is a positive relationship between the Personal needs alignment experienced by non-family employees working in family businesses and their level of Organisational commitment to the family business.

\(H^{6a}:\) There is a positive relationship between Interpersonal relationships in the family business and the level of Job satisfaction experienced by non-family employees.
H6a: There is a positive relationship between Interpersonal relationships in the family business and the level of Organisational commitment shown by non-family employees.

H7a: There is a positive relationship between Family harmony and the level of Job satisfaction experienced by non-family employees working in the family business.

H7b: There is a positive relationship between Family harmony and the level of Organisational commitment of non-family employees to the family business.

H8a: There is a positive relationship between the Nature of the work performed by non-family employees in family businesses and their level of Job satisfaction.

H8b: There is a positive relationship between the Nature of the work performed by non-family employees in family businesses and their level of Organisation commitment.

H9a: There is a positive relationship between the Physical working conditions experienced by non-family employees working in family businesses and their level of Job satisfaction in family businesses.

H9b: There is a positive relationship between the Physical working conditions experienced by non-family employees working in family businesses and their level of Organisational commitment shown to the family businesses.

H10a: There is a positive relationship between the Leadership in the family businesses and the level of Job satisfaction experienced by non-family employees.

H10b: There is a positive relationship between the Leadership in the family businesses and the level of Organisational commitment shown by non-family employees.

H11a: There is a positive relationship between the Job involvement of non-family employees and their level of Job satisfaction in the family business.

H11b: There is a positive relationship between the Job involvement of non-family employees and their level of Organisational commitment to the family business.
$H_{12a}$: There is a positive relationship between the Organisational structure in family businesses and the level of Job satisfaction experienced by non-family employees in the family business.

$H_{12b}$: There is a positive relationship between the Organisational structure in family businesses and the level of Organisational commitment shown by non-family employees to the family business.

$H_{13a}$: There is a positive relationship between the existence of Governance structures in family businesses and the level of Job satisfaction experienced by non-family employees working in the family businesses.

$H_{13b}$: There is a positive relationship between the existence of Governance structures in family businesses and the level of Organisational commitment shown by non-family employees to the family businesses.

$H_{14a}$: There is a positive relationship between the level of Job security experienced by non-family employees working in family businesses and their level of Job satisfaction in the family business.

$H_{14b}$: There is a positive relationship between the level of Job security experienced by non-family employees working in family businesses and their level of Organisational commitment to the family business.

$H_{15a}$: There is a positive relationship between the Promotional opportunities available to non-family employees working in family businesses and their level of Job satisfaction in the family business.

$H_{15b}$: There is a positive relationship between the Promotional opportunities available to non-family employees working in family businesses and their level of Organisational commitment to the family business.

$H_{16a}$: There is a positive relationship between the Compensation received by non-family employees and their level of Job satisfaction in the family business.

$H_{16b}$: There is a positive relationship between the Compensation received by non-family employees and their level of Organisational commitment to the family business.

In order to determine whether the theoretical model presented above can in general be applied to various demographic variables, additional statistical analysis will be performed to find out whether significant relationships exist between selected...
demographic variables and the dependent variables *Job satisfaction* and *Organisational commitment*. Furthermore, tests will be undertaken to determine whether significant relationships exist between selected demographic variables and the three groups of independent variables (relational-, organisational- and reward-based) under investigation. Consequently, the following null-hypotheses are formulated and will be tested:

\[ H_{0a}^i: \] There is no relationship between Demographic variables and the levels of Job satisfaction experienced by non-family employees.

\[ H_{0b}^i: \] There is no relationship between Demographic variables and the levels of Organisational commitment shown by non-family employees.

\[ H_{0c}^i: \] There is no relationship between Demographic variables and the relational-based variables under investigation.

\[ H_{0d}^i: \] There is no relationship between Demographic variables and the organisational-based variables under investigation.

\[ H_{0e}^i: \] There is no relationship between Demographic variables and the reward-based variables under investigation.

### 1.6 RESEARCH METHODOLOGY

This study attempts to identify and describe the factors that influence the levels of *Job satisfaction* and *Organisational commitment* of non-family employees working in family businesses. A secondary and primary research will be undertaken to achieve the objectives of this research.

#### 1.6.1 SECONDARY RESEARCH

In order to achieve the objectives of this study, a comprehensive literature study will be undertaken in an attempt to identify and describe as many factors as possible that could influence the *Job satisfaction* and *Organisational commitment* levels of non-family employees employed in family businesses. Various textbooks, journal articles and previous research on job satisfaction, organisational commitment and family business will be consulted. Search engines such as Google and Google scholar, as well as the databases such as a search of the archives of the Family Business
Review and Entrepreneurship Theory and Practice, leading journals in the field of family business, as well as EBSCO host will be utilised to identify relevant literature sources. The inter-library loan facilities at the Nelson Mandela Metropolitan University will be used to access data from other national and international libraries.

1.6.2 PRIMARY RESEARCH

The secondary research will provide the basis for developing a theoretical model of factors hypothesised to influence the *Job satisfaction* and *Organisational commitment* levels of non-family employees working in family businesses.

The research paradigm to be implemented for the purpose of this study is a positivistic research paradigm. The reasons for implementing this paradigm relate to the primary concern of establishing the causes and the facts behind a phenomenon. The methods of data collection when implementing a positivistic research paradigm are rigid, strict and regimented (Burns, 2000:43), which is the case in this study.

Since the main focus of this study is on non-family employees working in family businesses, family businesses will be investigated regardless of their size. The theoretical model will be tested by means of an extensive empirical investigation. No existing databases on family businesses in South Africa exist, therefore the respondents for this study will be selected on the basis of two non-probability sampling techniques, namely convenience and snowball sampling. According to Gerber-Nel, Nel and Kotzé (2003:128), snowball sampling is a non-probability sampling technique whereby an initial group of respondents is selected. These respondents then refer the researcher to other respondents within the target population. The process is continued when those referred bring in more respondents, causing a snowball effect (hence the name “snowball sampling”). Initial respondents will be selected by contacting known family businesses and conducting Internet searches. Snowball sampling will then be used to obtain additional respondents from information provided by initial respondents (Zikmund 2003:384). The family businesses identified from convenience snowball sampling will be referred to as the “secondary sampling units”. Databases from previous family
business studies (Venter 2003; Farrington 2009; Eybers 2010) will also be used to get the sampling process started.

In order to operationalise the dependent and independent variables, a measuring instrument will be constructed. As far as possible, items which have been proved valid and reliable in previous studies will be used. According to Gerber-Nel et al. (2003:118-119), several factors have to be considered when designing a measuring instrument. These include the question content, structure, wording and sequence, and questionnaire layout. According to Zikmund (2003:361), the questionnaire design is key to obtaining good survey results, therefore great care should be taken to ensure the reliability and validity of the measuring instrument. The instrument used in this study will be phrased using a 7-point Likert-type scale, with a response range of 1 to 7, with 1 being Strongly Disagree, 2 = Disagree, 3 = Somewhat Disagree, 4 = Neutral or no opinion, 5 = Somewhat Agree, 6 = Agree, and 7 = Strongly Agree.

The type of reliability estimate or coefficient of internal consistency adopted to assess the internal consistency of the measuring instrument in this study, is the Cronbach-alpha coefficient. According to Gleim and Gleim (2003:84), Cronbach’s Alpha is a test reliability technique that requires only a single test administration to provide a unique estimate of the reliability of a given test.

The validity of the scales measuring the dependent variables Job satisfaction and Organisational commitment will be assessed by means of a confirmatory factor analysis. Confirmatory factor analysis (CFA) is described as a factor analysis conducted to test hypothesised factors or to confirm theories about the factors the researcher expects to find (Pett, Lackey & Sullivan 2003:4; Reinard 2006:428). CFA further involves testing whether a set of measures continues to exhibit the same factor structures as hypothesised (Reinard 2006:428).

An exploratory factor analysis will be performed on all of the items in the measuring instrument relating to the independent variables. This will be done individually on each of the categories of independent variables, namely the relational-, organisational- and reward-based factors. Factor analysis is performed when the
researcher has a set of variables and suspects that these variables are interrelated in a complex fashion. Factor analysis is then used to untangle the linear relationships into their separate patterns (Zikmund 2003:586). Factor analysis is further used when the research objective is to identify the number of factors and the pattern of factor loadings on the variables (Norris & Lecavalier 2010:8).

The data relating to the factors identified from the factor analysis will be summarised by means of descriptive statistics. According to Babbie (2010:467), descriptive statistics are a medium for describing data in manageable forms. Descriptive statistics such as the mean scores, the standard deviation and the frequency distribution of the responses will be calculated. In order to establish the relationships between the various factors under investigation, a Pearson’s Product Moment Correlation will be undertaken. Pearson’s Product Moment Correlation is a parametric technique that measures the strength of association between two different variables or bivariate data (Wilson 2010:243; Jackson 2011:159).

Multiple Regression Analysis will be used to determine the influence of the independent variables on the dependent variables, as well as between the two dependent variables in the proposed theoretical model. Multiple Regression Analysis is used to identify relationships between several independent variables and a dependent variable (Rubin 2009:231; Wilson 2010:248). It is used to identify which variables in a larger set of variables have the most influence on another variable (Rubin 2009:231), and as such permit the simultaneous investigation of the effect of two or more independent variables on a single dependent variable (Han 2006:125).

Although the focus of this study is on measuring the influence of certain factors on the Job satisfaction and Organisational commitment levels of non-family employees working in family businesses, the influence of selected single-item demographic variables will also be measured. In order to investigate these relationships, an Analysis of Variance (ANOVA) will be undertaken. An ANOVA is a statistical test used to determine whether significant differences exist between the means of several data sets (Karris 2003:193). The Bonferroni post-hoc test will be used to assess statistical significance, and Cohen’s d-values will be used to assess practical significance.
1.7 SCOPE AND DEMARCATION OF THE STUDY

This study will be undertaken among non-family employees working in South African family businesses. Non-family employees who are actively employed in family business and who interact with family members, or see family members interacting with each other on a regular basis, will form the basis of the population.

The empirical research of this study will be focused on non-family employees in South African family businesses because of the increasingly important role that these businesses play in creating jobs and distributing wealth. Although there are numerous factors that influence the levels of Job satisfaction and Organisational commitment of employees, the focus of this study is on selected relational-, organisational- and reward-based factors only.

1.8 CONTRIBUTION OF THE STUDY

The study of family businesses as a scientific discipline is still in its early stages (Casillas, Acedo & Moreno 2007:7), and despite the increased attention to family businesses in mature economies, research on family businesses in emerging economies remains limited (Khavul, Bruton & Wood 2009:1219). Therefore this study aims at increasing the awareness of family businesses in emerging economies, specifically South Africa, and improving their chances of success by attracting, retaining and motivating non-family talent.

This study aims to expand on the theoretical and empirical body of family business literature by focusing specifically on non-family employees working in family businesses, which is a largely neglected division in the family business literature (Klein & Bell 2007:19). Similarly, the study endeavours to contribute to the body of knowledge on family businesses in South Africa by identifying the most significant factors that influence the levels of Job satisfaction and Organisational commitment of non-family employees working in family businesses.

To date, few studies in the field of family business have been undertaken in South Africa or worldwide using large sample sizes. By undertaking this study among a
relatively large number of respondents, a contribution will be made to the field of family business research because studies in this field have largely been characterised by the use of small convenience samples and single case studies (Farrington 2009:24).

The study will endeavour to identify the conditions necessary to attract and retain non-family employees to working in family businesses. As such, guidelines are provided to family businesses on how to ensure continued use of this valuable resource.

1.9 DEFINITION OF CONCEPTS

The definitions of key terms used in this study are given below:

1.9.1 FAMILY BUSINESS

For the purpose of this study, the definition suggested by Van der Merwe and Ellis (2007:25) and Van der Merwe (2009:52) is adopted, in which they define a family business as a business where at least 51% of the business is owned by a single family, and at least two family members are involved in the management or operational activities in the business.

1.9.2 NON-FAMILY EMPLOYEES

For the purpose of this study, the phrase “non-family employees” refers to managers, supervisors and/or administrative staff working in a family business, who are not related by blood, marriage or adoption to the family owners and/or family managers of the business.

1.9.3 ORGANISATIONAL COMMITMENT

Organisational commitment is commonly defined as the personal sacrifices one makes toward an organisation’s survival, cohesion between an individual and other people in the company, and acceptance of the firm’s norms. It encompasses an
employee’s belief in the organisation’s goals and values, a desire to remain a member of the organisation, and loyalty to the organisation (Greenberg 1994:85; Yiing & Ahmad 2009:56). For the purpose of this study, Organisational commitment refers to employees having pride in an organisation, an emotional attachment and a sense of belonging to the family business, and willingness to put in a great deal of effort to ensure its success.

1.9.4 JOB SATISFACTION

Job satisfaction refers to one’s personal appraisal of a job and ones psychological experience at work. It is a measure of the general attitude to work of a specific individual rather than of a group of workers (Werner, Bagraim, Cunningham, Potgieter & Viedge 2009:334). For the purpose of this study, Job satisfaction refers to workers experiencing their involvement in the family business as enjoyable, rewarding and fulfilling, as well as having their job expectations realised.

1.10 STRUCTURE OF THE STUDY

The structure of the research will be as follows:

Chapter 1 is the introductory chapter of this study, and provides the background to the topic under investigation. The introduction is followed by the problem statement, and the purpose of the study, as well as the research objectives and research questions. The research design and methodology are also introduced in this chapter. In addition, the scope and demarcation of the field of study are described, and contributions highlighted. Chapter 1 concludes with definitions of the most important terms used in the study, and an overview of the contents to follow.

Chapter 2 provides an overview of the nature and importance of family businesses. Firstly the dynamics of family businesses are discussed by focusing on the development of family business systems, as well as the differences between family and non-family businesses. The most important contributions of these businesses to the economy, as well as reasons for their growth, are highlighted. This is followed by the advantages and dynamics found in family businesses. Lastly, stakeholder theory
is discussed, with more emphasis on non-family employees working in family businesses, as this is the main focus of this study.

Chapter 3 focuses on non-family employees’ levels of Job satisfaction and Organisational commitment in family businesses. The literature was consulted in order to identify the vitally important requirements and conditions for Job satisfaction and Organisational commitment. The importance of Organisational commitment is extensively discussed, as well as how Job satisfaction can benefit the survival of family businesses from generation to generation. The factors that influence the levels of Job satisfaction and Organisational commitment are then identified and applied to the family business context.

Chapter 4 is based on the factors identified in Chapter 3 as influencing the Job satisfaction and Organisational commitment levels of non-family employees working in family businesses. These factors form the basis of the theoretical model proposed in this chapter. Empirical and anecdotal support is provided for the relationships hypothesised in the theoretical model.

Chapter 5 will explain and motivate the research methodology adopted in this study. The population, sample and sampling technique will be described and the devolvement of the measuring instrument explained. The method of primary data collection and strategies that will be used to administer the measuring instrument will be discussed. Lastly, the statistical techniques that were used to analyse the data collected from the empirical study will be described.

Chapter 6 will report the empirical results of the reliability and validity analyses of the measuring instrument that will be used for this study. A discussion of the results of the empirical assessment of the determinants of Job satisfaction and Organisational commitment of non-family employees in family businesses will follow. The influence of particular demographic variables on the dependent variables will also be explained.
Chapter 7, the final chapter of the study will present the contents of the preceding six chapters. Conclusions based on the literature review and the empirical study will be provided. The contributions and possible shortcomings of the study will be identified and discussed, as well as recommendations and suggestions for further research.
CHAPTER 2

NATURE AND IMPORTANCE OF FAMILY BUSINESSES

2.1 INTRODUCTION

The main focus of this study is on non-family employees working in family businesses. One of the main aspects ensuring the survival of family businesses is integrating non-family employees in the operation of these businesses (Poza 2010:231; Blumentritt, Keyt & Astrachan 2007:321). Because of the lack of longevity and continuity of family businesses, this chapter aims to explore how the presence of non-family employees in family businesses could improve their survival rate and efficiency.

The chapter will commence with contextualising family businesses. To fully discuss the dynamics of family businesses, an overview is given of the development of the systems in these businesses as well as the differences between family and non-family businesses. A discussion on the importance of family businesses globally as well as in South Africa, will be provided. The advantages of family businesses, as well as the challenges facing them, will also be presented. Lastly the stakeholder theory will be discussed, which will include the nature and importance of non-family employees as a key stakeholder group in family businesses, as well as ways of creating a motivational climate for these stakeholders in family businesses.

2.2 CONTEXTUALISING FAMILY BUSINESSES

Although the study of family businesses is still relatively young compared to other study fields, its development has been intense. Succession and the family-business relationship were the two basic fields of analysis in the beginning, but currently a large group of themes have been incorporated in family business research, ranging from economic performance, firm governance, resources and competitive advantage, to conflict, entrepreneurship, innovation, culture, goals and strategy formulation, internationalisation, and professionalisation (Casillas et al. 2007:16).
However, one of the most difficult challenges that research in this field faces is defining the concept of the family business, as the characteristics that are used to classify a business as a family one are not sufficiently clear (Sharma 2004:3; Casillas et al. 2007:16; Pérez & Raposo 2007:460). According to Holt, Rutherford and Kuratko (2010:76), this may be explained, in part, by the theoretical ambiguity as to whether the business or the family should be the focal unit of analysis. These authors assert that this ambiguity contributes to the virtual absence of family business measures beyond the relatively simplistic measures that involve categorisation schemes where businesses are said to be family businesses or not (Holt et al. 2010:76). However, Lumpkin, Martin and Vaughn (2008:127) jointly assert that although there is still a healthy debate regarding the criteria that define a family business, researchers have made substantial progress in addressing the “family business definition dilemma”.

Increasingly, factors such as intention, involvement, influence, and vision define whether a business is a family business or not (Lumpkin et al. 2008:127). Holt et al. (2010:76) point out that the extent to which any business is a family business is reflected in how the family’s involvement influences the business and its operation. Sharma (2004:4) adds that the most stringent of definitions classifies businesses as family businesses only if the family retains voting control of the business, and multiple generations of family members are involved in the day-to-day operations of the firm.

In their review of the various definitions of family businesses, Chrisman, Kellermanns, Chan and Liano (2010:13) conclude that the field must first develop a theoretical definition before it can effectively develop an operational definition. They argue that the theoretical definition must be based more on the essence of family influence than the components of family involvement, because the important distinguishing feature of family and non-family businesses is their behaviour. Chrisman et al. (2010:13) further propose that intentions and vision of a dominant family coalition and the potential trans-generational sustainability of that vision are the theoretical features that distinguish family from non-family businesses.
Pérez and Raposo (2007:460) are of the opinion that most scientists agree that the determining feature for a family business is the ownership structure, in which people linked by kinship ties own the controlling voting shares of property. The way kinship ties are defined varies depending on cultural factors, and may include blood ties as well as spiritual ties. The percentage of voting shares or property needed to control the business, also varies depending on the legal framework governing entrepreneurial activity in each territory (Morris, Williams, Allen & Avila 1997:387; Pérez & Raposo 2007:460).

Family businesses, according to Naldi, Nordqvist, Sjöberg and Wiklund (2007:34-35), can be viewed as a contextual hybrid, a unique combination of two sets of rules, values, and expectations of both the family and the business. Family businesses share certain characteristics that render them unique in terms of patterns of ownership, governance and succession.

However, one needs to be aware that a consensus definition may not represent a pertinent research goal because, by nature, family businesses are contingent on the institutional legal context, which differs from country to country. Therefore, a unique or universal definition of family businesses may be misleading, because it cannot take into account fundamental differences in various legal and institutional frameworks (Allouche, Amann, Jaussaud & Kurashin 2008:316).

For the purpose of this study, the definition suggested by Van der Merwe and Ellis (2007:25) and Van der Merwe (2009:52) is adapted, in which a family business is defined as a business where at least 51% of the business is owned by a single family, and at least two family members are involved in the management or operational activities in the business.

2.3 FAMILY BUSINESS DYNAMICS

Family businesses are, by their nature, complicated by dynamics within the owning family. These dynamics affect not only business performance but also business growth, change and transitioning over time. Family business dynamics also affect family well-being outcomes (Olson, Zuiker, Danes, Stafford, Heck & Duncan
Therefore, researchers on family businesses must take these family dynamics into account (Ibrahim et al. 2009:2).

Relationships in family businesses are dynamic and interdependent because what occurs in the family may have effects on the business and vice versa (Ibrahim et al. 2009:2). Family businesses, unlike other businesses, have to deal with the “family” in business and it is often something that they prefer to avoid. And yet it is the family issues and the emotional challenges that usually drive the business to success or failure (Walsh 2004:19). Distelberg and Sorenson (2009:65) point out that any understanding of family businesses must incorporate the balance between two separate but overlapping systems, the family and the business system. Karpien (2008:28) emphasises that when a family serves the business, both the family and the business are likely to be happy and do well. When the business is run to serve the family, in the long run neither will be happy. In other words, business goals and family goals cannot be treated as one and the same. The business has to be run as a business, not as something that can be manipulated to satisfy individual objectives and agendas. For example, management is sometimes a concern in family businesses because ways of interacting among family members may interfere with business and financial decisions. These ways of interacting, in turn, can divert limited resources from targeted family business goals. They may further lead to short-term decisions that are not good for long-term sustainability of the family business (Danes, Rueter, Kwon & Doherty 2002:31).

In the next sections, various developments or models describing the dynamics of family business will be briefly elaborated on, as well as the differences between family and non-family businesses. These discussions will provide an even clearer understanding of the nature of family businesses.

2.3.1 AN OVERVIEW OF THE DIFFERENT APPROACHES TO FAMILY BUSINESSES

The aim of this section is to give an overview of the key developmental models in the context of understanding the family business. Over the years, each model has
improved the limitations of the previous one. These models are briefly discussed below.

The early years of family business research identified the family and the business as the two major building blocks of the family business system (Pieper & Klein 2007:303). As a result, a useful framework for understanding the interrelationships between the family and the business was developed by Tagiuri and Davis in the early 1980s, and is referred to as the dual systems approach or the two-system concept (Davis & Tagiuri 1982). According to the dual systems approach, the family and business are two complex social systems that, when combined, differentiate family businesses from their non-family business counterparts (Poutziouris, Smyrnion & Klein 2006:69). The family system is a social system that focuses on caring for its members and is thus regarded as an emotional system. It comprises the family, family by marriage, parents, brothers and sisters, as well as family inside and outside the business (Nieman & Nieuwenhuizen 2009:221). The business system, on the other hand, is task-orientated, primarily focusing on performance and results. The business system consists of managers, owners, employees and external networks (Rwigema & Venter 2004:7; Nieman & Nieuwenhuizen 2009:221).

Schuman, Stutz and Ward (2010:27) assert that bringing together two systems that have different approaches and different beliefs is bound to cause conflict. The overlap of the family and business system presents a situation of substantial challenge in making business decisions (Reid, Dunn, Cromie & Adams 1999:56; Van der Heyden, Blondel & Carlock 2005:7; Chrisman et al. 2010:12; Schuman et al. 2010:221). Family feuds may keep valuable family members at a distance from the business instead of making a contribution towards the success of the business (Van der Heyden et al. 2005:7).

However, identifying and exploring these conflicts provide a clear understanding of the challenges that family businesses are faced with (Schuman et al. 2010:26). Nieman and Nieuwenhuizen (2009:221) suggest that success in a family business can be ensured only if the two systems are balanced. Similarly, Barnett, Eddleston and Kellermanns (2009:41) are of the view that since the family life and work life of individuals cannot always be separated, individuals must find balance for the two
systems. One system dominating the other has a negative impact, and therefore conflict can arise which may have a detrimental effect on the long-term survival and growth of the business (Nieman & Nieuwenhuizen 2009:221; Schuman et al. 2010:21).

Following the two sub-systems approach, the next development was the three sub-systems model, which integrated ownership to form a composite system (Maas, Van der Merwe & Venter 2005:8; Pieper & Klein 2007:303). In the three-circle model developed by Taguiri and Davis (1982), family businesses represent a rigid structure of three interlocking systems, namely the family system, the business system and the ownership system (Distelberg & Sorenson 2009:66). The family system, according to the three-circle approach, provides the business with funds, while the business system provides the family with jobs, as well as financial and non-financial returns. The ownership system connects the family and the business systems (Pieper & Klein 2007:306). From the systems perspective, the goal of any system is to support the growth and development of the system. However, the ownership system is not able to do so on its own, because its main function is to manage the overlap between the family and business systems. The ownership system further exists to help keep the business system healthy and functioning (Distelberg & Sorenson 2009:68). Van der Heyden et al. (2005:7), however, warn that the nature of the three-circle model could create opportunities for injustice in family businesses. The injustice exists as a result of resolving contradictory claims from various stakeholders in the family business system.

In the same manner, Gersick, Davis, Hampton and Lansberg (1997) assert that the business, ownership and family circles can only be used to create a snapshot of any family business situation at a particular point in time, and that the family and the business go through a series of predictable life cycles and stages of development (Balshaw 2003:51). For this reason, Gersick et al. (1997) transformed the three-circle model into a developmental model in which each of the three sub-systems moves through a sequence of stages over time. The developmental model is taken together as three axes of ownership, business and family development. In spite of the fact that each of the conceptual models describing the family business and its life
cycles has its own strengths and weaknesses, the three-dimensional model developed by Gersick et al. (1997) offers the most advanced insight into the stages of development in a family business’s ownership, family, and management structures.

Rutherford, Muse and Oswald (2006:318,327) developed the augmented development model of family businesses (DMFB), which builds on the model developed by Gersick et al. (1997). Rutherford et al. (2006) incorporate owner characteristics (gender, growth orientation, and education level); firm characteristics (capital structure and strategic planning); family characteristics (divorce rate, family turnover, and family net worth invested in business); and one additional ownership variable (co-preneurship).

As Pieper and Klein (2007:301) point out, the models that have been developed to date to explain family businesses, are incompetent because of the exclusion of essential family business dimensions. According to them, these models ignore important relationships among sub-systems that may influence family business behaviour. Most of these models are illustrated on rather basic levels of abstraction, which do not allow for feedback loops and reciprocal influence. In order to address these shortcomings, Pieper and Klein (2007:301) developed the “Bulleye” systems approach, an open system approach that enables the analysis of four levels, namely the individual, the sub-systems, the family business, and the environment (Pieper & Klein 2007:307). The “Bulleye” systems approach, however, needs to be applied only where complex interactions across various levels of analysis influence each other, as well as where theories concerning different levels of analysis are needed to explain a phenomenon (Pieper & Klein 2007:309).

2.3.2 DIFFERENCES BETWEEN FAMILY AND NON-FAMILY BUSINESSES

Gallo, Tápies and Cappuyns (2004:303) posit that identifying differences between family and non-family businesses constitutes one of the basic goals of family business research. Sharma et al. (1997:2) are also of the view that it is relevant to make a distinction between family and non-family businesses because if it did not
exist, there would not be a need for a separate theory of the family business (Chrisman, Chua & Sharma 2005:557). The family business is a complex entity from a human and social point of view. Diverse social systems converge within it, and on occasions, aspects of the social and business frameworks diverge. On the one hand, the family is composed of individuals with interests, problems and specific characteristics who are linked through blood ties or marriage, and whose development has been influenced by a particular culture (Casillas et al. 2007:25). On the other hand, the business is based on efficiency and meritocracy (Neff 2008:9).

According to Ibrahim et al. (2009:2), several studies suggest that the overlap between both the family and the business systems and the simultaneous interaction between them is what makes family businesses unique. Interactions between family and business systems cause the strategies of family businesses to differ from those of non-family businesses (Jorissen, Laveren, Martens & Reheul 2005:230). McCann Leon-Guerrero & Haley (2001:51) also point out that in comparison to non-family businesses, family businesses may be different in their set of strategic goals and the processes by which they are carried out because of the importance of the controlling family’s influence, interests, and values. Family businesses adopt strategies that allow them to accomplish family goals like continuity, stability, maintaining control, and self-sufficiency (Jorissen et al. 2005:230).

According to Anderson (2011), one significant difference between family and non-family businesses is the long-term orientation that family businesses have, as opposed to non-family businesses. The presence and involvement of the family in the business enables control of the business and gives the business a long-term orientation. Thus there is an emphasis on growing and preserving the business for future generations (Villeval 2009:29).

On average, family businesses achieve superior financial performance to their non-family counterparts (Anderson & Reeb 2003:1303; Kemp 2009; Poza 2010:16). This is due to the fact that financial aspirations rank among the most important organisational objectives in family businesses (Kemp 2009). According to the study conducted in Spain on performance of family and non-family businesses, family businesses performed better in terms of return of equity, have greater value and
carry less debt than their non-family counterparts of the same size and in the same industry (Poza 2010:16; Anderson 2011). Anderson and Reeb (2003:1303), as well as Anderson (2011) posit that family businesses with the continued founding-family presence exhibit better accounting and market performance than non-family businesses. The superior financial performance exhibited by family businesses could be a result of a different perception of risk these businesses have as compared to non-family businesses (Anderson 2011). Family businesses try to minimise their risk as best they can, which helps them to take the necessary steps to capitalise on an opportunity.

Family businesses have a more centralised decision-making process and control systems that are less formalised, whereas non-family businesses have a more participative decision-making process that is also team-based (Morris et al. 1997:387). The interaction of family members is what makes the decision-making process different from that of non-family businesses, which is made by persons who are not related by blood or marriage (Van Zyl 2010:14). In addition, the family’s cultural dimensions play an important role in the survival of these businesses. Thus culture is one of the attributes that creates a unique atmosphere that exists in family businesses (Johan, Sofia & Frida 2005:7).

2.4 THE IMPORTANCE OF FAMILY BUSINESSES

Family businesses vary in their composition or nature from start-up entrepreneurial ventures to well-established publicly traded businesses (McCann et al. 2001:50). These businesses are part of the foundations of the world’s business community. Their creation, growth and longevity are critical to the success of the global economy (Cadbury 2000; Venter, Boshoff & Maas 2005:283; Van der Merwe 2009:51). Family businesses are further recognised as one of the engines of the post-industrial economy on the grounds that they are credited for nurturing entrepreneurial talents across generations, a sense of loyalty to business success, long-term strategic commitment, and corporate independence (Wang, Ahmed & Farquhar 2007:174).

The importance of family businesses is recognised throughout the world, and these businesses are fast becoming the dominant form of business enterprise in both
developing and developed economies. Their influence as well as their numbers can be expected to increase noticeably in the near future (Venter et al. 2005:283-284; Nieman & Nieuwenhuizen 2009:217). This substantial growth could be attributed to the diminishing process taking place in many large companies, and the incapacity of the formal and public sectors to create new jobs (Venter, Boshoff & Maas 2003:1; Bosch, Tait & Venter 2006:284; Van der Merwe, Venter & Ellis 2009:2).

It is estimated that family businesses in the United States of America, for example, constitute 96% of all incorporated businesses, and in Italy it is estimated that the figure reaches 93%. In a large number of countries, family businesses constitute 70 to 80% of the business world. This is the case in Chile (75%), Belgium (70%), Finland (80%), Spain (75%), and Australia (75%), among others. A third group of countries have a lower percentage of family firms, around 60%, including Germany, (60%), and Argentina, (65%) (Casillas et al. 2007:23). A full third of all Fortune 500 companies are family-controlled, and about 60% of publicly traded businesses remain under family influence (Poza 2010:1).

South Africa is no exception with regard to the contribution that family businesses make to the national economy. Maas et al. (2005:6), Van der Merwe (2009:33), Van der Merwe et al. (2009:2), as well as Van der westhuizen (2009:1) point out that family businesses have been making a positive contribution towards the South African economy for the last 300 years. It is estimated that 80% of South Africa’s businesses could be classified as family businesses, and these businesses constitute an impressive 60% of the companies listed on the Johannesburg Stock Exchange (Van der Merwe 2009:51). The contribution of family businesses to the South African economy is increasing more and more as the years pass by. Family businesses can therefore offer powerful opportunities for further economic growth in South Africa (Venter et al. 2003:1; Van der Merwe et al. 2009:2).

The number of family-owned businesses in South Africa has increased and gone beyond one million. It is estimated that at least 1.1 million of the 1.4 million active businesses in South Africa are family-owned (Piliso 2006). This is pertinent since South Africa is characterised by high unemployment levels. The country’s unemployment rate currently is 37%. In other words, 6.9 million people out of a
population of 18.8 million are unemployed. The growth of the labour force in South Africa is 2.8% per annum (Nieman & Nieuwenhuizen 2009:275). Today’s economic realities and unemployment have forced many people to start their own businesses, or, on completion of secondary or tertiary training, enter an existing family business (Maas et al. 2005:6). In South Africa, 37% of households survive on less than R1 000 per month. Poverty and unemployment are closely linked, in that 53% of the South African population falling in the poorest quintile are unemployed, compared to 4% of the most affluent 20% of the population (Venter et al. 2003:1). It is for this reason that it is vitally important to find solutions to the unemployment problem in order to give poor South Africans the means of generating a sustainable income (Venter et al. 2003:1), and to increase the country’s GDP. Large businesses and the public sector are unable to cope with the economic problems facing South Africa, and therefore the focus has been shifted to the small business sector’s role, the majority of which can also be classified as family businesses (Nieman & Nieuwenhuizen 2009:217), in solving the economic and social problems facing the country (Nieman 2006:12).

The importance of family businesses in South Africa among all ethnic groups is being increasingly recognised. Their significance is not only recognised in terms of their supportive role to promote economic growth and development, but also because of the important contribution they can make towards the social stability of South Africa (Maas et al. 2005:10; Nieman & Nieuwenhuizen 2009:217).

2.5 ADVANTAGES OF FAMILY BUSINESSES

By bringing family members together in the same working or business environment, many family business owners believe that this is the answer to create a harmonious collection of employees (Slaughter, 2009:28). A discussion on the good side of owning a family business is presented in the paragraphs that follow.

- Walsh (2004:19) asserts that family businesses hold a family together around a common set of interests, activities, challenges, opportunities, threats, milestones, relationships, and daily schedules. Some authors (Beehr, Drexler & Faulkner 1997:300) have suggested that family members may be especially
committed and loyal to the organisation and seek harmony more than people in non-family businesses. Further, husband-and-wife owners of long-surviving family businesses report that the experience strengthens not only their business relationship, but their marriage relationship as well. In addition, pride in having the family name on a product may lead to good organisational performance, resulting in a better quality product (Beehr et al. 1997:300).

Walsh (2004:19) emphasises that a family business creates a heritage for the family and serves as a medium for perpetuating a family’s history, traditions, pride, core values and beliefs. A family business also serves as a powerful testimonial to the success and potency of a family. A well-run family business provides the ultimate career and financial safety net to one’s children and grandchildren. It offers participating family members greater independence and control of their fate than a more traditional career path (Ward 2004:22; Walsh 2004:19).

Most family businesses are characterised by a trust-based business culture (Astrachan & Zellweger 2008:17). It is the mutual trust that exists between family members that strengthens the family and the business (Ward 2004:22). Astrachan and Zellweger (2008:17) point out that such trust within the family business enables its leaders to work together in a more harmonious and efficient manner, and is thus an important source of competitive edge. This interaction among family members enables them to know each other intimately, which builds trust between family members, enhances family member credibility, and enhances the predictability of family member behaviour. Knowing each other so intimately allows family members to communicate more effectively with one another, which is an essential element for effective decision-making (Sundaramurthy & Kreitner 2008:425).

According to Jorissen et al. (2005:229), as well as Novello (2008:11), the dual characteristics of family and business are also a source of benefit for family businesses because of the long-term orientation these businesses possess. Visions include not only personal accomplishments, but also aspirations and
goals for future generations. It is exactly this long-term perspective that makes family businesses so valuable to the economy and the community. This vision can produce an economy and a community that look not only to the next quarter’s earnings but to the future welfare of the world in which their children and grandchildren will grow and prosper (Novello 2008:11). In addition, Harvey-Jones (1999:5), together with Jorissen et al. (2005:229), maintain that flexibility in time, work and money, a stable culture, speedy decision-making, reliability and pride, are the characteristics that give family businesses a significant competitive edge over non-family businesses.

- A family business further improves the chances for family members to involve themselves in meaningful benevolent activities, and become pillars of their communities. In a similar manner, Walsh (2004:19), together with Ward (2004:22), are of the opinion that family businesses provide welfare for the community in which they operate, and further provide greater stability for their employees.

- Family businesses tend to have better relationships with internal and external stakeholders (Steier, Chrisman & Chua 2004:229; Abouzaid 2008); that through good relationships with these stakeholders, family businesses develop and accumulate social capital (Chrisman et al. 2005:563). This can be attributed to the fact that family businesses are seen to present a more personal orientation (Steier et al. 2004:229). Thus family businesses have customer-intense relationships, which are supported by an organisational culture committed to high quality and good customer service (Poza 2010:15).

- Because of their private ownership, family businesses can take unusual market risks that non-family businesses cannot take. In addition, when compared with non-family businesses, family businesses are under less pressure since there is less public scrutiny for them, and they have greater independence of action (Kets de Vries (n.d)). Family businesses also offer a number of strategic advantages, some of which are to make every effort to
produce and offer the highest quality output (Lansberg 1999:23-24; Steier et al. 2008:229).

- Various authors (Habbershon & Williams 1999:4; Bosch et al. 2006:680; Nieman 2006:40; Lee, Gang & Lee 2008:12; Cater & Justis 2009:111) suggest that family businesses have a unique working environment for employees. According to these authors, family businesses foster a family-orientated workplace and inspire greater employee care and loyalty. The face-to-face contact with family members enables non-family employees to gain an understanding of family members’ values and characters, which promotes loyalty from non-family employees. The understanding also serves as a motivator for non-family employees, thereby engendering positive work attitudes and enhancing organisational performance (Lee et al. 2008:12). At the same time, a sense of belonging engenders a feeling of teamwork inside family business, which is evident in non-family employees working in family businesses (Bosch et al. 2006:680; Nieman 2006:40; Cater & Justis 2009:111). Harvey-Jones (1999:5) supports the notion that a unique atmosphere that creates a "sense of belonging" and an enhanced common purpose among the whole work-force is one of the characteristics that distinguish family businesses. Although intangible, this factor manifests itself in a number of concrete and positive attributes that can serve to give family businesses a significant competitive edge.

- Qualified non-family employees have stated that they prefer working for family businesses as these businesses offer a level of collegiality and informality rarely found in non-family businesses (Klein & Bell 2007:23). In addition, family businesses are known to be more conscious for the development of human resources, to care more about the satisfaction of their employees, and to treat their employees more humanely than their non-family business counterparts (Flören 2002:35). Family businesses have more flexible work practices for their employees, and they also have the ability to bring out the best in their employees (Habbershon & Williams 1999:4).
Despite the good things about owning a family business, these businesses are faced with challenges that impact on their longevity. These will be discussed in the next section.

2.6 CHALLENGES FACING FAMILY BUSINESSES

Although family businesses are a primary contributor to the economic and social well-being of all capitalist societies, their lack of longevity is a cause for concern (Venter, Boshoff & Maas 2005:284; Nieman 2006:40; Van der Merwe & Ellis 2007:24; Ibrahim et al. 2009:1). This lack of longevity in family businesses could be attributed to the fact that the majority of these businesses are small and medium businesses (SEMs) (Farrington 2009:66), and as such are prone to the challenges unique to their small size (Eybers 2010:21). According to Poza (2010:2), approximately 85% of all new businesses fail in their first five years of operation. Among those that survive, only 30% are successfully transferred to the second generation of the founding-family owners. The demise of these businesses does not only destroy their families, but also amounts to the squandering of significant opportunities for job and wealth creation. This high failure rate also has a significant negative impact on the national and the competitive position of the nation as a whole (Nieman 2006:41; Ibrahim et al. 2009:2; Poza 2010:2). Even in South Africa, the social cost of the high failure rate of family businesses contributes to the negative social and economic growth in the country (Nieman 2006:41). Below is a discussion on some of the key contributing factors of high failure rate of family businesses.

- Many of the problems in family businesses hinge on the inherent conflicts that can arise between family values and business values (Harvey-Jones 1999:11) and managing the tension between business and family systems (Moshavi & Koch 2005:237). Abouzaid (2008), as well as Abouzaid, Sundaramurthy and Kreiner (2008) state that family members often carry the stress of running the family business home to their families. Nieman (2006:41) explains that emotional issues stem from the fact that the family business system in its nature is emotion-based, while the business system is not. As a result, conflict arising from the overlap of family, ownership and business systems cannot be avoided.
Ample empirical evidence exists that family conflict is a prominent characteristic of family-owned businesses (Ceja & Tápies 2009:13; Nieman 2006:41). They are more often exposed than non-family businesses to relational challenges such as sibling rivalries, children’s desire to differentiate themselves from their parents, marital confrontation, and self-identity conflict, to name a few (Ceja & Tápies, 2009:13). Chirico and Salvato (2008:176) further explain that a “fertile environment for conflict” results from the dominant presence of the family, setting the rules and having ultimate power, the lack of formalised systems and structures to deal with conflict, and the commingling of business and family roles.

Succession is another challenge that contributes to family businesses failing. It is expected that as family businesses move from one generation to the next, changes in ownership, governance, and management will occur, usually in the form of increased complexity (Nieman 2006:41; Lambrecht & Lievens 2008:297; Salvato & Melin 2008:259). This increasing family complexity can have repercussions for the family and the business. When the nuclear family threshold is surpassed, the family starts to lose cohesiveness because an increase in the number of shareholders leads to differences regarding personal goals, values and commitment to the business (Lambrecht & Lievens 2008:297).

Although family businesses are steeped in tradition and longstanding loyalties, they are often less able to quickly adapt and make the changes needed to survive during challenging times. To make matters worse, they also usually lack the formal plans necessary for responding strategically to an unforeseen crisis (Kanef 2010). Nieman (2006:41) also stresses that family businesses are not able to manage the disruption and array of commercial risks associated with change.

Studies prove that, on average, family businesses achieve superior financial results. However, overly serving family needs can also compromise the welfare of the business. Disequilibrium between contribution and
compensation for family members is another challenging aspect in family businesses. When incompetent family members are taken into management or receive excessive compensation, both the business and the family suffer (Kenyon-Rouvinez & Ward 2005:16).

- According to Casillas et al. (2007:182), one of the main barriers that block family businesses when they are beginning to develop is their own resistance to seeking outside expertise. Family businesses are known for their inclination for privacy. They are reluctant to go outside the immediate circle of family members and trusted advisers for advice (Chua, Chrisman & Sharma 2003:89) However, both Sorenson (2000:198) and Sundaramurthy (2008:94) comment that one of the characteristics of an effective family business is the willingness to obtain expertise from competent professionals.

- Salvato and Melin (2008:259) assert that most family-controlled family businesses are subject to nepotism. "Nepotism" means favouritism based on kinship over more qualified candidates. It is observed as an obstacle to healthy changes in businesses, and as such results in waste and inefficiency (Bellow 2003:102). Empirical findings (Ceja & Tápies 2009:13) show that nepotism in any business has negative consequences for employees. As Ward, Envick and Langford (2007:38) contend, a perceived environment of bias and favouritism leads to uncertainties and complexities for non-family employees working in family businesses. In addition, nepotism places family businesses at a disadvantage with regard to attracting qualified non-family members into the business (Lubatkin, Schulze, Ling & Dino 2005:20). According to the National Telephone Cooperation Association (2006:46), non-family employees realise they will not be treated in a manner equal to family members although, they expect to be treated fairly. Ceja and Tápies (2009:13) therefore suggest that given the negative consequences borne by nepotism, family businesses should ensure that the practice of nepotism is well controlled.
Except perhaps for the smaller ones, family-owned businesses increasingly need to fill key staff positions with non-family professionals (Charantimath 2009:317). Claver, Rienda and Quer (2009:131-132) add that the risk aversion in family businesses could be mitigated by hiring external managers. According to Blumentritt et al. (2007:321), these non-family employees, managers and executives are central to the ability of family businesses to grow and endure in their competitive market spaces. In many cases, the connections between non-family employees and the families with and for whom they work become so tight that they feel “like part of the family”.

In order to understand the value of employees to an organisation, the stakeholder theory will be described in the section that follows. In addition, the value of non-family employees working in family businesses as a key stakeholder group in this study will be elaborated on.

2.7 STAKEHOLDER THEORY

Freeman, Harrison, Wicks, Parmar and De Colle (2010) contend that stakeholder theory presents an abrupt departure from the understanding of businesses as being responsible to maximise shareholders’ wealth. According to these authors, the stakeholder theory has been developed to counter this dominant mindset by organisations in the past. Tse (2011:53) concedes that critics of stakeholder theory often point out that emphasising only shareholder wealth maximisation neglects the important role of those players in or around the business. Freeman (1984), cited by Laplume, Sonpar and Litz (2008:1157), as well as Mainardes, Alves and Raposo (2011:227), argues that management should make business decisions in a manner that considers the interest of all the stakeholders in a business (Moon & Hyun 2009), and that it is not sufficient for managers to focus solely on the needs of shareholders (DesJardins & McCall 2004; Moura-Leite, Padgett & Galan 2011:3). Clearly businesses need the support of the various groups that have an interest in their activities (Nieman 2006:9-10). Businesses that follow the stakeholder approach are likely to develop specific management practices that are customised to their stakeholders’ and organisational objectives (Tse 2011:57). This viewpoint implies that it can be beneficial for a business to engage in corporate social responsibility
activities that non-financial stakeholders perceive to be important, since these groups have the capacity to influence business performance in either a negative or positive manner (Nieman 2006:9; Solomon 2007:23; Moura-Leite et al. 2011:3).

Martinez and Norman (2004:27) and Walters (2011:52) assert that the long-term survival and success of a business are determined by its ability to establish and maintain relationships in its entire network of stakeholders. Harmonious stakeholder relationships are distinctive to individual organisations, thereby making it difficult for rivals to imitate them in the short-run, and effectively boosting their competitiveness (Tse 2011:57). Effective management of key stakeholders also plays a pivotal role in attracting, retaining, and motivating employees, thereby increasing productivity and enhancing profitability (Moura-Leite et al. 2011:3). In addition, effective management of key stakeholders acts as a value driver by leveraging performance and reducing stakeholder-inflicted costs. For example, employee turnover costs are reduced (Mishra & Suar 2010:573).

Stakeholder theory aims to determine which groups are key stakeholders in a business and are therefore worthy of managerial consideration (Fassin 2009:120). Alternatively, poor management of key stakeholders agitates stakeholders. Stakeholders often react by boycotting the organisation, thereby reducing consumption of the organisation's products, initiating legal action against the organisation (Mishra & Suar 2010:575).

According to Solomon (2007:23), stakeholder theory has developed gradually since the 1970s. However, the range of definitions of the stakeholder, and the widening of the term in order to include all kinds of external bodies, has created confusion and diluted the concept (Fassin 2009:120). According to Fassin (2009:116), “stakeholder” refers to any individual or group that maintains a stake in an organisation in the way that a shareholder owns shares. Fiedler and Kirchgeorg (2007:178), state that a well-accepted definition of stakeholder is that of Freeman (1984) which defines a stakeholder as “any group or individual who can affect or is affected by the achievement of an organisation’s purpose”. This definition implies that managers need to solicit a constructive contribution from their stakeholders in order to achieve organisational goals (Nieman 2006:10).
While there is a debate about exactly who are an organisation’s most relevant stakeholders, several researchers (Sheehan & Ritchie 2005:4; Nieman 2006:179; Mishra & Suar 2010:573) suggest that it is useful to differentiate between stakeholders as either primary or secondary. Sheehan and Ritchie (2005:4) define primary stakeholders as those who have a formal official or contractual relationship with the organisation. A primary stakeholder is one without whose participation the business cannot survive (Sheehan & Ritchie 2005:4; Nieman 2006:179). Primary stakeholders include shareholders and investors, employees, customers and suppliers, together with the government and communities that provide infrastructure and markets (Martinez & Norman 2004:27; Sheehan & Ritchie 2005:4; Nieman 2006:179; Mallin 2007:16; Fassin 2009:120; Mishra & Suar 2010:573). If any of the primary stakeholder groups withdraws its support to the organisation, the performance of such an organisation is adversely affected (Mishra & Suar 2010:573). In the same manner, when primary stakeholders lose confidence in an organisation’s performance, the firm loses its critical support structure and customer base (Mishra & Suar 2010:573).

Secondary stakeholders are those who influence or rather are influenced by the organisation, but are not incorporated in the transactions of the organisation (Sheehan & Ritchie 2005:4; Nieman 2006:179). Even though the business is not dependent on this group for its survival, secondary stakeholders can still cause significant damage to the business. Examples of secondary stakeholders are the media and other specialist interest groups (Nieman 2006:179).

In an extension of the stakeholder theory in the family business context, Sharma (2001) distinguishes between internal and external family business stakeholders. She classifies internal or primary stakeholders as those involved with the business, which include employees, owners and/or family members. On the other hand, stakeholders who are not linked to the family business, either through employment, ownership, or family membership, are classified as external or secondary stakeholders (Sharma 2004:10). According to Nieman (2006:42), as well as Sharma (2004), the cooperation of the various stakeholders in the family business and the underlying relationships are important for the ultimate success and survival of the family business. For example, the owner-manager, the owner’s spouse, children, in-
laws and non-family employees should all be incorporated in the management of the family business (Nieman 2006:42).

Based on the above information, it is important for family businesses to realise the important role played by non-family employees in family businesses, and this stakeholder group is the main focus of the present study.

2.7.1 NON-FAMILY EMPLOYEES AS A KEY STAKEHOLDER GROUP IN FAMILY BUSINESSES

As mentioned in Chapter 1, even though family business owners should consider non-family employee commitment a top priority in family business (Sharma n.d.), little attention is devoted to these integral stakeholders in family businesses (Sharma n.d.; Chua et al. 2003:96; Sharma 2004:15; Leach 2007:29). However, Sharma (2004:15), as well as Kenyon-Rouvinez and Ward (2005:23), maintain that non-family employees are an important stakeholder group, influencing the success and growth of family businesses. These employees help set high standards for work ethic, accountability, dedication, and expertise in family businesses (Sorenson 2000:198).

Non-family employees are central to the ability of family businesses to grow and endure in their competitive market spaces (Blumentritt et al. 2007:321; Block 2011:10). According to Poza (2007:207), family businesses of any significant size depend on the quality, a unique set of skills and the effectiveness of non-family employees to ensure their continued success and growth. If a family business decides to expand, it will eventually reach a point where there are not enough qualified family members to fill all the managerial roles. It is especially at this point that a family business finds it inevitable and imperative to hire non-family members to take over some managerial duties (Chrisman, Holbrook & Chua 2002:21; Chua et al. 2003:103; Ceja & Tápies 2009:2; Charantimath 2009:317; Shelton 2010). Ceja and Tápies (2009:2) agree that for a family business to achieve long-term growth, pass down the business from one generation to the next and continue to thrive, family businesses must consider employing outsiders. Chua et al. (2003:103) add
that non-family managers help family businesses to accelerate growth by providing needed skills and bringing new ideas into the business.

Indalecio (2009) further emphasises that non-family employees add balance to a family business because they can view the business from an unemotional position. Given the opportunity, non-family employees offer valuable input on how to help the business perform better. In addition to specific abilities and experiences that non-family employees have, these employees will have a different perspective on the operations of a business from that of family members (Kuratko & Welsch 2004:324). Block (2010) adds that non-family executives make decisions based on logic and rational analysis rather than intuition, as is often the case with family executives. Sorenson (2000:197) advises that non-family employees help provide solutions to problems that may have been overlooked by family members. Klein and Bell (2007:23) state that non-family employees may serve as a neutral solution between family members and may reduce unintentional family entrenchment.

According to Robinson (1982), Chua et al. (2003:95) and Sharma (2004:15), engaging non-family employees in the strategic planning of family businesses is essential in improving the effectiveness of these businesses. In addition, the incorporation of outsiders provides additional employment and training, which can generate new enterprises. The incorporation of non-family employees is also vital to the training and development of young potential successors (Lansberg 1999:171). Sharma (2004:15) agrees that non-family employees are an important stakeholder group in family businesses because they may prove valuable in mentoring of future generation leaders.

Maas et al. (2005:134) are of the opinion that non-family members are an important source of intellectual capital for the family business. Kuratko and Welsch (2004:323) point out that non-family employees may have experience running a larger organisation and are able to deal with international trade, which could benefit family businesses. Family businesses should therefore make an effort to appoint competent non-family members who supplement the shortcomings of the family, and who can add significant value to the success of the business (Maas et al. 2005:134).
Non-family employees as directors can also make an enormous contribution in a family business. These directors can bring a new dimension of experience and independent objectivity that family members often do not often possess (Leach 2007:100; Farrington 2009:318). The purpose of the board of directors is to infuse objectivity into the decision-making. An outside board can be helpful, especially when control of the family business is shifting to the next generation (Zwick & Jurinski 1999:63).

Non-family employees do, however, often have concerns over working in family businesses (Flören 2002:35; Indalecio 2009). Studies confirm that non-family members in general are unwilling to accept employment in family businesses (Maas, Van der Merwe & Venter 2005:132). Non-family employees face a particularly complex and uncertain situation in the family business because they are part of the business but not of the family system (Barnett & Kellermans 2006:845). Nepotism is one of the major problems family businesses in general are faced with (Maas et al. 2005:132; Nieman 2006:39; Indalecio 2009). Family members are usually favoured over non-family employees. Although the family may show loyalty and commitment to non-family employees, the primary obligation and loyalty normally go to family members (Zwick & Jurinski 1999:103). This favourism reduces the attraction of the business for ambitious non-family members (Maas et al. 2005:132-133). Because the family has the power to pursue its own objectives, a family member who is incompetent may be promoted (Nieman 2006:39). The favouring of family members over non-family employees in terms of promotions, benefits, and performance is frustrating for non-family employees (Maas et al. 2005:131).

In addition, family members’ salaries are often established above market rates, which is a concern for non-family employees (Nieman 2006:39). Family businesses should be careful to practise fair treatment based on value added to the business, for healthy relations between family and non-family employees (Maas et al. 2005:131). It can be difficult to align the interests of non-family employees in a family business because ownership is almost always restricted to family members. Non-family employees need to have the opportunity for financial growth in their jobs, even if ownership is reserved for the family members (Pendergast 2006:40). It is a challenging task in family businesses to attract, retain and maintain qualified non-
family employees (Memili & Barnett 2008:2). The next section will focus on the key aspects that should be considered to create a more favourable climate for this important stakeholder group in family businesses.

2.7.2 CREATION OF A MOTIVATIONAL CLIMATE FOR NON-FAMILY EMPLOYEES WORKING IN FAMILY BUSINESSES

Employees represent one of the key stakeholder groups of any business, and human capital is increasingly seen as one of the most important factors for an organisation’s competitive success (Bae, Kang & Wang 2011:131). A business must recognise employees as legitimate stakeholders because the business willingly accepts benefits from the employees' efforts (SAGE 2011:179). What is important is the ability of a business to achieve favourable relations with its employees (Martinez & Norman 2004:30). Proactive policies and practices towards employees reflect the organisation’s intention to address the interests of its employees and satisfy their needs (Mishra & Suar 2010:575).

Because of the pivotal role played by employees in the success of any business, the role of businesses in creating a healthy working environment for employees has received increasing attention over time (Solomon 2007:23). Working conditions that respect human dignity, equality, and social protection result in a productive workplace. Ethical reputation contributes to job satisfaction, and satisfied employees have higher morale and job motivation, which results in increased production (Mishra & Suar 2010:575).

Even for family businesses, it is very important that they create a favourable environment for non-family employees (Maas et al. 2005:134). Failing to recognise the positive impact non-family employees have on family businesses is an enormous mistake that these businesses could make (Indalecio 2008). Ceja and Tápies (2009:1) warn that family businesses cannot extend and maximise their strengths without attracting and retaining high-quality employees. The implications for recruiting and retaining talented employees are therefore vital for family businesses (Ceja & Tápies 2009:1). However, as was discussed in the previous section, recruiting and retaining talented non-family employees is a challenge facing family
businesses, particularly those in managerial positions (Covin 1994:29; Flören 2002:35; Frank, Finnegan & Taylor 2004; Leach 2007:92). New strategies are therefore emerging in the effort to keep and engage well-performing and talented employees, even in family businesses (Flören 2002:35; Frank et al. 2004; Henning 2005:13).

Hilburt-Davis and Dyer (2003:205) stress that non-family employees have been taken for granted for too long, and that it is imperative to create and maintain a culture that maximises non-family employees’ loyalty and performance. To make the work environment more attractive to non-family employees, non-family employees must also be allowed to determine how they are going to perform their tasks (Maas et al. 2005:134). They need to know where their job begins and ends, as well as how they are doing their job (Poza 2010:232). Making work rules flexible helps employees to focus on the central issues in the business (Harvey-Jones 2003:130).

Family business research shows that career opportunities are exclusive resources that family businesses could use as a competitive edge. Career opportunities for employees are important assets in promoting business continuity. Family businesses could use this important tool to their advantage in retaining their best workforce (Poza 2010:235). Maas et al. (2006:134) are of the opinion that the potential of non-family employees must be developed as a way of motivating and retaining them. Leach (2007:97) suggests that there must be clear evidence of a career path for non-family employees as well as comparability of reward for responsibility and expertise between family and non-family employees.

According to Harvey-Jones (2003:130), one of the best ways to foster motivation for non-family employees is for family businesses to communicate goals clearly and make it understood that employees are accountable. Communicating the family’s vision, mission, goals, and values to non-family employees is also important, so that their actions may be in line with the expectations the business has of them (Maas et al. 2005:134). In any business, keeping employees informed helps them to feel respected, and also helps them to solve problems that may arise (Harvey-Jones 2003:130).
As mentioned earlier, non-family employees play a critical role in ensuring family business continuity, so creating an environment that promotes their retention and continues their commitment is essential (Mitchell et al. 2003:534; Poza 2010:238). It is therefore imperative to identify the factors that can help attract and retain these valuable employees, which will be discussed in detail in Chapter 3.

2.8 SUMMARY

The main focus of this chapter was to examine the nature and importance of non-family employees working in family businesses. In order to accomplish this objective, the nature of family businesses was investigated. A constant and widely accepted international definition of a family business could not be found, so for the purpose of this study, a family business is defined as a business with at least 51% of the business owned by a single family, and at least two family members being involved in the management or operational activities in the business. To enhance understanding of the unique nature of family businesses, the dynamics of family businesses were presented, with an inclusion of the developmental systems found in these businesses, as well as a discussion on how family businesses differ from non-family businesses. The important role that family businesses play in the economies of the countries in terms of their contribution to the GDP was also discussed.

Family businesses are faced with a number of challenges because of their unique nature and familial interpersonal relationships. The lack of longevity of family businesses is, however, a major concern as few of these businesses proceed to the second and third generations. To address this problem, the different stakeholder groups in family businesses were identified, and the important role of non-family employees (as the key stakeholder group in this study) for the success of these businesses was elaborated on. Retaining this valuable stakeholder group is a challenge that family businesses are faced with. These employees are in essence the unit of study of this investigation since their commitment would be of value to family businesses. The various factors that have been identified from numerous literary sources as contributing to the job satisfaction and organisational commitment of non-family employees working in family businesses will form the basis of Chapter 3.
3.1 INTRODUCTION

In the previous chapter the important role played by non-family employees in family businesses was discussed. Because of the critical role these employees play in contributing to business continuity, creating an environment that promotes their continued commitment is essential (Poza 2007:214). Employees with a high level of job satisfaction are more likely to have a stronger level of commitment to the business, and are less likely to search for a new job or leave an existing job. Therefore, ensuring job satisfaction among such employees is vitally important. This can be achieved by creating an environment that promotes their retention for their continued commitment in a family business (Poza 2007:214).

In the light of the above, this chapter will focus on contextualising organisational commitment, which includes organisational commitment as a bi-dimensional and as a multi-dimensional concept. Job satisfaction will be conceptualised followed by a discussion of the relationship between job satisfaction and organisational commitment. The importance of job satisfaction and organisational commitment in family businesses will also be highlighted. Lastly, the factors that influence job satisfaction and organisational commitment in general will be identified in the family business literature and organisational behaviour, and will be applied to non-family employees.

3.2 CONTEXTUALISING ORGANISATIONAL COMMITMENT

An issue of major concern in studies on organisational commitment is the lack of consensus in defining the construct (Pierce & Dunham 1987:163; Meyer & Allen 1991:61). As such a variety of conceptual definitions of organisational commitment exist (McDonald & Makin 2000). These definitions share a common theme in that organisational commitment is considered to be a bond or link between the employee
and the organisation, but they differ in terms of how this link is considered to have
that organisational commitment represents not only an attitude that describes
an individual's linkage to the organisation, but also a set of behaviours by which
individuals manifest that link.

Organisational commitment is the psychological link between employees and their
organisations. Employees who are committed to their organisations are less likely to
leave their jobs voluntarily (Meyer & Allen 1997:11; Vallejo 2009:380). According to
Greenberg (1994:85), organisational commitment can be derived from the personal
sacrifices that an employee makes to ensure the survival of the organisation, from
the cohesion between an employee and other persons involved in the business, and
from the acceptance by the employee of the organisation's norms.

Committed employees have an active curiosity, a passion for learning, a willingness
to challenge the status quo, and an eagerness to experiment with new methods and
strategies (Jafri 2010:62). Furthermore, organisational commitment is an active
association between the employee and the organisation such that organisationally
committed employees are willing to give something of themselves in order to
contribute to the organisation's well-being (Pierce & Dunham 1987:163).

Organisational commitment is a psychological state that impels an individual towards
a course of action of relevance to one or more targets (Chirico & Salvato 2008:175;
Smith, Mitchell & Mitchell 2009:821). As such, organisational commitment is a
psychological attachment, bond, or attitude that links an individual to an idea or
entity, and subsequently influences behaviour in ways that are consistent with that
idea or entity (Smith et al. 2009:821). It is the strength of an employee’s
identification with and involvement in a particular organisation (Pierce & Dunham
(2001:594), as well as Aamod (2004:323), further explain that organisational
commitment reflects the extent to which an individual identifies with an organisation
and is committed to its goals. Similarly, Madsen, Miller and John (2005:216), as well
as Yiing and Ahmad (2009:56) are of the opinion that committed employees have a
strong belief in and acceptance of the organisation’s goals and values, show a
willingness to exert considerable effort on behalf of the organisation, have a strong desire to maintain membership with the organisation, and are loyal to the organisation.

Based in particular on the definitions by Greenberg, (1994:85) and Yiing and Ahmad (2009:56), organisational commitment in summary is described as the personal sacrifices an employee makes toward an organisation’s survival, the cohesion that exists between that employee and other people in the organisation, and the acceptance of the firm’s norms by the employee. In addition, organisational commitment encompasses an employee’s belief in an organisation’s goals and values, and reflects a desire by an employee to remain a member of the organisation and be loyal to it.

3.2.1 ORGANISATIONAL COMMITMENT AS A BI-DIMENSIONAL CONCEPT

According to Greenberg (1994:85) and SamGnanakkan (2010:41), organisational commitment is a bi-dimensional concept that includes an attitudinal aspect as well as a behavioural aspect. Individuals who are free to behave in certain ways develop attitudes that are consistent with their choices (Pierce & Dunham 1987:163). To account for these two concepts organisational commitment has been researched with two constructs for analysis, namely a behavioural perspective and an attitudinal perspective (Iqbal 2010:16), both of which are discussed in the paragraphs below.

**Behavioural commitment** refers to the specific characteristics surrounding a given decision to join an organisation. If the decision to join an organisation is characterised as volitional, explicit, public, relatively irrevocable, and insufficiently justified, the decision is said to be more binding than otherwise (Greenberg 1994:85). Iqbal (2010:17) asserts that from a behavioural commitment perspective, organisational commitment is the binding of an individual to the behavioural act. Similarly, Suliman and Isles (2000:408) propose that an employee’s investment (e.g. time, friendship, pension) in the organisation binds him/her to being loyal to the organisation. Iqbal (2010:17) further explains that an employee acts in a committed manner because previously extraneous situation factors influence the employee’s
present actions. From the behavioural perspective, organisational commitment is the profit associated with continued participation and the cost associated with leaving an organisation (Suliman & Isles 2000:408).

Attitudinal commitment refers to an employee’s internalisation of the organisation’s goals and values. It is the most common approach for conceptualising organisational commitment because it includes the notions of organisational loyalty and company identity (Greenberg 1994:85). According to this perspective, organisational commitment is the relative strength of an employee’s identification with and involvement in a particular organisation (Suliman & Isles 2000:407). Attitudinal commitment further involves three components: a strong belief in and acceptance of organisational goals and values; a willingness to exert considerable effort on behalf of the organisation; and a strong desire to maintain membership of the organisation (Iqbal 2010:17).

Pierce and Dunham (1987:164) assert that individuals who are free to behave in certain ways develop attitudes that are consistent with their choices. Pre-employment attitudes may also play a meaningful role in the subsequent development of employee commitment. Khosrowpour (2002:352) points out that when employees feel that they are needed or important to the business’s mission, commitment attitudes increase.

3.2.2 ORGANISATIONAL COMMITMENT AS A MULTI-DIMENSIONAL CONCEPT

There have been many different conceptualisations of the nature of organisational commitment (McDonald & Makin 2000). However, the three-component model of commitment is the most widely investigated multidimensional conceptualisation of employee commitment in the workplace (Mayer & Schoorman 1998:15; McDonald & Makin 2000; Landry, Panaccio & Vandenbergh 2010; SamGnanakkan 2010:41). This model assumes that organisational commitment does not develop simply through emotional attachment, perceived costs or moral obligation, but through the interplay of all three components (Suliman & Isles 2000:408).
According to Vallejo (2009:380), the psychological link between employees and their organisations can take various forms, reflecting the multidimensionality of organisational commitment. A multidimensional approach views organisational commitment as a psychological state consisting of three components, namely affective, continuance and normative commitment (Jafri 2010:63). The multidimensional models of organisational commitment are those developed by, amongst others, Etzioni (1961); Kanter (1968); Penley and Gould (1988); Allen and Meyer (1990); Meyer, Allen and Smith (1993) and Meyer and Allen (1997); (Jernigan et al. 2002:565). As an example, these multidimensional models of organisational commitment have each been developed with the involvement of different motives and strategies (Vallejo 2009:380). The multidimensional model of Meyer and Allen (1991) will be elaborated on in this study, and is illustrated in Figure 3.1.

Figure 3.1: Meyer and Allen’s model of organisational commitment (OC)
Meyer and Allen (1991) conceptualise commitment in terms of three distinct psychological states, each of which influences whether an employee will remain with the organisation or not. Their model is based on the emotional attachment to the organisation (affective), recognition of the costs associated with leaving the organisation (continuance), and perceived obligation to remain with the organisation (normative) (Lee, Allen, Meyer & Rhee 2001:597).

According to Meyer and Allen (1997:13) as well as Meyer, Stanley, Herscovitch and Topolnytsky (2002:21), it is more appropriate to consider affective, continuance and normative commitment as components of organisational commitment as a whole, than as different types of commitment. An employee’s relationship with an organisation may reflect varying degrees of all three. For example, one employee may feel both a strong attachment to an organisation and a sense of obligation to remain. A second employee may enjoy working for the organisation, but also recognise that leaving would be very difficult from an economic standpoint. Finally, a third employee may experience a considerable degree of desire, need and obligation to remain with the current employer.

Evidence (Lok & Crawford 2001:595; Lumley, Coetzee, Tladinyane & Ferreira 2011:105) supports the distinct nature of these three components, and each of the components will be discussed in the paragraphs that follow:

3.2.2.1 Affective commitment

Affective commitment refers to the employee’s emotional attachment to, identification with, and involvement in, the organisation (Meyer & Allen 1997:11; McElroy, Morrow & Wawdlow 1999:509; Jernigan et al. 2002:565; Kontoghiorghes & Frangou, 2009; Yiing & Ahmad 2009:53; Landry et al. 2010:285). Affective commitment reflects the extent to which an employee wants to remain with an organisation, cares about the organisation, and is willing to exert effort on its behalf (Aamodt 2004:323). According to Mosadeghrad, Ferlie and Rosenberg (2008:212), individual and organisational factors may influence the level of affective commitment. Individual factors include factors such as personality, values orientation, education, or age, while organisational factors include believing that employees' roles and job goals are
clearly defined as well as receiving management support. According to this form of organisational commitment, an employee is loyal to the organisation because he/she wants to be (Greenberg 1994:85).

Greenberg (1994:85) explains that affective commitment is the employee’s internalisation of the organisation’s goals and values. An individual with a high level of affective commitment to an organisation portrays a strong belief in, acceptance of and an excitement about, the organisation’s goals. Such individuals exhibit a strong desire to contribute to these goals, as there is a perception of alignment between organisational and individual goals. Such alignment, in turn, leads to a belief that the career aspirations of an individual can be satisfied in the context of the organisation (Sharma & Irving 2005:16). Affective commitment further encourages employees to work cooperatively, to perform assigned tasks, and to undertake changes in their ability in order to accomplish organisational goals. Hence, affective commitment is viewed as one of the most important factors in supporting change, as it promotes knowledge interaction between employees (Chirico & Salvato 2008:176).

### 3.2.2.2 Continuance commitment

Continuance commitment refers to the intentional rational comparison between the costs and benefits associated with staying or leaving the business (Greenberg 1994:85; Jernigan et al. 2002:565; Yiing & Ahmad 2009:53). Continuance commitment is the extent to which an employee believes that he/she must remain within an organisation because of the time, expense and effort already put into the organisation, or the difficulty in finding another job. For example, employees may dislike their job and want to leave their current position, but realise that no other organisation will hire them or give them the salary they desire (Aamodt 2004:323). McElroy et al. (1999:510) assert that one’s attachment to an organisation is based on the investment one has accumulated by virtue of membership of the organisation and the perceived cost of leaving the organisation. In other words, employees feel a psychological commitment to an organisation because they believe they have to.

According to Meyer and Allen (1991:77) as well as Vallejo (2008:380), anything that increases the cost associated with leaving an organisation has the potential to create
continuance commitment. In some cases, potential costs develop as a direct result of action taken by an employee with full recognition that he/she will find leaving the organisation difficult. For example, an employee may accept a job assignment that requires specialised skills training that he/she does not have. In other cases, potential costs accumulate over time without the employee being aware of it. For example, the market value of an employee’s skills may gradually erode without his/her knowledge.

3.2.2.3 Normative commitment

Normative commitment refers to the extent to which an employee feels obligated to an organisation and, as a result of this obligation, feels that he/she must remain with the organisation (Landry et al. 2010:286). According to this approach, congruency between an employee’s goals and values on the other hand and organisational aims on the other, make an employee feel obligated to the organisation. From this conceptual background, organisational commitment is the totality of internalised normative pressures to act in a way that meets organisational goals and interests (Suliman & Isles 2000:408).

Normative commitment develops when an employee is given their first job by an organisation, is mentored by their manager, and is trained at great cost to the organisation. As a result of this investment in him/her the employee feels ethically obliged to remain with the organisation. (Jernigan et al. 2002:565; Aamodt 2004:323). McElroy et al. (1999:510) propose that normative commitment is the newest variation of psychological attachment to an organisation.

The mind-set of obligation develops as a result of the internalisation of norms through socialisation, the receipt of benefits that induces a need to reciprocate, and/or the acceptance of the terms of a psychological contract (Vallejo 2009:380). In exchange for employment, employees feel compelled to reciprocate with loyalty and commitment. This loyalty and commitment is derived from morality and value-driven principles, and is based on reciprocity norms and socialisation practices (Johnson, Chang & Yang 2010:227).
3.3 CONCEPTUALISING JOB SATISFACTION

The concept of job satisfaction has been researched for more than half a century and is still of interest today (Lam, Zhang & Baum 2001:158; Eyupoglu & Saner 2009:686). This interest may be due to the implications that job satisfaction has for job-related behaviours such as productivity, employee absenteeism and turnover, as well as employee relations (Eyupoglu & Saner 2009:686). Lam et al. (2001:158) argue that almost all writers have defined job satisfaction in their own way, but which has basically led to identical definitions.

Job satisfaction is an affective or emotional response towards various facets of one’s job (Byars & Rue 1991:301; Kinicki & Buelens 1999:197; Robbins et al. 2003:72) and refers to the achievement of an employee’s values in the work situation (Sorge, 2002:376; Rad & De Moraes, 2009). This definition implies that job satisfaction is not a unitary concept (Kreitner et al. 1999:197). Rather, it is influenced by a collection of attitudes that an employee has to several aspects of his/her job. When an employee is satisfied with most of the factors that he/she considers relevant, such an employee experiences job satisfaction (Kreitner et al. 1999:197; Bagraim, Cunningham, Porgieter & Viedge, 2007:62). A satisfied employee holds a positive attitude towards his/her job, while a dissatisfied employee holds a negative attitude towards his/her job (Robbins et al. 2003:72; Appelbaum, Bartolomucci, Beaumier, Boulanger, Corrigan, Dore, Girard & Serroni 2004:22).

According to Werner et al. (2009:334), job satisfaction is a personal appraisal of the job and the psychological experience at work. It is a measure of the general attitude of a specific individual towards his/her work. According to Spector (1997:2), job satisfaction is to some extent a reflection of good treatment. It can also be considered an indicator of emotional well-being or psychological health.

Job satisfaction can be regarded as the equilibrium sought by an individual in relation to intrinsic and extrinsic environmental factors, leading to work contentment (Van Wyk & Adonis 2008:391). Intrinsic satisfaction is described as a person’s experience of a sense of competence. It includes the freedom to plan work, the chance to learn new skills and abilities and having challenging work. Employees are
satisfied when they are well-informed about their job as well as having a job with a variety of tasks. Intrinsic satisfaction is further achieved when employees feel that they have the ability to do well in their jobs, when there is sufficient feedback regarding the effectiveness of their effort, when they are being fairly rewarded for work accomplished, and when the chance for self-expression through work exists (Mulinge & Mueller 1998:2184; Van Wyk & Adonisi 2008:391).

Extrinsic satisfaction is described as a contentment derived from tangible rewards, such as compensation and job security provided by the business for the sake of motivating employees to perform their tasks and maintain membership of the organisation (Van Wyk & Adonisi 2008:391). Extrinsic satisfaction is further derived from interacting with others on the job. It is based on the quality of inter-personal relationships, including friendly, helpful and supportive co-workers and supervisors. Lastly, extrinsic satisfaction represents organisational factors that assist in the employee’s ability to perform his/her tasks efficiently. These include job characteristics that provide “creative comfort” such as convenient travel to and from work, good working hours, freedom from ambiguous roles, pleasant surroundings, enough time to complete tasks, and freedom from conflicting job demands (Mulinge & Mueller 1998:2184; Buitendach & De Witte 2005:28; Van Wyk & Adonisi 2008:391).

According to Greenberg (1994:84), three themes characterise the conceptualisation and understanding of job satisfaction. First, employees have both an overall evaluative reaction to their jobs, and a set of more focused reactions to the job’s specific facets. Furthermore, the overall evaluations should correlate quite highly, in general, with the sum of these facet-based satisfactions. Second, these evaluative reactions result from perceived discrepancies involving various needs or wants. That is, dissatisfaction should occur when employees perceive substantial differences between what they should receive and what they receive from the job. Finally, these reactions are heavily determined by one’s framing of the situation in terms of time and context. Job satisfaction in general refers to one’s personal appraisal of a job and one’s psychological experience at work. It is a measure of the general attitude to work of a specific individual rather than of a group of workers (Werner et al. 2009:334).
3.4 THE RELATIONSHIP BETWEEN JOB SATISFACTION AND ORGANISATIONAL COMMITMENT

Organisational commitment and job satisfaction are important attitudes when assessing an employee’s intentions to stay, and his/her overall contribution to a business (Lok & Crawford, 2004:321-322). O'Donnel (2002:296), Watson (2008) and Lumley et al. (2011:106-107) are of the opinion that job satisfaction influences organisational commitment, which in turn influences employees to stay with the business longer, to be more productive, and to engage in behaviours helpful to the organisation. Employees who are satisfied with their jobs are likely to be good ambassadors for the business and show commitment to the business (Buitendach & De Witte 2005:28). In addition, Mosadeghrad et al. (2008:211), as well as Warsi, Fatima and Sahibzada (2009:402), assert that both job satisfaction and organisational commitment are critical to retaining and attracting well-qualified personnel.

Upadhyay, Singh and Singh (2010:3-4) explain that there are numerous investigations that have been made into the relationship between organisational commitment and job satisfaction. The nature of the causal relationship between job satisfaction and organisational commitment is an issue that has not been resolved. However, previous research on the determinants of organisational commitment has consistently found a significant and positive relationship between job satisfaction and organisational commitment (Lok & Crawford, 2001:599; Cullinan, Bline, Farrar & Lowe 2008:226; Liu & Ramsey 2008:1174; Lumley et al. 2011).

Other research has not indicated a particular direction as to the cause-effect relationship between organisational commitment and job satisfaction (Elizur & Koslowsky 2001:594). Mosadeghrad et al. (2008:211) are of the opinion that the links between organisational commitment and job satisfaction are complex and it is not clear whether satisfaction is a precursor to commitment or whether commitment influences one’s level of satisfaction. Some authors find the reverse, and others find both or neither (Rayton 2006:139). Based on the argument of Papini (2007:28), who contends that because of the importance of job satisfaction to organisations and its inherent connection to organisational commitment, it is only natural to study them
simultaneously, no matter what their causal relationship. Both job satisfaction and organisational commitment will serve as dependent variables in this study.

3.4.1 JOB SATISFACTION AND ORGANISATIONAL COMMITMENT IN THE FAMILY BUSINESS

Family businesses are emotionally committed organisations characterised by intense interactions among family members within the family and the business (Chirico & Salvato 2008:170). This commitment is seen as an attitude of employees towards the family business and its continuity (Tàpies & Ward 2008:159). Organisational commitment has received little research attention in the family business literature (Sharma & Irvin 2005:14). According to Sharma and Irvin (2005:2005) and Susco (2009), the use of commitment in the family business literature has been consistent with the definition of affective commitment, which refers to an employee’s positive emotional attachment to the business. As such, the family business literature has treated commitment mainly as a unidimensional construct (Sharma & Irving 2005:14).

According to Vallejo (2009:379), the existence of high levels of organisational commitment can be regarded as one of the strengths of family businesses. Vallejo (2009:386-387) asserts that family businesses could have a competitive edge over their non-family counterparts if they could ensure that the high levels of commitment characteristic of the family business culture included non-family employees. Committed employees would make an increased effort because they would feel part of the same team, seeking common objectives for all. From social contagion, when one member of a group experiences and behaves in a committed fashion, it increases the probability that the other group members will also experience identity and commitment to the business (Zahra, Hayton, Neubaum, Dibrell & Craig 2008:1038).

Chami (2001:4) points out that it is the level of commitment to the business that distinguishes successful family business from other non-family businesses. He explains that paternalism is often extended to non-family employees, which helps engender a sense of stability and dedication to the business among all employees.
In addition, the interaction and relationship of the family and non-family employees’ commitment drives the planning process for family enterprises (Carlock & Ward 2001:41).

However, the high failure rate of family businesses can be attributed to their limited organisational capability and their inability to effectively manage their human resources in general and non-family employees in particular (Reid, Morrow, Kelly & McCartan 2002:249). Reid et al. (2002:249) suggest that it is therefore important to understand the nature of organisational commitment and how it can be employed by family businesses. Understanding the nature of organisational commitment in family businesses will serve as a strength rather than a weakness that could jeopardise the continuity of these businesses.

Although there is a higher level of commitment in family businesses than in non-family businesses (Casillas et al. 2007:229), family ties and emotional issues in family businesses are often seen as competing with the demands of the business and its commitments (Fletcher 2002:7). Engendering commitment among non-family employees is important because they can defuse personal conflicts between family employees, strengthen commitment to business continuity, and provide an objective view of succession (Poutziouris et al. 2006:186). Perrewé and Ganster (2007:154) assert that non-family employees may be expected to display higher levels of commitment to the family business than anticipated.

### 3.5 THE IMPORTANCE OF JOB SATISFACTION AND ORGANISATIONAL COMMITMENT

The nature of employees’ commitment to their employing organisation has long been a topic of great interest to organisational researchers (Mayer & Schoorman 1998:15). The reason for this interest is that organisations cannot succeed without their employees’ efforts and commitment (Mosadeghrad et al. 2008:211). Committed employees are one of the most important leading factors that determine the success of an organisation in a competitive environment (Côté & Heslin 2003:2; Jafri 2010:63; Warsi et al. 2009:403). Cullinan et al. (2007:225) emphasise that committed employees are less likely to engage in behaviours which are harmful to
their organisation. Job satisfaction is an important part of a system of interrelated satisfactions, and greater job satisfaction leads to a better quality of life; better health, both mentally and physically; more job stability; and greater cooperativeness (Cranny, Smith & Stone 1992:5).

Frazier (2005:3-4) offers three reasons to clarify the importance of job satisfaction namely: high levels of job satisfaction can be a sign of emotional wellness and mental fitness; businesses can adopt a utilitarian perspective in which employee behaviour can be expected to influence the business operations according to the level of employee job satisfaction; and job satisfaction can be an indicator of effective business operations. It is therefore important that employers enhance employee job satisfaction because unless employees are satisfied and happy in their work, they will not function to the best of their ability or remain working for the business (Johnson 1998:147).

Several authors have found that lower levels of organisational commitment are associated with negative organisational behaviours such as, labour turnover, absence and stress (Lok & Crawford 2001:595; Cooper 2003:76; Dirani 2009:193). According to Mathieu and Zajac (1990:171), organisational commitment has been used by different researchers to predict certain behaviours namely absenteeism, employee turnover, perceived stress, life satisfaction and productivity. With the increasing speed and scale of change in organisations, managers constantly seek ways to generate employees’ commitment, which translates into competitive advantage, improved job satisfaction and performance, and reduced absenteeism and employee turnover (Cohen 1996:494; Jernigan et al. 2002:564; Yiing & Ahmad 2009:56). These benefits will each be elaborated on in the sections that follow.

3.5.1 REDUCED EMPLOYEE TURNOVER

Memili and Barnett (2008:4) define employee turnover as the termination of an employee’s employment with a given business. It is the voluntary or involuntary permanent withdrawal by an employee from a business, and involves the loss of employees that the business does not want to lose. The cost of employee turnover to South African businesses is estimated to be several million rands a year (Robbins,
According to Aamodt (2004:339), the visible costs of employee turnover include advertising charges, employment agency fees, referral bonuses, recruitment and travel costs. The organisation is also responsible for salaries and benefits associated with time spent on processing applications and interviewing candidates, as well as relocation expenses for the new employee (Aamodt 2004:339).

According to Cooper (2003:76) as well as Lok and Crawford (2001:595), organisational commitment has been found to be inversely related to employee turnover. This implies that as the commitment levels of employees increase, the likelihood of employee turnover decreases, and vice versa. Memili and Barnett (2008:2) suggest that perceptions of person-organisation fit are also a predictor of turnover intentions and voluntary turnover. Emberland and Rundmo (2010:453) state that perceived threats of job loss have also been associated with turnover intentions.

Job satisfaction has an indirect influence on employee turnover through its direct influence on the formation of intent to leave (Nadiri & Tanova 2010:35; Westover, Westover & Westover 2010:375). Employees with low levels of job satisfaction are more likely to quit their jobs and change careers than are employees with high levels of job satisfaction (Aamodt 2004:339). Given the relationship between employee turnover and job satisfaction, employers are advised that they can reduce employee turnover by increasing the job satisfaction of employees (Kreitner et al. 1999:200).

According to Chiste (1996:227), the high turnover of non-family employees is common in family businesses. When a fit between the individual values of a non-family employee and the values of family business cannot be achieved, non-family employees develop negative perceptions, which ultimately lead to turnover intentions (Memili & Barnett 2008:2). Memili and Barnett (2008:2) assert that family businesses can use non-family employees' perceptions of person-organisation fit as a tool to understand voluntary turnover among non-family employees. Family businesses should take preventative measures and foster a work environment with minimised negative perceptions of person-organisation fit.
The following is a summary of reasons why non-family executives leave family businesses (Aronoff & Ward 2000:8):

- Insufficient opportunity for advancement and growth;
- Poor fit with the family business culture;
- Abuse of the business by the family;
- Lack of opportunity to create personal wealth; and
- An inability to make a difference because new ideas and change are resisted.

It is clearly of the utmost importance that family business leaders pro-actively attend to these issues in an attempt to reduce employee turnover in their businesses.

3.5.2 REDUCED ORGANISATIONAL STRESS

Job-related stress is an uncomfortable feeling experienced by employees who are required to change their desired behaviour as a result of opportunities, constraints or demands related to important work objectives (Bagraim et al. 2007:315). The potential for stress exists when an environmental situation presents a demand that threatens to exceed a person’s capabilities and resources for meeting it. Given these conditions, an employee may expect a substantial difference in rewards and costs resulting from meeting the demand versus not meeting it (Byars & Rue 1991:479-480; Robbins et al. 2003:420). For example, some senior executives may impose tight control over their employees, and establish unrealistic pressures to perform tasks in the short run (Robbins et al. 2003:421).

Kreitner et al. (1999:200) are of the opinion that stress negatively influences organisational behaviour. In general, the association between organisational stress and organisational commitment is similar to that of organisational stress and job satisfaction. As the level of stress increases, an employee’s level of job satisfaction and organisational commitment to the organisation decreases (Koslowsky 1998:83; Lok & Crawford 2001:595). According to Kreitner et al. (1999:200), employers can reduce the negative effects of stress by improving job satisfaction.
3.5.3 REDUCED ABSENTEEISM

Booyens (1998:355) and Chenoweth (2002:16) define absenteeism as the time an employee spends away from his/her scheduled work. Absenteeism is often associated with employee turnover, but because of its unpredictability, is seen as more disruptive to the working environment. Absenteeism disrupts the business and comes with huge cost. According to Robbins et al. (2009:18), it has been estimated that absenteeism costs South African businesses millions of rand yearly in decreased efficiency and increased benefits payments, such as sick leave and payroll costs. Because of these costs, absenteeism is an important aspect for businesses to consider (Saiyadain 2009:61).

According to Cohen (1992:539), organisations whose employees have higher levels of commitment show lower levels of absenteeism and tardiness. Aamodt (2004:331) contends that employees who are satisfied with their work are more likely to attend work and arrive at work on time. According to Kreitner et al. (1999:199) and Robbins et al. (2003:78), absenteeism is negatively correlated with job satisfaction. This implies that the more satisfied employees are in their jobs, the less likely they are to be absent from their work. However, Aamodt (2004:339) suggests that attendance can be increased through the use of financial incentives, time off, and recognition programmes. Kreitner et al. (1999:200) also advise that increasing job satisfaction can help reduce absenteeism.

De Kok and De Kok (2003:25) maintain that the attendance of non-family employees in family businesses depends on both their ability to attend and their motivation to go to work. The ability to attend depends partly on the working conditions in the family business. Consequently, one of the ways in which family businesses can reduce the levels of absenteeism is by taking precautionary action to improve the working conditions of all their employees, including non-family employees (De Kok & De Kok 2003:25).
3.5.4 INCREASED PRODUCTIVITY

An organisation is productive when it achieves its goals and does so by transferring inputs to outputs at the lowest cost (Robbins et al. 2003:15). Organisations with satisfied employees will probably be more effective than organisations with less satisfied employees (Baron 1983:218; Robbins et al. 2003:77). Improving employee satisfaction is an important method of improving the financial standing of a business (Frazier 2005:4; Holland & Ritvo 2008:126; Eyupoglu & Saner 2009:686). It is therefore understandable that managers would want to improve the level of employee job satisfaction in their businesses (Murray, Poole & Jones 2005:57). However, most studies indicate that productivity leads to satisfaction, not the other way round (Baron 1983:218; Fincham & Rhodes 2005:230-231). In other words, a satisfied employee is not necessarily a productive one (Fincham & Rhodes 2005:230). Evidence even suggests that the correlations for productivity and job satisfaction are weaker than might be imagined (Baron 1983:218; Fincham & Rhodes 2005:230-231).

Given the complex array of challenges faced, few businesses can succeed over the long term without the strong organisational commitment of their employees (Berger and Berger 2000:485). The stronger the organisational commitment of employees, the easier it is for a business to adjust and respond effectively to changing market conditions and opportunities. Similarly, Dirani (2009:193) proposes that committed employees are critical to success in today’s competitive business environment. Meyer and Allen (1997) suggest that employees who are strongly committed to their organisations identify with their organisations, get involved with them, and feel loyal towards them. Employees with high levels of organisational commitment show higher levels of performance and productivity (Cohen 1992:539). In addition, committed employees are more likely to engage in extra-role behaviours, such as creativeness or innovativeness, which is often what keeps an organisation competitive (Mathieu & Zajac 1990:171).
3.5.5 IMPROVED LIFE SATISFACTION

Life satisfaction refers to a judgemental process in which individuals assess the quality of their lives on the basis of their own criteria (Pavot & Diener 2009:102). According to Aamodt (2004:324), people who are satisfied with their jobs tend to also be satisfied with their lives. Kreitner et al. (1999:200) find that life satisfaction is positively correlated with job satisfaction. This implies that employers can influence life satisfaction by increasing job satisfaction.

Aamodt (2004:325) suggests that the needs of employees can be met in a variety of non-work activities such as hobbies and volunteer work. Therefore, businesses should work towards fulfilling the employees’ needs as far as it can, and should assist employees in finding alternative avenues for meeting those that it cannot.

3.6 FACTORS INFLUENCING JOB SATISFACTION AND ORGANISATIONAL COMMITMENT

The topic of organisational commitment has received a great deal of interest in the past decade, and numerous studies have been directed at determining its causal antecedents (Lok & Crawford 2001:594). Identifying the antecedents of this construct, as well as the process through which it develops and exerts an influence on worker reactions is considered an important issue in studies on organisational commitment (Pierce & Dunham 1987).

It is argued that the high degree of attention devoted to organisational commitment in the literature stems from the fact that it is theory-based, broad in focus, and holds significant integrative potential. While most research has considered simple linear relationships, a need exists for a study that explores the effect of moderators on the relationship between organisational commitment and its antecedents (Cohen 1992:540). Meyer and Allen (1997:4) suggest that it is important to understand the conditions that contribute to the development of commitment as well as the consequences of commitment from the employees’ perspective.
According to Cranny et al. (1992:45), the first step towards improving job satisfaction is determining its causes and correlates. An examination of the organisational behaviour literature has revealed numerous factors influencing organisational commitment and job satisfaction. A summary of these factors is shown in Table 3.1.
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<th>FACTORS</th>
<th>ORGANISATIONAL COMMITMENT SOURCES</th>
<th>JOB SATISFACTION SOURCES</th>
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The nature and importance of each of the factors illustrated in Table 3.1 are discussed in the paragraphs that follow.

3.6.1 NATURE OF THE WORK

Nature of the work describes the extent to which a job provides an individual with stimulating tasks, opportunities for learning and personal growth, and the chance to be responsible and accountable for results (Robbins et al. 2003:77). Aamodt, (2004:323), Locke (2004:56), as well as Saari and Judge (2004:398) explain that the nature of the work includes the autonomy, variety, and scope associated with a particular job. Similarly, Stroh, Northcraft and Neale (2002:310), as well as Hellriegel and Slocum (2007:130-131), suggest that a job’s characteristics comprise skills variety, task identity, task significance, autonomy and job feedback. Satisfaction with the nature of work is usually measured in terms of the core job characteristics, namely autonomy, skill variety, feedback, task identity, and task significance in the work itself (Buitendach & De Witte 2005:28). These job characteristics affect three critical psychological states: experienced meaningfulness of the task performed; experienced personal responsibility for task outcomes; and knowledge of the result of task performance. Skill variety, task identity, task significance, autonomy and job feedback are discussed in more detail in the following paragraphs.

Skill variety is the extent to which a job requires a variety of employee competencies to carry it out (Hellriegel & Slocum 2007:130). For example, lower skill variety exists when an assembly-line employee performs the same two tasks repetitively. The more skill involved, the more meaningful the work becomes. Döckel, Basson and Coetzee (2006:22) suggest that one way that employees may develop a sense of competency is by working in a job with high skill variety. Skill variety relates to feelings of belonging, as well as a sense of attachment to the organisation. Mathis and Jackson (2008:167), however, warn that skill variety is not to be confused with multitasking, which is doing several tasks at the same time, for instance, with computers, telephones, other devices, and personal organisers.
According to Hellriegel and Slocum (2007:131), task identity is the extent to which a job requires an employee to complete a whole and identifiable piece of work, which is, doing a task from beginning to end with a visible outcome.

Task significance is the extent to which an employee perceives the job as having a substantial impact on the lives of other people, whether those people are within or outside the organisation (Hellriegel & Slocum 2007:131; Lunenburg & Ornstein 2008:212). Most people work to earn a living, but also because of the other satisfactions it brings, such as doing something worthwhile (Armstrong 2006:205).

According to Hellriegel and Slocum (2007:131) as well as Yoon and Thye (2000:299), autonomy is the extent to which the job provides empowerment and discretion to an employee in scheduling tasks and in determining the procedure to be used in carrying out those tasks. Mathis and Jackson (2008:168) assert that more autonomy leads to a greater feeling of personal responsibility for the work at hand.

Job feedback refers to the extent to which carrying out job-related tasks provides direct and clear information about the effectiveness of an employee’s performance (Hellriegel & Slocum 2007:131). In addition, providing feedback fulfils a need for information on the extent to which personal goals are met, as well as being a point of social comparison about an individual’s relative performance (Vlosky & Aguilar 2009:3). Providing sufficient performance feedback to employees helps bolster positive attitudes toward the business, and helps prevent early intentions to leave it. When employees are provided with praise and feedback, stronger feelings of loyalty to the business may develop (Döckel et al. 2006:22). Furthermore, feedback contributes to employees’ overall knowledge about the work (Mathis & Jackson 2008:168). In his research on family businesses, Poza (2007:213) discovered that young non-family employees were not satisfied with the performance feedback they received from family members, while older non-family employees were more satisfied with the performance feedback. This dissatisfaction was explained as being caused by the risks of losing their jobs owing to the feedback provided. The young non-family employees feared that negative feedback would result in the loss of their jobs.
According to Buitendach and De Witte (2005:28), the nature of work, as described above, can have an important effect on the quality of life of an employee and can influence behaviour such as absenteeism. Saari and Judge (2004:398), Fincham and Rhodes (2005:218), as well as Bagaim et al. (2007:334), emphasise that much can be done to influence an employee’s level of job satisfaction by ensuring that the nature of the job is as interesting and challenging as possible.

It has been observed that the characteristics of a job influence the level of employee commitment (Pierce & Dunham 1987:165; Mayer & Schoorman 1998:17; Mathieu & Zajac 1990:171; Iqbal 2010:17; SamGnanakkan 2010:41). According to Haak and Tachiki (2004:255), these characteristics should lead to personal and work outcomes of organisational commitment.

3.6.2 JOB INVOLVEMENT

Job involvement is described as the degree to which an employee is cognitively pre-occupied with, engaged in, and concerned with his/her job (Diefendorff, Brown, Kamin & Lord, 2002:94; Janssen, 2003:351). Job involvement is the degree of identification employees have with their job, and the degree of importance they place on their jobs (Govender & Parumasur 2010:239). For example, employees who are highly involved in their jobs will gladly spend extra time to ensure task accomplishment, and take uncompleted work or assignments home to complete them before the next working day (Ekore & Onomerike 2004:125). Being involved in the job entails involvement in decision-making and a feeling that one is making an important contribution to the success of the business (Shanthamani 1982:122). In addition, job involvement enhances organisational effectiveness and productivity by engaging employees in their work, and making work a meaningful and fulfilling experience (Koponen, Laamanen, Simonsen-Rehn, Sundrell, Brommels & Suominen 2010:266). An employee with a high level of job involvement has a strong sense of belonging in the specific job, and wants to perform well (Bagaim et al. 2007:62).

In their study on the effects of co-workers on supervision support, Babin and Boles (1996:59) have found that employee perceptions of job involvement are positively related to job satisfaction. According to Parsons and Broadbridge (2006:124), when
employees are actively involved in decisions that influence their destiny and career in the business, and are responsible for their actions, their level of commitment to the business increases. Fincham and Rhodes (2005:431) contend that when employees are involved in the setting of goals for the business, commitment and loyalty are the result.

Family businesses are characterised by a high degree of family influence, and decision-making is centralised among family employees (Reid et al. 2002:56). The tight family control of vital information prevents non-family professionals from being involved in making well-informed decisions (Chen 2003:31), and many non-family employees fear not being offered equal participation in family businesses (Gupta, Gollakota & Srinivasan 2007:337).

Both Poza (2007:215) and Shelton (2010) argue that non-family employees should be involved in business and succession planning. Soliciting their participation in discussions on the strategic direction of the business gives them a much greater sense of inclusion in the family business. Chua et al. (2003:99) are of the opinion that if non-family managers are not responsible for critical components of the business, then their decisions and actions will have a lower impact on the welfare of the family business. Shelton (2010) further emphasises that being involved in decisions makes non-family employees consider themselves as part of the business and gives them a sense of ownership, even if they do not own shares in the business.

Job involvement of non-family employees in strategic planning and business decisions helps promote mutual understanding, respect, trust and loyalty, and ensures that the family culture permeates and benefits the entire business (Gupta et al. 2007:337). By involving non-family managers in setting a strategic direction for the business, the family can ensure that its non-family managers will more clearly understand what is required of them, and how their future is tied to that of the family and the business (Chua et al. 2003:103-104). The more non-family managers are involved, the greater will be the information asymmetries between family business owners and non-family managers with respect to non-family managers' abilities, motives, diligence, and efforts (Chua et al. 2003:99).
3.6.3 CO-WORKERS

A co-worker is a person who holds a position or rank similar to that of an employee in a business (Yoon & Thye 2000:296). Co-workers are a distinct part of the working environment, and employees are expected to work harmoniously with other employees (Mathieu & Zajac 1990:171; Iqbal 2010:17). People seek friendly, warm and cooperative relationships with others, not only for what these relationships produce in the immediate present, but also for what they provide in times of need, such as social support (Locke 2004:58). Yoon and Thye (2000:296), Robbins et al. (2003:77), Aamodt (2004:326), as well as Bagaim et al. (2007:334) suggest that employees should be technically, emotionally and socially supportive of one another.

Harmonious interactions between an individual and his/her fellow employees, as well as interactions between other fellow employees with each other, have a positive influence on an individual's level of organisational commitment (Mathieu & Zajac 1990:171; Iqbal 2010:17). Dworkin (1987:31), and Perkinson (2002:202), are of the opinion that the people with whom one works have a positive influence on one’s level of organisational commitment. Harmonious interactions with co-workers have also been found to have a positive influence on an individual's level of job satisfaction (Ladebo, Awotunde & AbdulSalaam-Sagher 2008:209).

Interactions in family businesses tend to be more complex than those in non-family businesses because family businesses involve at least three influential groups with different needs and interests, namely family members, shareholders and employees (Tápies & Ward 2008:214). It is with this in mind that for the purposes of this study, co-workers are discussed from two perspectives, namely as fellow non-family employees and as members of the business-owning family.

According to Barach and Gantisky (1995:140), good relations between family members and non-family employees make it easy to build self-confidence, reduce possible warfare, and contribute to an employee’s spirit, which is vitally important for the survival and prosperity of family businesses. Maas et al. (2005:131) explain that the relationship between family and non-family employees lends a unique dimension to a family business. If the relationship is not good, it can be to the disadvantage of
the business. Similarly, Memili and Barnett (2008:5) are of the opinion that family employees should treat non-family employees as family members in order to provide a harmonious work environment for non-family employees.

As previously mentioned, co-workers in a family business describe both family and non-family employees. The relationship among family members themselves may also influence the organisational commitment of non-family employees. According to Venter, Farrington and Boshoff (2009:7), family harmony refers to family members being emotionally attached to one another, appreciating each other, caring about one another’s welfare, enjoying spending special time together, getting along well both inside and outside the work environment, and sharing common interests outside the working environment. Venter and Boshoff (2006:27) further explain that harmonious family relationships significantly influence the degree to which family members accept their roles in the context of the family members. In addition, harmonious family relationships influence the relationship with the owner-manager, the successor, and the agreement to continue with the business. Gersick et al. (1997) state that in order to guarantee family harmony and the success of the family business, it is important to have a general understanding of the nature of the relationship between the family and the business.

For family businesses to obtain desired outcomes for both the business and the family, they must learn to manage conflict in ways that will maintain family relationships. Family businesses must manage conflict by accommodating issues that arise between family members, and should respond to all the interests in the business and the family (Fahed-Sreih & Djoundourian 2006:226). The presence of the family system means that family businesses have a greater number of stakeholders with different interests, a situation which often generates conflicts that weaken the level of existing cohesion (Vallejo 2009:146).

Family business owners and non-family employees both have several legitimate concerns about working with each other (Aronoff & Ward 2000:4). A problem that often occurs in family businesses is that non-family employees may be caught in the crossfire between family members who are competitive with each other (Longenecker, Pretty, Palich & Moore 2008:135; Moore, Petty, Palich & Longenecker
In addition, non-family executives have heard their own horror stories about what it is like to work in a family business where family members are at one another’s throats and want non-family executives to take sides. There have also been stories where non-family executives are expected to help resolve family conflicts (Aronoff & Ward 2000:3). Zwick and Jurinski (1999:73) warn that these conflicts are due to personality clashes, which seem to be fairly common among family members.

However, it is difficult for non-family employees to maintain strict neutrality in these family feuds (Maas et al. 2005:132). If a non-family executive is perceived as siding with one of those involved in the feud, he/she may lose the support of other family members (Maas et al. 2005:132; Longenecker et al. 2008:135; Moore 2008:137). Zahra et al. (2008:1039) suggest that long-term orientated relationships that focus on social rather than economic exchange can enhance employee commitment, increasing individual motivation and commitment to the business’s mission. In addition, a culture of commitment to the business on the part of the family may also contribute to a strong identity around which the family business and its employees can build an enduring relationship. It is for this reason that Van der Merwe and Ellis (2007:25) advise that in order for family businesses to survive and be successful, family members need to nurture their personal relationships with one another and with non-family employees.

3.6.4 FAIRNESS

According to Sholihin and Pike (2009:397), the role of fairness in the workplace and its impact on organisational effectiveness is well documented. An employee’s perception of fairness in the workplace influences his/her attitude, behaviour and performance, which in turn influences an organisation’s success (Sholihin & Pike 2009:397). Employees are more committed to an organisation if they perceive that they are being treated fairly, and because of this fair treatment, feel a sense of obligation to the organisation. This obligation manifests through a more positive work attitude (DeConinck 2010:2). There are three forms of fairness, namely distributive justice, procedural justice, and interactional justice (Van der Heyden et al. 2005:4; Sholihin & Pike 2009:397; Chen, Zhang, Leung, & Zhou, 2010).
Distributive justice refers to the perceived fairness or equity in the amount and type of reward an employee receives (Zhang & Agarwal, 2009). It also refers to an employee’s perception of fairness concerning the outcomes of decisions (Barnett & Kellermanns 2006:838; DeConinck 2010:2). According to Barnett and Kellermanns (2006:847), distributive justice positively influences the level of employee commitment. Distributive justice has a direct influence on promotion decisions and compensation outcomes. Kacmar, Carlson and Brymer (1999:980) explain that if an employee perceives the rewards that he/she receives as fair, distributive justice is present. Employees will exhibit more commitment to an organisation if they experience fair and equitable treatment. In comparison, employees who do not experience fair treatment feel cheated by their organisation.

Procedural justice is the perceived fairness of the decision-making process by which outcomes are determined (Van der Heyden et al. 2005:4; Barnett & Kellermanns 2006:838; Sholihin & Pike 2009:397). DeConinck (2010:2) explains that a key aspect of procedural justice is allowing employees to have input or a voice in the outcome. In contrast to distributive justice, which is related to a specific outcome, procedural justice is related to organisational outcomes such as organisational commitment.

The following rules for procedural justice in decision-making procedures exist (Van der Heyden et al. 2005:4):

- Consistency of the procedure across persons and across time;
- Suppression of bias by the decision maker;
- Accuracy of information;
- Correctability (e.g. through appeal procedures);
- Representativeness, in that all phases of the procedure must reflect the basic concerns, values and outlook of the individuals concerned; and
- Ethicality, so that the procedure conforms to personal standards of ethics and morality.
Perceptions of interactional justice reflect an employee’s feelings about whether a manager is sensitive to his/her situation and treats him/her politely and respectfully. A sensitive manager provides encouragement to employees who are not promoted, and offers emotional support to employees who are laid off (Jackson, Schuler & Werner 2008:119). The focus of interactional justice is whether employees feel that they have been treated respectfully (Rousseau 2005:62).

Interactional justice has a direct influence on the level of employee commitment, and is related to the perceived support, trust in, and identification with, the supervisor (Barnett & Kellermanns 2006:847). Interactional justice involves management’s behaviour toward subordinates, such as the degree of honesty, sensitivity and respect shown during an interaction (DeConinck 2010:2).

Family-business interactions may create an environment conducive to bias and favouritism towards family members, which may lead to perceptions of unfair treatment among non-family employees (Barnett & Kellermanns 2006:838). According to Carsrud (2006:855), injustice and unfairness can jeopardise the family business because both family and non-family members will reconsider a career in the family business. Maas et al. (2005:133) suggest that fair treatment based on value added to the business is important for healthy relations between family and non-family employees. According to Barnett and Kellermanns (2006:841), the involvement of family members in family businesses may lead to problems of nepotism, free-riding and adverse selection, which are likely to have negative effects on the perceived distributive justice experienced by non-family employees. Compensation, promotion, performance appraisal and job status (Barnett & Kellermanns 2006:841) are areas where perceptions of injustice can be experienced by non-family employees.

Sharma (2004:15) advises that resource allocation between family and non-family employees should be fair. Nevertheless, non-family employees’ perceptions of fairness in terms of how resources are allocated by controlling owners, depends on the self-control exhibited by these individuals. Perceptions of unfairness are likely to lead to dissatisfaction among non-family employees, and reduce the likelihood of high performance and commitment by these employees (Sharma 2004:15). Securing
the commitment of non-family employees is difficult when they do not perceive that decision outcomes, decision processes and decision makers of the family business are fair or just (Barnett & Kellermanns 2006:838).

According to Van der Heyden et al. (2005:2), fairness in a family business improves both the economic performance of the business system and the satisfaction and commitment of family and non-family employees. Similarly, Beugré (1998:82) asserts that perceptions of fairness also enhance organisational commitment. Furthermore, fair practices in organisations are vitally important to maintaining high levels of employee job satisfaction (Sharma 2004:15; Fujishiro 2005:132; Van der Heyden et al. 2005).

3.6.5 TRUST

Ratnasingam (2003:28) and Sundaramurthy (2008:89) define trust as the expectation that another individual or group will have good faith and make efforts to behave in accordance with any commitment, either explicit or implicit. Thus, trust is not a behaviour but a psychological condition that is caused by or results in behaviour (Sundaramurthy 2008:90). Payan and Svensson (2007:800) suggest that trust reduces uncertainty in a relationship, and is an important element of social exchange. When one person provides a benefit to another person, the person must trust that the other party will reciprocate, for social exchange to take place. Mutual reciprocation over time will create trust and a commitment to continue the relationship (DeConinck 2010:2). According to Morris, Williams and Nel (1996:398), trust can be associated with such qualities as consistency, competence, fairness, responsibility, helpfulness and benevolence.

Whitener (1997:392) claims that trust is enhanced when employees’ expectations develop incrementally in the employment relationship, and become embedded in a psychological contract. The psychological contract then reflects employees’ beliefs about the nature of the reciprocal exchange between themselves and their employers.
According to Choo and Bontis (2002:30), as well as Friman, Gärling, Millet, Mattsson and Johnston (2002:404), several authors have found a positive relationship between trust and commitment. Sundaramurthy (2008:90) suggests that the reason for this is that trust enables cooperation and promotes network relationships; reduces harmful conflict; decreases transactional costs; and facilitates the effective functioning of groups and effective responses to crises. Similarly, Sholihin and Pike (2009:402) propose that trust between an employer and an employee increases joint problem-solving effectiveness, which in turn increases employee commitment to the organisation.

Many of the factors that make non-family executives feel like a part of the family team are based on trust. However, although trust must be mutual, the building of trust has to be initiated by the family and, most particularly, by the business leader (Aronoff & Ward 2000:25). Sundaramurthy (2008:92) states that family businesses are depicted as “high trust” organisations where trust is of a relational kind, and is interpersonal. Therefore, bringing outside influence and expertise into the family business to serve as trust catalysts is important. Outsiders can be effective in reminding family members of the trust issues that may be in jeopardy, particularly when tensions are high (Sundaramurthy 2008:95).

Barnett and Kellermans (2006:845) warn that the uncertainty of non-family employees concerning their status and identity in a family business could cause them to question the trustworthiness of the family business, as well as the ability of the family business to develop and implement a human resource process that is free from favouritism and bias. An environment of trust and respect combined with an opportunity to grow and have well-defined responsibility and authority will help persuade the most talented non-family executives that it is in their best interests to serve the best interests of the family business (Aronoff & Ward 2000:27-28). Furthermore, transparent compensation and performance appraisal policies offer opportunities to build system trust (Sundaramurthy 2008:96).
3.6.6 PERSONAL NEEDS ALIGNMENT

According to Venter (2003:154), personal needs alignment is defined as the degree to which an employee’s needs are properly aligned with opportunities offered in the business. When a business serves as a vehicle for employees to display their abilities and satisfy their needs, such employees reciprocate with commitment to the organisation (Cohen 1992:542).

According to Barach and Gantisky (1995), an individual achieves personal need fulfilment to the extent that his/her career needs, need for personal identity, and life-stage needs are satisfied in the context of the family business. A good match between the personal goals and ambitions of non-family employees and the available opportunities in the family business should result in commitment to the family business. McKenzie and Van Winkelen (2004) warn that often an employee’s personal needs may be in conflict with the needs of the organisation. For example, heavy work commitments may conflict with family responsibilities, which may result in resentment, illness, inefficiency and poor decisions.

Research has found that employees who perceive a fit between their career interests and opportunities available in a family business exhibit a keen desire to pursue a career in these businesses, and devote their energies to making a positive contribution to the business (Sharma & Irving 2005:21). It is for this reason that Kenyon-Rouvinez and Ward (2005:19) advise that attention should be paid to the interrelationship of personal and business needs.

When non-family employees are clear about the vision of the business, aligning their individual needs with that of the business is more easily achieved (Lumpkin et al. 2008:133). In addition, emphasising common ground and focusing on a goal larger than those of the individual, go a long way towards holding family and non-family employees together as a team (Van der Merwe & Ellis 2007:25). As Kenyon-Rouvinez and Ward (2005:18) explain, the alignment between business goals and those of non-family employees can create a unity of purpose that should enable much greater business agility and a wider range of strategic options.
3.6.7 COMPENSATION

Compensation refers to the extrinsic rewards that an employee receives in exchange for the services performed during a given period (Byars & Rue 1991:304). According to Klein and Bell (2007:27), however, compensation may be any incentives or any benefits assigned to an employee. Consequently, compensation is any form of direct or indirect reward that an employee receives in exchange for his/her performance to an employer (Newman 2007; Yeganeh & Su 2011:2611).

According to Manas and Graham (2003:3), cash rewards are the fixed and recurring pay that an employee receives as compensation for work done, and is measured in increments varying from one period to the next. Kenyon-Rouvinez and Ward (2005:27) explain that in addition to base pay, annual incentive plans are also a common feature of best-practice remuneration, which can be based on individual goals and/or business performance. While cash is the most important aspect of any compensation plan, it is not the only aspect (Yeoh 2006:1). Non-cash rewards can be more powerful than cash payments in helping to motivate employees (Harvey-Jones 1999:129). Awards that employees can carry around and use over time or enjoy with their families will be remembered far longer than cash, which is generally forgotten as soon as it is spent (Small Business General 2007). Non-cash rewards are the components of the employment contract, or employer/employee relationship, that matter most to today’s workforce (Manas & Graham 2003:3).

Non-cash rewards or acknowledgements show appreciation for employees’ efforts, inspire employees to try harder, improve productivity, and increase job satisfaction as well as employee commitment (Small Business General 2007). Categories of non-cash reward include

- Recognition, possibly in front of other employees;
- Increased status;
- Merchandise;
- Retirement plans;
- Travel opportunities;
• Flexible working hours; and

In addition to providing a potential source of self-esteem, compensation provides the generic opportunity for anything money can buy (Locke 2004:58). Berger and Berger (2000:485) are of the opinion that one of the most important conditions for rewards to be effective is that they need to be meaningful to their performers. According to Jensen, Mcmullen and Stark (2007:26), some top-performing organisations believe that well-differentiated rewards lead to better execution. Organisations must ensure that their employees understand what they are being asked to do to earn their rewards, and that their individual goals are based on a realistic view of the future and are connected to what the organisation needs to do to succeed. Furthermore, the magnitude of the rewards must be consistent with the value of the organisation’s goals (Jensen et al. 2007:26).

The compensation that an organisation offers to its employees is an important factor in determining an employee’s level of commitment to it. If employees obtain satisfactory compensation, organisational commitment should be strong (Cohen 1992:543; Haak & Tachiki 2004:256). Mathieu and Zajac (1990:171), Cohen (1992:543), as well as Iqbal (2010:17), suggest that an employee’s level of commitment to an organisation may make them more eligible for rewards attached to their performance.

Compensation is a factor that determines the level of job satisfaction in an organisation (Byars & Rue, 1991:303; Meisinger, 2007). Several authors have identified a positive relationship between compensation and job satisfaction (Robbins et al. 2003:77; Fincham & Rhodes, 2005:218; Bagraim et al. 2007:334).

Although family businesses are usually smaller in scale than non-family businesses, the issues surrounding compensation are actually more complex in family businesses (Zwick & Jurinski 1999:101). According to Poza (2007:211), non-family managers are generally less satisfied than family members with their compensation
and benefits. Ceja and Tápies (2009:6) explain that the reason for this dissatisfaction is that employee compensation at all levels, including salary and fringe benefits, is often lower in family businesses than in non-family businesses.

While non-family businesses may have rules against favouritism, most family businesses have no such rules, and probably have unwritten rules that ensure that family members will be well compensated and advanced to management positions over better-qualified employees (Zwick & Jurinski 1999:103). For this reason, Poza (2007:215) advises that family businesses should offer compensation and benefit plans that are benchmarked to non-family businesses in the industry. In order to recruit and retain high-quality executives, family businesses must compete with compensation packages like those of non-family businesses (Klein & Bell, 2007:27). Veale (2008) warns that the compensation received by non-family employees in family businesses influences their decision to remain working for a family. On the other hand, Harvey-Jones (1999:53) points out that when compensation is reasonable, non-family employees are happy and committed to continue working for the family business.

Non-family employees provide a benchmark of performance against which to evaluate the performance of family members. If their role and importance is not duly recognised and rewarded, non-family employees may lack commitment to the family business, and regard the compensation system as unfair (Gupta et al. 2007:337; Kets de Vries 1996:19). It is for this reason that Chiste (1996:228) suggests family businesses should employ various reward and incentive schemes in order to maintain the level of loyalty and commitment of non-family employees.

According to Harvey-Jones (1999:129), rewards for both family and non-family employees in family businesses can take on many forms, ranging from simple verbal acknowledgement, “a pat on the back”, to cash bonuses, to elaborate performance-linked incentive schemes. Similarly, Manas and Graham (2003:3) state that organisations offer employee rewards in various forms that, while measurable, may or may not have a rand value. These types of rewards are all aspects of employee motivation that can provide family businesses with superior performance and a competitive edge (Harvey-Jones 1999:129). Furthermore, hardworking non-family
employees often feel that they deserve hazard pay for working in a business plagued by family conflict (Longenecker et al. 2008:135; Moore et al. 2008:137).

Venter et al. (2009:6) assert that perceptions of injustice are formed when non-family employees are not compensated appropriately for their contribution towards the family business. Adopting fair-pay plans will diminish the risk of losing key contributors. Large family businesses in South Africa like Pick n Pay (retailer) make use of equity ownership for performance rewards as a way of motivating employees.

According to Zwick and Jurinsk (1999:103), non-family employees will always have different expectations with regard to compensation in family businesses. They normally know that the family will remain in control unless the family decides to sell out to maximise their own wealth. Kenyon-Rouvinez and Ward (2005:26), however, suggest that transparency in compensation is the best practice that family businesses can adopt, thus compensating each employee according to his/her performance regardless of the kinship status in the business.

3.6.8  PROMOTIONAL OPPORTUNITIES

Promotional opportunities refer to the likelihood for promotion and progression in an organisation. Promotional opportunities are not necessarily associated with hierarchical progress in the organisation, but could include opportunities for lateral movement and personal growth (Robbins et al. 2003:77). Various studies have empirically confirmed a positive relationship between promotional opportunities and job satisfaction (Byars & Rue 1991; Cranny et al. 1992; Fincham & Rhodes 2005).

Businesses should respond to employees' desires for growth and advancement. This can be achieved by enhancing training and development programmes, succession management systems, and other approaches for investing in employees. Lack of transparency in growth opportunities offered within a business often leads individuals to consider other alternatives that offer them concrete signs of progress in relation to their career and personal goals (Hechanova & Franco 2008:24).
Career opportunities for family as well as non-family employees are important for promoting business continuity (Poza 2010:235). However, promotional opportunities for non-family employees working in family businesses are often perceived as limited (Covin 1994:29; Chua, Chrisman & Sharma 2003:97; Tsao, Chen, Lin & Hyde 2009:320). According to Covin (1994:29), as well as Poza (2007:67), highly qualified non-family members may be reluctant to accept a job in a family business because of these perceptions. Similarly, Tsao et al. (2009:320) confirm that family businesses provide limited leadership opportunities for non-family employees.

Compared to non-family businesses, family businesses provide limited leadership opportunities for non-family executives (Kaslow 2006:212; Tsao et al. 2009:320). Highly qualified non-family members are reluctant to accept a job in a family business because they are not members of the controlling family, and perceive career opportunities to be limited (Covin 1994:29; Sonfield & Lussier 2009:198). Aronoff and Ward (2007:37) as well as Davis, Allen and Hayes (2010:1099) assert that non-family employees believe their careers in family businesses are limited because top management positions are reserved for family members only. Furthermore, Gedajlovic, Carney, Chrisman and Kellermanns (2011:9) claim that good non-family employees often leave a family business because they do not have access to top management positions or promotion possibilities. According to Shelton (2010), non-family employees also expect to miss out on promotion opportunities which are often given to less-qualified family members.

Non-family employees further worry that the autocratic management style of family businesses will inhibit their personal development and future prospects (Harvey-Jones 1999:129). Non-family employees may at some stage obtain a management position through gradual promotion within the family businesses, but they are aware that their tenure is normally limited (Blumentritt et al. 2007:325). Poza (2007:208) advises key non-family managers to stay current and competent in order to overcome the impact that nepotism may have on their career opportunities. Poza (2007:67) and Longenecker et al. (2008:135) maintain that family businesses must communicate career opportunities for non-family employees to avoid losing these individuals to other employers.
3.6.9 JOB SECURITY

Job security describes an employee’s subjective feelings about the future security of his/her employment situation. These feelings vary from individual to individual. These job security feelings are the result of real-life experiences in the labour market (Emberland & Rundmo, 2010:452). According to Klandermans, Hesselink and Van Vuuren (2010:4), employees who perceive job insecurity are considered to be less motivated in their jobs.

Employment security is desirable for employees, who rank it as one of the most important factors for their commitment to an organisation. Job security also plays a vital role in reducing employee turnover, as well as maintaining stable employment relationships in organisations. In addition, job security is essential for retaining human capital investment as well as reducing workforce screening and selection costs (Origo & Pagani 2009:547). Employees no longer believe they can depend on businesses for job security, and this belief change has caused a shift in the psychological contract between businesses and their employees (D’Amato & Herzfeldt 2008:929; Origo & Pagani 2009:547).

Hogan and Ragan (1998:186) suggest that the existence of unemployment is one of the main reasons why employees put a high value on job security. The fear of being dismissed would increase if employees knew that they could not quickly and easily find another job. A decline in job security occurs as a result of a general slowdown in economic activity (Givord & Maurin 2004:598; Origo & Pagani 2009:547). In such a context, the number of sectors and companies in trouble increases, as well as the number of employees who lose their jobs. Emberland and Rundmo (2010:452) point out that it is during periods of economic slowdown that businesses may find it necessary to reduce their workforce numbers in order to remain competitive. This often leads to a situation where employees experience elevated levels of insecurity with regard to their occupational future in the business (Emberland & Rundmo 2010:452).

Vlosky and Aguilar (2009:4) stress the importance of understanding the three sets of goals that the vast majority of employees seek in order to feel secure in their jobs:
firstly, equity, which involves being respected and treated fairly in areas such as pay, benefits, and job security; secondly, achievement, which encompasses being proud of one’s job, accomplishments, and employer; and thirdly camaraderie, which embraces good, productive relationships with fellow employees. A secure work environment exists when employees do not fear that their jobs will be in jeopardy if their performance is not perfect, and where layoffs are considered an extreme last resort, not just another option for dealing with hard times (Vlosky & Aguilar 2009:4).

According to several authors (Baron, 1983:214; Byars & Rue, 1991:433; Yousef 1998; Theodossiou & Vasileiou 2007:72), a positive relationship exists between job security and job satisfaction. Thus, if an employer provides job security, the employees in the business are more likely to experience job satisfaction, and if they are insecure they will experience frustration (Sharma & Kumar 2001:772).

According to Iqbal (2010:17), a positive relationship also exists between job security and organisational commitment. The positive relationship between job security and organisational commitment is supported by several authors as well (e.g. Buitendach & De Witte 2005:27; Johnson et al. 2010:226; Sambosivan 2010). Employees who feel secure in their jobs are more productive than those who are not (Johnson, Chang & Yang 2010:226). In contrast, employees with perceptions of low job security are more likely to engage in work withdrawal behaviour, and report lower levels of organisational commitment (Buitendach & De Witte 2005:27).

Job security experienced by non-family employees in family businesses may be threatened by the incoming family member generation. Non-family employees fear that when the younger generation joins the business, they could lose their jobs (Devries, 2007). According to Shelton (2010), after years of service to a family business, non-family employees may lose their positions when a new family leader takes over. Fishman (2009:205) explains that having a family member join the family business without prior announcement can be very disheartening, and brings up fears about long-term job security among non-family employees. According to Perry (1999:66), non-family employees feel threatened about training a next-generation family member because they feel trapped by this request for stewardship. Non-family employees often experience job insecurity in circumstances where the owner
of the family business has not undertaken succession planning. Should the successors not be qualified to run the business, the most likely outcome is that the business will be sold (Harvey-Jones 1999:53).

In family businesses the period of transition from one generation to the next is a time of great uncertainty for non-family executives. They are going from the known to the unknown, from a system they understand to one they do not. Non-family executives may even be concerned about their job security and roles of other people they value in the business (Aronoff & Ward 2000:34). Non-family managers are concerned about their job security because leadership is changing. They fear that the new leadership may bring about changes that are going to affect their jobs (Kenyon-Rouvinez & Ward 2005:64).

3.6.10 ORGANISATIONAL STRUCTURE

Three key components are evident in the definition of organisational structure. The key components pertain to both vertical and horizontal aspects of organising (Daft 2009:90) namely:

- Organisational structure designates formal reporting relationships, including the number of levels in the hierarchy and the span of control of managers and supervisors;
- Organisational structure identifies the grouping together of employees into departments, and of a particular department into the total organisation; and
- Organisational structure includes the design of systems to ensure effective communications, coordination, and integration of efforts across departments.

According to Kirst-Ashman and Hull (2009:24), organisational structure refers to the formal and informal manner in which tasks and responsibilities are divided. Organisational structures are created to define responsibility and authority, align decisions, coordinate direction, and create accountability of an organisation. As organisations grow, the competencies, knowledge, and skills of individuals become
increasingly specialised, and consequently coordinating and optimising collective labour becomes ever more complex (Kenyon-Rouvinez & Ward 2005:23).

According to Daft (2009:90), an organisation’s structure is reflected in an organisation chart. An organisation chart is also known as an organigram, and is a visual representation of all the underlying activities and processes in a business. Kirst-Ashman and Hull (2009:24) explain that understanding the organisational structure involves knowing how decisions are made and what chain of command is followed, what procedure regulates service provision to clients, and how employees’ own job expectations fit into the larger scheme of things. Marquis and Huston (2009:267) are of the opinion that managers who understand an organisation’s structure and its relationship with employees, are able to expedite decisions, and have a greater understanding of the organisation’s environment. An organisational chart is useful in understanding how a business functions because it shows the various parts of the business, how they are interrelated, and how each position and department fits into the whole (Daft 2009:90; Marquis & Huston 2009:267). Lastly, an organisational chart helps to identify roles and the expectations of employees (Marquis & Huston 2009:267).

Several authors have linked organisational structure to organisational commitment (e.g. Mathieu & Zajac 1990:171; Mayer & Schoorman 1998:17; SamGnanakkan 2010:41). For example, Dex and Smith (2001:5) assert that internal organisational factors such as structure and policies are related to organisational commitment. Van der Heyden, Blondel and Carlock (2005:12) state that explicit agreements and policies ensure that decision-making processes are executed in a consistent manner, contributing to commitment and trust in family businesses.

The organisational structure or framework for making decisions and facilitating the orderly running of a family-owned business is known as its governance structures (Aronoff and Ward 1994:39). Governance structures represent the means by which direction and control are applied to the stewardship of an organisation’s assets (both tangible and intangible as well as financial and non-financial) in the pursuit and delivery of the primary objective of sustainable value creation (Hough, Thompson, Strickland & Gamble 2008:173).
According to Tápies and Ward (2008:84), family business governance refers to the system of structures and processes that enable the efficient long-term directing, controlling and accounting of the family business. These structures and processes are put in place at the highest level of the business, family and ownership, to enable decision-making, accountability and control (Kenyon-Rouvinez & Ward 2005:45).

Governance structures set the standards for how the business operates and how people within it conduct themselves (Aronoff, Astrachan, Mendosa & Ward 1997). It is through these structures that managers, shareholders and other family members can assert their legitimate interests and concerns, and it is by these means that policies, procedures and codes of conduct are decided (Lansberg 1999:8).

According to Kenyon-Rouvinez and Ward (2005:45) as well as Hough et al. (2008:175), there are several benefits of business governance, namely that it increases the value of a business; fosters a spirit of enterprise; gives confidence to the market; enhances the reputation of a business; improves efficiency; encourages innovation; improves competitive advantages; meets financial, legal and statutory obligations; facilitates transparency and trust; and fosters shareholder commitment.

Governance structures consist of formal structures, systems and procedures that provide a framework for decision-making and planning, the orderly running of the business, and authority and accountability (Aronoff et al. 1997:39). Governance structures include a formal board of directors or advisers that provide formal structure for discussing business issues; a written business plan; explicit succession criteria contained in a proper succession process that has been discussed with key stakeholders; and a formal document describing the relationship between the business and the family, such as a family creed or constitution (Venter & Boshoff, 2007:50).

Kets de Vries, Carlock and Florent-Treacy (2007:56) suggest that family businesses should use flexible organisational structures because flexibility helps to exploit new opportunities when uncertainty exists regarding the opportunity and risks involved. Blumentritt et al. (2007:322) also advise family businesses to learn how they may
create structures and systems that provide non-family employees with the best chance to succeed.

In some family businesses the organisational structure is such that the business is managed by non-family executives, with family members serving as executive directors responsible for different business units (Kets de Vries et al. 2007:55). Kets de Vries et al. (2007:55) are of the opinion that responsibility sharing between family and non-family executives, board members, and even family owners, is often based on mutual trust and support, rather than a predetermined organisational structure. The rational-legal models of the family business are, however, typically silent on the role of trust and altruism in decision-making and choice of organisational structure (Phan & Butler 2008:6).

The involvement of outsiders/non-family professionals in the governance and management structures of the family businesses brings objectivity to a family business' decision-making processes. An outside board or advisory board can be especially helpful when ownership of the family business is transferred to the next generation. The board can provide continuity and experienced counsel for younger managers (Zwick & Jurinski 1999:63; Poutziouris, et al. 2006:271; Pendergast 2006:49). However, many family businesses are small and do not have a formal board of directors in place. The reason for this is a perceived lack of need, or because they have not made the effort to construct one. Advisory boards are more common among small family-owned businesses (Blumentritt 2006:66).

3.6.11 LEADERSHIP

In the context of a family business, a leader plays the same role as a supervisor in a non-family business. This role is to help subordinates attain their goals effectively, and provide them with the necessary direction and support to achieve satisfaction in their job (Yiing & Ahmad, 2009:54). For this reason leadership and supervision are used interchangeably for the purposes of this study.

According to Aronoff and Ward (2005:1), leadership entails the ability to create a way to move forward, and to inspire others to follow a designated path. Leadership does
not always involve moving a business towards achieving a goal, and sometimes it is required before there is a goal. Leadership is focused on making things happen and getting things done. Leadership in a family business requires knowledge, experience, good judgement, interpersonal skills and credibility, as these relate to the business and business decisions. Leadership further needs to be focused primarily on the vision and strategy that are needed to attain a vision (Aronoff & Ward 2005:4).

Committed leadership that is willing to model desired changes and drives fear out of an organisation, is critical for business success (Pierce & Dunham 1987:164; Chawla & Renesch 2006:96; Iqbal 2010:17). Committed leaders are essential in fostering a business’s shared vision, aligning all components in pursuit of that vision, and building commitment to the vision at all levels of the organisation (Chawla & Renesch 2006:96). Good leadership depends on responsible followers. Leaders cannot implement decisions or plans without the cooperation and support of many others who are in a position to influence the outcome of the process, or even derail it (Farrington 2009:167).

Exemplary leaders engage in the following five practices (Kouzes & Posner 2003:9):

- model the way;
- inspire a shared vision;
- challenge the process;
- enable others to act; and
- encourage the heart.

According to Aronoff and Ward (2005:2), a family business leader should possess the following leadership qualities:

- Appreciation for the fact that different people have different gifts and abilities and therefore what works for one leader may not work for another;
- Recognition that the business environment is changing, and leadership must be prepared to respond to those changes; and
Understanding that families and ownership structures also change over time, and leadership must be able to meet the needs that such changes present.

Sorenson (2000:194) highlights the importance of referent leadership in family businesses which is associated with job satisfaction. A referent leader is someone with whom both family and non-family employees can identify. Sorenson (2000:194) describes a referent leader as a person whom both family and non-family employees can trust and rally around. Such a leader knows the business, inspires loyalty, and makes employees proud to be associated with him/her. Employees will follow these types of leaders because they can communicate attractive visions of the future, demonstrate desirable personal traits, take personal risks, and energise others. These leaders are also known for their unconventional tactics, and can effectively engage members of a business (Offstein, Morwick & Griffith 2009:29). Sorenson (2000:199) concludes that referent leaders enable family businesses to obtain desired outcomes for both the business and the family.

A supervisor refers to the person who oversees an employee’s daily work routine (Yoon & Thye 2000:296). The main goal of a supervisor is to provide subordinates with the necessary direction and support to achieve effectively their own goals as well as those of the organisation (Yiing & Ahmad, 2009:54,56).

According to Leary-Joyce (2010:73), inspirational supervisors engage in:

- Building strong relationships with their people;
- Being consistent;
- Telling the truth; and
- Focusing on the strengths of their employees.

According to Landry et al. (2010:292), the behaviour of a supervisor has a significant influence on the psychological well-being of an employee. Furthermore, the level of organisational and managerial support an employee receives has an influence on an employee’s level of job satisfaction (Yiing & Ahmad, 2009:54,56). Byars and Rue (1991:303) as well as Aamodt (2004:323) assert that the style and the quality of
supervision in a business influence an employee’s level of job satisfaction to the extent that satisfied employees seek to interact with their supervisors and take instructions willingly. If employees find that their supervisors pay individual attention to their problems and provide adequate support for the resolution of their problems, such employees become more satisfied with their jobs (Karatepe & Kilic 2006:241).

3.6.12 OPEN COMMUNICATION

Organisational communication is the process by which information is exchanged and understood by two or more people, usually with the intention to motivate or influence behaviour (Bagraim et al. 2007:163). According to De Nobile and McCormick (2008:102), organisational communication refers to the extent to which employees within an organisation give and receive messages. Sharma and Kumar (2001:645) assert that communication is generally understood as spoken or written words. However, communication includes all direct or indirect, consciously or unconsciously, transmitted words, attitudes, feelings, actions, gestures and tones. Even silence is an effective form of communication. Communication can be conceptualised in terms of its openness, in which open communication is the extent of free flow of information, including opinions and points of view among employees (De Nobile & McCormick 2008:102). Sharma and Kumar (2001:645) suggest that for communication to be effective, it must always be a two-way process. Two-way communication has a back-and-forth pattern. The speaker sends a message and the receiver sends responses to the speaker.

Communication in the workplace is very important. However, with many people involved, all with different personalities and levels of understanding, communication can be difficult, and misunderstandings can arise (Murphy 2007). Communication forms an important part of each and every organisation irrespective of whether the message moves parallel, upwards or downwards in the organisation. Workplace communication is essential for better coordination and maintaining good working relations (Deshmukh 2008; De Nobile & McCormick 2008:102). According to Dresp-Langley (2009:416), communication is the most essential medium for translating ethical core values into action. Communicating the strategic plan, business mission,
vision and value statement to employees, helps them to devise plans to achieve their goals within set parameters (Mazzola & Kellermanns 2010:170).

Evidence exists (e.g. Koike, Gudykunst, Stewart, Ting-Toomey & Nishida 1988:98; Sharma & Kumar 2001:648; De Nobile & McCormick 2008:106) to suggest that open communication influences the level of employee job satisfaction. Several studies have revealed that employees are strongly committed to an organisation if adequate information to perform their tasks is communicated to them (Postmes, Tanis & De Wit 2001; Brunetto & Farr-Wharton 2004; Zain & Ishak 2009).

Communication is the essence of relationships, and at the heart of the entire communication process is the creation of trust (Flören 2002:36; Van der Merwe & Ellis 2007:26). Good communication among stakeholders is fundamental to effective fair process or procedural justice in family businesses (Sudaramurthy 2008:97).

Despite the importance of open communication in family businesses, there appears to be a lack of objectivity in communications with non-family employees in family businesses. Non-family employees get less direct positive feedback, and non-family managers often do not receive important information in time (Flören 2002:36). Non-family employees regularly complain about a lack of voice with respect to family business decisions, leading to frustration and lower commitment on their part (Van der Heyden et al. 2005:10). According to Chua et al. (2003:103), to earn the loyalty and commitment of non-family managers, family businesses must communicate the interests of the family to them, and seek to understand their interests as well. Family business owner-managers thus need to adopt open-door policies and allow non-family employees to freely express any concerns they may have (Devries 2007:42).

It is therefore essential for members of a family business, whether they are family or not, to invest time and effort into learning skills such as listening, making presentations, dealing with confrontations, and managing meetings (Ward 2004:158).

Poor communication is a common problem in family businesses, and the absence of adequate channels of communication is a profound source of conflict in these businesses. Communication in family businesses is characterised as often being
incomplete and confusing (Flören 2002:36; Van der Merwe & Ellis 2007:26). Open communication in the family and in the business is essential for the continuity and success of the family business (Flören 2002:36; Fishman 2009:198). According to Maas et al. (2005:138), open communication is important for a healthy relationship between the family and non-family employees, and will influence the success of the family business (Aronoff & Ward 1994:18). Family leaders should be open and honest with the non-family employees, and should not create false expectations regarding advancement among them (Maas et al. 2005:138).

Barnett and Kellermanns (2006:842) argue that decision processes in family businesses should be based on facts and rules, and not on personal opinions or preferences. These decisions should be applied consistently and neutrally, and be accompanied by an open communication process characterised by adequate explanations for such decisions. Van der Heyden et al. (2005:10) state that the prime principle of fairness in decision-making processes consists of giving those concerned a voice, ensuring that their views are heard and represented.

3.6.13 PHYSICAL WORKING CONDITIONS

Physical working conditions refer to the surroundings in which employees work (Wallace 2001:708; Business Dictionary 2009). These conditions include aspects such as temperature, air quality, lighting, safety, cleanliness, and noise. Apart from aesthetic considerations, it is sheer good economics to provide the best working conditions possible within the limitations of the finance available (Wallace 2001:708). Since employees spend almost a quarter of their lives in the office, it is reasonable to expect them to be surrounded by a pleasing and functional environment (Balachandran & Chandrasekaran 2009:70).

Wallace (2001:708) emphasises that the work environment exercises a significant influence on the efficiency of employees. Similarly, Kubr (2002:379) is of the opinion that in a productive environment, the physical working conditions greatly influence an employee’s level of job satisfaction. Thus, when hygiene factors are positive, such as when employees perceive that their working conditions are good, barriers to job satisfaction are removed (Furnham 2005:334). If the working conditions of a
particular job are better than those of similar jobs in other businesses, employees will be more satisfied (Sharma & Kumar 2001:772).

The environment in which people work has a significant influence on their level of pride in themselves and the work that they do. This pride results in high levels of job satisfaction (Kinzl, Knotzer, Traweger, Lederer, Heidegger & Benzer, 2005:214). Kinzl et al. (2005:214) in their study concluded that job satisfaction is strongly influenced by one’s working conditions. Byars and Rue (1991:303) as well as Robbins et al. (2003:77) assert that poor physical working conditions lead to poor performance and dissatisfaction among employees.

Good physical working conditions preserve the physical and mental health of employees. As a result, their morale and productivity tend to be high (Wallace 2001:708). According to Hitt, Miller and Cotella (2006:420), employers must provide an internal organisational context that creates the necessary support for employees to function effectively. Robbins et al. (2003:267) further explain that scarce resources directly affect an employee’s ability to perform to the best of his/her ability.

3.7 SUMMARY

The main purpose of this chapter was to identify the factors that influence the levels of Job satisfaction and Organisational commitment for non-family employees. It was noted that it is important for organisations to maintain the maximum level of Job satisfaction as well as Organisational commitment for employees because of the competitive market family businesses are faced with.

To begin with, Organisational commitment was contextualised, which included organisational commitment as a bi-dimensional and as a multi-dimensional concept. The model developed by Meyer and Allen (1991) has been adopted for the purpose of this study. The importance of Job satisfaction as well as Organisational commitment was established and the potential effects of Job satisfaction and Organisational commitment in a family business were discussed. Factors which influence the levels of Job satisfaction and Organisational commitment for non-family
employees in family businesses formed the basis of this chapter, and were established.

After a careful consideration of the existing literature on family businesses and Organisational commitment, as well as the models proposed by several authors it was evident that Job satisfaction and Organisational commitment are achieved in three ways: firstly, relational-based factors focusing on the person-to-person and interrelationships between non-family employees and co-workers as well as within family members. Secondly, Job satisfaction and Organisational commitment is achieved through organisational-based factors relating to factors influencing the ability of non-family employees to perform task assigned to them. Thirdly, there are reward-based factors which relate to recognition that non-family employees experience in a family business.

Chapter 4 will attempt to merge the various relational-based, organisational-based and reward-based factors into a comprehensive theoretical model which describes the conditions essential for the commitment of non-family employees to a family business.
CHAPTER 4

PROPOSED THEORETICAL MODEL: FACTORS INFLUENCING THE LEVELS OF JOB SATISFACTION AND ORGANISATIONAL COMMITMENT

4.1 INTRODUCTION

Various factors influence the levels of job satisfaction and organisational commitment of non-family employees, most of which have been identified and discussed in Chapter 3. For the purpose of this study, the factors influencing the levels of job satisfaction and organisational commitment are categorised into three groups, namely relational-based, organisational-based and reward-based factors. Relational-based factors refer to those factors that influence the dynamics and interaction between people, particularly employees, when they work together. By their nature these relational-based factors also influence family relationships and the interaction between family members and non-family employees. Organisational-based factors relate specifically to those factors that influence the ability of non-family employees to complete the task at hand. Reward-based factors are those factors relating to the rewards and recognition that non-family employees get for their performance in family businesses.

This chapter will present a theoretical model of selected variables or factors that are hypothesised to influence the levels of job satisfaction and organisational commitment of non-family employees working in family businesses. The independent and dependent variables which form the basis of the model, as well as the resulting hypothesised relationships and evidence supporting these relationships, will be discussed.

4.2 THE THEORETICAL MODEL

For the purpose of this study, three main categories of independent variables influencing the levels of Job satisfaction and Organisational commitment of non-family employees are identified, namely relational-based, organisational-based and reward-based variables. Each of these three categories consists of various
components that are hypothesised to influence the levels of *Job satisfaction* and *Organisational commitment* of non-family employees working in family businesses. As such, 15 underlying factors are identified. The hypothesised relationships and proposed theoretical model are depicted in Figure 4.1:

**Figure 4.1: PROPOSED THEORETICAL MODEL: FACTORS INFLUENCING THE LEVELS OF JOB SATISFACTION AND ORGANISATIONAL COMMITMENT**

Relational-based factors
- Open communication
- Fairness
- Trust
- Personal needs alignment
- Interpersonal relationships
- Family harmony

Organisational-based factors
- Nature of the work
- Physical working conditions
- Leadership
- Job involvement
- Organisational structure
- Governance

Reward-based factors
- Job security
- Promotional opportunities
- Compensation

(Source: Researcher’s own construction)

Evidence has been found in both the family business and the organisational behaviour literature to support the relationships hypothesised between the 15 independent variables identified in this study and dependent variables (*Job satisfaction* and *Organisational commitment*). The specific relational-based factors that influence the interaction between non-family employees are *Open communication, Fairness, Trust, Personal needs alignment, Interpersonal relationships* and *Family harmony*. The organisational-based factors include: *Nature
of the work, Physical working conditions, Leadership, Job involvement and Organisational structures and Governance. The reward-based factors are Job security, Promotional opportunities and Compensation. These factors mirror the essential attributes and requirements for Job satisfaction and Organisational commitment for non-family employees in a family business. The support to address these relationships is presented below.

4.3 DEPENDENT VARIABLES

As mentioned above and illustrated in Figure 4.1, the dependent variables in this study are Job satisfaction and Organisational commitment. Sorenson (2000:186), points out that both organisational commitment and job satisfaction are indicators of an employee’s willingness to contribute to the organisation beyond role expectations. According to Lee (2006:187), job satisfaction is a significant predictor of organisational commitment. However, Papini (2007:28) argues that with the importance of job satisfaction to organisations and its inherent connection to organisational commitment, it is only natural to study them simultaneously, no matter what their causal relationship. Consequently, for the purpose of this study, both job satisfaction and organisational commitment will be considered as dependent variables.

For the purpose of this study, Job Satisfaction refers to workers experiencing their involvement in the family business as enjoyable, rewarding and fulfilling, as well as having their job expectations realised. Job satisfaction is crucially important in retaining and attracting well-qualified employees (Mosadeghrad et al. 2008:211) as it leads to an employee valuing a particular job setting enough not to leave it for other than serious reasons (Marrelli & Hilliard 2004:180; Ibrahim & Boerhaneoddin 2010:47). According to Vallejo (2009:138), it is vitally important for family businesses to maintain high levels of Job satisfaction among non-family employees.

With the increased popularity of the concept of organisational commitment, there have been numerous definitions of the construct (Pierce & Dunham 1987:163; Mathieu & Zajac 1990:171; Meyer & Allen 1991:61). While researchers have varied their emphasis, most of them suggest that commitment represents both an attitude
that describes an individual’s linkage to the organisation and a set of behaviours by which individuals manifest that link (Mathieu & Zajac 1990:171; Elizur & Koslowsky 2001:595; Jernigan et al. 2002:564). For the purpose of this study, Organisational commitment refers to employees having pride in an organisation, an emotional attachment and a sense of belonging to the family business, and willingness to put in a great deal of effort to ensure its success. Organisational commitment is a vitally important factor that influences employees’ productivity and an important performance indicator for an organisation (Dirani 2009:193). However, the commitment of non-family employees to the family-owned business in which they work, when not related by blood or marriage, can pose special challenges (Susco 2009).

Although job satisfaction and organisational commitment are both considered as dependent variables in this study, several researchers (Lok & Crawford 2001:609; Jernigan et al. 2002:564; Cullinan et al. 2008:226; Liu & Ramsey 2008:1174) have examined job satisfaction as a factor influencing organisational commitment.

In their study carried out at hospitals on the antecedents of organisational commitment, Lok and Crawford (2001:607) found that job satisfaction has a significant positive influence on organisational commitment, and that job satisfaction is a causal mediator, or partially a mediator, between organisational commitment and other variables influencing organisational commitment (Lok & Crawford 2001:599; Cullinan et al. 2008:226; Liu & Ramsey 2008:1174). Several researchers have suggested that job satisfaction is of special significance to understanding the influence of various other variables on commitment (Byars & Rue 1991:303; Michaels 1994:45; Aamodt 2004:321; Lee 2006:185).

In contrast, Yiing and Ahmad (2009:75) as well as Hirschheim, Heinzl and Dibbern (2009:405) have found no significant relationship between job satisfaction and organisational commitment. Elizur and Koslowsky (2001:594), as well as Mosadeghrad et al. (2008:211) are of the opinion that the links between organisational commitment and job satisfaction are complex and it is not clear which is the precursor of the other. Robbins et al. (2003:418), however, warn that a lack of job satisfaction exists in most South African businesses, which in turn leads to low
levels of employee commitment to performance and achievement of business goals. Based on the contradictory evidence provided above, the following hypothesis is subjected to further empirical testing:

\[ H^1: \text{There is a positive relationship between the level of Job satisfaction of non-family employees working in family businesses and their level of Organisational commitment to the family business.} \]

### 4.4 RELATIONAL-BASED INDEPENDENT VARIABLES

For the purpose of this study, relational-based factors are described as those that relate to the interaction between individuals as well as personal feelings and emotions. The relational-based factors investigated include *Open communication*, *Fairness*, *Trust*, and *Personal needs alignment*. Evidence supporting the hypothesised relationship between these relational-based factors and the dependent variables will be discussed in the paragraphs below.

#### 4.4.1 OPEN COMMUNICATION

In this study, *Open communication* refers to people working in the family business being able to openly communicate and share information with each other. According to Aronoff and Ward (1994:18), Flören (2002:36), and Fishman (2009:198), open communication in a family business environment is vital for the continuity and success of the family business. Good communication enhances effective working relationships and is vital to effective processes in family businesses (Sundaramurthy 2008:97).

In their research examining the effect of communication practices, Brunetto and Farr-Wharton (2004:584) have found that employees’ level of job satisfaction is enhanced when leaders provide a supportive environment where employees are encouraged to interact and speak out about workplace issues. Similarly, ample evidence exists (e.g. Koike *et al.* 1988:98; Sharma & Kumar 2001:648; De Nobile & McCormick 2008:106; Back, Lee & Abbot 2010) supporting a relationship between open communication and the level of employee job satisfaction. This evidence suggests that employees
are more likely to experience job satisfaction if good communication systems are established in an organisation. Back et al. (2010) conclude that management should adopt an open-door policy with respect to communication, to enhance employees' level of job satisfaction.

Poor communication reduces employee commitment and organisational performance (Robbins 2001; Brunetto & Farr-Wharton 2004). Several studies have found a strong positive relationship between communication and organisational commitment (Robbins 2001; Brunetto & Farr-Wharton 2004; Zain & Ishak 2009). In their study examining the effect of communication practices on employee commitment, Brunetto and Farr-Wharton (2004) have found that communication is the strongest of all contextual antecedents of commitment. These authors conclude that communication is important in improving employees' commitment, which in turn influences organisational commitment (Brunetto & Farr-Wharton 2004). Furthermore, a meta-analysis undertaken by Postmes et al. (2001:231) reveals that employees are strongly committed to an organisation if they are given adequate information to perform their task, and this information is presented to them through formal channels. They explain that communication creates the conditions for commitment, and should thus be seen as one of its important antecedents. Brunetto and Farr-Wharton (2004:580) conclude that the manner in which organisational goals are communicated to employees and their role in achieving them, strongly influence their level of commitment to the organisation.

Against this background the following relationships are hypothesised:

\[ H^{2a}: \quad \text{There is a positive relationship between Open communication existing in the family business and the level of Job satisfaction experienced by non-family employees.} \]

\[ H^{2b}: \quad \text{There is a positive relationship between Open communication existing in the family business and the level of Organisational commitment shown by non-family employees.} \]
4.4.2 FAIRNESS

Fairness is crucially important when attracting and recruiting well-qualified non-family employees into a family business (Van der Heyden et al. 2005:7), and is also important for building healthy relations between family and non-family employees (Maas et al. 2005:133). Fairness is also essential in establishing trust and evaluating performance, as well as in establishing commitment to family businesses (Van der Heyden et al. 2005:16; Adendorff et al. 2008:33). Van der Heyden et al. (2005:16), as well as Westhead and Howorth (2006:304) assert that a lack of fairness in the decision and managerial processes governing family businesses is a source of conflict in these businesses, and thus reduce firm performance. In the present study, Fairness refers to employees being treated fairly in terms of promotion, compensation and workload.

Sharma (2004:15), Fujishiro (2005:132), Van der Heyden et al. (2005), and Lambert and Hogan (2009) are of the opinion that fair practices in organisations play an important role in maintaining high levels of employee job satisfaction. According to Fujishiro (2005:132), these findings suggest that when organisations prioritise employees’ happiness by exercising fair practices, such employees over-perform in terms of exceeding the expectations of them. Lambert and Hogan (2009) concur that fair outcomes for employees based on their inputs into the organisation positively influence their level of job satisfaction. Sharma (2004:115), together with Coetzee (2005), maintains that perceptions of unfair treatment among non-family employees are likely to lead to dissatisfaction of these employees and reduce their likelihood of high performance.

Several studies (Beugré 1998:82; Van der Heyden et al. 2005:21; Sholihin & Pike 2009:397; DeConinck 2010:2) concerning fairness at work have reported a significant positive relationship between fair treatment regarding compensation and the level of commitment shown by employees. This is supported by Kacmar et al. (1999) who contend that employees who feel fairly and equitably treated by their employing organisation concerning rewards, will exhibit more commitment than employees who feel cheated by their organisation. According to Sharma (2004:15), an unfair allocation of resources in family businesses influences the level of
commitment of non-family employees. Beugré (1998:82) warns that perceptions of fairness enhance organisational commitment. In other words, employees will be more committed to the organisation if they perceive that they have been treated fairly. In turn, they will have a sense of obligation to repay the organisation through more positive job attitudes (DeConinck 2010:2).

Based on the discussion above, the following relationships are hypothesised:

\( H^{3a} \): There is a positive relationship between Fairness experienced by non-family employees and their level of Job satisfaction in the family business.

\( H^{3b} \): There is a positive relationship between Fairness experienced by non-family employees and their level of Organisational commitment to the family business.

4.4.3 TRUST

Trust is recognised as a positive element in working relationships. Trust enables cooperative behaviour, promotes adaptive organisational forms, and produces harmony as well as stability in an organisation (Pappas & James 2000; Bauer, Grether & Leach 2002:156; Kwon & Suh 2005:27). Dirks and Ferrin (2001) as well as Payan and Svensson (2007:800) suggest that trust reduces uncertainty in a relationship. Trust guides the actions of individuals in ambiguous situations, and guides the individual response to an action carried out in an organisation (Elvin 2005:133). In the present study, Trust refers to employees trusting in each other’s integrity and abilities.

Several studies (Appelbaum et al. 2004; Firth-Cozens 2004; Callaway 2006; Karalis & Dowling, 2010; Wolfe 2010) investigating trust in organisations have reported a significant positive relationship between employee trust and their level of job satisfaction. In her study on health care services, Firth-Cozens (2004) reported that as a result of empowering nurses, higher levels of organisational trust occurred. This higher level of organisation trust in turn resulted in increased levels of job satisfaction as well as organisational effectiveness. Kets de Vries (1993:64) maintains that a lack of trust among employees can affect their level of job satisfaction, motivation and
performance. Furthermore he contends that non-family employees are more likely to experience job satisfaction if they trust the family members they work with, and in turn those family members trust them and each other.

An environment of trust in an organisation must exist before employees will commit themselves to that organisation (Pappas & James 2000; DeConinck 2010:2). Empirical research (Spencer-Laschinger, Finegan & Shamian 2001; Bauer et al. 2002:156) shows that a trusting working environment is positively associated with greater organisational commitment and effectiveness. In their study, Kwon and Suh (2005:27) find support for a positive relationship between the level of trust and the level of commitment shown by employees. Similarly, Choo and Bontis (2002:30) as well as Friman et al. (2002:404) report a positive correlation between the existence of trust and the level of employee commitment. Wong and Sohal (2002:37) assert that relationships characterised by trust are highly valued because the parties concerned will want to commit themselves to one another. According to Sholihin and Pike (2009:402), trust between the employer and employee increases joint problem-solving effectiveness, which in turn increases employee commitment to the organisation.

Based on the preceding discussion, the following relationships are hypothesised:

\[ H^{fa} : \text{There is a positive relationship between the Trust experienced by non-family employees working in family businesses and their level of job satisfaction in the family business.} \]

\[ H^{fb} : \text{There is a positive relationship between the Trust experienced by non-family employees working in family businesses and their level of Organisational commitment to the family business.} \]

4.4.4 PERSONAL NEEDS ALIGNMENT

When employees perceive a fit between their career interests and the opportunities available to them in an organisation, they become devoted to that organisation and make a positive contribution to its success (Sharma & Irvin 2005:21). Personal needs alignment in this study refers to employees being able to realise their personal
goals and ambitions through their involvement in the family business. Kristof-Brown, Zimmerman and Johnson (2005) warn that a mismatch between personal and organisational goals decreases an employee’s level of job satisfaction and increases his/her intentions to quit. Westover et al. (2009:374) suggest that by fulfilling employee needs, employers are taking substantial steps towards improving levels of job satisfaction.

Studies show that an organisation that fulfils its employees’ psychological needs enhances their level of commitment to that organisation (Iqbal 2010:17). Cohen (1992:542) asserts that when a business serves as a vehicle for employees to display their abilities and satisfy their needs, such employees reciprocate with commitment to the organisation. According to Barach and Gantisky (1995), an individual achieves personal need fulfilment to the extent that his/her career needs, wish for personal identity, and life-stage needs are satisfied in the context of the family business. Therefore, a good match between the personal goals and ambitions of non-family employees and the available opportunities in the family business should bring about commitment to the family business (Sharma & Irving 2005). It is therefore hypothesised that:

\[ H_{5a}^{ga}: \quad \text{There is a positive relationship between the Personal needs alignment experienced by non-family employees working in family businesses and their level of Job satisfaction in the family business.} \]

\[ H_{5b}^{ga}: \quad \text{There is a positive relationship between the Personal needs alignment experienced by non-family employees working in family businesses and their level of Organisational commitment to the family business.} \]

4.4.5 CO-WORKERS

As mentioned in Chapter 3, co-workers are discussed from two perspectives in this study, namely relationships with fellow employees (both family and non-family) and relationships between the members of the business. For the purpose of this study, two factors are identified to account for these perspectives, namely Interpersonal relationships and Family harmony.
4.4.5.1 Interpersonal relationships

According to Eadie (2009:3360), co-worker relationships are ideally characterised by both task-orientated and emotional support. Consequently, for the purpose of this study, the factor Interpersonal relationships refers to relationships between co-workers (both family and non-family members) as being characterised by helpfulness, a willingness to listen, a caring attitude, being reliable, and appreciating each other.

Positive interactions between a family and a non-family employee require efforts from both parties (Blumentritt et al. 2007:329). Numerous authors (Aamodt 2004:326; Fritz & Omdahl 2006:134; Ladebo et al. 2008:209) suggest that harmonious interactions between co-workers positively influence an individual's level of job satisfaction. Yoon and Thye (2000:296) and Bagraim et al. (2007:334) share the view that employees should be technically, emotionally and socially supportive of one another. According to Fritz and Omdahl (2006:134), unpleasant working relationships have a negative influence on the levels of job satisfaction experienced by employees. In their study among non-family CEOs in family businesses, Blumentritt et al. (2007:321) concluded that healthy interactions between family and non-family employees are influenced by the orientation of family members towards the business and each other.

The existence of harmonious interactions between co-workers also has a positive influence on an individual's level of organisational commitment (Mathieu & Zajac 1990:171; Robbins et al. 2003:77; Giffords 2009; Iqbal 2010:17). Similarly, Dworkin (1987:31), as well as Perkinson (2002:202), argue that one’s work colleagues have an influence on one’s level of organisational commitment. Based on their research, Tsai, Yen, Huang and Huang (2007) conclude that if businesses would pay more attention to ensuring satisfactory interpersonal relationships among colleagues, employees would be more committed to the business, and would work harder. Based on the discussion presented above, the following relationships are hypothesised:
H6a: There is a positive relationship between Interpersonal relationships in the family business and the level of Job satisfaction experienced by non-family employees.

H6b: There is a positive relationship between Interpersonal relationships in the family business and the level of Organisational commitment shown by non-family employees.

4.4.5.2 Family harmony

In this study, Family harmony refers to the relationships among family members being characterised by cooperation, caring, support, appreciation and concern for each other’s welfare. According to Venter et al. (2009:7), family harmony exerts an indirect positive influence on the future profitability of the business. Malone (1989) maintains that a family business characterised by a high degree of harmony among family members is regarded as one of the most valued environments in which to work. Non-family employees are often caught up in the crossfire between family members, and it is difficult for them to maintain strict neutrality in these family feuds (Maas et al. 2005:132; Longenecker et al. 2008:135; Moore et al. 2008:137). According to Tsai et al. (2007), family and interpersonal relationships influence employees’ level of commitment and job satisfaction. It is therefore hypothesised that:

H7a: There is a positive relationship between Family harmony and the level of Job satisfaction experienced by non-family employees working in the family business.

H7b: There is a positive relationship between Family harmony and the level of Organisational commitment of non-family employees to the family business.

4.5 ORGANISATIONAL-BASED INDEPENDENT VARIABLES

Organisational-based factors can be described as those factors that influence the ability of non-family employees to complete the tasks assigned to them. For the purpose of this study, these organisational-based factors are divided into six
independent variables, namely Nature of the work, Physical working conditions, Leadership, Job involvement, Organisational structure and Governance. Empirical evidence supporting the inclusion of these factors in the theoretical model as well as their hypothesised relationships with Job satisfaction and Organisational commitment will be discussed below.

4.5.1 NATURE OF THE WORK

The nature of the work performed by an employee is important to an organisation because it influences an employee’s behaviour at work (De Witte 2005:28). For the purpose of this study, Nature of the work refers to the job performed by the non-family employee as being autonomous and providing feedback, as well as having task significance, identity and variety. Doing a job that is interesting and challenging reduces the number of days that an employee is likely to be absent from work (Saari & Judge 2004:398; Buitendach & De Witte 2005:28; Fincham & Rhodes 2005:218).

Previous research (Aamodt 2004:323; Chen 2004:434; Locke 2004:56; Saari & Judge 2004:398; Malik, Nawab, Naeem & Danish 2010) has shown that the nature of work done by an employee influences his/her level of job satisfaction. Hitt et al. (2006:408) assert that an employee’s job description must specify the tasks and responsibilities associated with his/her position. In addition, these tasks and responsibilities should be such that they enhance an employee’s level of job satisfaction in the business. High employee satisfaction is a priority for managers who believe that the business has a responsibility to provide employees with jobs that are challenging and intrinsically rewarding (Appelbaum et al. 2004:19). Similarly, Locke (2004:75), Saari and Judge (2004:398), Fincham and Rhodes (2005:218), and Bagraim et al. (2007:334) emphasise that the most effective way for an organisation to promote high levels of job satisfaction among employees is by ensuring that the nature of the job is as interesting and challenging as possible.

In addition, Al-Ahmadi (2009) asserts that satisfaction with the amount of variety and challenge in one’s job influences organisational performance. He explains that a sense of job significance and autonomy enhances an employee’s level of satisfaction in an organisation. In a study on job satisfaction and organisational commitment
among teachers, Malik et al. (2010) conclude that policy makers and academic administrators should undertake whatever measures are necessary to make the job of a teacher as interesting and challenging as possible, as this would enhance their levels of job satisfaction.

According to Meyer and Allen (1991:70), few studies have examined the relationship between the nature of work and organisational commitment. Several studies (Aub`e, Rousseau & Morin 2007; Lambert & Paoline 2008; Giffords 2009; Iqbal 2010:17; SamGnanakkan 2010:41) have, however, reported that the job or role characteristics of an employee influence the level of commitment exhibited by that employee to an organisation. In their study on organisational commitment at correctional institutions, Lambert and Paoline (2008) report that having a job that requires a variety of tasks stimulated employees and influenced their level of organisational commitment. In addition, the more autonomy individuals have in doing their work, the more committed they are to their organisations (Iqbal 2010).

According to Piccolo and Colquitt (2006:330), no research exists supporting a relationship between the five core job characteristics (variety, task identity, task significance, autonomy and job feedback) and organisational commitment. Based on this discussion, the following hypotheses have been formulated:

\[ H_{8a}^{\text{a}}: \quad \text{There is a positive relationship between the Nature of the work performed by non-family employees in family businesses and their level of Job satisfaction.} \]

\[ H_{8b}^{\text{b}}: \quad \text{There is a positive relationship between the Nature of the work performed by non-family employees in family businesses and their level of Organisation commitment.} \]

4.5.2 PHYSICAL WORKING CONDITIONS

According to Wallace (2001:708), the conditions under which employees perform their duties have a great bearing on their general health, efficiency and productivity. Favourable working conditions and a pleasant working atmosphere enable
employees to adapt both physiologically and psychologically to their working environment (Naik & Pradhan 2010).

Significant relationships and positive correlations between variables relating to physical working conditions and the level of employee job satisfaction have been reported in numerous studies (Wai, Ching & Rahim n.d.; Byars & Rue 1991:303; Robbins et al. 2003:77; Kinzl et al. 2005:214). According to Papanastasiou and Zembylas (2005:151), employees who are not satisfied with their physical working conditions are more likely to leave their jobs. Similarly, Byars and Rue (1991:303), as well as Robbins et al. (2003:77), point out that poor working conditions lead to poor performance and dissatisfaction among employees. Several other studies have also found a positive relationship between physical working conditions and job satisfaction (Macdonald 1999; Tye & O’Brien 2002; Papanastasiou & Zembylas 2005:151; Hitt et al. 2006:420). According to these authors, supportive physical working conditions are an important aspect for job satisfaction, since improved working conditions increase employee productivity and therefore influence their level of job satisfaction (Byars and Rue 1991:303; Wallace 2001:708; Papanastasiou & Zembylas 2005:151; Naik & Pradhan 2010:2). Naik and Pradhan (2010) conclude that working conditions should therefore be compatible with employees’ physical comfort, since these conditions play a vital role in enhancing their level of job satisfaction, as well as their productivity. Sharma and Kumar (2001:772) also suggest that if the working conditions on the job in the business are better than similar jobs in other businesses, the employees will be more satisfied.

Studies show that an organisation that provides a better working environment enhances the level of commitment shown by employees to that organisation (Iqbal 2010:17; Luo 2010). For the purpose of this study, Physical working conditions refer to a working environment with adequate and suitable conditions, resources, information and equipment. Based on the discussion above, the following hypotheses have been formulated, and are subjected to further empirical testing:
There is a positive relationship between the Physical working conditions experienced by non-family employees working in family businesses and their level of Job satisfaction in family businesses.

There is a positive relationship between the Physical working conditions experienced by non-family employees working in family businesses and their level of Organisational commitment shown to the family businesses.

4.5.3 LEADERSHIP

Good leaders are important to an organisation because they are able to manipulate elements of an organisation’s history and tradition. In addition, good leaders provide direction to help maintain the culture of such organisations (Lok, Westwood & Crawford 2005:497). In the present study, Leadership refers to the leaders of the family business as having a participatory leadership style as well as being knowledgeable and visionary.

According to Barling, Weber and Kelloway (1996), strong leadership positively influences job satisfaction. Similarly, in his study on attitudes to work, Savery (1994) has reported a positive relationship between leadership and job satisfaction. According to Byars and Rue (1991:303), as well as Aamodt (2004:323), the style and quality of a supervisor in an organisation affects an employee’s level of job satisfaction. An employee with a high degree of job satisfaction will seek to interact with the supervisor and take instructions willingly (Byars & Rue 1991:303). In addition, the level of organisational and managerial support an employee receives has an influence on his/her level of job satisfaction (Yiing & Ahmad 2009:54,56).

Good leaders are essential to fostering a business’s shared vision, aligning the business components in pursuit of that vision, and building commitment to the vision at all levels of the organisation (Chawla & Renesch 2006:96). Ample evidence exists suggesting a positive relationship between leadership and organisational commitment (Mathieu & Zajac 1990; Rai & Sinha 2000; Lok & Crawford 2004; Lok et al. 2005; Yiing & Ahmad 2009). In their study identifying the relative strength of leadership on commitment Lok et al. (2005) report a significant positive relationship between leadership and organisational commitment.
According to Vallejo (2009:138), good leaders contribute to family business success, thereby leading to higher levels of commitment among non-family employees. Al-Ahmadi (2009) asserts that employees who perceive their supervisors as adopting consulting behaviour and having participating leadership styles, are more committed to their jobs. Although leadership has been found to be significantly positively related to organisational commitment (e.g. Mathieu & Zajac 1990; Rai & Sinha 2000; Lok & Crawford 2004; Yiing & Ahmad 2009), Lok et al. (2005:498) argue that empirical studies on this relationship are limited. In a study on the contribution of leadership styles and practices, Sorenson (2000) has found that expert leadership does not influence either employee satisfaction or commitment. However, he concludes that referent, and in particular, participative leaders, enable family businesses to achieve desired family and business outcomes. Based on the evidence presented above, it is hypothesised that:

\[ H^{10a} : \text{There is a positive relationship between the Leadership in the family businesses and the level of Job satisfaction experienced by non-family employees.} \]

\[ H^{10b} : \text{There is a positive relationship between the Leadership in the family businesses and the level of Organisational commitment shown by non-family employees.} \]

4.5.4 JOB INVOLVEMENT

For the purpose of this study, Job involvement refers to the opportunity to be heard and involved in decision-making, management, setting business goals, and strategic planning. The job involvement of non-family employees can be vital in dealing with succession planning, enhancing a family business’s chances of long-term survival, and setting strategic direction for the business (Chua et al. 2003:103; Poza 2007:215; Sundaramurthy 2008:94). The empirical results of Sorenson (2000:198) suggest that a willingness to involve and acquire the expertise of experienced professionals is a characteristic of effective family businesses.

Word and Park (2009) suggest that an employee’s involvement in a job is dependent on the extent to which his/her job satisfies his/her own needs. Both anecdotal and
empirical evidence provide support for a positive relationship between job involvement and job satisfaction (Baron, 1983:214; Kreitner et al. 1999:199; Husain, Hussain & Khan 2010:263). For example, in their study on bus drivers, Mathieu and Farr (1991:130) report a significant positive correlation between job involvement and job satisfaction. According to Bagramian et al. (2007:62) as well as Kramer (2010:135), employees with high levels of job involvement truly enjoy their work, strongly identify with their jobs, and perceive job performance to be important to their self-worth. Similarly, Schermerhorn (2009) suggests that employees with high levels of job involvement psychologically identify with their jobs. Lambert and Hogan (2009), as well as Back et al. (2010) assert that empowering employees in the decision-making process will lead to higher self-esteem, which results in greater levels of job satisfaction.

Empirical evidence also exists supporting a positive relationship between job involvement and organisational commitment (Mathieu & Zajac 1990:171; Sorenson 2000:194; Harris, Reid & McAdam 2004:50). Governder and Parumasur (2010:239) maintain that job involvement means the kind of cooperation and commitment that results in people finding significance and achievement in their work. Both Sorenson (2000:194) and Harris et al. (2004:50) argue that it is important to involve employees in decision-making processes because involving them has been found to increase employee commitment, responsibility and effort, and ultimately the performance of the business. Being involved in decision-making allows employees to shape the organisation and makes them feel that they are valued by the organisation (Lambert & Hogan 2009). Furthermore, Parsons and Broadbridge (2006:124) maintain that being involved in decision-making and having responsibility increases levels of organisational commitment. According to Fincham and Rhodes (2005:431), involving employees in the setting of goals for the business enhances their commitment and loyalty. Leary-Joyce (2010:72) asserts that being able to take responsibility in the workplace delivers real commitment to the business because employees feel they have added value to the business. On the other hand, employees who are uninvolved in their jobs demonstrate a lack of commitment to the organisation (Ekore & Onomerike 2004:126). Based on the preceding discussion, the following hypotheses are formulated:
$H^{11a}$: There is a positive relationship between the Job involvement of non-family employees and their level of Job satisfaction in the family business.

$H^{11b}$: There is a positive relationship between the Job involvement of non-family employees and their level of Organisational commitment to the family business.

4.5.5 ORGANISATIONAL STRUCTURE

In this study, Organisational structure refers to clearly demarcated areas of authority and responsibility, as well as reporting relationships existing in the family business.

Ample evidence exists to support a positive relationship between organisational structure and organisational commitment (e.g. Mathieu & Zajac 1990:171; Mayer & Schoorman 1998:17; SamGnanakkan 2010:41). For example, Dex and Smith (2001:5) claim that employee commitment is related to internal organisational factors such as the structure and policies of the organisation. In addition, explicit agreements and policies ensure that decision-making processes are executed in a consistent manner, contributing to commitment and trust in the family business (Van der Heyden et al. 2005). Similarly, Holland and Ritvo (2008:126) posit that clearly-worded personnel policies that describe job expectations and criteria, are at the foundation of improving job satisfaction. Furthermore, in their study of prison healthcare staff, Garland and McCarty (2009:201) concluded that the level of job satisfaction in the healthcare units could be enhanced through an improved prison organisational structure.

Based on the preceding discussion, it is hypothesised that:

$H^{12a}$: There is a positive relationship between the Organisational structure in family businesses and the level of Job satisfaction experienced by non-family employees in the family business.

$H^{12b}$: There is a positive relationship between the Organisational structure in family businesses and the level of Organisational commitment shown by non-family employees to the family business.
4.5.5.1 Governance

According to Aronoff and Ward (1994:39) and Tápies and Ward (2008), governance is one of the aspects that describe the organisational structure in family businesses. Consequently, for the purpose of this study, Governance although seen as an underlying component of organisational structure, is considered as a separate factor. In the present study, Governance structures refer to a formal board of directors, policies, written plans and regularly scheduled meetings existing in the family business. Several authors have identified governance as important for the effective running of the family business (Aronoff et al. 1997; Lansberg 1999:8; Hough et al. 2008:173). Governance structures set the standard and controls for how the business operates and how the people within it conduct themselves (Hough et al. 2008:173).

H13a: There is a positive relationship between the existence of Governance structures in family businesses and the level of Job satisfaction experienced by non-family employees working in the family businesses.

H13b: There is a positive relationship between the existence of Governance structures in family businesses and the level of Organisational commitment shown by non-family employees to the family businesses.

4.6 REWARD-BASED INDEPENDENT VARIABLES

Reward-based factors are those factors relating to the rewards and recognition that non-family employees get in return for their inputs into the family business. Three factors have been identified in this study as reward-based factors, namely Job security, Promotional opportunities and Compensation. Empirical evidence supporting the inclusion of each of these factors in the theoretical model as well as the hypothesised relationships will be discussed in the following sub-sections.

4.6.1 JOB SECURITY

Job security plays an important role in influencing employee turnover, the physical and psychological wellbeing of an employee (Yousef 1998; Origo & Pagan
Employees who perceive less job security are considered to be less motivated in their jobs (Klandermans et al. 2010:4). For the purpose of this study, Job security refers to an employee feeling safe and secure about the future of his/her job.

Several empirical studies have identified a positive relationship between job security and job satisfaction (Baron, 1983:214; Byars & Rue, 1991:433; Yousef 1998; Heery & Salmon 2000:183; Burchell, Ladipo & Wilkinson 2002:93; Theodossiou & Vasileiou 2007:72). According to Sharma and Kumar (2001:772), employees who experience job security are likely to experience job satisfaction, whereas those who experience insecurity are likely to feel frustrated.

According to Iqbal (2010:17), a positive relationship exists between job security and organisational commitment. This positive relationship is supported by several other authors (Buitendach & De Witte 2005:27; Johnson et al. 2010:226; Sambosivan 2010). Buitendach and De Witte (2005:27) maintain that employees with perceptions of low job security are more likely to engage in work withdrawal behaviour and exhibit lower levels of organisational commitment. Sambosivan (2010) suggests that it is the changes in working life experienced over the past two decades that has caused feelings of insecurity concerning the nature and future existence of jobs among employees. This insecurity has negatively affected the levels of employee commitment to organisations. Based on this discussion, it is hypothesised that:

\[ H^{14a} : \text{There is a positive relationship between the level of Job security experienced by non-family employees working in family businesses and their level of Job satisfaction in the family business.} \]

\[ H^{14b} : \text{There is a positive relationship between the level of Job security experienced by non-family employees working in family businesses and their level of Organisational commitment to the family business.} \]
4.6.2 PROMOTIONAL OPPORTUNITIES

For the purpose of this study, the factor *Promotional opportunities* refers to employees having the opportunity for advancement and promotion in the family business. Opportunities for promotion are important to employees who consider other employment choices that offer them concrete signs of personal growth, when such opportunities are not forthcoming in their current organisations (Hechanova & Franco 2008:24).

Aamodt (2004:328) asserts that the opportunities for challenge and growth that a position holds influence an employee’s level of job satisfaction. Various studies have empirically confirmed a positive relationship between promotion and job satisfaction (Byars & Rue 1991; Cranny et al. 1992; Fincham & Rhodes, 2005). According to Sirin (2009), employees will be satisfied if they reach the ideals in their professions, and will consequently develop positive feeling towards the organisation in which they are employed. Non-cash acknowledgements such as promotions, show an appreciation of employee efforts, inspire employees to try harder, improve productivity, and increase the level of employee job satisfaction (Small Business General 2007). Lambert and Paoline (2008), as well as Lambert, Hogan and Barton (2002), have found that the more promotional opportunities that are provided to empower employees, the more employees will feel satisfied with their jobs. In their study on turnover intentions of information system (IS) auditors, Muliawan, Green and Robb (2009) have found that organisations wanting to retain their IS auditors should provide opportunities for them to satisfy their personal growth needs.

In his study on commitment in professional and non-professional organisations, Wallace (1995) has confirmed the important influence that promotional opportunities have on the levels of organisational commitment exhibited by employees. Several studies (Barnett & Kellermans 2006:847; Giffords 2009) support Wallace’s findings, namely that the promotion opportunities in an organisation positively influence the levels of commitment to that organisation. According to Brunetto and Farr-Wharton (2004:580), employees usually begin their job with a high level of work commitment which tends to fall after a few years, only to increase again as employees are promoted. The study of Lambert and Paoline (2008) reveals that employees who
perceive that they have a career in an organisation are more likely to be committed to the organisation’s goals over the long term. However, when employees are dissatisfied with the promotional opportunities available to them, they are less committed, and will be on the lookout for opportunities elsewhere (Lok & Crawford 2004:321). Lambert and Paoline (2008) conclude that opportunities provided to develop employees contribute to increased levels of organisational commitment. Based on the above discussion, the following relationships are hypothesised:

\[ H_{15a} \]: There is a positive relationship between the Promotional opportunities available to non-family employees working in family businesses and their level of Job satisfaction in the family business.

\[ H_{15b} \]: There is a positive relationship between the Promotional opportunities available to non-family employees working in family businesses and their level of Organisational commitment to the family business.

4.6.3 COMPENSATION

Compensation plays a vital role in attracting, motivating and retaining talented employees. According to Perry (2001:27), as well as Ibrahim and Boerhaneoddin (2010:44-45), compensation encourages effective employees to remain in employment for longer periods of time. Effective employees are of great benefit to an organisation, as are employees who are committed and loyal. In addition, Ibrahim and Boerhaneoddin (2010:44-45) suggest that generous rewards retain employees and ultimately lead to job satisfaction, commitment and loyalty. For the purpose of this study, Compensation refers to salary packages that are competitive.

According to Byars and Rue (1991) and Meisinger (2007), compensation has an influence on the level of job satisfaction in an organisation. Several studies have reported a positive relationship between compensation and job satisfaction (Robbins et al. 2003:77; Aamodt, 2004:323; Fincham & Rhodes, 2005:218; Bargraim et al. 2007:337). In their study, Bowon and Heungshik (2002:52) report a significant positive correlation between compensation and job satisfaction, and conclude that the respondents participating in their study regarded compensation as one of the main contributors to their job satisfaction. According to Harvey-Jones (1999:53),
most employees in family businesses do not expect to own shares in the family business, but are happy as long they are reasonably well paid. Both Poza (2007), and Ceja and Tapies (2009), suggest that lower levels of compensation lead to lower levels of satisfaction among non-family employees working in family businesses. However, in his study on registered psychiatric nurses, Sharp (2008:377) finds that despite the high proportion of participants who reported that they were very dissatisfied with their compensation, a low correlation was found between compensation and job satisfaction. He suggests that a follow-up research examining this finding should be carried out.

Empirical studies have also revealed a positive relationship between compensation and organisational commitment (Cohen 1992:543; Ibrahim & Boerhaneoddin 2010:44; Iqbal 2010:17). From his studies across occupational groups, Cohen (1992:553) has concluded that employees who are highly compensated for their work efforts are more committed to the businesses in which they are employed, than employees who are poorly compensated. According to Kochanski and Ledford (2001:37), the compensation an employee gets is an important measure of his/her performance, and is an important contributor to employee commitment. Furthermore, Döckel et al. (2006:26) emphasise that compensation offers an opportunity for security, autonomy, recognition and an improved self-worth, and conclude that increased feelings of self-worth and importance should lead to increased levels of commitment. Veale (2008) maintains that the compensation received by non-family employees in family businesses influences their decision to continue working in the family business. Similarly, Harvey-Jones (1999) states that when compensation is reasonable, non-family employees are more likely to be committed to the family business. Based on the empirical and anecdotal evidence presented above, the following relationships are hypothesised:

\[ H_{16a}^{16} : \text{There is a positive relationship between the Compensation received by non-family employees and their level of Job satisfaction in the family business.} \]

\[ H_{16b}^{16} : \text{There is a positive relationship between the Compensation received by non-family employees and their level of Organisational commitment to the family business.} \]

4.7 INFLUENCE OF DEMOGRAPHIC VARIABLES ON THE DEPENDENT AND INDEPENDENT VARIABLES

Although the primary objective of this study is to identify the factors influencing the job satisfaction and organisational commitment levels of non-family employees working in family businesses, the relationships between selected demographic variables and the various independent and dependent variables are also examined.

**Gender:** In their study, Paula and Phua (2011:142) have found that the levels of job satisfaction experienced were the same for both male and female academics. However, Sabharwal and Corley (2009) have found that male respondents had significantly higher levels of job satisfaction than their female counterparts. According to Qiao, Khilji and Wang (2009), results indicate that gender has a significant influence on the level of organisational commitment shown by employees.

**Age:** Paula and Phua (2011:149) report that job satisfaction increases with age. In addition, Qiao, Khilji and Wang (2009) contend that age directly relates to organisational commitment, indicating that younger employees are less committed than older employees to their current organisation. Similarly, Iqbal (2010) finds that older workers are more likely than younger workers to experience higher levels of organisational commitment.

**Tenure:** In their study, Oshagbemi (2000) has found that the job satisfaction of university teachers was significantly positively correlated with the length of employment of respondents. In addition, organisational commitment is usually stronger among long-term employees (Iqbal 2010). Similarly, Meyer et al. (2002) have found a significant positive relationship between organisational commitment and organisational tenure. Meyer et al. (2002) further suggest the possibility that the longer a person works in an organisation, the more feelings of responsibility for outcomes relevant to them increase.

**Position:** Empirical evidence exists (Oshagbemi 2003; Paul & Phua 2011:149) supporting the notion that the position held by an employee has a significant influence on their level of job satisfaction. Oshagbemi (2003) finds that the level of
job satisfaction increases with higher-level positions held by employees. These results are consistent with those reported by Paul and Phua (2011:149) who have found a relationship between job satisfaction and job position among academics. In their study, Su, Baird and Blair (2009), find that the position held by employees positively influences their level of organisational commitment.

**Ethnicity:** According to Canales (2008), the level of job satisfaction varies between different racial groups, with Asian Americans experiencing less job satisfaction than Whites and African Americans. On the other hand, Yamini-Benjamin (2006) points out that findings relating to the levels of job satisfaction experienced by different racial groups are inconsistent. The job satisfaction literature on ethnicity has reported White respondents as having higher levels of job satisfaction relative to Blacks respondents; whereas other studies report White individuals as having lower levels of job satisfaction than Black individuals. In contrast, other studies have reported no significant differences between job satisfaction and different racial groups (Yamini-Benjamin 2006).

Based on the discussion above, it was decided to test whether relationships exist between certain demographic variables and the levels of Job satisfaction and Organisational commitment of non-family employees working in family businesses, as well as between certain demographic variables and the factors influencing these Job satisfaction and Organisational commitment levels. Against this background, the following relationships are hypothesised:

\[ H^{0a}: \quad \text{There is no relationship between Demographic variables and the levels of Job satisfaction experienced by non-family employees.} \]

\[ H^{0b}: \quad \text{There is no relationship between Demographic variables and the levels of Organisational commitment shown by non-family employees.} \]

\[ H^{0c}: \quad \text{There is no relationship between Demographic variables and the relational-based variables under investigation.} \]

\[ H^{0d}: \quad \text{There is no relationship between Demographic variables and the organisational-based variables under investigation.} \]

\[ H^{0e}: \quad \text{There is no relationship between Demographic variables and the reward-based variables under investigation.} \]
4.8 SUMMARY

A theoretical model hypothesising relationships between the factors influencing the levels of Job satisfaction and Organisational commitment levels of non-family employees working in family businesses was proposed in this chapter. This theoretical model and hypothesised relationships were based on a review of organisational behaviour and family business literature.

For the purpose of this study, three main categories of independent variables influencing the levels of Job satisfaction and Organisational commitment were identified. These categories were labelled relational-based, organisational-based and reward-based factors. The relational-based factors identified were Open communication, Fairness, Trust, Personal needs alignment, Interpersonal relationships and Family harmony, and the organisational-based factors were Nature of the work, Physical working conditions, Leadership, Job involvement, Organisational structure and Governance. The third category of factors was described as reward-based, and included Job security, Promotional opportunities and Compensation. Each of these three categories consisting of several underlying independent variables was hypothesised as influencing the levels of Job satisfaction and Organisational commitment of non-family employees working in family businesses. Anecdotal and empirical evidence from both organisational behaviour and the family business literature was presented to support these relationships hypothesised between the 15 underlying independent variables and the dependent variables Job satisfaction and Organisational commitment. Several hypotheses were also formulated and empirically supported to test the relationships between demographic variables and the dependent and independent variables under investigation in this study.

Chapter 5 will present the research methodology adopted to achieve the objectives of the study. Specific attention will be given to describing the sample and sampling technique, the data collection method, the reliability and validity of the measuring instrument, and the statistical techniques employed to analyse the data.
CHAPTER 5

RESEARCH METHODOLOGY

5.1 INTRODUCTION

The primary objective of this study is to identify the factors that impact on the levels of *Job satisfaction* and *Organisational commitment* experienced by non-family employees working in family businesses. This chapter provides an overview of the research methodology adopted to address this primary objective. Firstly, a description of the population and the sample to be studied will be provided. Furthermore, the sampling technique adopted will be identified and justified. The independent and dependent variables will be operationalised and an explanation of how the measuring instrument was developed and administered will follow. The techniques employed to assess the validity and reliability of the measuring instrument will be discussed, and finally a brief description of the statistical techniques used to analyse the data will be given.

5.2 QUANTITATIVE TESTING AND ANALYSIS

5.2.1 POPULATION STUDIED

Hair, Celsi, Money, Samouel and Page (2011:165) define a population as a complete group of objects or people relevant to a research purpose. In this study, however, the population or complete body of non-family employees in South Africa was not available. Despite the large number of family businesses in South Africa, no records exist distinguishing family businesses from non-family businesses (Venter 2003:220; Van der Merwe & Ellis 2007:27; Van der Merwe 2009:54). Given that no list of family businesses exists in South Africa, it is even less likely for a list of non-family employees working in family businesses to exist. Previous studies on family businesses have, however, led to the development of several databases (Venter 2003; Farrington, 2009; Eybers 2010). These databases were used to get the sampling process underway in this study.
5.2.2 SAMPLE UNIT AND SAMPLING METHOD

A sample refers to a subset of a population or group that is selected for research and to represent a population (Bryman & Bell 2007:732). According to Cooper and Schindler (2009:239), as well as Hair et al. (2011:166), a sampling unit is a comprehensive list of the elements from which the sample is drawn. These elements could be people, businesses or any logical unit relevant to the study’s objective. Non-family members working in family businesses were selected as respondents and are thus the sampling units in this study.

There are two approaches to choose from when selecting a sampling method, namely probability sampling and non-probability sampling. According to Zikmund (2003:379) and Kelly (2009:65), probability sampling rests on an assumption that all elements in the population have an equal chance of being selected. Non-probability sampling, on the other hand, takes place when personal judgement or convenience forms the basis for selection (Zikmund 2003:379). Probability sampling includes techniques such as simple random, systematic, cluster and stratified sampling (Bryman & Bell 2007:185; Mouton & Prozesky 2009:189), whereas non-probability sampling includes techniques such as convenience, judgement, quota, snowball and purposive sampling (Burns & Burns 2008:202).

For the purpose of this study convenience snowball sampling was used. Convenience sampling, also known as opportunity sampling, involves the selection of participants based on their availability and willingness to respond (Zikmund 2003:380; Burns & Burns 2008:302; Gravetter & Forzano 2009:141). In comparison with probability sampling techniques, convenience sampling is an easier, less expensive and quicker technique that can be used to obtain a large number of completed questionnaires in a short space of time (Zikmund 2003:380; Gravetter & Forzano 2009:141). Convenience sampling is often used when an alternative does not exist (Burns & Burns 2008:203). Convenience sampling is, however, likely to be biased in some way, with few chances of generalisation to a wider population. Snowball sampling is a non-probability sampling technique in which the researcher makes initial contact with a small group of people who are relevant to the research topic. These people are then used to establish contacts with other possible
respondents (Bryman & Bell 2007:732). This technique is used to locate members of rare populations by referrals (Zikmund 2003:384). According to Gerber-Nel, Nel and Kotzé (2003:128), snowball sampling is done when the names of potential respondents are not readily available or when certain relationships (e.g. between industrial buyers and sellers) need to be determined and measured. Against this background, convenience snowball sampling was chosen for this study.

To get the sampling process underway, family businesses were contacted and requested to encourage their non-family employees to participate in the study. The database developed by previous researchers focusing on family businesses (Farrington 2009; Eybers 2010; Venter 2003) served as the starting point for this contact process. Searches on Google were undertaken to identify additional family businesses that could be approached. Where possible, non-family employees were approached directly and requested to participate. In addition, research contacts and friends across South Africa were asked to identify any family businesses or non-family employees working in a family business. Once identified, family businesses were contacted telephonically and owners requested to pass on the questionnaire to their employees, and also to encourage their staff to participate.

5.2.3 METHOD OF DATA COLLECTION

According to Struwig and Stead (2001:80), data collection is the process by which a researcher acquires subjects and collects information from them in order to answer a particular research question. A researcher may use various data collection techniques to gather the necessary information, including surveys, scales, interviews, observation and/or project techniques. Zikmund (2003:66) states that the survey technique is most often used by researchers to produce primary data. A survey is described as a research method in which data is gathered from respondents by means of a questionnaire. A questionnaire can be administered either in person, by telephone, by mail, at a mall, or through the Internet (Gitman & McDaniel 2009:302). Surveys present researchers with a swift, cost-effective, efficient and accurate means of evaluating information regarding a population (Zikmund 2003:66).
The primary data in this study was gathered by means of a survey. Primary data relating to the factors influencing the levels of *Job satisfaction* and *Organisational commitment* of non-family employees working in South African family businesses was collected. A structured, self-administered questionnaire was made available to respondents via postal mail, email or personal delivery. A self-administered questionnaire is a measuring instrument common to the positivistic research paradigm (Collis & Hessey 2003:66) and is therefore appropriate for this study.

The development of the measuring instrument and operationalising of factors is elaborated on in the paragraphs below. In addition the questions used to determine whether participants are suitable to participate in the study are discussed.

### 5.2.3.1 Instrument development

The measuring instrument consisted of a covering letter and four sections. The cover letter introduced the respondent to the study, explained the purpose of the study and described the type of information being requested. Assurance of confidentiality and instructions on how to complete and return the questionnaire were also given in the cover letter. The survey was sponsored by a registered research unit at the NMMU, namely the Unit of Applied Management Sciences (previously known as the Unit for Applied Business Management). In addition, the official stationery of this unit was used as the template for the cover letter.

Section 1 consisted of 94 statements (items) measuring both the independent and dependent variables. The statements measuring the independent variables described aspects relating to the various relational, organisational and reward-based factors influencing the *Job satisfaction* and *Organisational commitment* levels of non-family employees in family businesses. A 7-point Likert-type scale (1 = *strongly disagree* and 7 = *strongly agree*) was employed, and each respondent was requested to indicate the extent to which he/she agreed with each statement. As far as possible valid and reliable items were sourced from previous studies, but were rephrased to make them suitable for the present study.
In Section 2 of the questionnaire demographic information from respondents was requested. This information related to both the respondent and the family business in which he/she was working. The information requested concerning the respondent included the nature of the position that the respondent held in the family business, the number of years spent working in the family business, and whether the respondent owned any shares in the family business. In addition, information relating to the gender, ethnicity and age of the respondent was requested. The information relating to the family business included the nature of business operations and the number of employees in the business. In Section 3 and 4 of the questionnaire respondents were given the opportunity to make comments regarding the study, and to provide contact details of other non-family employees known to them.

5.2.3.2 Qualifying questions

For the purpose of this study “non-family employees” refers to managers, supervisors and/or administrative staff working in a family business, who are not related by blood, marriage or adoption to the family owners and/or family managers of the business.

In order to ensure that the respondents qualified to participate in the study, Section 2 of the questionnaire included several questions relating to the nature of the business and the respondent’s position in the business. Firstly, respondents were given a definition of a family business and were required to verify whether the business in which they were employed matched that definition or not. Respondents were also asked to indicate the number of full-time employees working in the business, to determine whether it was a small, medium-sized or large family business. Secondly, in order to ensure that they held positions that involved interaction with family members, respondents were requested to identify the position they held in the family business. The above-mentioned qualifying questions thus made it possible to minimise response error.
5.2.3.3 Scale development and operationalisation

According to Csiernik, Birnbaum and Pierce (2010:55), operationalisation refers to the translation of an idea into a measurable construct. Zikmund (2003:294) asserts that operationalisation gives meaning to a concept by specifying the activities or operations necessary to measure it. Cooper and Schindler (2008:35) explain that whether the construct to be defined is physical or highly abstract, the definition must specify the characteristics of the construct and how these characteristics are to be observed. The specifications and procedures must be so clear that any competent researcher using them will be able to classify the construct in the same way (Cooper & Schindler 2009:35).

The scales measuring the factors under investigation have been developed based on items that had proved valid and reliable in previous empirical studies. In some cases the items have been rephrased to make them more suitable to the context of this study. In addition to the references from where the items have been sourced, the operational definitions of each of the factors under investigation will be formulated in the paragraphs below.

(a) Organisational commitment

To develop the scale to measure the dependent variable Organisational commitment, previous studies investigating organisational commitment (Boshoff & Arnolds 1995; Hechanova & Franco 2005; Arnolds 2005; Liu 2007; Eybers 2010) were consulted. Based on these studies, a 6-item scale was developed. One item was developed based on the studies of Boshoff and Arnolds (1995), Arnolds (2005) as well as Hechanova and Franco (2008), three items were from Liu (2007), and two items were from the studies of Boshoff and Arnolds (1995), Hechanova and Franco (2008) and Eybers (2010). The items were rephrased (see below) to make them more suitable for the present study.
Table 5.1: Items measuring Organisational commitment

<table>
<thead>
<tr>
<th>Items</th>
<th>Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. I am proud to tell others that I am employed by this family business.</td>
<td>Boshoff &amp; Arnolds 1995; Arnolds 2005; Hechanova &amp; Franco 2008</td>
</tr>
<tr>
<td>2. I feel a strong sense of belonging to this family business.</td>
<td></td>
</tr>
<tr>
<td>3. I feel emotionally attached to the business.</td>
<td>Liu 2007</td>
</tr>
<tr>
<td>4. This family business has a great deal of personal meaning for me.</td>
<td></td>
</tr>
<tr>
<td>6. I am willing to put in a great deal of effort beyond that which is normally expected of me in order to help this family business to be successful.</td>
<td>Eybers 2010</td>
</tr>
</tbody>
</table>

Organisational commitment is one of the dependent variables in this study, and refers to employees having pride in the business and an emotional attachment and a sense of belonging to it, as well as willingness to put in a great deal of effort to ensure its success.

(b) Job satisfaction

A 5-item scale (see below) was developed to measure the other dependent variable, Job satisfaction. One item was sourced from the study of Dua (1994). The other 4 items were previously used by both Farrington (2009) and Eybers (2010) in their studies on family partnerships. With slight adjustments to the wording, these 5 items were adopted for this study.

Table 5.2: Items measuring Job satisfaction

<table>
<thead>
<tr>
<th>Items</th>
<th>Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. I am satisfied with my job in this family business.</td>
<td>Dua 1994</td>
</tr>
<tr>
<td>2. I enjoy working in this family business.</td>
<td></td>
</tr>
<tr>
<td>3. I experience my involvement in this family business as rewarding.</td>
<td>Farrington 2009; Eybers 2010</td>
</tr>
<tr>
<td>4. I experience my involvement in this family business as fulfilling.</td>
<td></td>
</tr>
<tr>
<td>5. I am satisfied with the way that we work together in this family business.</td>
<td></td>
</tr>
</tbody>
</table>
In this study, *Job satisfaction* refers to non-family employees experiencing their involvement in the family business as satisfying, enjoyable, rewarding and fulfilling.

(c) Open communication

A 5-item scale has been developed to measure the factor *Open communication*. The items developed by Farrington (2009) and Eybers (2010) have been adopted for this purpose. These items have, however, been rephrased to make them more appropriate for the present study.

**Table 5.3:  Items measuring Open communication**

<table>
<thead>
<tr>
<th>Items</th>
<th>Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. I am able to communicate openly in this family business.</td>
<td></td>
</tr>
<tr>
<td>2. People working in this family business share information with me.</td>
<td></td>
</tr>
<tr>
<td>3. I am able to freely express opinions about day-to-day decisions</td>
<td>Farrington 2009; Eybers 2010</td>
</tr>
<tr>
<td>about this family business to co-workers.</td>
<td></td>
</tr>
<tr>
<td>4. I am able to discuss all issues that may arise with others</td>
<td></td>
</tr>
<tr>
<td>working in this family business.</td>
<td></td>
</tr>
<tr>
<td>5. I am able to share information with others working in this family</td>
<td></td>
</tr>
<tr>
<td>business</td>
<td></td>
</tr>
</tbody>
</table>

In the present study, *Open communication* refers to people working in this family business as being able to openly communicate and share information with each other.

(d) Fairness

In order to measure the factor *Fairness*, a 5-item scale was constructed. With minor changes to the wording, to make the items more suited to this study, one item was sourced that was used in the studies of Robbins *et al.* (2003), as well as DeVaney and Chem (2003), and the remaining three items from Farrington (2009). Farrington (2009) reported a Cronbach-alpha of 0.745 for this 3-item factor. In addition, one item was self-constructed.
Table 5.4: Items measuring Fairness

<table>
<thead>
<tr>
<th>Items</th>
<th>Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. In this family business my promotion opportunities are handled fairly.</td>
<td>Robbins et al. 2003; DeVaney and Chem 2003</td>
</tr>
<tr>
<td>2. I am treated fairly in this family business.</td>
<td>Self-constructed</td>
</tr>
<tr>
<td>3. In this family business I am compensated fairly for the work that I do.</td>
<td></td>
</tr>
<tr>
<td>4. In this family business I am rewarded based on merit.</td>
<td></td>
</tr>
<tr>
<td>5. In comparison to my co-workers I have a fair workload in this family business.</td>
<td>Farrington 2009</td>
</tr>
</tbody>
</table>

Fairness, in this study, refers to employees being treated fairly in terms of promotion, compensation and workload.

(e) Trust

In this study, a 4-item scale has been developed to measure the factor Trust. With slight changes to the wording, selected items from the scales of Farrington (2009) as well as Eybers (2010) were used in the development of this scale. Farrington reported a Cronbach-alpha coefficient of 0.959 and Eybers reported a Cronbach-alpha coefficient of 0.905 for their scales in this construct.

Table 5.5: Items measuring Trust

<table>
<thead>
<tr>
<th>Items</th>
<th>Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. I trust the ability of the people working together with me in this family business.</td>
<td>Farrington 2009; Eybers 2010</td>
</tr>
<tr>
<td>2. The people working in this family business trust each other.</td>
<td></td>
</tr>
<tr>
<td>3. I have confidence in the integrity of the people working together with me in this family business.</td>
<td>Farrington 2009</td>
</tr>
<tr>
<td>4. People working in this family business trust me.</td>
<td></td>
</tr>
</tbody>
</table>

For the purpose of this study, Trust refers to employees trusting in each other’s integrity and abilities.
(f) Personal needs alignment

A 6-item scale has been developed to measure the factor *Personal needs alignment* in the present study. The scale was partially based on the literature of Farrington (2009), Eybers (2010), Venter and Farrington (2011) and Kayoki and Lesaoana (2011) among others. In addition, two items from the study by Eybers (2010) were also used. One item was self-constructed. All of the items were rephrased in order to make them more suitable for the present study.

**Table 5.6: Items measuring Personal needs alignment**

<table>
<thead>
<tr>
<th>Items</th>
<th>Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. I can realise my ambitions through my involvement in this family business.</td>
<td>Farrington 2009; Eybers 2010</td>
</tr>
<tr>
<td>2. My involvement in this family business allows opportunities for personal growth.</td>
<td>Self-constructed</td>
</tr>
<tr>
<td>3. My career needs and interests are closely aligned with opportunities within this family business.</td>
<td>Venter &amp; Farrington 2011</td>
</tr>
<tr>
<td>4. In this family business I have the opportunity to develop new skills and capabilities.</td>
<td>Kayoki &amp; Lesaoana 2011</td>
</tr>
<tr>
<td>5. My involvement in this family business allows opportunities for professional development.</td>
<td></td>
</tr>
<tr>
<td>6. I can realise my personal goals through my involvement in this family business.</td>
<td>Eybers 2010</td>
</tr>
</tbody>
</table>

In the present study, *Personal needs alignment* refers to employees being able to realise their personal goals and ambitions through their involvement in the family business.

(g) *Interpersonal relationships*

In the present study, a 6-item scale has been constructed to measure the factor *Interpersonal relationships*. This scale consists of the three items developed by Yoon and Thye (2000) and two items developed by Ducharme and Martin (2000). The remaining item was developed based on the study of Dua (1994) which related to job stressors and their effects at a university. The wording of these items was adjusted to make them more appropriate for the current study.
In the present study, \textit{Interpersonal relationships} refer to relationships among co-workers characterised by getting along well, helpfulness, a willingness to listen, a caring attitude, being reliable, and appreciating each other.

(h) Family harmony

In order to measure the existence of \textit{Family harmony} among family members working in family businesses, a scale of 5 items has been developed. All of these items were derived from previous studies (Sharma 1997; Venter 2003; Farrington 2009) making use of this scale. These items have been re-worded to make them more appropriate for the present study.

Table 5.7: Items measuring Interpersonal relationships

<table>
<thead>
<tr>
<th>Items</th>
<th>Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. In this family business my co-workers are helpful towards me.</td>
<td>Yoon &amp; Thye 2000</td>
</tr>
<tr>
<td>2. In this family business my co-workers are willing to listen to</td>
<td></td>
</tr>
<tr>
<td>my job-related problems.</td>
<td></td>
</tr>
<tr>
<td>3. In this family business I can rely on my co-workers.</td>
<td></td>
</tr>
<tr>
<td>4. In this family business my co-workers care about me.</td>
<td>Durcharme &amp; Martin</td>
</tr>
<tr>
<td>5. In this family business my co-workers appreciate me.</td>
<td>2000</td>
</tr>
<tr>
<td>6. In this family business I get along well with my co-workers.</td>
<td>Dua 1994</td>
</tr>
</tbody>
</table>

In this study, \textit{Family harmony} refers to relationships among family members as characterised by cooperation, caring, support, appreciation and concern for each other’s welfare.

Table 5.8: Items measuring Family harmony

<table>
<thead>
<tr>
<th>Items</th>
<th>Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Family members prefer to cooperate with each other rather than</td>
<td>Sharma 1997; Venter 2003;</td>
</tr>
<tr>
<td>compete with one another.</td>
<td>Farrington 2009</td>
</tr>
<tr>
<td>2. Family members acknowledge each other’s achievements.</td>
<td></td>
</tr>
<tr>
<td>3. Family members support each other.</td>
<td></td>
</tr>
<tr>
<td>4. Family members appreciate each other.</td>
<td></td>
</tr>
<tr>
<td>5. Family members care about each other’s welfare.</td>
<td></td>
</tr>
</tbody>
</table>
(i) Nature of the work

A combination of secondary sources (Kayoki & Lesaoana 2011; Kreitner et al. 1999; Dua 1994; Robbins et al. 2003) was consulted to develop an 11-item scale to measure the factor *Nature of the work*. The wording of these items was adjusted to make the items more suitable to the current study.

**Table 5.9: Items measuring Nature of the work**

<table>
<thead>
<tr>
<th>Items</th>
<th>Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. My job activities in this family business are varied</td>
<td>Kayoki &amp; Lesaoana 2011</td>
</tr>
<tr>
<td>2. My job in this family business is interesting.</td>
<td></td>
</tr>
<tr>
<td>3. My job in this family business is such that I have the chance to</td>
<td>Kreitner et al. 1999</td>
</tr>
<tr>
<td>complete entire tasks from beginning to end.</td>
<td></td>
</tr>
<tr>
<td>4. In this family business others are influenced by how well I do</td>
<td></td>
</tr>
<tr>
<td>my job.</td>
<td></td>
</tr>
<tr>
<td>5. My job in this family business provides me the opportunity to</td>
<td></td>
</tr>
<tr>
<td>completely finish the tasks assigned to me.</td>
<td></td>
</tr>
<tr>
<td>6. In this family business my job itself provides feedback on how</td>
<td>Dua 1994</td>
</tr>
<tr>
<td>well I am performing.</td>
<td></td>
</tr>
<tr>
<td>7. My job in this family business gives me considerable opportunity</td>
<td>Robbins et al. 2003</td>
</tr>
<tr>
<td>for independence in how I do the work.</td>
<td></td>
</tr>
<tr>
<td>8. My job in this family business allows me the freedom to carry it</td>
<td></td>
</tr>
<tr>
<td>out the way that I want to.</td>
<td></td>
</tr>
<tr>
<td>9. In this family business I get regular feedback on how well I am</td>
<td></td>
</tr>
<tr>
<td>doing the job.</td>
<td></td>
</tr>
<tr>
<td>10. My job in this family business is an important one.</td>
<td></td>
</tr>
<tr>
<td>11. My job in this family business is challenging.</td>
<td></td>
</tr>
</tbody>
</table>

In the present study, *Nature of the work* refers to the job as being autonomous and providing feedback, as well as having task significance, identity and variety.

(j) Physical working conditions

In this study a 5-item scale has been developed to measure the factor *Physical working conditions*. This scale was based on the scale of Farrington (2009), who assessed the internal context of Sibling Partnership using a 3-item scale. She reported a Cronbach-alpha coefficient of 0.815 for this scale. In addition, one item previously used in the research of Dua (1994) and Eybers (2010) was used to develop this scale.
Table 5.10: Items measuring Physical working conditions

<table>
<thead>
<tr>
<th>Items</th>
<th>Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. In this family business I have the necessary infrastructure</td>
<td>Dua 1994</td>
</tr>
<tr>
<td>required to do my job effectively.</td>
<td></td>
</tr>
<tr>
<td>2. The physical working conditions (lighting, safety, cleanliness,</td>
<td>Eybers 2010;</td>
</tr>
<tr>
<td>space) in this family business are conducive to me effectively</td>
<td>Farrington 2009</td>
</tr>
<tr>
<td>doing my job.</td>
<td></td>
</tr>
<tr>
<td>3. In this family business I have adequate access to the</td>
<td>Eybers 2010</td>
</tr>
<tr>
<td>necessary equipment required for me to do my job.</td>
<td></td>
</tr>
<tr>
<td>4. In this family business I have adequate access to the</td>
<td>Farrington 2009</td>
</tr>
<tr>
<td>resources required for me to do my job effectively.</td>
<td></td>
</tr>
<tr>
<td>5. In this family business I have sufficient access to the technology</td>
<td></td>
</tr>
<tr>
<td>and information that will enable me to do my job effectively.</td>
<td></td>
</tr>
</tbody>
</table>

In the present study *Physical working conditions* refer to a working environment with adequate and suitable conditions, resources, information and equipment.

(k) Leadership

For the purpose of this study, a 9-item scale has been constructed to measure the factor *Leadership*. This scale was based on the items from the scale developed by Farrington (2009) and Eybers (2010) to measure the factor leadership. Eybers (2010) reported a Cronbach-alpha coefficient of 0.809 for her 4-item scale. Three items developed to measure leadership by Farrington (2009) for her study on Sibling Partnerships in South African small and medium-sized family businesses were also used. The other two items were selected from the scale of Venter and Farrington (2011). All items were re-worded to make them more suitable for the present study.
Table 5.11: Items measuring Leadership

<table>
<thead>
<tr>
<th>Items</th>
<th>Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. The leader(s) in this family business inspires loyalty in me.</td>
<td>Farrington 2009; Eybers 2010</td>
</tr>
<tr>
<td>2. The leader(s) in this family business is considerate of me.</td>
<td></td>
</tr>
<tr>
<td>3. The leader(s) in this family business considers my opinions when making decisions.</td>
<td></td>
</tr>
<tr>
<td>4. The leader(s) in this family business encourages me to voice my opinions.</td>
<td></td>
</tr>
<tr>
<td>5. The leader(s) in this family business has a vision for the family business.</td>
<td>Farrington 2009</td>
</tr>
<tr>
<td>6. The leader(s) in this family business has (have) the ability to effectively lead the business.</td>
<td></td>
</tr>
<tr>
<td>7. The leader(s) in this family business is (are) very knowledgeable concerning the family business operations.</td>
<td></td>
</tr>
<tr>
<td>8. The leader(s) in this family business is (are) supportive of me.</td>
<td>Venter &amp; Farrington 2011</td>
</tr>
<tr>
<td>9. The family leader(s) in this family business has (have) my best interest at heart.</td>
<td></td>
</tr>
</tbody>
</table>

In this study, Leadership refers to leaders having a participatory leadership style, as well as being supportive, knowledgeable and visionary.

(I) Job involvement

A 5-item scale has been developed to measure the factor Job involvement in the present study. A combination of items from the scales of Dua (1994), Farrington (2010), Eybers (2010), as well as Kayoki and Lesaoana (2011), was used as the basis for the development of this scale. In addition, two items of Fincham and Rhodes (2005) and Chua et al. (2003) were included in this scale. The wording of these items was adjusted to make them more suited to the present study.

Table 5.12: Items measuring Job involvement

<table>
<thead>
<tr>
<th>Items</th>
<th>Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. I am included in decision-making in this family business</td>
<td>Dua 1994</td>
</tr>
<tr>
<td>2. In this family business I have the opportunity to form part of the management team.</td>
<td>Farrington 2009; Eybers 2010</td>
</tr>
<tr>
<td>3. In this family business my ideas are heard and given consideration.</td>
<td>Kayoki &amp; Lesaoana 2011</td>
</tr>
<tr>
<td>4. In this family business I have the opportunity to be involved in setting up business goals.</td>
<td>Kayoki &amp; Lesaoana 2011; Fincham and Rhodes 2005</td>
</tr>
<tr>
<td>5. In this family business I have the opportunity to be involved in strategic planning.</td>
<td>Chua et al. 2003</td>
</tr>
</tbody>
</table>
In this study, *Job involvement* refers to the opportunity to be heard and be involved in decision-making, management, setting business goals, and strategic planning.

**(m) Organisational structure**

For the purpose of this study, a 5-item scale has been developed to measure the factor *Organisational structure*. The scale was based on the scales of Eybers (2010) and Farrington (2009). Where necessary the items were re-worded so as to make them more suited to the present study. Two items were self-constructed.

**Table 5.13: Items measuring Organisational structures**

<table>
<thead>
<tr>
<th>Items</th>
<th>Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Clearly demarcated areas of authority and responsibility exist within this family business.</td>
<td>Eybers 2010</td>
</tr>
<tr>
<td>2. Clearly defined division of labour exists within this family business.</td>
<td></td>
</tr>
<tr>
<td>3. No overlapping of responsibilities exists between people working in this family business.</td>
<td>Farrington 2009</td>
</tr>
<tr>
<td>4. I am clear on who I report to in this family business.</td>
<td></td>
</tr>
<tr>
<td>5. I have a clear job description in this family business.</td>
<td>Self-constructed</td>
</tr>
</tbody>
</table>

In the present study, *Organisational structure* refers to clearly demarcated areas of authority and responsibility, as well as clear job descriptions and reporting relationships existing in the family business.

**(n) Governance**

For the purpose of this study, a 4-item scale was developed to measure the existence of *Governance* in family businesses. All of the items were developed based on the scales of Venter (2003) and Farrington (2009). In her study, Farrington (2009) described governance as the overall existence of governance structures, policies and procedures in family businesses. She measured the existence of governance in Sibling Partnership and reported a Cronbach-alpha coefficient of 0.814 for this measure. These items were rephrased to make them more appropriate for the current study.
In the present study, Governance refers to a formal board of directors, policies, written plans as well as regular scheduled meetings existing in the family business.

(o) Job security

In the present study, a 5-item scale has been developed to measure the factor Job security. The scale was partially based on the literature of Dua (1994), Emberland and Rundmo (2010), DeVaney and Chem (2003), as well as Devries (2007) among others. One additional item was also selected from the scales of Harvey-Jones (1999). These items were re-worded and phrased positively where necessary.

Table 5.15: Items measuring Job security

<table>
<thead>
<tr>
<th>Items</th>
<th>Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. In this family business my job is secure.</td>
<td>Dua 1994</td>
</tr>
<tr>
<td>2. My future in this family business is safe.</td>
<td>Emberland &amp; Rundmo 2010</td>
</tr>
<tr>
<td>3. In this family business my job provides me with a sense of security.</td>
<td>DeVane &amp; Chem 2003</td>
</tr>
<tr>
<td>4. My job in this family business is not threatened by incoming family members.</td>
<td>Devries 2007</td>
</tr>
<tr>
<td>5. My job in this family business is not threatened by a lack of succession planning.</td>
<td>Harvey-Jones 1999</td>
</tr>
</tbody>
</table>

In this study, Job security refers to an employee feeling safe and secure about the future of his/her job.
(p) Promotional opportunities

A combination of scales from the studies of Dua (1994) and DeVaney and Chem (2003) has been used in this study to develop a 4-item scale measuring the Promotional opportunities available to non-family employees working in family businesses. Where necessary, these items were rephrased to make them more suited to the present study.

Table 5.16: Items measuring Promotion opportunities

<table>
<thead>
<tr>
<th>Items</th>
<th>Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. There are promotional opportunities for me in this family business.</td>
<td>Dua 1994</td>
</tr>
<tr>
<td>2. I am able to achieve the position that I strive for in this family business.</td>
<td></td>
</tr>
<tr>
<td>3. My opportunities for advancement in this family business are unlimited.</td>
<td>DeVaney &amp; Chem 2003</td>
</tr>
<tr>
<td>4. In this family business I have a good chance of promotion.</td>
<td></td>
</tr>
</tbody>
</table>

In the present study, Promotional opportunities refer to employees having the opportunity for advancement and promotion.

(q) Compensation

For the purpose of this study, a 4-item scale has been developed to measure the Compensation available to non-family employees working in family businesses. Discussion in the literature of Robbins et al. (2003) and DeVaney and Chem (2003) served as the basis for developing this scale. In addition, one item was sourced from the study of Kayoki and Lesaoana (2011). The items were re-worded to make them more appropriate for the current study.
Table 5.17: Items measuring Compensation

<table>
<thead>
<tr>
<th>Items</th>
<th>Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. In this family business my salary is competitive with what I could earn in another business.</td>
<td>Robbins et al. 2003</td>
</tr>
<tr>
<td>2. My compensation in this family business is on the same level as what others would get for similar work in other businesses.</td>
<td>DeVaney &amp; Chem 2003</td>
</tr>
<tr>
<td>3. In this family business my salary is on the same level as someone with a similar education and work background would get in another business.</td>
<td></td>
</tr>
<tr>
<td>4. In this family business I have the same opportunities to earn non-cash rewards (e.g. travel opportunities, paid time off) as I would in another business.</td>
<td>Kayoki &amp; Lesaoana 2011</td>
</tr>
</tbody>
</table>

For the purpose of this study, Compensation refers to salary packages that are competitive.

5.2.4 ADMINISTRATION OF QUESTIONNAIRES

Family business owners and non-family employees working in family businesses, were identified by means of the convenience snowball sampling technique and were contacted telephonically or approached in person between the months of December 2010 and June 2011. Family business owners were requested to ask their employees if they would participate in the study, and non-family members identified were asked themselves. Questionnaires were made available by email, postal mail and hand delivery, depending on their preferred manner of completing the questionnaire.

In addition to the information on the cover letter (as described in section 5.2.3.1), the email letter sent to potential respondents had a questionnaire attached in Microsoft Word format, which respondents would be able to print out and return via facsimile or post. The email letter also contained a web-link that enabled the respondent to access and complete the questionnaire online. The majority of questionnaires were, however, delivered by postal mail, together with a pre-paid, self-addressed envelope to facilitate their return.
Respondents were requested to return their completed questionnaires by 30 June 2011.

5.2.5 SAMPLE SIZE AND RESPONSE RATE

Swanson and Holton (2005:123) together with Niedergassel (2011:172) point out that sample size is an important consideration in Multiple Regression Analysis because the size of the sample affects statistical power as well as the generalisability of the results. Bates (2009:5) states that general guidelines can be found that recommend an observation-to-independent variable ratio of at least 5:1 or 10:1. On the other hand, Niedergassel (2011) indicates a ratio of 20:1 to allow for a generalisability of the results. Bates (2009:5), however, argues that these ratios can be deceiving because of the complexity of the issues involved in identifying appropriate sample size. Swanson and Holton (2005:123) add that attention should also be paid to the expected effect size, power requirements and level of accuracy desired when settling on a desired sample size. Nonetheless, Tinsley and Brown (2000:175) claim that the sample size determination depends on the purpose underlying the specific research project. Wilson (2010:205) asserts that the response rate is the number of respondents agreeing to participate in the study. This number can be represented as a percentage or actual number of the original sample.

The sample in this study consisted of 800 non-family employees. In total 324 questionnaires were returned, of which 280 were usable for further statistical analyses. Therefore, a response rate of 40.50% was realised for this study (see Table 5.18).

<table>
<thead>
<tr>
<th>Table 5.18: Response rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of respondents</td>
</tr>
<tr>
<td>Number of questionnaires distributed</td>
</tr>
<tr>
<td>Total number of questionnaires returned</td>
</tr>
<tr>
<td>Usable questionnaires returned</td>
</tr>
<tr>
<td>Response rate</td>
</tr>
</tbody>
</table>
5.2.6  MISSING DATA

Missing data occurs when questions in the questionnaire are not answered. This happens as a result of a lack of prompting or supervision when respondents answer the questions (Bryman & Bell 2007:243). According to De Vaus (2002:175), Refaat (2007:171), and Al-Subaihi (2008:128), almost all surveys have missing values whereby answers to some questions will be missing. This creates a problem with the variables where information is missing (Al-Subaihi 2008:128; Bryman & Bell 2009:243). De Vaus (2002:175) further explains that when respondents produce missing data, the results of the analysis could be biased because certain types of respondents are under-represented in the analysis of that variable. Babbie (2010:173) postulates that the choice of a method to be used when dealing with missing values depends on the research situation. Both Refaat (2007:173) and Wilson (2010:216) suggest that missing values could be substituted with some value based on the general characteristics of the variable, such as zero or any given value. Another approach that can be used in the case of missing values is to substitute the missing scores for the mean of that variable for all non-missing cases. The mean value is then used for the missing value (Rogelberg 2002:313; Outhwaite & Turner 2007:217). The advantage of this approach is that it is the easiest to understand and implement because it is used in all the cases (Outhwaite & Turner 2007:217). This approach is therefore applicable to the present study. However, before statistically dealing with the missing values, respondents who had information that was missing were identified and contacted by a follow-up phone call or email to obtain the outstanding information. In cases where outstanding information could not be obtained, the mean-substitution approach was applied.

5.2.7  METHOD OF DATA ANALYSIS

Hair et al. (2011:233) advise that before the scores of a construct may be used, it is imperative to test the validity and reliability of the scales measuring that construct. According to Bryman and Bell (2007:40), as well as Hair et al. (2011:233), reliability is concerned with whether the scale measuring a certain construct can yield the same results when used on different occasions. On the other hand, validity relates to
the extent to which the measuring instrument is able to measure what it is supposed
Bryman and Bell (2007:41), as well as McBurney and White (2009:208), define
replication as the repeating of a study in order to see if the same results are found
the second time. If the results obtained during replication differ from the results that
were obtained in the original research, the original research is regarded as invalid
(McBurney & White 2009:208).

In the paragraphs below the reliability and validity techniques employed in this study
will be elaborated on. In addition, the statistical techniques used to analyse the data
will be described.

5.2.8.1 Reliability of the measuring instrument

According to Mouton and Prezesky (2009:119), reliability is a measure of
consistency over time and over similar samples. Thus, reliability implies that if the
same measurement is repeated under identical or very similar conditions, the results
yielded will be the same (Neuman 2006:188; Mouton & Prozesky 2009:119; Gill &
Johnson 2010:216; Hair et al. 2011:233). However, Mouton and Prozesky
(2009:121,123), as well as Cooper and Schindler (2009:455), warn that reliability
does not ensure accuracy of the measuring instrument, hence validity should be
tested. At the same time, a measure that is not reliable can hardly be a valid one
(Hall 2008:174).

A popular approach to measuring reliability is measuring the internal consistency
among the items. Internal consistency refers to the extent to which all the indicators
of a measurement scale are able to measure the same construct, and are highly
correlated (Cooper & Schindler 2008:458). Cronbach’s alpha is a measure of
internal consistency. According to Andrew, Pederson and McEvoy (2011:202),
Cronbach’s alpha is a measure of how well a set of variables or items measures a
single, unidimensional construct. The greater the Cronbach-alpha coefficient, the
more reliable is the scale. A Cronbach alpha coefficient that is greater 0.7 would be
interpreted as reliable and internally consistent (Slaughter 2009:114). According to
Alos, Carter, Ljunggren and Welter (2011:204), Cronbach-alpha coefficients above
0.60 are regarded as acceptable in exploratory research. The reliability of the measuring instrument used in this study will be assessed by means of calculating Cronbach-alpha coefficients.

5.2.8.2 Validity of the measuring instrument

The validity of a measuring instrument refers to the extent to which a measure or set of measures correctly represents the concept of study. It is concerned with how well the concept is defined by the measure(s) (Hair, Anderson, Tatham & Black 1998:90). Cooper and Schindler (2007:720) explain that any differences emerging from the measurement tool mirror the differences between respondents drawn from the population. Neuman (2006:192), however, warns that an instrument that is said to be valid for a particular purpose and definition cannot be used for a different purpose to the one it was intended to measure.

In the present study, construct validity was used to assess whether the measuring instrument used actually measured what it was intended to measure. Mouton and Prozesky (2009:123) define construct validity as the degree to which logical relationships exist among hypothesised variables. As a result, both the theory and the measuring instrument must be taken into consideration when using construct validity (Cooper & Schindler 2007:320). Both Venter (2003:248) and Goodwin (2009:132) point out that a measuring instrument is considered to exhibit construct validity if the scale has both convergent and discriminant validity.

Convergent validity refers to a high correlation between two measures of the same construct. High correlations between the two measures symbolise the validity of the measuring instrument (Schwab 2005:32; Jewell 2011:152). On the contrary, discriminant validity reflects the degree to which an instrument can distinguish between or among different constructs. This form of validity also refers to the ability of an instrument to differentiate among constructs with different levels of characteristic of interest (Jewell 2011:152). Discriminant validity is also the degree to which a construct is unique, and captures some phenomena that other measures do not (Hair et al. 2006:778). The measuring instrument used in this study was developed based on constructs identified in theory. Therefore, assessing the
discriminant validity was an attempt to establish whether the measuring instrument sufficiently discriminated between the constructs in question.

An exploratory factor analysis was done to assess the discriminant validity of the scales measuring the independent variables. The exploratory factor analysis was done individually on each of the categories of independent variables, namely the relational-, organisational- and reward-based factors. Pett, Lackey and Sullivan (2003:3) posit that exploratory factor analysis is a technique used to explain the relationships between independent variables and dependent variables. Factor analysis is used when the research objective is to identify the number of factors and the pattern of factor loadings on the variables (Norris & Lecavalier 2010:8).

The validity of the scales measuring the dependent variables *Job satisfaction* and *Organisational commitment* was assessed by means of a confirmatory factor analysis. Confirmatory factor analysis (CFA) is a factor analysis conducted to test hypothesised factors or to confirm theories about the factors that the researcher expects to find. Thus, CFA is used to assess the extent to which the hypothesised factors fit the data (Pett et al. 2003:4; Reinard 2006:428; Cooper & Schindler 2011:430). CFA further involves testing whether a set of measures continues to exhibit the same factor structures as hypothesised. For example, researchers may use scales that were previously developed for other research (Reinard 2006:428). For the purpose of this study CFA was used to assess the validity of the dependent variables. This method was adopted because previous researchers have found these items to be both valid and reliable.

5.2.8.3 Analysis of the relationships between independent and dependent variables

In order to summarise the sample data, descriptive statistics were calculated. According to Babbie (2010:467), descriptive statistics is a medium for describing data in manageable forms. It is used to numerically describe sample units, phenomena, and other variables of interest (McNabb 2008:153). In the present study, descriptive statistics was used to compute the mean scores, the standard deviation, and the frequency distributions of the responses.
In order to establish the relationships between the various factors under investigation, a Pearson’s Product Moment Correlation was undertaken. Pearson’s Product Moment Correlation, also known as the sample correlation coefficient (Pestman & Alberink 1998:146), is a parametric technique that measures the strength of association between two different variables or bivariate data (Wilson 2010:243; Jackson 2011:159). The Pearson’s Product Moment Correlation coefficient \( r \) varies over a range of +1 through 0 to -1 (Cooper & Schindler 2011:493). The positive sign implies that the variables increase and decrease together (Jackson 2011:159). A larger magnitude implies that there is a strong relationship between two variables (Jackson 2011:159). The magnitude is the degree to which variables move in unison or opposition to each other (Cooper & Schindler 2011:493). Tenenbaum and Driscoll (2005:246) explain that the association between variables becomes stronger when the variables “behave” in a similar manner. Diamantopoulos and Schlegelmilch (1997:199) as well as Wrenn, Stevens and Loudon (2007:258) amplify that a relationship is usually strong if the association measure is larger than 0.8, moderate if between 0.4 and 0.8, and weak below 0.4.

A Multiple Regression Analysis was used to determine the influence of the independent variables under investigation on the dependent variables *Job satisfaction* and *Organisational commitment*. The relationship between *Job satisfaction* and *Organisational commitment* was also assessed, using Multiple Regression Analysis.

A Multiple Regression Analysis is used to find a relationship between a dependent variable and several independent variables (Rubin 2009:231; Wilson 2010:248). It is used to identify which variables in a larger set of variables most influences another variable (Rubin 2009:231) and as such permits the simultaneous investigation of the effect of two or more independent variables on a single dependent variable (Han 2006:125). Similarly, Wheater and Cook (2000:97) as well as Jackson (2011:161) contend that in addition to interpreting the correlation coefficient, it is important to calculate the coefficient of determination \( R^2 \). The coefficient of determination \( R^2 \) describes the proportion of the variation that the two variables have in common (Wheater & Cook 2000:97; Jackson 2011:161), and is calculated by squaring the
correlation coefficient \((r)\) (Jackson 2011:161). If found to be significant, the standardised coefficient, also known as the Beta-coefficient, can be used to assess the relative impact of the independent variables on the dependent variable (Davis 2011:298). The \(t\)-value provides a way to determine whether the relationship between two variables is highly significant (Black 2009:529).

5.2.8.4 Analysis of the effect of demographic variables

The primary objective of this study was to identify the factors that impact on the levels of Job satisfaction and Organisational commitment of non-family employees working in family businesses. In addition, the influence that selected demographic factors have on the levels of Job satisfaction and Organisational commitment was determined. It was hypothesised that the demographic variables would have no influence on the aforementioned variables. In order to investigate these hypotheses, an Analysis of Variance (ANOVA) was undertaken. An Analysis of Variance is a statistical test used to determine whether significant differences exist between the means of several data sets. It examines the variance of the data set means within the class variance of the data sets themselves (Karris 2003:193; Fred, Filipe & Gamboa 2010:27). Furthermore, the Bonferroni post-hoc test was used to assess statistical differences between mean scores. The Bonferroni post-hoc test is used to isolate the difference when a statistically significant difference is identified (Merkley 2009:124). The Cohen’s \(d\) values were calculated to assess practical significance. Purcell (2007:127) indicates that Cohen’s \(d\) values of greater than 0.2 but less than 0.5 reflect difference of small practical significance, values of greater than 0.5 but less than 0.8 reflect difference of moderate or visible practical significance, and values of greater than 0.8 reflect difference of large practical significance.

5.3 SUMMARY

In this chapter, the research design and methodology adopted for the study were discussed. The population to be studied, the sampling unit and sampling technique were identified and described. The development of the measuring instrument and the operationalisation of constructs were explained. In addition, the process of administering the questionnaires as well as the methods used to assess the
reliability and validity of the measuring instrument were elaborated on. Exploratory and confirmatory factor analyses were undertaken to assess the validity of the scales measuring the independent and dependent variables respectively. Furthermore, Cronbach-alpha coefficients were calculated to assess the reliability of the measuring scales.

The statistical techniques to be used in the analysis of the empirical data were described. These included descriptive statistics, which was used to summarise the sample data. Pearson's Product Moment Correlations were established, to assess the relationships between the various factors under investigation. A Multiple Regression Analysis was undertaken to determine the influence of the various independent variables on the levels of Job satisfaction and Organisational commitment. Lastly, ANOVA was employed to investigate whether relationships could be found between selected demographic variables and the various factors under investigation. This analysis included the use of Bonferroni post-hoc test to assess statistical significance and Cohen's d values to assess practical significance. Chapter 6 will present and discuss the results of these various statistical analyses.
6.1 INTRODUCTION

Chapter 5 provided an overview of the research design and methodology used to investigate the factors influencing the job satisfaction and organisational commitment levels of non-family employees working in family businesses. In addition to describing the research paradigm, the sample and sampling techniques, as well as the process of data collection, the various statistical techniques employed to assess the validity and reliability of the measuring instrument and to analyse the data, were also elaborated on. This chapter presents the findings of these statistical analyses.

The demographic information will first be presented, followed by a summary of validity and reliability assessments. Based on the results of these assessments the theoretical model and hypotheses proposed in Chapter 4 are revisited and revised. Descriptive statistics such as the means, standard deviations and frequency distributions are tabled to summarise the sample data. The results of the Pearson's Product Moment Correlations are then discussed, and relationships between the various factors under investigation identified. The results of the Multiple Regression Analyses showing the influence of the various relational-, organisational- and reward-based factors on the levels of Job satisfaction and Organisational commitment are then discussed. Lastly the results of the Analysis of Variance, which was used to determine the relationships between selected demographic variables and the dependent and independent variables, is given and discussed.

6.2 DEMOGRAPHIC INFORMATION

Section 2 of the questionnaire comprised several questions concerning the demographic information of the respondents and the family business in which respondents were working. Table 6.1 below presents a summary of all the demographic information pertaining to the respondents, and Table 6.2 presents
demographic information pertaining to the respondents in the context of the family business.

From Table 6.1 below it can be seen that a more or less even number of males (47.14%) and females (52.86%) participated in the study. Most of the respondents were aged between 21 and 30 years (45.71%), followed by respondents between the ages of 31 and 40 years (30.36%) and between the ages of 41 and 50 years of age (11.43%). The remaining participants were younger than 21 years (4.64%) or older than 50 years (7.86%). Most of respondents were White (45%), followed by Black (29.64%), Coloured (18.93%) and Asian (2.5%).

Table 6.1: Demographic information pertaining to the respondents

<table>
<thead>
<tr>
<th>Gender</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>132</td>
<td>47.14</td>
</tr>
<tr>
<td>Female</td>
<td>148</td>
<td>52.86</td>
</tr>
<tr>
<td>Total</td>
<td>280</td>
<td>100.00</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Age</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>0 - 20 years</td>
<td>13</td>
<td>4.64</td>
</tr>
<tr>
<td>21 - 30 years</td>
<td>128</td>
<td>45.71</td>
</tr>
<tr>
<td>31 – 40 years</td>
<td>85</td>
<td>30.36</td>
</tr>
<tr>
<td>41 – 50 years</td>
<td>32</td>
<td>11.43</td>
</tr>
<tr>
<td>&gt; than 50 years</td>
<td>22</td>
<td>7.86</td>
</tr>
<tr>
<td>Total</td>
<td>280</td>
<td>100.00</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Ethnicity</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>White</td>
<td>126</td>
<td>45.00</td>
</tr>
<tr>
<td>Black</td>
<td>83</td>
<td>29.64</td>
</tr>
<tr>
<td>Asian</td>
<td>7</td>
<td>2.50</td>
</tr>
<tr>
<td>Coloured</td>
<td>53</td>
<td>18.93</td>
</tr>
<tr>
<td>Other</td>
<td>11</td>
<td>3.93</td>
</tr>
<tr>
<td>Total</td>
<td>280</td>
<td>100.00</td>
</tr>
</tbody>
</table>

Demographic information was also obtained relating to the respondents in the context of family businesses, and is summarised in Table 6.2. The family businesses in which the respondents were employed were found to operate within a variety of
industries. Most indicated that they were either employed in the retail, motor trade and repair services (24.29%), hospitality (16.79%) or finance and business services (12.14%) industries. There were also respondents operating in social, personal services and clothing (10.00%), manufacturing or engineering (8.21%) and construction and building services (6.07%) industries. The remaining were employed in transport, storage and communications (2.50%), agriculture, farming or timber (1.43%), as well as wholesale trade, commercial agents and allied services (1.07%).

The respondents were also requested to indicate how many people were employed in the family business in which they were employed. Most respondents indicated between 11 and 25 (21.79%) or between 5 and 10 (21.43%) employees working in the family business. Only 16.67% indicated that fewer than 5 employees worked in the family business. As far as the length of time the respondents had been working in the family business is concerned, the vast majority (88.57%) indicated that they had been working in the family business for less than 10 years. The rest of the respondents indicated that they had been working in the family business between 11 and 30 years (11.08%), with the smallest number having worked for between 31 and 40 years (0.39%).

With regard to the position held by the respondents in the family businesses, most held managerial or supervisory positions (42.86%), followed by administrative or clerical (33.21%), and various other operational positions (23.93%). The respondents were further requested to indicate whether they held a share in the family business in which they were employed. The vast majority (91.79%) of respondents reported not possessing any shares in the family businesses, with only 8.21% indicating that they did hold shares.
## Table 6.2: Demographic information pertaining to the family business

<table>
<thead>
<tr>
<th>Nature of the family business</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture/farming/timber</td>
<td>4</td>
<td>1.43</td>
</tr>
<tr>
<td>Manufacturing/engineering</td>
<td>23</td>
<td>8.21</td>
</tr>
<tr>
<td>Construction &amp; building services</td>
<td>17</td>
<td>6.07</td>
</tr>
<tr>
<td>Retail, motor trade &amp; repair services</td>
<td>68</td>
<td>24.29</td>
</tr>
<tr>
<td>Wholesale trade, commercial agents, allied services</td>
<td>3</td>
<td>1.07</td>
</tr>
<tr>
<td>Hospitality</td>
<td>47</td>
<td>16.79</td>
</tr>
<tr>
<td>Transport, storage &amp; communications</td>
<td>7</td>
<td>2.50</td>
</tr>
<tr>
<td>Finance &amp; business services</td>
<td>34</td>
<td>12.14</td>
</tr>
<tr>
<td>Social, personal services &amp; clothing</td>
<td>28</td>
<td>10.00</td>
</tr>
<tr>
<td>Other/not given</td>
<td>49</td>
<td>17.50</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>280</strong></td>
<td><strong>100.00</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Number of employees in the family business</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt; 5</td>
<td>47</td>
<td>16.79</td>
</tr>
<tr>
<td>5 – 10</td>
<td>60</td>
<td>21.43</td>
</tr>
<tr>
<td>11 – 25</td>
<td>61</td>
<td>21.79</td>
</tr>
<tr>
<td>26 – 50</td>
<td>37</td>
<td>13.21</td>
</tr>
<tr>
<td>51 – 100</td>
<td>30</td>
<td>10.71</td>
</tr>
<tr>
<td>101 – 200</td>
<td>32</td>
<td>11.43</td>
</tr>
<tr>
<td>&gt; 200</td>
<td>13</td>
<td>4.64</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>280</strong></td>
<td><strong>100.00</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Tenure (time employed in the family business)</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>0 - 10 years</td>
<td>248</td>
<td>88.57</td>
</tr>
<tr>
<td>11 - 20 years</td>
<td>26</td>
<td>9.29</td>
</tr>
<tr>
<td>21 – 30 years</td>
<td>5</td>
<td>1.79</td>
</tr>
<tr>
<td>31 - 40 years</td>
<td>1</td>
<td>0.36</td>
</tr>
<tr>
<td>41 - 50 years</td>
<td>0</td>
<td>0.00</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>280</strong></td>
<td><strong>100.00</strong></td>
</tr>
</tbody>
</table>
Table 6.2: Demographic information pertaining to the family business (continued)

<table>
<thead>
<tr>
<th>Position in the family business</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Managerial/supervisory</td>
<td>120</td>
<td>42.86</td>
</tr>
<tr>
<td>Administrative/clerical</td>
<td>93</td>
<td>33.21</td>
</tr>
<tr>
<td>Other (please specify below)</td>
<td>67</td>
<td>23.93</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>280</strong></td>
<td><strong>100.00</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Possessing of shares in the family business</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>23</td>
<td>8.21</td>
</tr>
<tr>
<td>No</td>
<td>257</td>
<td>91.79</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>280</strong></td>
<td><strong>100.00</strong></td>
</tr>
</tbody>
</table>

6.3 VALIDITY AND RELIABILITY OF THE MEASURING INSTRUMENT

In order to assess the validity of the measuring scales, a confirmatory factor analysis was done on the dependent variables *Job satisfaction* and *Organisational commitment*, while an exploratory factor analysis was done on the independent variables. A Confirmatory Factor Analysis was done on the dependent variables for two reasons. Firstly it is well recognised in the literature that *Job satisfaction* and *Organisational commitment* are independent constructs (Papini 2007:28; Griffin, Hogan, Lambert, Tuker-Gail & Baker 2010:245) and a confirmatory factor analysis was done to assess the extent to which the hypothesised factors fitted the data (Pett, Lackey & Sullivan 2003:4; Reinard 2006:428; Cooper & Schindler 2011:430). Secondly, a confirmatory factor analysis is common when scales from previous research are used to measure certain constructs (Reinard 2006:428), as is the case in this study. The Exploratory Factor Analysis (EFA) was done individually on each of the categories of independent variables, namely the relational-, organisational- and reward-based factors. The reason for using EFA on the independent variables was that many of the scales used for testing these variables have not been confirmed to the same extent as is the case for the dependent variables. As such data relating to the independent variables was divided into three models for this purpose.

Based on the factor loading cutoff suggested by Peterson (2000:264), factor loading of >0.5 and items that loaded onto one factor only were considered practically
significant for the purpose of this study. Factors with two or less items loading onto them were not considered for further statistical analysis.

In order to assess the reliability of the measuring scales, Cronbach-alpha coefficients were calculated. Cronbach-alpha coefficients of 0.70 or higher are generally an acceptable level in determining the reliability of the measuring scale (Lehman 2005:145; Slaughter 2009:114). On the other hand, reliability coefficients of less than 0.70 are regarded as inadequate (Lehman 2005:145).

6.4 RESULTS OF THE VALIDITY AND RELIABILITY ASSESSMENTS

In the paragraphs below, the validity and reliability assessments for the scales measuring the dependent and independent variables are reported on.

6.4.1 DEPENDENT VARIABLES

The results of the Confirmatory Factor Analyses on the dependent factors Job satisfaction and Organisational commitment are tabled and discussed below.

6.4.1.1 Job Satisfaction

Five items were developed to measure the factor Job satisfaction, and all five items loaded as expected. Factor loadings of between 0.928 and 0.852 were reported for this factor (see Table 6.3). Sufficient evidence of validity for this construct is thus provided. Job satisfaction explains 3.955% of the variance in the data. The Cronbach-alpha coefficient for Job satisfaction is 0.933, suggesting that the scale measuring this factor is reliable. As a result of the factor analysis the operationalisation of Job satisfaction has remained unchanged, which for the purpose of this study refers to workers experiencing their involvement in the family business as enjoyable, rewarding and fulfilling, as well as having their job expectations realised.
Table 6.3: Validity and Reliability of Job satisfaction

<table>
<thead>
<tr>
<th>Item</th>
<th>Factor loading</th>
<th>Item-total correl.</th>
<th>Cronbach-alpha after deletion</th>
</tr>
</thead>
<tbody>
<tr>
<td>SATISFIED1</td>
<td>-0.902</td>
<td>0.842</td>
<td>0.914</td>
</tr>
<tr>
<td>SATISFIED2</td>
<td>-0.928</td>
<td>0.881</td>
<td>0.907</td>
</tr>
<tr>
<td>SATISFIED3</td>
<td>-0.890</td>
<td>0.824</td>
<td>0.918</td>
</tr>
<tr>
<td>SATISFIED4</td>
<td>-0.873</td>
<td>0.799</td>
<td>0.923</td>
</tr>
<tr>
<td>SATISFIED5</td>
<td>-0.852</td>
<td>0.770</td>
<td>0.928</td>
</tr>
</tbody>
</table>

6.4.1.2 Organisational commitment

The six items intended to measure the factor Organisational commitment all loaded as expected. Factor loadings of between 0.876 and 0.729 were reported for this factor. Sufficient evidence of validity for this factor is thus provided. The six items measuring Organisational commitment explain 4.088% of the variance in the data. Organisational commitment returned a Cronbach-alpha coefficient of 0.905, providing evidence of a reliable scale. The operationalisation of Organisational commitment remains unchanged, and for the purpose of this study refers to employees having pride in the family business and an emotional attachment and a sense of belonging to it, as well as willingness to put in a great deal of effort to ensure its success.
Table 6.4: Validity and Reliability of Organisational commitment

<table>
<thead>
<tr>
<th>Item</th>
<th>% of Variance: 4.088</th>
<th>Cronbach-alpha: 0.905</th>
</tr>
</thead>
<tbody>
<tr>
<td>COMMIT1 I am proud to tell others that I am employed by this family business.</td>
<td>-0.830</td>
<td>0.750</td>
</tr>
<tr>
<td>COMMIT2 I feel a strong sense of belonging to this family business.</td>
<td>-0.843</td>
<td>0.765</td>
</tr>
<tr>
<td>COMMIT3 I feel emotionally attached to the business.</td>
<td>-0.858</td>
<td>0.785</td>
</tr>
<tr>
<td>COMMIT4 This family business has a great deal of personal meaning for me.</td>
<td>-0.876</td>
<td>0.809</td>
</tr>
<tr>
<td>COMMIT5 I really care about the fate of this family business.</td>
<td>-0.807</td>
<td>0.717</td>
</tr>
<tr>
<td>COMMIT6 I am willing to put in a great deal of effort beyond that which is normally expected of me, in order to help this family business to succeed.</td>
<td>-0.729</td>
<td>0.624</td>
</tr>
</tbody>
</table>

6.4.2 INDEPENDENT RELATIONAL-BASED VARIABLES

In order to establish the validity of the scales measuring the various relational-based factors, an exploratory factor analysis was undertaken. A Principal Component Analysis with a Varimax Rotation was specified as the extraction and rotation method. In determining the factors to extract, the percentage of variance explained and the individual factor loading were considered. The resulting factor structure is reported in Table 6.5. Five factors were extracted which explain 20.61% of the variance in the data.
Table 6.5: Factor structure – Relational-based factors

<table>
<thead>
<tr>
<th>Item</th>
<th>Interpersonal relationships</th>
<th>Personal needs alignment</th>
<th>Family harmony</th>
<th>Open communication</th>
<th>Fairness</th>
</tr>
</thead>
<tbody>
<tr>
<td>CO-WORK6</td>
<td>0.742</td>
<td>0.009</td>
<td>0.240</td>
<td>0.212</td>
<td>0.040</td>
</tr>
<tr>
<td>TRUST4</td>
<td>0.638</td>
<td>0.215</td>
<td>0.087</td>
<td>0.151</td>
<td>0.400</td>
</tr>
<tr>
<td>CO-WORK5</td>
<td>0.618</td>
<td>0.311</td>
<td>0.099</td>
<td>0.213</td>
<td>0.139</td>
</tr>
<tr>
<td>CO-WORK1</td>
<td>0.601</td>
<td>0.243</td>
<td>0.313</td>
<td>0.476</td>
<td>0.013</td>
</tr>
<tr>
<td>CO-WORK4</td>
<td>0.560</td>
<td>0.180</td>
<td>0.069</td>
<td>0.339</td>
<td>0.219</td>
</tr>
<tr>
<td>FAIR5</td>
<td>0.519</td>
<td>0.227</td>
<td>0.287</td>
<td>0.160</td>
<td>0.379</td>
</tr>
<tr>
<td>TRUST3</td>
<td>0.509</td>
<td>0.387</td>
<td>0.180</td>
<td>0.417</td>
<td>0.169</td>
</tr>
<tr>
<td>ALIGN2</td>
<td>0.135</td>
<td>0.818</td>
<td>0.173</td>
<td>0.172</td>
<td>0.044</td>
</tr>
<tr>
<td>ALIGN1</td>
<td>0.191</td>
<td>0.780</td>
<td>0.265</td>
<td>0.182</td>
<td>0.148</td>
</tr>
<tr>
<td>ALIGN5</td>
<td>0.057</td>
<td>0.780</td>
<td>0.148</td>
<td>0.236</td>
<td>0.185</td>
</tr>
<tr>
<td>ALIGN6</td>
<td>0.113</td>
<td>0.763</td>
<td>0.157</td>
<td>0.221</td>
<td>0.177</td>
</tr>
<tr>
<td>ALIGN4</td>
<td>0.140</td>
<td>0.724</td>
<td>0.256</td>
<td>0.151</td>
<td>0.282</td>
</tr>
<tr>
<td>ALIGN3</td>
<td>0.168</td>
<td>0.721</td>
<td>0.157</td>
<td>0.085</td>
<td>0.176</td>
</tr>
<tr>
<td>FAIR1</td>
<td>0.170</td>
<td>0.607</td>
<td>0.260</td>
<td>0.231</td>
<td>0.393</td>
</tr>
<tr>
<td>HARM2</td>
<td>0.158</td>
<td>0.334</td>
<td>0.753</td>
<td>0.128</td>
<td>0.021</td>
</tr>
<tr>
<td>HARM1</td>
<td>0.153</td>
<td>0.343</td>
<td>0.743</td>
<td>0.119</td>
<td>-0.001</td>
</tr>
<tr>
<td>HARM4</td>
<td>0.089</td>
<td>0.200</td>
<td>0.709</td>
<td>0.197</td>
<td>0.310</td>
</tr>
<tr>
<td>HARM5</td>
<td>0.141</td>
<td>0.160</td>
<td>0.685</td>
<td>0.288</td>
<td>0.345</td>
</tr>
<tr>
<td>HARM3</td>
<td>0.377</td>
<td>0.140</td>
<td>0.612</td>
<td>0.170</td>
<td>0.308</td>
</tr>
<tr>
<td>CO-WORK2</td>
<td>0.345</td>
<td>0.228</td>
<td>0.188</td>
<td>0.717</td>
<td>-0.021</td>
</tr>
<tr>
<td>CO-WORK3</td>
<td>0.382</td>
<td>0.130</td>
<td>0.153</td>
<td>0.701</td>
<td>0.146</td>
</tr>
<tr>
<td>OPEN5</td>
<td>0.009</td>
<td>0.266</td>
<td>0.205</td>
<td>0.630</td>
<td>0.381</td>
</tr>
<tr>
<td>OPEN3</td>
<td>0.396</td>
<td>0.291</td>
<td>0.068</td>
<td>0.605</td>
<td>0.196</td>
</tr>
<tr>
<td>OPEN1</td>
<td>0.102</td>
<td>0.321</td>
<td>0.358</td>
<td>0.584</td>
<td>0.414</td>
</tr>
<tr>
<td>FAIR2</td>
<td>0.171</td>
<td>0.320</td>
<td>0.289</td>
<td>0.377</td>
<td>0.648</td>
</tr>
<tr>
<td>FAIR3</td>
<td>0.215</td>
<td>0.462</td>
<td>0.191</td>
<td>0.074</td>
<td>0.608</td>
</tr>
<tr>
<td>FAIR4</td>
<td>0.211</td>
<td>0.470</td>
<td>0.135</td>
<td>0.125</td>
<td>0.558</td>
</tr>
<tr>
<td>Expl. Var</td>
<td>3.894</td>
<td>5.821</td>
<td>3.770</td>
<td>4.038</td>
<td>3.084</td>
</tr>
<tr>
<td>Prp. Totl</td>
<td>0.126</td>
<td>0.188</td>
<td>0.122</td>
<td>0.130</td>
<td>0.099</td>
</tr>
</tbody>
</table>

6.4.2.1 Interpersonal relationships

Of the six items originally developed to measure the factor *Interpersonal relationships* only four items loaded together onto this construct. The remaining items (CO-WORK2 and CO-WORK3) loaded onto another factor. In addition to these
four items, two items measuring Trust (TRUST3 and TRUST4) and one item measuring Fairness (FAIR5) also loaded onto this factor. Factor loadings of between 0.742 and 0.509 were reported for Interpersonal relationships. Only 3.955% of the variance in the data is explained by this factor. Furthermore, a Cronbach-alpha coefficient of 0.874 is reported for this factor. Evidence of validity and reliability for the scale measuring Interpersonal relationships is thus provided.

As a result of the factor analysis the factor name Interpersonal relationships was retained, but the operationalisation thereof was adapted slightly, which for the purpose of this study refers to relationships among co-workers as being characterised by helpfulness, appreciation, a caring attitude, fairness and trust existing between them, as well as having confidence in the integrity of co-workers.

Table 6.6: Validity and Reliability of Interpersonal relationships

<table>
<thead>
<tr>
<th>Item</th>
<th>Factor loading</th>
<th>Item-total correl.</th>
<th>Cronbach-alpha after deletion</th>
</tr>
</thead>
<tbody>
<tr>
<td>CO-WORK1</td>
<td>0.601</td>
<td>0.734</td>
<td>0.846</td>
</tr>
<tr>
<td>CO-WORK4</td>
<td>0.560</td>
<td>0.614</td>
<td>0.861</td>
</tr>
<tr>
<td>CO-WORK5</td>
<td>0.618</td>
<td>0.638</td>
<td>0.858</td>
</tr>
<tr>
<td>CO-WORK6</td>
<td>0.742</td>
<td>0.626</td>
<td>0.860</td>
</tr>
<tr>
<td>FAIR5</td>
<td>0.519</td>
<td>0.631</td>
<td>0.860</td>
</tr>
<tr>
<td>TRUST3</td>
<td>0.509</td>
<td>0.680</td>
<td>0.852</td>
</tr>
<tr>
<td>TRUST4</td>
<td>0.638</td>
<td>0.670</td>
<td>0.854</td>
</tr>
</tbody>
</table>

6.4.2.2 Personal needs alignment

The items expected to measure the factor Personal needs alignment all loaded together onto one construct. An additional item (FAIR1) that was initially intended to measure the factor Fairness also loaded onto Personal needs alignment. Factor
loadings of 0.818 and 0.607 were reported for this construct. *Personal needs alignment* explains 5.821% of the variance in the data. Evidence that the scale measuring this factor is valid is thus provided. *Personal needs alignment* returned a Cronbach-alpha coefficient of 0.927, providing sufficient evidence of a reliable measuring scale.

Despite an additional item loading onto the factor *Personal needs alignment*, the operationalisation thereof remains unchanged; namely, it refers to non-family employees being able to realise their personal goals and ambitions through their involvement in the family business.

### Table 6.7: Validity and Reliability of Personal Needs Alignment

<table>
<thead>
<tr>
<th>Item</th>
<th>Factor loading</th>
<th>Item-total correl.</th>
<th>Cronbach-alpha after deletion</th>
</tr>
</thead>
<tbody>
<tr>
<td>ALIGN1</td>
<td>0.780</td>
<td>0.838</td>
<td>0.908</td>
</tr>
<tr>
<td>ALIGN2</td>
<td>0.818</td>
<td>0.780</td>
<td>0.914</td>
</tr>
<tr>
<td>ALIGN3</td>
<td>0.721</td>
<td>0.705</td>
<td>0.921</td>
</tr>
<tr>
<td>ALIGN4</td>
<td>0.724</td>
<td>0.775</td>
<td>0.915</td>
</tr>
<tr>
<td>ALIGN5</td>
<td>0.780</td>
<td>0.786</td>
<td>0.913</td>
</tr>
<tr>
<td>ALIGN6</td>
<td>0.763</td>
<td>0.754</td>
<td>0.917</td>
</tr>
<tr>
<td>FAIR1</td>
<td>0.607</td>
<td>0.739</td>
<td>0.919</td>
</tr>
</tbody>
</table>

#### 6.4.2.3 Family harmony

All five of the items originally intended to measure the factor *Family harmony* (HARM1, HARM2, HARM3, HARM4 and HARM5), loaded together onto one construct, with factor loadings of between 0.753 and 0.612 being reported. These five items explain 3.770% of the variance in the data. Sufficient evidence of validity
for the scale measuring this construct is thus provided. *Family harmony* reported a Cronbach-alpha coefficient of 0.872, suggesting that the measuring scale is reliable.

As all five items loaded onto the factor *Family harmony* as expected, the operationalisation thereof remains unchanged, and refers to relationships among family members being characterised by cooperation, caring, support, appreciation and concern for each other’s welfare.

### Table 6.8: Validity and Reliability of Family harmony

<table>
<thead>
<tr>
<th>Item</th>
<th>Factor loading</th>
<th>Item-total correl.</th>
<th>Cronbach-alpha after deletion</th>
</tr>
</thead>
<tbody>
<tr>
<td>HARM1</td>
<td>0.743</td>
<td>0.666</td>
<td>0.854</td>
</tr>
<tr>
<td>HARM2</td>
<td>0.753</td>
<td>0.699</td>
<td>0.845</td>
</tr>
<tr>
<td>HARM3</td>
<td>0.709</td>
<td>0.673</td>
<td>0.851</td>
</tr>
<tr>
<td>HARM4</td>
<td>0.685</td>
<td>0.727</td>
<td>0.838</td>
</tr>
<tr>
<td>HARM5</td>
<td>0.612</td>
<td>0.732</td>
<td>0.837</td>
</tr>
</tbody>
</table>

#### 6.4.2.4 Open communication

Only three of the items (OPEN1, OPEN3 and OPEN5) originally intended to measure the factor *Open communication* loaded together. The remaining two items (OPEN2 and OPEN4) did not load as expected, and were thus excluded from the further statistical analysis. Two of the items (CO-WORK2 and CO-WORK3) originally intended to measure the factor *Interpersonal relationships* also loaded onto the factor *Open communication*. Factor loadings of between 0.717 and 0.584 were reported for this factor. The name *Open communication* was retained for this factor, which explains 4.038% of the variance in the data. Evidence of validity for this factor is thus provided. A Cronbach-alpha coefficient of 0.860 is reported, which indicates that the scale used to measure this construct is reliable.
In the present study, *Open communication* refers to the people working in the family business as being able to openly communicate, share information and rely on each other.

### Table 6.9: Validity and Reliability of Open communication

<table>
<thead>
<tr>
<th>Item</th>
<th>Factor loading</th>
<th>Item-total correl.</th>
<th>Cronbach-alpha after deletion</th>
</tr>
</thead>
<tbody>
<tr>
<td>OPEN1 I am able to communicate openly in this family business.</td>
<td>0.584</td>
<td>0.707</td>
<td>0.824</td>
</tr>
<tr>
<td>OPEN3 I am able to freely express opinions to co-workers about day-to-day decisions regarding this family business.</td>
<td>0.605</td>
<td>0.668</td>
<td>0.834</td>
</tr>
<tr>
<td>OPEN5 I am able to share information with others working in this family business.</td>
<td>0.630</td>
<td>0.613</td>
<td>0.847</td>
</tr>
<tr>
<td>CO-WORK2 In this family business my co-workers are willing to listen to my job-related problems.</td>
<td>0.717</td>
<td>0.697</td>
<td>0.828</td>
</tr>
<tr>
<td>CO-WORK3 In this family business I can rely on my co-workers.</td>
<td>0.701</td>
<td>0.712</td>
<td>0.823</td>
</tr>
</tbody>
</table>

### 6.4.2.5 Fairness

The original five items formulated to measure the construct *Fairness* did not load together onto one construct. Only three of these items loaded together, namely FAIR2, FAIR3 and FAIR4. The remaining two items (FAIR1 and FAIR5) loaded onto other factors. Factor loading of between 0.648 and 0.558 were returned for *Fairness*, which explains 3.084% of the variance in the data. Evidence of validity for this construct is thus provided. A Cronbach-alpha coefficient of 0.816 was returned for the factor *Fairness*, providing evidence of a reliable measuring scale for this factor.

As a result of the exploratory factor analysis, the operationalisation of *Fairness* was adapted slightly. For the purpose of this study *Fairness* now refers to employees being treated fairly in terms compensation and being rewarded based on merit.
Table 6.10: Validity and Reliability of Fairness

% of Variance: 3.084  Cronbach-alpha: 0.816

<table>
<thead>
<tr>
<th>Item</th>
<th>Factor loading</th>
<th>Item-total correl.</th>
<th>Cronbach-alpha after deletion</th>
</tr>
</thead>
<tbody>
<tr>
<td>FAIR2</td>
<td>I am treated fairly in this family business.</td>
<td>0.648</td>
<td>0.705</td>
</tr>
<tr>
<td>FAIR3</td>
<td>In this family business I am compensated fairly for the work that I do.</td>
<td>0.608</td>
<td>0.680</td>
</tr>
<tr>
<td>FAIR4</td>
<td>In this family business I am rewarded on merit.</td>
<td>0.558</td>
<td>0.629</td>
</tr>
</tbody>
</table>

6.4.3 INDEPENDENT ORGANISATIONAL-BASED VARIABLES

An exploratory factor analysis was also undertaken on the various organisational-based factors. A Principal Component Analysis with a Varimax Rotation was specified as the extraction and rotation method. In determining the factors to extract, the percentage of variance explained and the individual factor loading were considered. The resulting factor structure is reported in Table 6.11. Four factors were extracted which explain 21.73% of the variance in the data.

Table 6.11: Factor structure – Organisational-based factors

<table>
<thead>
<tr>
<th></th>
<th>Working conditions</th>
<th>Job involvement</th>
<th>Governance</th>
<th>Nature of the work</th>
</tr>
</thead>
<tbody>
<tr>
<td>PHYSICAL2</td>
<td>0.747</td>
<td>0.176</td>
<td>0.177</td>
<td>-0.045</td>
</tr>
<tr>
<td>STRUCTURE4</td>
<td>0.645</td>
<td>0.152</td>
<td>-0.033</td>
<td>0.137</td>
</tr>
<tr>
<td>LEAD6</td>
<td>0.640</td>
<td>0.326</td>
<td>0.195</td>
<td>0.224</td>
</tr>
<tr>
<td>PHYSICAL3</td>
<td>0.633</td>
<td>0.278</td>
<td>0.196</td>
<td>0.305</td>
</tr>
<tr>
<td>PHYSICAL1</td>
<td>0.630</td>
<td>0.314</td>
<td>0.234</td>
<td>0.266</td>
</tr>
<tr>
<td>LEAD2</td>
<td>0.614</td>
<td>0.414</td>
<td>0.015</td>
<td>0.294</td>
</tr>
<tr>
<td>STRUCTURE2</td>
<td>0.613</td>
<td>0.231</td>
<td>0.383</td>
<td>0.235</td>
</tr>
<tr>
<td>LEAD5</td>
<td>0.575</td>
<td>0.382</td>
<td>0.147</td>
<td>0.455</td>
</tr>
<tr>
<td>LEAD7</td>
<td>0.544</td>
<td>0.218</td>
<td>0.258</td>
<td>0.273</td>
</tr>
<tr>
<td>NATURE2</td>
<td>0.542</td>
<td>0.300</td>
<td>0.068</td>
<td>0.224</td>
</tr>
<tr>
<td>GOV2</td>
<td>0.541</td>
<td>0.312</td>
<td>0.409</td>
<td>0.090</td>
</tr>
<tr>
<td>PHYSICAL</td>
<td>0.504</td>
<td>0.341</td>
<td>0.142</td>
<td>0.411</td>
</tr>
</tbody>
</table>
Table 6.11: Factor structure – Organisational-based factors (continued)

|     | Expl.Var | Prp.Totl | INVOLVE5 | LEAD3 | INVOLVE3 | INVOLVE4 | NATURE9 | INVOLVE1 | INVOLVE2 | LEAD4 | GOV4 | GOV1 | GOV3 | STRUCTURE1 | STRUCTURE3 | NATURE1 | NATURE3 | NATURE10 | Expl.Var | Prp.Totl |
|-----|----------|----------|----------|-------|----------|----------|---------|----------|----------|-------|------|------|------|------------|------------|---------|---------|---------|---------|--------|--------|
|     | 7.206    | 0.185    | 0.835    | 0.289 | 0.346    | 0.177    | 0.241   | 0.024    | 0.235    | 0.430 | 0.129 | 0.026 | 0.259 | 0.387      | 0.201      | 0.120   | 0.281   | 0.335   | 7.542   | 0.193  |
|     | 3.558    | 0.091    | 0.014    | 0.151 | 0.111    | 0.107    | 0.287   | 0.155    | 0.157    | 0.200 | 0.322 | -0.009 | 0.356 | 0.300      | 0.202      | 0.187   | 0.201   | 0.219   | 3.422   | 0.088  |
|     | 3.422    |          |          | 0.185 | 0.091    | 0.088    |          |          |          |       |      |      |      |            |            |         |         |         |        |        |

6.4.3.1 Working conditions

Four of the five items (PHYSICAL1, PHYSICAL2, PHYSICAL3 and PHYSICAL5) intended to measure Physical conditions and four of the nine items (LEAD2, LEAD5, LEAD6 and LEAD7) intended to measure Leadership (LEAD) loaded together onto one construct. In addition, the items NATURE2, STRUCTURE2, STRUCTURE4 and GOV2 also loaded onto this construct. Given the nature of these items, the factor was renamed Working conditions. Factor loadings of between 0.747 and 0.504 were reported for this construct. The factor Working conditions explains 7.206% of the variance in the data. Evidence of validity for this factor is thus provided. A Cronbach-alpha coefficient of 0.938 is returned, indicating that the scale used to measure this construct is reliable.

In the present study, Working conditions refers to a working environment with an adequate physical infrastructure, resources, information and equipment to complete tasks, an environment with considerable, and effective and knowledgeable leaders,
as well as having clear policies, reporting lines and division of labour in the family business.

Table 6.12: Validity and Reliability of Working conditions

<table>
<thead>
<tr>
<th>Item</th>
<th>Description</th>
<th>Factor loading</th>
<th>Item-total correl.</th>
<th>Cronbach-alpha after deletion</th>
</tr>
</thead>
<tbody>
<tr>
<td>PHYSICAL1</td>
<td>In this family business I have the necessary infrastructure required to do my job effectively.</td>
<td>0.630</td>
<td>0.799</td>
<td>0.931</td>
</tr>
<tr>
<td>PHYSICAL2</td>
<td>The physical working conditions (lighting, safety, cleanliness, space) in this family business are conducive to my effectively doing my job.</td>
<td>0.747</td>
<td>0.660</td>
<td>0.935</td>
</tr>
<tr>
<td>PHYSICAL3</td>
<td>In this family business I have adequate access to the necessary equipment required for me to do my job.</td>
<td>0.633</td>
<td>0.757</td>
<td>0.932</td>
</tr>
<tr>
<td>PHYSICAL5</td>
<td>In this family business I have sufficient access to the technology and information that will enable me to do my job effectively.</td>
<td>0.504</td>
<td>0.740</td>
<td>0.932</td>
</tr>
<tr>
<td>NATURE2</td>
<td>My job in this family business is such that I have the chance to complete entire tasks from beginning to end.</td>
<td>0.542</td>
<td>0.661</td>
<td>0.935</td>
</tr>
<tr>
<td>LEAD2</td>
<td>The leader(s) in this family business is(are) considerate towards me.</td>
<td>0.614</td>
<td>0.775</td>
<td>0.931</td>
</tr>
<tr>
<td>LEAD5</td>
<td>The leader(s) in this family business inspire(s) loyalty in me.</td>
<td>0.575</td>
<td>0.797</td>
<td>0.931</td>
</tr>
<tr>
<td>LEAD6</td>
<td>The leader(s) in this family business has(have) the ability to effectively lead the business.</td>
<td>0.640</td>
<td>0.778</td>
<td>0.931</td>
</tr>
<tr>
<td>LEAD7</td>
<td>The leader(s) in this family business is(are) knowledgeable about the family business operations.</td>
<td>0.5440</td>
<td>0.669</td>
<td>0.935</td>
</tr>
<tr>
<td>STRUCTURE2</td>
<td>Clearly defined division of labour exists in this family business.</td>
<td>0.613</td>
<td>0.694</td>
<td>0.934</td>
</tr>
<tr>
<td>STRUCTURE4</td>
<td>I am clear on who I report to in this family business.</td>
<td>0.645</td>
<td>0.526</td>
<td>0.939</td>
</tr>
<tr>
<td>GOV2</td>
<td>This family business has policies (ground rules) which guide (govern) actions and decisions.</td>
<td>0.541</td>
<td>0.639</td>
<td>0.936</td>
</tr>
</tbody>
</table>

6.4.3.2 Job involvement

The five items (INVOLVE1, INVOLVE2, INVOLVE3, INVOLVE4 and INVOLVE5) intended to measure the factor *Job involvement* loaded together onto one factor.
Three additional items (NATURE9, LEAD3 and LEAD4) also loaded onto this factor. Factor loadings between 0.835 and 0.660 were reported for this construct. *Job involvement* explains 7.542% of the variance in the data. Sufficient evidence of validity for this factor is thus provided. The Cronbach-alpha coefficient returned for *Job involvement* is 0.940 implying that the scale measuring this construct is reliable.

Although three other items intended to measure other factors also loaded onto *Job involvement*, the operationalisation thereof remains unchanged. *Job involvement* refers to the opportunity to be heard and receive feedback, as well as being involved in decision-making, management, setting business goals and strategic planning.

### Table 6.13: Validity and Reliability of Job involvement

<table>
<thead>
<tr>
<th>Item</th>
<th>Description</th>
<th>Factor loading</th>
<th>Item-total correl.</th>
<th>Cronbach-alpha after deletion</th>
</tr>
</thead>
<tbody>
<tr>
<td>NATURE9</td>
<td>In this family business I get regular feedback on how well I am doing the job.</td>
<td>0.718</td>
<td>0.723</td>
<td>0.936</td>
</tr>
<tr>
<td>LEAD3</td>
<td>The leader(s) in this family business consider(s) my opinions when making decisions.</td>
<td>0.789</td>
<td>0.846</td>
<td>0.929</td>
</tr>
<tr>
<td>LEAD4</td>
<td>The leader(s) in this family business encourage(s) me to voice my opinions.</td>
<td>0.660</td>
<td>0.801</td>
<td>0.932</td>
</tr>
<tr>
<td>INVOLVE1</td>
<td>I am included in decision-making in this family business.</td>
<td>0.696</td>
<td>0.667</td>
<td>0.940</td>
</tr>
<tr>
<td>INVOLVE2</td>
<td>In this family business I have the opportunity to form part of the management team.</td>
<td>0.682</td>
<td>0.762</td>
<td>0.934</td>
</tr>
<tr>
<td>INVOLVE3</td>
<td>In this family business my ideas are heard and given consideration.</td>
<td>0.763</td>
<td>0.832</td>
<td>0.930</td>
</tr>
<tr>
<td>INVOLVE4</td>
<td>In this family business I have the opportunity to be involved in setting up business goals.</td>
<td>0.762</td>
<td>0.779</td>
<td>0.933</td>
</tr>
<tr>
<td>INVOLVE5</td>
<td>In this family business I have the opportunity to be involved in strategic planning.</td>
<td>0.835</td>
<td>0.840</td>
<td>0.929</td>
</tr>
</tbody>
</table>

#### 6.4.3.3 Governance

Only three of the items (GOV1, GOV3 and GOV4) intended to measure the factor *Governance* loaded together onto one factors. Two additional items (STRUCTURE1
and STRUCTURE3) initially intended to measure the construct Organisational structure also loaded onto the factor Governance. The name Governance was retained for this factor. Factor loadings of 0.751 and 0.565 were reported for this construct. In addition, Governance explains 3.558% of the variance in the data. Thus, evidence of validity for this factor is provided. Governance returned a Cronbach-alpha coefficient of 0.807, showing that the scale used to measure this construct is reliable.

For the purpose of this study, Governance refers to having a formal board of directors, written plans and regular scheduled meetings, as well as clearly demarcated areas of authority and responsibility, existing in the family business.

Table 6.14: Validity and Reliability of Governance

<table>
<thead>
<tr>
<th>Item</th>
<th>% of Variance: 3.558</th>
<th>Cronbach-alpha: 0.807</th>
</tr>
</thead>
<tbody>
<tr>
<td>Item</td>
<td>Factor loading</td>
<td>Item-total correl.</td>
</tr>
<tr>
<td>STRUCTURE1</td>
<td>Clearly demarcated areas of authority and responsibility exist in this family business.</td>
<td>0.573</td>
</tr>
<tr>
<td>STRUCTURE3</td>
<td>No overlapping of responsibilities exists between people working in this family business.</td>
<td>0.565</td>
</tr>
<tr>
<td>GOV1</td>
<td>This family business has a formal board of directors (or an advisory board).</td>
<td>0.661</td>
</tr>
<tr>
<td>GOV3</td>
<td>In this family business there are written plans (e.g. business, succession and/or estate plans) which guide actions and decisions.</td>
<td>0.661</td>
</tr>
<tr>
<td>GOV4</td>
<td>In this family business regular scheduled meetings are held about business-related issues.</td>
<td>0.751</td>
</tr>
</tbody>
</table>

6.4.3.4 Nature of the work

Of the eleven items intended to measure Nature of the work, only three items (NATURE1, NATURE3 and NATURE10) loaded together onto this factor. The item NATURE9 loaded onto the factor Job involvement, while the remaining items did not load on any of the extracted factors. Factor loadings of between 0.695 and 0.568
were reported for this construct. The factor *Nature of the work* explains 3.422% of the variance in the data. Evidence of validity is thus provided for this construct. The Cronbach-alpha coefficient returned for *Nature of the work* is 0.792, implying that the scale used to measure this factor is reliable.

Because only three of the expected items loaded onto this factor, the operationalisation thereof was adjusted slightly. In the present study, *Nature of the work* refers to the job being challenging, interesting and important.

**Table 6.15: Validity and Reliability of Nature of the work**

<table>
<thead>
<tr>
<th>Item</th>
<th>Factor loading</th>
<th>Item-total correl.</th>
<th>Cronbach-alpha after deletion</th>
</tr>
</thead>
<tbody>
<tr>
<td>NATURE1</td>
<td>My job in this family business is challenging.</td>
<td>0.695</td>
<td>0.565</td>
</tr>
<tr>
<td>NATURE3</td>
<td>My job in this family business is interesting.</td>
<td>0.692</td>
<td>0.711</td>
</tr>
<tr>
<td>NATURE10</td>
<td>My job in this family business is an important one.</td>
<td>0.568</td>
<td>0.635</td>
</tr>
</tbody>
</table>

**6.4.4 INDEPENDENT REWARD-BASED VARIABLES**

The various reward-based factors were also subjected to an exploratory factor analysis. A Principal Component Analysis with a Varimax Rotation was specified as the extraction and rotation method. The percentage of variance explained and the individual factor loading were considered in determining the number of factors to extract. The resulting factor structure is reported in Table 6.16. Two factors were extracted which explain 8.51% of the variance in the data.
Table 6.16: Factor structure – Reward-based factors

<table>
<thead>
<tr>
<th></th>
<th>Job security and compensation</th>
<th>Promotion opportunities</th>
</tr>
</thead>
<tbody>
<tr>
<td>SUCURITY3</td>
<td>0.787</td>
<td>0.369</td>
</tr>
<tr>
<td>SECURITY2</td>
<td>0.756</td>
<td>0.358</td>
</tr>
<tr>
<td>SECURITY1</td>
<td>0.738</td>
<td>0.382</td>
</tr>
<tr>
<td>SECURITY4</td>
<td>0.731</td>
<td>0.019</td>
</tr>
<tr>
<td>COMP3</td>
<td>0.726</td>
<td>0.319</td>
</tr>
<tr>
<td>COMP1</td>
<td>0.723</td>
<td>0.288</td>
</tr>
<tr>
<td>SECURITY5</td>
<td>0.664</td>
<td>0.295</td>
</tr>
<tr>
<td>COMP2</td>
<td>0.631</td>
<td>0.612</td>
</tr>
<tr>
<td>PROMO3</td>
<td>0.376</td>
<td>0.708</td>
</tr>
<tr>
<td>COMP4</td>
<td>0.260</td>
<td>0.890</td>
</tr>
<tr>
<td>PROMO4</td>
<td>0.232</td>
<td>0.892</td>
</tr>
<tr>
<td>PROMO1</td>
<td>0.188</td>
<td>3.777</td>
</tr>
<tr>
<td>Expl.Var</td>
<td>4.730</td>
<td>0.364</td>
</tr>
<tr>
<td>Prp.Totl</td>
<td></td>
<td>0.291</td>
</tr>
</tbody>
</table>

6.4.4.1 Job security and compensation

All of the five items initially intended to measure the factor *Job security* loaded together onto one construct. In addition three items (COMP1, COMP2 and COMP3) intended to measure the factor *Compensation* also loaded onto this construct. Given the nature of the items that loaded together the factor extracted was renamed *Job security and compensation*. Factor loadings of between 0.787 and 0.631 were reported for this factor. The eight items measuring *Job security and compensation* explain 4.730% of the variance in the data. Sufficient evidence of validity is thus provided for this construct. A Cronbach-alpha for *Job security and compensation* of 0.910 is returned, suggesting that the scale measuring this factor is reliable.

For the purpose of this study the factor *Job security and compensation* refers to employees feeling safe and secure about the future of their jobs, as well as receiving a competitive remuneration.
Table 6.17: Validity and Reliability of Job security and compensation

<table>
<thead>
<tr>
<th>Item</th>
<th>Description</th>
<th>Factor loading</th>
<th>Item-total correl.</th>
<th>Cronbach-alpha after deletion</th>
</tr>
</thead>
<tbody>
<tr>
<td>SECURITY1</td>
<td>In this family business my job is secure.</td>
<td>0.738</td>
<td>0.761</td>
<td>0.893</td>
</tr>
<tr>
<td>SECURITY2</td>
<td>My future in this family business is safe.</td>
<td>0.756</td>
<td>0.771</td>
<td>0.892</td>
</tr>
<tr>
<td>SECURITY3</td>
<td>In this family business my job provides me with a sense of security.</td>
<td>0.787</td>
<td>0.812</td>
<td>0.889</td>
</tr>
<tr>
<td>SECURITY4</td>
<td>My job in this family business is not threatened by incoming family members.</td>
<td>0.731</td>
<td>0.563</td>
<td>0.909</td>
</tr>
<tr>
<td>SECURITY5</td>
<td>My job in this family business is not threatened by a lack of succession planning.</td>
<td>0.664</td>
<td>0.647</td>
<td>0.903</td>
</tr>
<tr>
<td>COMP1</td>
<td>In this family business my salary is competitive with what I could earn in another business.</td>
<td>0.723</td>
<td>0.713</td>
<td>0.897</td>
</tr>
<tr>
<td>COMP2</td>
<td>My compensation in this family business is on the same level as what others would get for similar work in other businesses.</td>
<td>0.631</td>
<td>0.668</td>
<td>0.901</td>
</tr>
<tr>
<td>COMP3</td>
<td>In this family business my salary is on the same level as what someone with a similar education and work background would get in another business.</td>
<td>0.726</td>
<td>0.728638</td>
<td>0.896</td>
</tr>
</tbody>
</table>

6.4.4.2 Promotion opportunities

Only three of the items (PROMO1, PROMO3 and PROMO4) expected to measure the factor Promotion opportunities loaded together. The remaining item (PROMO2) did not load at all and was therefore not used in subsequent analyses. An additional item (COMP4) that was expected to load onto the construct Compensation also loaded onto the construct Promotion opportunities. Factor loadings of between 0.892 and 0.612 were reported for the construct which explains 3.777% of the variance in the data. Evidence of validity for this factor is thus provided. The factor Promotion opportunities reported a Cronbach-alpha coefficient of 0.850, suggesting that the scale measuring this factor is reliable.
In the present study, *Promotion opportunities* refers to non-family employees having the opportunity for advancement, promotion and earning non-cash rewards.

**Table 6.18: Validity and Reliability of Promotion opportunities**

<table>
<thead>
<tr>
<th>Item</th>
<th>Factor loading</th>
<th>Item-total correl.</th>
<th>Cronbach-alpha after deletion</th>
</tr>
</thead>
<tbody>
<tr>
<td>PROMO1</td>
<td>0.892</td>
<td>0.787</td>
<td>0.768</td>
</tr>
<tr>
<td>PROMO3</td>
<td>0.612</td>
<td>0.571</td>
<td>0.856</td>
</tr>
<tr>
<td>PROMO4</td>
<td>0.890</td>
<td>0.817</td>
<td>0.754</td>
</tr>
<tr>
<td>COMP4</td>
<td>0.708</td>
<td>0.603</td>
<td>0.849</td>
</tr>
</tbody>
</table>

**6.5 REVISED THEORETICAL MODEL AND HYPOTHESES**

As a result of the factor analyses, the original theoretical model depicted in Figure 6.1 and the hypotheses defined in Chapter 4, were revised. The relationships depicted in the revised theoretical model (see Figure 6.1) and the reformulated hypotheses presented below are subjected to further empirical testing in the remainder of the study.
Relational-based factors
- Open communication
- Fairness
- Personal needs alignment
- Interpersonal relationships
- Family harmony

Organisational-based factors
- Nature of the work
- Working conditions
- Job involvement
- Governance

Reward-based factors
- Job security and compensation
- Promotion opportunities

6.5.1: SUMMARY OF REVISED HYPOTHESES TO BE TESTED

\( H^1: \) There is a positive relationship between the level of Job satisfaction of non-family employees working in family businesses and their level of Organisational commitment to the family business.

\( H^{2a}: \) There is a positive relationship between Open communication existing in the family business and the level of Job satisfaction experienced by non-family employees.

\( H^{2b}: \) There is a positive relationship between Open communication existing in the family business and the level of Organisational commitment shown by non-family employees.

\( H^{3a}: \) There is a positive relationship between Fairness experienced by non-family employees and their level of Job satisfaction in the family business.
$H_{3a}$: There is a positive relationship between Fairness experienced by non-family employees and their level of Organisational commitment to the family business.

$H_{4a}$: There is a positive relationship between the Personal needs alignment experienced by non-family employees working in family businesses and their level of Job satisfaction in the family business.

$H_{4b}$: There is a positive relationship between the Personal needs alignment experienced by non-family employees working in family businesses and their level of Organisational commitment to the family business.

$H_{5a}$: There is a positive relationship between Interpersonal relationships in the family business and the level of Job satisfaction experienced by non-family employees.

$H_{5b}$: There is a positive relationship between Interpersonal relationships in the family business and the level of Organisational commitment shown by non-family employees.

$H_{6a}$: There is a positive relationship between Family harmony and the level of Job satisfaction experienced by non-family employees working in the family business.

$H_{6b}$: There is a positive relationship between Family harmony and the level of Organisational commitment of non-family employees to the family business.

$H_{7a}$: There is a positive relationship between the Nature of the work performed by non-family employees in family businesses and their level of Job satisfaction.

$H_{7b}$: There is a positive relationship between the Nature of the work performed by non-family employees in family businesses and their level of Organisational commitment.

$H_{8a}$: There is a positive relationship between the Working conditions experienced by non-family employees working in family businesses and their level of Job satisfaction in family businesses.

$H_{8b}$: There is a positive relationship between the Working conditions experienced by non-family employees working in family businesses and their level of Organisational commitment shown to the family businesses.
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H9a: There is a positive relationship between the Job involvement of non-family employees and their level of Job satisfaction in the family business.

H9b: There is a positive relationship between the Job involvement of non-family employees and their level of Organisational commitment to the family business.

H10a: There is a positive relationship between the existence of Governance structures in family businesses and the level of Job satisfaction experienced by non-family employees working in the family businesses.

H10b: There is a positive relationship between the existence of Governance structures in family businesses and the level of Organisational commitment shown by non-family employees to the family businesses.

H11a: There is a positive relationship between the Job security and compensation experienced by non-family employees in family businesses and their level of Job satisfaction.

H11b: There is a positive relationship between the Job security and compensation experienced by non-family employees and the Organisational commitment shown to the family business.

H12a: There is a positive relationship between the Promotional opportunities available to non-family employees working in family businesses and their level of Job satisfaction in the family business.

H12b: There is a positive relationship between the Promotional opportunities available to non-family employees working in family businesses and their level of Organisational commitment to the family business.

6.6 EMPIRICAL RESULTS

As mentioned in Chapter 3, the various factors identified as influencing the levels of Job satisfaction and Organisational commitment were divided into three groups, namely relational-based, organisational-based and reward-based factors. With regard to the three groups that influence the dependent variables, descriptive statistics were carried out and the mean scores reported on the variables. A Pearson’s Product Moment Correlation was undertaken to establish the relationships between the various factors under investigation. In addition, the Multiple Regression Analysis (MRA) was utilised to investigate the influence of the independent variables
on the levels of Job satisfaction and Organisational commitment of non-family employees employed in family businesses. Lastly, the relationship between the dependent variables (Job satisfaction and Organisational commitment) was also investigated.

6.6.1 DESCRIPTIVE STATISTICS

Descriptive statistics relating to the various factors that influence the dependent variables Job satisfaction and Organisational commitment are illustrated in Table 6.19 below. These factors are categorised into relational-based, organisational-based and reward-based factors. The mean scores reported on the independent variables are also provided. For the sake of brevity and discussion purposes, response categories on the 7-point Likert scale, strongly disagree (1), disagree (2) and somewhat disagree (3) were grouped together as “disagree”, whereas somewhat agree (5), agree (6) and strongly agree (7) were grouped together as “agree”.

Table 6.19: Factors influencing Organisational commitment

<table>
<thead>
<tr>
<th>Factor</th>
<th>Valid N</th>
<th>Mean</th>
<th>Std. Dev.</th>
<th>Disagree %</th>
<th>Neutral %</th>
<th>Agree %</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Dependent</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Job satisfaction</td>
<td>280</td>
<td>5.106</td>
<td>1.3608</td>
<td>10</td>
<td>9.286</td>
<td>80.714</td>
</tr>
<tr>
<td>Organisational commitment</td>
<td>280</td>
<td>5.289</td>
<td>1.2579</td>
<td>5.714</td>
<td>10.000</td>
<td>84.286</td>
</tr>
<tr>
<td><strong>Relational-based</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Open communication</td>
<td>280</td>
<td>5.204</td>
<td>1.1643</td>
<td>5.714</td>
<td>9.643</td>
<td>84.643</td>
</tr>
<tr>
<td>Fairness</td>
<td>280</td>
<td>4.885</td>
<td>1.4373</td>
<td>13.214</td>
<td>11.426</td>
<td>75.357</td>
</tr>
<tr>
<td>Personal needs alignment</td>
<td>280</td>
<td>4.938</td>
<td>1.3277</td>
<td>10.357</td>
<td>11.429</td>
<td>78.214</td>
</tr>
<tr>
<td>Interpersonal relationships</td>
<td>280</td>
<td>5.439</td>
<td>0.9636</td>
<td>1.429</td>
<td>8.571</td>
<td>90.000</td>
</tr>
<tr>
<td>Family harmony</td>
<td>280</td>
<td>5.627</td>
<td>1.1079</td>
<td>2.858</td>
<td>8.929</td>
<td>88.214</td>
</tr>
<tr>
<td><strong>Organisational-based</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Nature of the work</td>
<td>280</td>
<td>5.295</td>
<td>1.2077</td>
<td>5.357</td>
<td>11.071</td>
<td>83.571</td>
</tr>
<tr>
<td>Working conditions</td>
<td>280</td>
<td>5.368</td>
<td>1.1244</td>
<td>6.071</td>
<td>6.071</td>
<td>87.857</td>
</tr>
<tr>
<td>Job involvement</td>
<td>280</td>
<td>4.592</td>
<td>1.4453</td>
<td>16.429</td>
<td>14.286</td>
<td>69.286</td>
</tr>
<tr>
<td>Governance</td>
<td>280</td>
<td>4.719</td>
<td>1.2962</td>
<td>10.714</td>
<td>12.500</td>
<td>76.786</td>
</tr>
<tr>
<td><strong>Reward-based</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Job security and compensation</td>
<td>280</td>
<td>4.719</td>
<td>1.3368</td>
<td>13.214</td>
<td>12.857</td>
<td>73.929</td>
</tr>
<tr>
<td>Promotion opportunities</td>
<td>280</td>
<td>4.214</td>
<td>1.5592</td>
<td>24.643</td>
<td>17.143</td>
<td>58.214</td>
</tr>
</tbody>
</table>
The dependent variables *Job satisfaction* and *Organisational commitment* reported means scores of 5.106 and 5.289 respectively. The vast majority (80.714%) of respondents agreed with the statements measuring *Job satisfaction* with as many as 24.286% strongly agreeing that they experienced *Job satisfaction* in the family businesses in which they were employed. Similarly, the respondents in this study agreed (84.286%) that they felt pride, an emotional attachment and a sense of belonging to the family business in which they were employed, as well as a willingness to put in a great deal of effort to ensure its success. As many as 28% of respondents strongly agreed that they felt a commitment to the family business in which they were employed.

With regard to relational-based factors, the highest mean score reported was for the independent variable *Family harmony* ($\bar{x}$=5.627), followed by *Interpersonal relationships* ($\bar{x}$=5.439) and *Open communication* ($\bar{x}$=5.204). The factors that reported lower, but still relatively high mean scores, were *Personal needs alignment* ($\bar{x}$=4.938) and *Fairness* ($\bar{x}$=4.885). An overwhelming majority (84.643%) of respondents agreed with the statements measuring *Open communication*; in other words, they agreed that people working together in the family businesses openly communicated with one another. Similarly, the majority (78.214%) agreed that they experienced *Personal needs alignment* in the family businesses in which they were employed. The vast majority (90.000%) agreed, (25% strongly agreed), that they experienced satisfactory *Interpersonal relationships* with their co-workers. *Family harmony* was regarded as existing in the family businesses, with the vast majority (88.214%) of respondents agreeing that relationships among family members were characterised by cooperation, caring, support, appreciation and concern for each other’s welfare.

The organisational-based factor *Working conditions* returned the highest mean score ($\bar{x}$=5.368), with 87.857% of respondents agreeing with the statements measuring the construct. The factor *Nature of the work* returned a mean score of 5.295, with 83.571% of respondents agreeing that the job they performed in the family business was challenging, interesting and important. Similarly, the majority of respondents (76.786%) regarded *Governance* as existing in the family businesses in which they
were employed. Governance returned a mean score of 4.791. The majority (69.286%) of respondents agreed with the items measuring the factor Job involvement, which reported a mean score of 4.592, this implying that non-family employees have the opportunity to be heard and receive feedback, be involved in decision-making, management, setting business goals and strategic planning of the family businesses in which they were employed.

As far as the reward-based factors are concerned, Job security and compensation and Promotion opportunities reported mean scores of 4.719 and 4.214 respectively. The majority (73.929%) of respondents agreed that they experienced job security and that the family businesses in which they were employed offered competitive remuneration. The independent variable Promotion opportunities scored the lowest mean score (\(\bar{x} = 4.214\)) with only 58.214% of respondents agreeing with the statements measuring this construct.

6.6.2 PEARSON’S PRODUCT MOMENT CORRELATIONS

In order to establish the relationships between the various factors under investigation, a Pearson’s Product Moment Correlation was undertaken. The results of this are presented in Tabled 6.20.
Table 6.20: Relationships between dependent and independent factors

<table>
<thead>
<tr>
<th></th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Job satisfaction</td>
<td>1.000</td>
<td>0.884</td>
<td>0.710</td>
<td>0.773</td>
<td>0.777</td>
<td>0.768</td>
<td>0.694</td>
</tr>
<tr>
<td>2 Organisational commitment</td>
<td>0.884</td>
<td>1.000</td>
<td>0.676</td>
<td>0.706</td>
<td>0.756</td>
<td>0.704</td>
<td>0.678</td>
</tr>
<tr>
<td>3 Open communication</td>
<td>0.710</td>
<td>0.676</td>
<td>1.000</td>
<td>0.662</td>
<td>0.633</td>
<td>0.764</td>
<td>0.622</td>
</tr>
<tr>
<td>4 Fairness</td>
<td>0.773</td>
<td>0.706</td>
<td>0.662</td>
<td>1.000</td>
<td>0.726</td>
<td>0.644</td>
<td>0.615</td>
</tr>
<tr>
<td>5 Personal needs alignment</td>
<td>0.777</td>
<td>0.756</td>
<td>0.633</td>
<td>0.726</td>
<td>1.000</td>
<td>0.603</td>
<td>0.609</td>
</tr>
<tr>
<td>6 Interpersonal relationships</td>
<td>0.768</td>
<td>0.704</td>
<td>0.764</td>
<td>0.644</td>
<td>0.603</td>
<td>1.000</td>
<td>0.618</td>
</tr>
<tr>
<td>7 Family harmony</td>
<td>0.694</td>
<td>0.678</td>
<td>0.622</td>
<td>0.615</td>
<td>0.609</td>
<td>0.618</td>
<td>1.000</td>
</tr>
<tr>
<td>8 Nature of the work</td>
<td>0.745</td>
<td>0.752</td>
<td>0.573</td>
<td>0.585</td>
<td>0.769</td>
<td>0.585</td>
<td>0.556</td>
</tr>
<tr>
<td>9 Working conditions</td>
<td>0.870</td>
<td>0.828</td>
<td>0.749</td>
<td>0.784</td>
<td>0.789</td>
<td>0.749</td>
<td>0.805</td>
</tr>
<tr>
<td>10 Job involvement</td>
<td>0.798</td>
<td>0.779</td>
<td>0.713</td>
<td>0.806</td>
<td>0.810</td>
<td>0.644</td>
<td>0.569</td>
</tr>
<tr>
<td>11 Governance</td>
<td>0.591</td>
<td>0.527</td>
<td>0.480</td>
<td>0.580</td>
<td>0.657</td>
<td>0.463</td>
<td>0.489</td>
</tr>
<tr>
<td>12 Job security and compensation</td>
<td>0.861</td>
<td>0.797</td>
<td>0.696</td>
<td>0.797</td>
<td>0.744</td>
<td>0.719</td>
<td>0.622</td>
</tr>
<tr>
<td>13 Promotion opportunities</td>
<td>0.568</td>
<td>0.525</td>
<td>0.444</td>
<td>0.669</td>
<td>0.701</td>
<td>0.401</td>
<td>0.384</td>
</tr>
</tbody>
</table>

Table 6.20: Relationships between dependent and independent factors (continued)

<table>
<thead>
<tr>
<th></th>
<th>8</th>
<th>9</th>
<th>10</th>
<th>11</th>
<th>12</th>
<th>13</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Job satisfaction</td>
<td>0.745</td>
<td>0.870</td>
<td>0.798</td>
<td>0.591</td>
<td>0.861</td>
<td>0.568</td>
</tr>
<tr>
<td>2 Organisational commitment</td>
<td>0.752</td>
<td>0.828</td>
<td>0.779</td>
<td>0.527</td>
<td>0.797</td>
<td>0.525</td>
</tr>
<tr>
<td>3 Open communication</td>
<td>0.573</td>
<td>0.749</td>
<td>0.713</td>
<td>0.480</td>
<td>0.696</td>
<td>0.444</td>
</tr>
<tr>
<td>4 Fairness</td>
<td>0.585</td>
<td>0.784</td>
<td>0.806</td>
<td>0.580</td>
<td>0.797</td>
<td>0.669</td>
</tr>
<tr>
<td>5 Personal needs alignment</td>
<td>0.769</td>
<td>0.789</td>
<td>0.810</td>
<td>0.657</td>
<td>0.744</td>
<td>0.701</td>
</tr>
<tr>
<td>6 Interpersonal relationships</td>
<td>0.585</td>
<td>0.749</td>
<td>0.644</td>
<td>0.463</td>
<td>0.719</td>
<td>0.401</td>
</tr>
<tr>
<td>7 Family harmony</td>
<td>0.556</td>
<td>0.805</td>
<td>0.569</td>
<td>0.489</td>
<td>0.622</td>
<td>0.384</td>
</tr>
<tr>
<td>8 Nature of the work</td>
<td>1.000</td>
<td>0.708</td>
<td>0.665</td>
<td>0.602</td>
<td>0.642</td>
<td>0.505</td>
</tr>
<tr>
<td>9 Working conditions</td>
<td>0.708</td>
<td>1.000</td>
<td>0.772</td>
<td>0.637</td>
<td>0.820</td>
<td>0.544</td>
</tr>
<tr>
<td>10 Job involvement</td>
<td>0.665</td>
<td>0.772</td>
<td>1.000</td>
<td>0.598</td>
<td>0.811</td>
<td>0.730</td>
</tr>
<tr>
<td>11 Governance</td>
<td>0.602</td>
<td>0.637</td>
<td>0.598</td>
<td>1.000</td>
<td>0.601</td>
<td>0.605</td>
</tr>
<tr>
<td>12 Job security and compensation</td>
<td>0.642</td>
<td>0.820</td>
<td>0.811</td>
<td>0.601</td>
<td>1.000</td>
<td>0.652</td>
</tr>
<tr>
<td>13 Promotion opportunities</td>
<td>0.505</td>
<td>0.544</td>
<td>0.730</td>
<td>0.605</td>
<td>0.652</td>
<td>1.000</td>
</tr>
</tbody>
</table>
From Table 6.20 it can be seen that all the relational-, organisational- and reward-based factors are significantly (p<0.05) and positively correlated with the dependent variables *Job satisfaction* and *Organisational commitment*. Significant positive relationships are also reported between all the independent variables. The majority of factors under investigation report high $r$-values of greater than 0.500, the exception being the correlations between *Governance* and *Promotion opportunities* and the independent variables, *Open communication*, *Interpersonal relationships* and *Family harmony*. Although the correlations between these variables are still regarded as significant, the $r$-values reported were less than 0.500. Given the high positive correlations reported between the factors under consideration, there is a possibility of multicollinearity, which implies that two variables are measuring something similar, thereby bringing overlapping information into the analysis (Siegel 2011:372).

6.6.3 MULTIPLE REGRESSION ANALYSIS

In order to investigate the influence of the various independent variables on the levels of *Job satisfaction* and *Organisational commitment* of non-family employees working in family businesses, a Multiple Regression Analysis was undertaken. The relationship between the dependent variables *Job satisfaction* and *Organisational commitment* was also assessed. Four separate regression models were conducted for this purpose.

6.6.3.1 The dependent variable

The Multiple Regression Analysis revealed a significant (31.582; p<0.001) positive relationship between the dependent variables *Job satisfaction* (31.582; p<0.001) and *Organisational commitment*. *Job satisfaction* explains 78.2% of the variance in *Organisational commitment*. The findings of this study imply that the more non-family employees experience *Job satisfaction* in the family business, the more they are likely to be committed to that family business. Based on this evidence, the hypothesis $H^1$ is accepted. The findings of this study concur with those of Lok and Crawford (2001:607), as well as Chan and Qiu (2011:1122), who also reported positive relationships between *Job satisfaction* and *Organisational commitment*. 
Table 6.21: Influence of Job satisfaction on Organisational commitment

<table>
<thead>
<tr>
<th>Dependent variable: Organisational commitment</th>
<th>R-Square = 0.782</th>
</tr>
</thead>
<tbody>
<tr>
<td>Independent variable</td>
<td>SC. Beta</td>
</tr>
<tr>
<td>Intercept</td>
<td>1.114</td>
</tr>
<tr>
<td>Job satisfaction</td>
<td>0.818</td>
</tr>
</tbody>
</table>

(*p<0.05; **p<0.01; *** p<0.001)

6.6.3.2 Relational-based factors

The relational-based factors investigated in this study explain 78.7% of the variance in Job satisfaction. From Table 6.22 it can be seen that positive linear relationships are reported between Fairness (5.222; p<0.001), Personal needs alignment (7.043; p<0.001), Interpersonal relationships (7.007; p<0.001) and Family harmony (3.804; p<0.001). This implies that the more non-family employees experience Fairness, Personal needs alignment, Interpersonal relationships and Family harmony in the context of the family business, the more likely they are to experience Job Satisfaction. No relationship is reported between Open communication and Job satisfaction, which implies that whether Open communication exists between the people working in the family business or not, has no influence on the levels of Job satisfaction experienced by non-family employees. Against this background, support is found for hypotheses H3a, H4a, H5a and H6a, but not for hypothesis H2a.

The relationship identified between Fairness and Job satisfaction in this study is well supported in the literature (Sharma 2004; Lambert & Hogan 2009; Van der Heyden et al. 2005). The more non-family employees perceive that they are treated fairly in terms of compensation and rewarded based on merit, the more likely they are to experience job satisfaction.

The findings of this study concerning a positive relationship between Personal needs alignment and Job satisfaction are also well supported in the literature (Kristof-Brown, Zimmerman and Johnson 2005; Westover et al. 2009). In other words the more non-family employees are able to realise their personal goals and ambitions
through their involvement in the family business, the more likely they are to experience satisfaction in their job.

Both Fritz and Omdahl (2006), as well as Ladebo et al. (2008), report that harmonious interactions between co-workers positively influence an individual's level of job satisfaction. The findings of this study concur with these authors, implying that the more relationships among co-workers are characterised as helpful, having a willingness to listen, a caring attitude, being reliable and appreciating each other, as well as fairness and trust existing between them, the more likely non-family employees are to be satisfied with their job in the family business.

With regard to Family harmony, a positive relationship between this independent variable and Job satisfaction is supported in the literature (Tsai et al. 2007). The more relationships among family members are characterised by cooperation, caring, support, appreciation and concern for each other's welfare, the more likely non-family employees are to experience job satisfaction. Similarly, Maas et al. (2005) suggest that the relationship between family members is vital since it can influence the happiness of non-family employees and the success of the family business.

No significant relationship is identified between Open communication and Job satisfaction in this study. This finding contradicts several other previous research studies on this topic (Sharma & Kumar 2001; Brunetto & Farr-Wharton 2004; De Nobile & McCormick 2008) which have reported positive relationships between these variables. As such, whether people working in the family business are able to openly communicate, share information and rely on each other or not, has no influence on the level of job satisfaction experienced by non-family employees.
Table 6.22: Influence of the relational-based factors on Job satisfaction

<table>
<thead>
<tr>
<th>Dependent variable: Job satisfaction</th>
<th>R-Square = 0.787</th>
</tr>
</thead>
<tbody>
<tr>
<td>Independent variables</td>
<td>SC. Beta</td>
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<tr>
<td>Intercept</td>
<td>-1.178</td>
</tr>
<tr>
<td>Open communication</td>
<td>0.022</td>
</tr>
<tr>
<td>Fairness</td>
<td>0.224</td>
</tr>
<tr>
<td>Personal needs alignment</td>
<td>0.314</td>
</tr>
<tr>
<td>Interpersonal relationships</td>
<td>0.457</td>
</tr>
<tr>
<td>Family harmony</td>
<td>0.185</td>
</tr>
</tbody>
</table>

(*p<0.05; **p<0.01; *** p<0.001)

The relational-based factors investigated in this study explain 70.4% of the variance in Organisational commitment. Positive linear relationships are reported between Fairness (2.503; p<0.05), Personal needs alignment (7.043; p<0.001), Interpersonal relationships (4.325; p<0.001) and Family harmony (4.151; p<0.001) and the dependent variable Organisational commitment. This finding implies that the more non-family employees experience Fairness, Personal needs alignment, Interpersonal relationships and Family harmony, the more like they are to be committed to the family business in which they are employed. As was the case with Job satisfaction, no relationship was found to exist between Open communication and Organisational commitment, which implies that whether Open communication exists in the family business or not, has no influence on Organisational commitment shown by non-family employees. Therefore, the hypotheses $H^{3b}$, $H^{4b}$, $H^{5b}$ and $H^{6b}$ are accepted whereas $H^{2b}$ is not.

As is the case in this study, several researchers (Van der Heyden et al. 2005:21; Sholihin & Pike 2009:397; DeConinck 2010:2) also support a significant relationship between fair treatment of employees and their levels of commitment to the business. This suggests that when non-family employees perceive that they are being treated fairly, their commitment level to the family business increases. The findings of this study are also in line with those of Kacmar et al. (1999), who maintain that employees who feel fairly and equitably treated by their employing organisation
concerning rewards, will exhibit more commitment than employees who feel cheated by their organisation.

The positive relationship found in this study between *Personal needs alignment* and *Organisational commitment* is similar to that reported by Sharma and Irving (2005) and Iqbal (2010:17). This result implies that if non-family employees feel that their personal needs are fulfilled within the context of the family business, their levels of *Organisational commitment* will increase and they will be willing to stay in the business.

The result obtained in this study suggesting a positive relationship between *Interpersonal relationships* and *Organisational commitment* is well supported in the literature (Robbins *et al.* 2003:77; Giffords 2009; Iqbal 2010:17). This finding suggests that the more relationships among co-workers are characterised as helpful, appreciating each other, having a caring attitude, fairness and trust existing between them and having confidence in the integrity of co-workers, the more likely non-family employees are to be committed to the family businesses in which they work.

A positive relationship is reported in this study between *Family harmony* and *Organisational commitment*. This finding suggests that the more harmonious the relationships between family members are, the more likely non-family employees are to be committed to the family business that employs them. Indalecio (2009) and Venter *et al.* (2009) explain that harmony among family members creates stability within the family unit and contributes towards a sense of team spirit, both of which are necessary for engendering non-family employees’ level of commitment to the family business.

No relationship between *Open communication* and *Organisational commitment* is reported in this study. In other words whether co-workers are able to openly communicate, share information and rely on each other or not, has no influence on the level of organisational commitment shown by non-family employees to the family businesses that employ them. Contrary to this finding, other evidence suggests that communication is important in improving employees’ commitment levels (Postmes *et al.* 2001:231; Brunetto & Farr-Wharton 2004).
Table 6.23: Influence of the relational-based factors on Organisational commitment

<table>
<thead>
<tr>
<th>Dependent variable: Organisational commitment</th>
<th>R-Square = 0.704</th>
</tr>
</thead>
<tbody>
<tr>
<td>Independent variables</td>
<td>SC. Beta</td>
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<td>Intercept</td>
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</tr>
<tr>
<td>Open communication</td>
<td>0.062</td>
</tr>
<tr>
<td>Fairness</td>
<td>0.117</td>
</tr>
<tr>
<td>Personal needs alignment</td>
<td>0.343</td>
</tr>
<tr>
<td>Interpersonal relationships</td>
<td>0.308</td>
</tr>
<tr>
<td>Family harmony</td>
<td>0.220</td>
</tr>
</tbody>
</table>

(*p<0.05; **p<0.01; *** p<0.001)

6.6.3.3 Organisational-based factors

From Table 6.24 below, it can be seen that organisational-based factors investigated in this study explain 81.6% of the variance in Job satisfaction. Based on the Multiple regression analysis, positive linear relationships were identified between Nature of the work (5.326; p<0.001), Working conditions (11.900; p<0.001) and Job involvement (6.079; p<0.001), and the dependent variable Job satisfaction. In other words, the Nature of the work, Working conditions and Involvement experienced by non-family employees in the family businesses exert a significant influence on their levels of Job satisfaction in the family business. No relationship is reported between Governance and Job satisfaction. Whether Governance structures exist in the family business or not, has no influence on the levels of Job satisfaction experienced by non-family employees. Against this background, hypotheses $H^{7a}$, $H^{8a}$ and $H^{9a}$ are accepted whereas $H^{10a}$ is not.

As is the case in this study, several researchers (Aamodt 2004:323; Chen 2004:434; Locke 2004:56; Saari & Judge 2004:398; Malik, Nawab, Naeem & Danish 2010) also report significant positive relationships between Nature of the work and Job satisfaction. This finding implies that the more challenging, interesting and important the job is, the more likely non-family employees are to be satisfied with their jobs.
The results of this study report a positive relationship between *Working conditions* and *Job satisfaction*. This result concurs with several other empirical studies (Sharma & Kumar 2001:772; Papanastasiou & Zembilgas 2005:151; Naik & Pradhan 2010). The findings of this study suggest that the more a working environment has an adequate physical infrastructure, resources, information and equipment to complete tasks, an environment with considerate, effective and knowledgeable leaders, and has clear policies, reporting lines and division of labour, the more likely non-family employees are to be satisfied with their jobs.

As is the case in this study, several authors report a significant positive relationship between *Job involvement* and *Job satisfaction* (e.g. Baron, 1983:214; Kreitner *et al.* 1999:199; Husain, Hussain & Khan 2010:263). This implies that the more non-family employees have the opportunity to be heard and receive feedback, as well as being involved in decision-making, management, setting business goals and strategic planning, the more likely they are to be satisfied with their jobs.

No relationship was, however, reported between *Governance* and *Job satisfaction* in this study. Whether a formal board of directors, written plans and regular scheduled meetings as well as clearly demarcated areas of authority and responsibility exist in the family business or not, has no influence on the level of *Job satisfaction* experienced by non-family employees.

**Table 6.24: Influence of the organisational-based factors on Job satisfaction**

<table>
<thead>
<tr>
<th>Dependent variable: Job satisfaction</th>
<th>R-Square = 0.816</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Independent variables</strong></td>
<td><strong>SC. Beta</strong></td>
</tr>
<tr>
<td>Intercept</td>
<td>-0.622</td>
</tr>
<tr>
<td>Nature of the work</td>
<td>0.235</td>
</tr>
<tr>
<td>Working conditions</td>
<td>0.662</td>
</tr>
<tr>
<td>Job involvement</td>
<td>0.245</td>
</tr>
<tr>
<td>Governance</td>
<td>-0.040</td>
</tr>
</tbody>
</table>

(*p<0.05; **p<0.01; *** p<0.001)
The organisational-based factors investigated in this study explain 77.6% of the variance in Organisational commitment. From Table 6.25 it can be seen that positive linear relationships are reported between the independent variables namely Nature of the work (9.290; p<0.001), Working conditions (6.192; p<0.001), and Governance (6.979; p<0.001). In other words, the Nature of the work, Working conditions, and Governance experienced by non-family employees working in family businesses exert a significant influence on the level of Organisational commitment experienced by these employees. However, a negative relationship between Job Involvement (-3.295; p<0.01) and Organisational commitment is reported, implying that the Job involvement of non-family employees in the family business in which they are employed exerts a negative influence on their level of Organisational commitment. Consequently, support is found for hypotheses $H^7_b$, $H^8_b$ and $H^{10}_b$ and not for hypothesis $H^9_b$.

In the present study, a significant positive relationship was found between Nature of the work and Organisational commitment. This finding suggests that the more non-family employees regard their jobs as challenging, interesting and important, the more likely they are to be committed to the family businesses in which they are employed. This result is supported by previous empirical studies (Lambert & Paoline 2008; Giffords 2009; Iqbal 2010:17; SamGnanakkan 2010:41) where positive relationships have been reported between the job or role characteristics of an employee and the level of commitment to an organisation exhibited by that employee.

Empirical support for a significant positive relationship between Working conditions and Organisational commitment is reported in this study. This finding implies that the more a working environment has an adequate physical infrastructure, resources, information and equipment to complete tasks, an environment with considerate, effective and knowledgeable leaders, as well as clear policies, reporting lines and division of labour, the more likely are employees to be committed to the family businesses that employ them. This finding concurs with that of Iqbal (2010:17), who asserts that organisations that provide a better working environment for their employees are able to enhance their employees’ levels of commitment to that organisation.
A significant negative relationship was reported between the independent variable *Job involvement* and *Organisational commitment* in this study. This result contradicts that of Sorenson (2000:194), Harris, Reid and McAdam (2004:50) as well as Governder and Parumasur (2010:239), all of whom reported positive relationships between *Job Involvement* and *Organisational commitment*. When non-family employees have the opportunity to be heard and receive feedback, as well as being involved in decision-making, management, setting business goals and strategic planning, their levels of commitment to the family businesses in which they are employed are negatively influenced.

The results of this study report a significant positive relationship between *Governance* and *Organisational commitment*. In other words, the more a formal board of directors, written plans and regular scheduled meetings, as well as clearly demarcated areas of authority and responsibility exist in the family business, the more likely non-family employees are to show commitment to the family business.

**Table 6.25: Influence of the organisational-based factors on Organisational commitment**

<table>
<thead>
<tr>
<th>Dependent variable: Organisational commitment</th>
<th>R-Square = 0.776</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Independent variables</strong></td>
<td>SC. Beta</td>
</tr>
<tr>
<td>Intercept</td>
<td>0.221</td>
</tr>
<tr>
<td>Nature of the work</td>
<td>0.313</td>
</tr>
<tr>
<td>Working conditions</td>
<td>0.527</td>
</tr>
<tr>
<td>Job involvement</td>
<td>0.254</td>
</tr>
<tr>
<td>Governance</td>
<td>-0.125</td>
</tr>
</tbody>
</table>

(*p<0.05; **p<0.01; *** p<0.001)

**6.6.3.4 Reward-based factors**

The reward-based factors investigated in this study explain 74.2% of the variance in *Job satisfaction* (see Table 6.26). The Multiple regression analysis revealed a significant a positive relationship between *Job security and compensation* (21.190; p<0.001) and the dependent variable *Job satisfaction*. The findings of this study
show that the more non-family employees experience job security and feel that they receive a competitive remuneration, the more likely they are to experience *job satisfaction*. No relationship was reported between the independent variable *promotion opportunities* and the dependent variable *job satisfaction*, which implies that whether *promotional opportunities* are offered to non-family employees or not has no influence on their levels of *job satisfaction*. Support in thus found for hypothesis $H_{11a}$, but not for hypothesis $H_{12a}$.

In their research, Sharma and Kumar (2001:772), Burchell *et al.* (2002:93) as well as Theodossiou and Vasileiou (2007:72) report positive relationships between employees who feel secure in their jobs and their level of job satisfaction. In addition, evidence exists suggesting that lower levels of compensation lead to lower levels of satisfaction among non-family employees working in family businesses (Poza 2007; Ceja & Tapies 2009). Similar results have been reported in the present study, in that *job security and compensation* has been found to have a significant influence on *job satisfaction*.

With regard to *promotion opportunities*, despite evidence (Aamodt 2004:328; Fincham & Rhodes 2005; Small Business General 2007; Sirin 2009) that employees feel satisfied with their jobs when promotional opportunities are given to them, no relationship was found between the two variables in this study. The results of this study suggest that whether *promotion opportunities* are available to non-family employees working in family businesses or not has no impact on the level of *job satisfaction* experienced by these employees.

**Table 6.26: Influence of the reward-based factors on Job satisfaction**

<table>
<thead>
<tr>
<th>Dependent variable: Job Satisfaction</th>
<th>R-Square = 0.742</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Independent variables</strong></td>
<td>SC. Beta</td>
</tr>
<tr>
<td>Intercept</td>
<td>0.963</td>
</tr>
<tr>
<td>Job security and compensation</td>
<td>0.868</td>
</tr>
<tr>
<td>Promotion opportunities</td>
<td>0.011</td>
</tr>
</tbody>
</table>

(*p<0.05; **p<0.01; ***p<0.001)
From Table 6.27, it can be seen that reward-based factors investigated in this study explain 63.6% of the variance in *Organisational commitment*. The Multiple Regression Analysis revealed significant positive relationship between the independent variable *Job security and compensation* (16.538; \( p<0.001 \)) and *Organisational commitment*. This implies that the more non-family employees experience *Job security and compensation* in the family businesses in which they are employed, the more likely they are to be committed to the family business. No relationship was found between *Promotion opportunities* and the dependent variable *Organisational commitment*, which implies that whether promotional opportunities are offered to non-family employees or not has no influence on their level of *Organisational commitment*. As a result, hypothesis \( H_{11b} \) is accepted, whereas hypothesis \( H_{12b} \) is not.

The results of the present study show a significant positive relationship between *Job security and compensation and Organisational commitment*. This finding implies that the more non-family employees feel safe and secure about the future of their jobs, and are receiving competitive remuneration, the more likely they are to be committed to the family business in which they work. Several authors report a positive relationship between job security and organisational commitment in their studies as well (Buitendach & De Witte 2005:27; Johnson *et al.* 2010:226; Sambosivan 2010). In addition, evidence is provided by Kochanski and Ledford (2001:37) and Döckel *et al.* (2006:26) that the compensation an employee gets is an important measure of his/her performance, and is an important contributor to employee commitment.

Despite previous research (Lok & Crawford 2004:321; Barnett & Kellermans 2006:847; Lambert & Paoline 2008; Giffords 2009) supporting a positive relationship between *Promotion opportunities* and *Organisational commitment*, no relationship between these variables is reported in this study. This result implies that whether *Promotion opportunities* are available to non-family employees working in family businesses or not has no influence on the level of *Organisational commitment* shown by these employees.
Table 6.27: Influence of the reward-based factors on Organisational commitment

<table>
<thead>
<tr>
<th>Dependent variable: Organisational commitment</th>
<th>R-Square = 0.636</th>
</tr>
</thead>
<tbody>
<tr>
<td>Independent variables</td>
<td>SC. Beta</td>
</tr>
<tr>
<td>Intercept</td>
<td>1.744</td>
</tr>
<tr>
<td>Job security and compensation</td>
<td>0.744</td>
</tr>
<tr>
<td>Promotion opportunities</td>
<td>0.008</td>
</tr>
</tbody>
</table>

(*p<0.05; **p<0.01; *** p<0.001)

6.6.4 SUMMARY OF SIGNIFICANT RELATIONSHIPS

The Multiple Regression Analysis undertaken has revealed several relational-, organisational- and reward-based factors as having a significant influence on the Job satisfaction and Organisational commitment levels of non-family employees in family business. These significant relationships are summarised in Figure 6.2.

Figure 6.2: SUMMARY OF SIGNIFICANT RELATIONSHIPS

- **Relational-based factors**
  - Fairness
  - Personal needs alignment
  - Interpersonal relationships
  - Family harmony

- **Organisational-based factors**
  - Nature of the work
  - Working conditions
  - Job involvement
  - Governance

- **Reward-based factors**
  - Job security and compensation

H°b; p<0.05, H°b; p<0.001, H°b; p<0.001, H°b; p<0.001

H°a; p<0.001, H°a; p<0.001, H°a; p<0.001, H°a; p<0.001

H°c; p<0.001, H°c; p<0.001, H°c; p<0.001, H°c; p<0.001

H°d; p<0.001, H°d; p<0.001, H°d; p<0.001, H°d; p<0.001

H°e; p<0.001, H°e; p<0.001, H°e; p<0.001, H°e; p<0.001

H°f; p<0.001, H°f; p<0.001, H°f; p<0.001, H°f; p<0.001

H°g; p<0.001, H°g; p<0.001, H°g; p<0.001, H°g; p<0.001

H°h; p<0.001, H°h; p<0.001, H°h; p<0.001, H°h; p<0.001

H°i; p<0.001

H°j; p<0.001

H°k; p<0.001

H°l; p<0.001

H°m; p<0.001

H°n; p<0.001

H°o; p<0.001

H°p; p<0.001
6.7 AN ANALYSIS OF THE INFLUENCE OF DEMOGRAPHIC DATA

Even though the primary objective of this study was to identify the factors that influence the level of Job satisfaction and Organisational commitment levels of non-family employees working in family businesses, an analysis was performed to assess the influence of selected demographic variables on both the dependent variables and independent variables investigated. An Analysis of Variance (ANOVA) was undertaken for this purpose, the results of which are tabled and discussed in the paragraphs below.

6.7.1 RESULTS OF THE ANALYSIS OF VARIANCE

In Section 2 of the measuring instrument, demographic information was sought from respondents. This included information relating to the Age, Gender and Ethnicity of the respondents. Furthermore, information relating to the Tenure (years in employment) and the nature of the Position held by the respondent in the family business was requested. In addition, respondents were asked to indicate whether they hold a Share in the family business or not. In order to determine whether relationships exist between these selected demographic variables and the various factors under investigation, an ANOVA was undertaken. To establish significant differences between the individual mean scores, the Bonferroni post-hoc test was calculated, and practical significance was assessed by calculating Cohen’s d value. The results of this analysis are presented and discussed below.

6.7.1.1 Demographic variables, Job satisfaction and Organisational commitment

The ANOVA reported a relationship between the demographic variables Ethnicity (p<0.05) and Position (p<0.01) and the dependent variable Job satisfaction. With regard to Ethnicity, the Bonferroni post-hoc test (p<0.01) revealed that White respondents (\( \bar{x} = 5.335 \)) scored significantly higher mean scores than Asian/Coloured (\( \bar{x} = 4.715 \)) did. A Cohen’s d-value of 0.458 indicates this difference between the mean scores of these two ethnic groups as being of small practical significance. No
significant difference was reported for \textit{Job satisfaction} between the mean scores of White and Black respondents, or between Black and Asian/Coloured respondents.

With regard to the demographic variable \textit{Position}, the Bonferroni post-hoc test revealed significant differences between the mean scores reported by Managerial/supervisory (\(p<0.01; \bar{x}=5.322; \text{Cohen's d-value 0.545}\)) and Administrative/clerical respondents (\(p<0.05; \bar{x}=5.202; \text{Cohen's d-value = 0.456}\)) on the one hand, and respondents in Operational (\(\bar{x}=4.588\)) positions, on the other. Cohen's d-value provides evidence of small to moderate practical significance for these differences.

\textbf{Table 6.28: Demographic variables and Job Satisfaction}

<table>
<thead>
<tr>
<th>Dependent variable: Job satisfaction</th>
<th>F-value</th>
<th>Sig.(p)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Intercept</td>
<td>243.383</td>
<td>0.000</td>
</tr>
<tr>
<td>Age</td>
<td>0.486</td>
<td>0.486</td>
</tr>
<tr>
<td>Tenure</td>
<td>0.057</td>
<td>0.811</td>
</tr>
<tr>
<td>Share</td>
<td>1.560</td>
<td>0.213</td>
</tr>
<tr>
<td>Gender</td>
<td>0.022</td>
<td>0.884</td>
</tr>
<tr>
<td>Ethnicity</td>
<td>3.497</td>
<td>0.032*</td>
</tr>
<tr>
<td>Position</td>
<td>5.345</td>
<td>0.005**</td>
</tr>
</tbody>
</table>

\((^p<0.05; **p<0.01; ***p<0.001)\)

As in the case of \textit{Job satisfaction}, the results of the ANOVA (see Table 6.29) show that \textit{Ethnicity} (\(p<0.05\)) and \textit{Position} (\(p<0.001\)) report a significant relationship with the dependent variable \textit{Organisational commitment}.

The Bonferroni post-hoc test revealed that the mean scores reported by White respondents (\(\bar{x}=5.561\)) are significantly higher than both the mean scores reported by Black (\(p<0.05; \bar{x}=5.137\)) and Asian/Coloured (\(p<0.01; \bar{x}=4.984\)) respondents. Cohen's d-values indicating small practical significance are however reported for these differences (White vs Black Cohen's d-value = 0.355; White vs Asian/Coloured Cohen's d-value = 0.465). No significant differences is, however, found between the
mean scores for Organisational commitment reported by Black and Asian/Coloured respondents

With regard to the *Position* held by respondents in the family business, the Bonferroni post-hoc test revealed a significant difference (p<0.001) between the mean scores reported by those in Managerial/Supervisory (̅x =5.563) and those in Operational positions (̅x =4.716). The Cohen’s d-value (0.711) value indicates moderate practical significance for this difference. The Bonferroni post-hoc test also revealed a significant difference (p<0.01) between the mean scores reported by those in Administration/Clerical (̅x =5.348) and those in Operational positions (̅x =4.716). A Cohen’s d-value of 0.502 shows this difference to be of moderate practical significance. No significant difference was, however, reported between those in Managerial/Supervisory positions and those in Administration/Clerical positions.

**Table 6.29: Demographic variables and Organisational commitment**

<table>
<thead>
<tr>
<th>Independent variables</th>
<th>F-value</th>
<th>Sig.(p)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Intercept</td>
<td>323.336</td>
<td>0.000</td>
</tr>
<tr>
<td>Age</td>
<td>0.025</td>
<td>0.874</td>
</tr>
<tr>
<td>Tenure</td>
<td>0.588</td>
<td>0.444</td>
</tr>
<tr>
<td>Share</td>
<td>1.073</td>
<td>0.301</td>
</tr>
<tr>
<td>Gender</td>
<td>0.005</td>
<td>0.945</td>
</tr>
<tr>
<td>Ethnicity</td>
<td>3.712</td>
<td>0.026*</td>
</tr>
<tr>
<td>Position</td>
<td>7.831</td>
<td>0.000***</td>
</tr>
</tbody>
</table>

(*p<0.05; **p<0.01; *** p<0.001)

The null-hypotheses (H₀ᵃ) stating that there is no relationship between demographic variables and *Job satisfactions* is thus accepted for *Age, Tenure, Share* and *Gender*, but not for *Ethnicity* and *Position*.

In addition, the null-hypotheses (H₀ᵇ) stating that there is no relationship between demographic variables and *Organisational Commitment* is thus accepted for *Age, Tenure, Share* and *Gender*, but not for *Ethnicity* and *Position*. 
6.7.1.2 Demographic and relational-based variables

The results of the ANOVA (see Table 6.30) report significant relationships between the demographic variable *Ethnicity* and the independent variables, *Open communication* (p<0.01), *Fairness* (p<0.05) and *Interpersonal relationships* (p<0.01). No significant relationships were reported between *Ethnicity* and the independent variable *Personal needs alignment* and *Family harmony*. In addition, significant relationships are reported between demographic variable *Position* and all the relational-based independent variables, namely *Open communication* (p<0.05), *Fairness* (p<0.01), *Personal needs alignment* (p<0.01), *Interpersonal relationships* (p<0.01) and *Family harmony* (p<0.01).

With regard to *Ethnicity*, the Bonferroni post-hoc test revealed a significant difference (p<0.01) between the mean scores reported by White respondents (\(\bar{x}=5.438\)) and Asian/Coloured (\(\bar{x}=4.820\)) respondents for the variable *Open communication*. A Cohen's d-value of 0.546 indicates a difference of moderate practical significance between these mean scores. No significant difference is found between the means scores reported by White and Black respondents or between Black and Asian/Coloured respondents.

The Bonferroni post-hoc test done on the demographic variable *Position* revealed a significance difference (p<0.05) between the mean scores reported by respondents in Managerial/Supervisory positions (\(\bar{x}=5.355\)) and those in Operational positions (\(\bar{x}=4.842\)) for the variable *Open communication*. The Cohen’s d-value (0.425) value indicates this difference to be of small practical significance. No significant differences were found between Managerial/Supervisory and Administrative/Clerical positions or between Administrative/Clerical and Operational positions.

For the demographic variable *Fairness* the Bonferroni post-hoc test (p<0.05) revealed that the mean scores reported by White respondents (\(\bar{x}=5.153\)) were significantly higher than the mean scores reported by Asian/Coloured (\(\bar{x}=4.592\)). A Cohen’s d-value of 0.395 indicates this difference to be of small practical significance.
The Bonferroni post-hoc test (p<0.01) revealed that the mean scores for *Fairness* reported by respondents in Managerial/Supervisory positions (\(\bar{x} = 5.125\)) are significantly higher than reported by those in Operational positions (\(\bar{x} = 4.318\)). A moderate Cohen’s d-value of 0.540 was reported for the difference. Furthermore, the Bonferroni post-hoc test (p<0.05) revealed that respondents in Administration/Clerical positions reported higher means score (\(\bar{x} = 4.982\)) for *Fairness* than respondents in Operational positions (\(\bar{x} = 4.318\)). A Cohen’s d-value of 0.492 was reported, which shows this difference to be of small practical significance. No significant difference was reported for *Fairness* between respondents in Managerial/Supervisory and those in Administration/Clerical positions.

The Bonferroni post-hoc test (p<0.01) revealed significantly higher mean score reported by respondents in Managerial/Supervisory positions (\(\bar{x} = 5.198\)) than those in Operational positions (\(\bar{x} = 4.478\)) for the variable *Personal needs alignment*. A Cohen’s d-value (0.530) indicates this difference to be of moderate practical significance. No difference is reported in the means scored by respondents in Managerial/Supervisory and Administrative/Clerical positions, or between those in Administration/Clerical and those in Operational positions.

For the variable *Interpersonal relationships* the Bonferroni post-hoc test revealed that the mean score reported by White respondents (\(\bar{x} = 5.660\)) is significantly higher than both the mean scores reported by Black (p<0.05; \(\bar{x} = 5.343\)) and Asian/Coloured (p<0.01; \(\bar{x} = 5.161\)) respondents. Cohen’s d-values of small (White vs Black =0.353) and moderate (White vs Asian/Coloured = 0.538) practical significance are however reported for these differences. No significant differences are reported between the mean scores of Black and Asian/Coloured respondents for *Interpersonal relationships*.

In addition to *Interpersonal relationships*, the *Position* that the respondents hold in the family business the Bonferroni post-hoc test revealed significantly higher (p<0.001; p<0.01) mean scores reported by respondents in Managerial/Supervisory positions (\(\bar{x} = 5.577\)) than by respondents in Operational positions (\(\bar{x} = 5.034\))
respondents, as well as higher mean scores being reported by respondents in Administrative/Clerical positions ($\bar{x} = 5.553$) than respondents in Operational positions ($\bar{x} = 5.034$) respondents. Cohen’s d-values (Managerial/Supervisory vs Operational = 0.562; Administrative/Clerical vs Operational = 0.550) indicate these differences to be of moderate practical significance.

With regard to the Position held by respondents in the family business, the Bonferroni post-hoc test ($p<0.01$) for the variable Family harmony revealed significantly higher mean score being reported by respondents in Administrative/Clerical positions ($\bar{x} = 5.845$) than those in Operational positions ($\bar{x} = 5.284$). A Cohen’s d-value of 0.520 indicates this difference to be of moderate practical significance. No differences are reported between respondents in Managerial/Supervisory and Administrative/Clerical positions or between respondents in Managerial/Supervisory and Operational positions.

Table 6.30: Demographic variables and Relational-based factors

<table>
<thead>
<tr>
<th>Dependent variable: Open communication</th>
<th>F-value</th>
<th>Sig.(p)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Intercept</td>
<td>364.345</td>
<td>0.000</td>
</tr>
<tr>
<td>Age</td>
<td>0.047</td>
<td>0.829</td>
</tr>
<tr>
<td>Tenure</td>
<td>0.001</td>
<td>0.970</td>
</tr>
<tr>
<td>Share</td>
<td>0.076</td>
<td>0.783</td>
</tr>
<tr>
<td>Gender</td>
<td>0.106</td>
<td>0.745</td>
</tr>
<tr>
<td>Ethnicity</td>
<td>5.924</td>
<td>0.003**</td>
</tr>
<tr>
<td>Position</td>
<td>3.932</td>
<td>0.021*</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Dependent variable: Fairness</th>
<th>F-value</th>
<th>Sig.(p)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Intercept</td>
<td>229.835</td>
<td>0.000</td>
</tr>
<tr>
<td>Age</td>
<td>0.020</td>
<td>0.889</td>
</tr>
<tr>
<td>Tenure</td>
<td>0.348</td>
<td>0.556</td>
</tr>
<tr>
<td>Share</td>
<td>1.702</td>
<td>0.193</td>
</tr>
<tr>
<td>Gender</td>
<td>1.515</td>
<td>0.219</td>
</tr>
<tr>
<td>Ethnicity</td>
<td>3.355</td>
<td>0.036*</td>
</tr>
<tr>
<td>Position</td>
<td>5.848</td>
<td>0.003**</td>
</tr>
</tbody>
</table>
The null-hypothesis ($H_0$) stating that there is no relationship between demographic variables and the *Relational-based* investigated in this study is thus accepted for *Age, Tenure, Share* and *Gender* but not for *Ethnicity* and *Position*.
6.7.1.3 Demographic and organisational-based variables

The Analysis of Variance reported a significant relationship (p<0.05) between the demographic variable *Position* and the demographic variable *Nature of the work*. The Bonferroni post-hoc test revealed significantly higher (p<0.001) mean scores reported by respondents in Managerial/Supervisory positions (\( \bar{x} = 5.578 \)) and those in Operational positions (\( \bar{x} = 4.851 \)). A Cohen’s d-value of 0.595 indicates this difference to be of moderate practical significance. No difference is found between the mean scores reported by respondents in Managerial/Supervisory and those in Administration/Clerical positions or between the mean scores reported by respondents in Administration/Clerical and those in Operational positions.

The results of the ANOVA also reveal a significant relationship (p<0.01) between the *Position* held by the respondent in the family business and the demographic variable *Working conditions*. The Bonferroni post-hoc test revealed a significant difference (p<0.01) between the mean scores reported by respondents in Managerial/Supervisory positions (\( \bar{x} = 5.519 \)) and those in Operational positions (\( \bar{x} = 4.896 \)). The Cohen’s d-value (0.533) value indicates this difference to be of moderate practical significance. In addition the Bonferroni post-hoc test revealed a significant difference (p<0.01) in mean scores reported by respondents in Administration/Clerical positions (\( \bar{x} = 5.514 \)) in comparison to those in Operational positions (\( \bar{x} = 4.896 \)). A Cohen’s d-value of 0.560 indicates this difference to be of moderate practical significance. There is no difference reported between the mean scores of respondents in Managerial/Supervisory positions versus those in Administration/Clerical positions for *Working conditions*.

The Analysis of Variance also reports significant relationships between the demographic variables *Share* (p<0.05) and *Position* (p<0.001) and the organisational-based factor *Job involvement*. Mean scores reported by respondents who own shares (\( \bar{x} = 5.473 \)) in a family business are significantly higher than those who do not own any shares (\( \bar{x} = 4.514 \)) in the family business. The Cohen’s d-value (0.677) indicates this difference to be of moderate practical significance. For the demographic variables Job involvement the Bonferroni post-hoc test also reported
significant differences \(p<0.001; \ p<0.05\) in the means scored by respondents in Managerial/Supervisory positions \(\bar{x}=4.986\) in comparison to those in Operational positions \(\bar{x}=3.960\) and between those in Administrative/Clerical positions \(\bar{x}=4.540\) in comparison to those in Operational positions \(\bar{x}=3.960\). The Cohen’s \(d\)-values of 0.712 and 0.417, respectively, indicate these differences to be of moderate and small practical significance.

The results of the Analysis of Variance (see Table 6.26) reported a significant relationship between the demographic variables \textit{Share} \(p<0.05\) and \textit{Position} \(p<0.05\) and the organisational-based factor \textit{Governance}. Respondents who own shares in the family business reported significantly higher mean score \(\bar{x}=5.365\) than those who do not own shares in a family business \(\bar{x}=4.661\). A Cohen’s \(d\)-value of 0.551 shows this difference to be of moderate practical significance.

Furthermore, the Bonferroni post-hoc test also revealed a significant difference \(p<0.05\) between the mean scores reported by those in Managerial/Supervisory \(\bar{x}=4.880\) and those in Operational positions \(\bar{x}=4.319\) for the factor Governance. A Cohen’s \(d\)-value of 0.406 indicates that the difference is of a small practical significance. No difference in mean scores is reported by those in Managerial/Supervisory positions and those in Administration/Clerical positions, or between those Administration/Clerical positions and those in Operational positions.

Table 6.31: Demographic variables and Organisational-based factors

<table>
<thead>
<tr>
<th>Dependent variable: Nature of the work</th>
<th>F-value</th>
<th>Sig.(p)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Intercept</td>
<td>300.592</td>
<td>0.000</td>
</tr>
<tr>
<td>Age</td>
<td>0.955</td>
<td>0.329</td>
</tr>
<tr>
<td>Tenure</td>
<td>0.546</td>
<td>0.461</td>
</tr>
<tr>
<td>Share</td>
<td>0.048</td>
<td>0.827</td>
</tr>
<tr>
<td>Gender</td>
<td>0.061</td>
<td>0.806</td>
</tr>
<tr>
<td>Ethnicity</td>
<td>2.398</td>
<td>0.093</td>
</tr>
<tr>
<td>Position</td>
<td>6.984</td>
<td>0.001**</td>
</tr>
</tbody>
</table>
Table 6.31: Demographic variables and Organisational-based factors (continued)

<table>
<thead>
<tr>
<th>Dependent variable: Working conditions</th>
<th>Independent variables</th>
<th>F-value</th>
<th>Sig.(p)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Intercept</td>
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<td>414.618</td>
<td>0.000</td>
</tr>
<tr>
<td>Age</td>
<td></td>
<td>0.079</td>
<td>0.780</td>
</tr>
<tr>
<td>Tenure</td>
<td></td>
<td>0.122</td>
<td>0.727</td>
</tr>
<tr>
<td>Share</td>
<td></td>
<td>0.028</td>
<td>0.867</td>
</tr>
<tr>
<td>Gender</td>
<td></td>
<td>0.001</td>
<td>0.981</td>
</tr>
<tr>
<td>Ethnicity</td>
<td></td>
<td>2.760</td>
<td>0.065</td>
</tr>
<tr>
<td>Position</td>
<td></td>
<td>7.341</td>
<td>0.001**</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Dependent variable: Job involvement</th>
<th>Independent variables</th>
<th>F-value</th>
<th>Sig.(p)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Intercept</td>
<td></td>
<td>205.127</td>
<td>0.000</td>
</tr>
<tr>
<td>Age</td>
<td></td>
<td>0.007</td>
<td>0.935</td>
</tr>
<tr>
<td>Tenure</td>
<td></td>
<td>0.003</td>
<td>0.955</td>
</tr>
<tr>
<td>Share</td>
<td></td>
<td>4.445</td>
<td>0.036*</td>
</tr>
<tr>
<td>Gender</td>
<td></td>
<td>0.392</td>
<td>0.532</td>
</tr>
<tr>
<td>Ethnicity</td>
<td></td>
<td>2.225</td>
<td>0.110</td>
</tr>
<tr>
<td>Position</td>
<td></td>
<td>8.411</td>
<td>0.000**</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Dependent variable: Governance</th>
<th>Independent variables</th>
<th>F-value</th>
<th>Sig.(p)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Intercept</td>
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<td>263.904</td>
<td>0.000</td>
</tr>
<tr>
<td>Age</td>
<td></td>
<td>0.001</td>
<td>0.970</td>
</tr>
<tr>
<td>Tenure</td>
<td></td>
<td>0.079</td>
<td>0.779</td>
</tr>
<tr>
<td>Share</td>
<td></td>
<td>4.439</td>
<td>0.036*</td>
</tr>
<tr>
<td>Gender</td>
<td></td>
<td>0.455</td>
<td>0.500</td>
</tr>
<tr>
<td>Ethnicity</td>
<td></td>
<td>2.385</td>
<td>0.094</td>
</tr>
<tr>
<td>Position</td>
<td></td>
<td>4.595</td>
<td>0.011**</td>
</tr>
</tbody>
</table>

(*p<0.05; **p<0.01; *** p<0.001)

As such the null-hypothesis ($H_0$) stating that there is no relationship between demographic variables and Organisational-based variables is accepted for Age, Tenure and Gender, but not for Ethnicity, Share and Position.
6.7.1.4 Demographic and reward-based variables

The results of the ANOVA (see Table 6.32) report a significant relationship between the demographic variables *Ethnicity* \((p<0.05)\) and *Position* \((p<0.001)\) and the reward-based factor *Job security and compensation*. The Bonferroni post-hoc test on this factor revealed that White respondents \((\bar{x}=5.026)\) reported significantly higher mean scores than those reported by Black \((p<0.01; \bar{x}=4.488)\) and Asian/Coloured \((p<0.01; \bar{x}=4.444)\) respondents. The Cohen’s d-values \((\text{White vs Black }=0.410; \text{White vs Asian/Coloured }=0.460)\) indicate these differences to be of small practical differences.

The Bonferroni post-hoc test revealed significant differences, with significance levels of \(p<0.001\) and \(p<0.01\), respectively, between the mean scores for *Job security and compensation* reported by respondents in Managerial/Supervisory \((\bar{x}=4.996)\) and those in Operational positions \((\bar{x}=4.103)\), as between those in Administration/Clerical positions \((\bar{x}=4.805)\) versus those in Operational positions \((\bar{x}=4.103)\). Cohen’s d-values of 0.703 and 0.528 respectively indicate these differences to be of moderate practical significance. No differences in mean scores for *Job security and compensation* are reported between respondents in Managerial/Supervisory positions and those in Administration/Clerical positions.

The Analysis of Variance reported significant relationships between the demographic variables *Share* \((p<0.05)\) and *Position* \((p<0.001)\) and the reward-based factor *Promotion opportunities*. The Bonferroni post-hoc test revealed significant \((p<0.01; p<0.05)\) differences in the mean scores reported by those in Managerial/Supervisory positions \((\bar{x}=4.469)\) versus those in Operational positions \((\bar{x}=3.664)\) as well as between those Administration/Clerical positions \((\bar{x}=4.282)\) and those in Operational positions \((\bar{x}=3.664)\). The Cohen’s d-values of 0.513 and 0.416 indicate these differences to be of small practical significance. Regarding *Promotion opportunities*, no differences are found in the mean scores reported by respondents in Managerial/Supervisory positions and those in Administration/Clerical positions.
A significant relationship \((p<0.05)\) was also reported between the demographic variable \(\text{Share}\) and the reward-based factor \(\text{Promotion opportunities}\) Respondents who own shares in a family business reported significantly higher mean scores \((\bar{x} = 5.011)\) than those who do not \((\bar{x} = 4.143)\).

**Table 6.32: Demographic variables and Reward-based factors**

<table>
<thead>
<tr>
<th>Dependent variable: Job security and compensation</th>
<th>Independent variables</th>
<th>F-value</th>
<th>Sig.(p)</th>
</tr>
</thead>
<tbody>
<tr>
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</tr>
<tr>
<td>Age</td>
<td>0.028</td>
<td>0.868</td>
<td></td>
</tr>
<tr>
<td>Tenure</td>
<td>0.938</td>
<td>0.334</td>
<td></td>
</tr>
<tr>
<td>Share</td>
<td>2.757</td>
<td>0.098</td>
<td></td>
</tr>
<tr>
<td>Gender</td>
<td>0.079</td>
<td>0.779</td>
<td></td>
</tr>
<tr>
<td>Ethnicity</td>
<td>3.643</td>
<td>0.027*</td>
<td></td>
</tr>
<tr>
<td>Position</td>
<td>7.337</td>
<td>0.001**</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Dependent variable: Promotion opportunities</th>
<th>Independent variables</th>
<th>F-value</th>
<th>Sig.(p)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Intercept</td>
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<td></td>
</tr>
<tr>
<td>Age</td>
<td>2.686</td>
<td>0.102</td>
<td></td>
</tr>
<tr>
<td>Tenure</td>
<td>0.801</td>
<td>0.371</td>
<td></td>
</tr>
<tr>
<td>Share</td>
<td>4.573</td>
<td>0.033*</td>
<td></td>
</tr>
<tr>
<td>Gender</td>
<td>3.641</td>
<td>0.057</td>
<td></td>
</tr>
<tr>
<td>Ethnicity</td>
<td>0.534</td>
<td>0.587</td>
<td></td>
</tr>
<tr>
<td>Position</td>
<td>5.853</td>
<td>0.003**</td>
<td></td>
</tr>
</tbody>
</table>

\(*p<0.05; \ **p<0.01; \ ***p<0.001\)

Based on the findings presented above, support is found for the null-hypothesis \((H_0)\) stating that there is no relationship between demographic variables \(\text{Age, Tenure and Gender}\) and the \text{Reward-based factors} investigated in this study, but not for the demographic variables \(\text{Ethnicity, Share and Position}\).
6.8 SUMMARY

Chapter 6 presented the empirical results of this study. To start with, the validity and reliability of the measuring instrument was assessed and reported on. Based on the results of the factor analyses, eleven factors (see Figure 6.1) were identified as possibly having an influence on the levels of Job satisfaction and Organisational commitment of non-family employees working in family businesses. Five of these factors were relational in nature, four organisational-based and two reward-based. These factors were as follows: Open communication, Fairness, Personal needs alignment, Interpersonal relationships, Family harmony, Nature of the work, Working conditions, Job involvement, Governance, Job security and compensation and Promotion opportunities. Both the dependent and independent variables provided satisfactory evidence of reliability by reporting Cronbach-alpha coefficient of greater than 0.7.

The empirical results were analysed using various statistical techniques. Descriptive statistics were used to calculate the mean scores of respondents to assess the average response of the independent variables on dependent variables. The Pearson’s Product Moment Correlation was also undertaken to establish the relationship between the various factors under investigation. The relationships hypothesised as influencing the Job satisfaction and Organisational commitment levels of non-family employees working in the family business were empirically tested by means of Multiple Regression Analysis. In addition, the relationship between Job satisfaction on Organisational commitment was also empirically tested. Significant relationships identified by the MRA were then evaluated against the formulated hypotheses. Lastly, an ANOVA was conducted to establish significant relationships between selected demographic variables and the dependent variables Job satisfaction and Organisational commitment, as well as the relational-, organisational- and reward-based factors investigated in this study.

The final chapter, Chapter 7, will firstly provide a brief summary of the various chapters in the study. Thereafter, the empirical results will be interpreted, and implications and recommendations for non-family employees working in family businesses, as well as for family business owners, will be put forward. Finally, the
contributions and limitations of the study, as well as recommendations for future research, will be presented.
CHAPTER 7

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

7.1  INTRODUCTION

Chapter 7 is the final chapter of this study. This chapter will provide an overview of the study and a summary of the most significant findings, which will be interpreted and recommendations to family business owners proposed. The contributions of this study will be highlighted and finally the limitations of the study will be addressed and recommendations for future research put forward.

7.2  OVERVIEW OF THE STUDY

Given the lack of research attention focusing on non-family employees in family businesses (Sharma 2004:15), as well as the vital role they play in family business success, the primary objective of this study was to identify the factors influencing the levels of job satisfaction and organisational commitment of non-family employees working in family businesses. As such, the necessary conditions required to retain and motivate non-family employees in family businesses were investigated. To address the primary objective of this study, the following secondary objectives were identified:

a) To undertake a detailed theoretical investigation into the nature and importance of non-family employees and their importance to family businesses, as well as the factors that influence their levels of Job satisfaction and Organisational commitment in the family business.

b) To generate a theoretical model of the factors that influence the levels of Job satisfaction and Organisational commitment of non-family employees working in family businesses.

c) To undertake an empirical investigation to test the proposed theoretical model.

d) To establish the influence of selected demographic variables on the dependent and independent variables of this study.
e) To put forward recommendations based on the empirical results of the study in order to assist family business owners in creating the working conditions necessary to retain and motivate non-family employees working in family businesses.

A comprehensive literature study was conducted and presented in Chapters 2 and 3. As such, the first secondary objective of this study was accomplished. A concise overview of these chapters is presented in the paragraphs below.

Chapter 2 focused on the nature and importance of family businesses as well as the unique challenges they face. The discussion commenced by highlighting the dilemma concerning defining a family business. Despite various definitions existing, for the purpose of this study, a family business was defined as a business with at least 51% of the business being owned by a single family, and with at least two family members being involved with the management or operational activities of the business. Chapter 2 elaborated on the differences between family and non-family businesses and highlighted the important role that these businesses play in the economies of countries. In addition, the unique challenges facing family businesses were discussed. The lack of longevity of these businesses was raised as the major concern. To address this challenge, the different stakeholder groups in a family business were identified and discussed. Non-family employees were singled out as a stakeholder group playing a major role in the success of family businesses. Retaining this stakeholder group was, however, found to be a challenge facing family businesses, and as such it was suggested that the factors that influence the Job satisfaction and Organisational commitment levels of these employees be investigated.

Chapter 3 focused on the nature and importance of the various factors influencing the levels of job satisfaction and organisational commitment of employees in general and non-family employees in family businesses in particular. Various literature sources were consulted to identify the requirements and conditions necessary for employees to experience satisfaction in their jobs and show commitment to the organisations for which they work. The requirements and conditions were then applied to the family business context.
The next secondary objective was achieved in Chapter 4. Based on the various factors identified in Chapter 3 as influencing the job satisfaction and organisational commitment levels of employees in general, and non-family employees in family businesses in particular, a theoretical model of factors to be tested among non-family employees in family businesses was proposed. In Chapter 4, both empirical and anecdotal evidence was provided to support the relationships hypothesised in the theoretical model. The relationships between demographic variables and the various independent and dependent variables under investigation were also hypothesised, and empirical support for these relationships provided.

The third secondary objective was attained in Chapters 5 and 6. In Chapter 5 the research design and methodology were explained. The population to be studied was identified and the sampling process described. In addition, development of the measuring instrument and the operationalisation of constructs were explained. The process that was used to administer the questionnaires as well as the methods used to assess the reliability and the validity of the measuring instrument were elaborated on. A total of 280 usable questionnaires were returned. An exploratory and confirmatory factor analysis was adopted to assess the validity of the scales measuring the independent and dependent variables respectively, and Cronbach-alpha coefficients were calculated to assess the reliability of the measuring instrument. Each of the aforementioned techniques was briefly described and the use thereof motivated.

Lastly, the statistical techniques used for analysing the data collected from the empirical study were also described and motivated in Chapter 5. These included descriptive statistics, Pearson’s Product Moment Correlations, a Multiple Regression Analysis, ANOVA, Bonferroni post-hoc test and Cohen’s d-values.

Chapter 6 presented the findings of the statistical analyses. A confirmatory factor analysis was performed to confirm the validity of the two dependent variables, while an exploratory factor analysis was done to confirm the validity of the independent variables. Factor loadings of >0.5 were considered significant in this study. Items originally intended to measure the relational-based factors did not all load as expected. For example, the items measuring Trust did not load as expected, and
Trust was thus eliminated from further statistical analyses. The other relational-
based factors remained unchanged. In a similar manner, all the items measuring the
organisational-based factors did not load as initially intended. For example, items
originally intended to measure Organisational structure did not load as intended, as
two of these items loaded onto Governance. In addition, items originally intended to
measure Leadership did not load onto one construct, and the construct was also
eliminated from further statistical analyses. With regard to reward-based factors, the
items originally intended to measure the two independent variables Job security and
Compensation loaded together, and a new factor emerged which was named Job
security and compensation. The construct Promotion opportunities, however,
remained unchanged because the items measuring the factor loaded as expected.
Cronbach-alpha coefficients for each of the factors identified were calculated to
confirm the reliability of the measuring instrument. All factors returned Cronbach-
alpha coefficients of greater than 0.70, confirming the reliability of the scales
measuring the factors extracted from the factor analyses. Based on the results of the
factor analyses, both the original theoretical model and the hypotheses were revised.
The empirical findings relating to the factors extracted from the factor analyses as
well and the revised theoretical model, were reported on in Chapter 6.

Descriptive statistics were calculated to summarise the sample data. The vast
majority of respondents agreed that they experienced Job satisfaction in the family
businesses in which they were employed. Furthermore, the majority felt an emotional
attachment and a sense of belonging to the family business in which they were
employed, as well as a willingness to put in a great deal of effort to ensure its
success. The independent variables investigated returned mean scores of between
5.627 (Family harmony) and 4.214 (Promotion opportunities), with most respondents
agreeing that the conditions or relationships investigated existed in the family
businesses in which they worked.

Pearson’s Product Moment Correlations were calculated to establish the
relationships between the various factors under investigation. All the relational-,
organisational- and reward-based factors were found to be significantly and
positively correlated with the dependent variables Job satisfaction and
Organisational commitment. Furthermore, significant positive relationships were reported between all the independent variables themselves.

Multiple Regression Analyses were undertaken to investigate the influence of the various independent variables on the levels of Job satisfaction and Organisational commitment of non-family employees working in family businesses. The relationship between the two dependent variables was also assessed. Relationships at the 5%, 1% and 0.1% levels were considered significant and reported on. A summary of the significant relationships used to measure the factors influencing the levels of Job satisfaction and Organisational commitment of non-family employees is depicted in Figure 7.1.

Figure 7.1  Summary of significant relationships used to identify the factors influencing the levels of Job satisfaction and Organisational commitment of non-family employees

- **Relational-based factors**
  - Fairness
  - Personal needs alignment
  - Interpersonal relationships
  - Family harmony

- **Organisational-based factors**
  - Nature of the work
  - Working conditions
  - Job involvement
  - Governance

- **Reward-based factors**
  - Job security and compensation
In order to determine whether relationships existed between selected demographic variables and the various factors under investigation, an Analysis of Variance was undertaken. Relationships were considered significant at the 5%, 1% and 0.1% levels. The Bonferroni post-hoc test was used to assess the statistical significance between the differences in mean scores, and Cohen’s d-values were used to assess the practical significance. The findings of this study show that a share in the ownership of the family business (Share), the Ethnicity of the respondent and the position held by the respondent in the family business (Position) had a significant influence on certain of the dependent and independent variables investigated in this study. The fourth secondary objective of this study was thus achieved.

7.3 INTERPRETATIONS OF THE EMPirical RESULTS AND RECOMMENDATIONS

In Chapter 6, various factors were reported as having a significant influence on the levels of Job satisfaction and Organisational commitment of non-family employees working in family businesses. These relationships have been summarised in Figure 7.1. In the next sections, these significant relationships will be interpreted and recommendations will be made. The final secondary objective of this study will therefore be attained.

7.3.1 JOB SATISFACTION

Based on the empirical findings of this study, the extent to which non-family employees experience their involvement in the family business as enjoyable, rewarding and fulfilling, as well as having their job expectations realised, has a positive influence on their level of organisational commitment to the family business. The more they experience job satisfaction, the more likely they are to have pride, an emotional attachment and a sense of belonging to the family business, as well as a willingness to put in a great deal of effort to ensure its success.

Owing to the vital role that non-family employees play as a source of intellectual and human capital for family businesses, it is essential that family business owners
ensure that conditions in the business are such that an enjoyable, rewarding and fulfilling working life is experienced. Family business owners should treat non-family employees in a manner that will make them feel appreciated for the contribution they are making to the success of these businesses. It should be at the heart of family businesses to keep non-family employees happy and fulfilled. This could be achieved if family business owners could avoid nepotism in their businesses and strive to create a healthy working environment in which these employees can work. By so doing, non-family employees will feel a sense of belonging to the family business and will want to remain in their employment.

7.3.2 FAIRNESS

Fairness has a significant positive influence on the levels of job satisfaction and organisational commitment experienced by non-family employees working in family businesses. The more non-family employees are treated fairly in terms of compensation and are rewarded based on merit, the more likely they are to experience their employment as enjoyable, rewarding and fulfilling, and the more likely they are to have pride, an emotional attachment and a sense of belonging to the family business, as well as a willingness to put in a great deal of effort to ensure its success.

It is for this reason that family business owners should practise fairness when it comes to compensation and rewards in their businesses. In order to do so, the following recommendations are put forward:

- Compensation packages in a family business should be benchmarked against other businesses in the same industry. Market-related salaries and non-cash rewards will ensure that family and non-family employees are treated fairly by family businesses.
- Family and non-family members should be compensated equally, based on position, responsibilities and qualifications.
• A reward system should be put in place and made known to all employees. The rewards given and criteria for giving these rewards should be known and clearly communicated to all involved.

• Performance appraisals should be undertaken on a yearly basis and should be carried out by external evaluators. If possible, smaller family businesses should involve their human resources officer or department in doing these appraisals, rather than leaving the process to family members. In this way greater transparency and objectivity are achieved, as well as a perception of fair treatment for all employees.

7.3.3 PERSONAL NEEDS ALIGNMENT

The findings of this study suggest that personal needs alignment has a significant positive influence on the levels of job satisfaction and organisational commitment of non-family employees working in family businesses. In other words, if non-family employees are able to realise their personal goals and ambitions through their involvement in the family business, they are likely to experience enjoyment and fulfilment in their jobs, and are more likely to devote all their energies to making a positive contribution to the business.

To ensure that non-family employees are able to realise their personal goals and ambitions in the context of the family business, family business owners should take the following recommendations under consideration:

• On a yearly basis, non-family employees in the presence of the family business owner, their supervisors, and/or Human Resources consultant, should be given the opportunity to determine and voice their career needs and interests. Once voiced, it could be established how these can be achieved in the context of their position and future in the family business.

• When developing the vision, mission and goals of the family business, owners should communicate these goals openly to non-family employees as well. In addition, family business owners should take the needs and interests of non-
family employees into consideration, and in doing so increase the chances of their employees being contented.

- Non-family employees should be given opportunities for personal and professional growth in the context of the family business. These include training and development programmes and other approaches for investing in employees.

7.3.4 INTERPERSONAL RELATIONSHIPS

The interpersonal relationships existing between co-workers have a significant positive influence on the levels of job satisfaction and organisational commitment of non-family employees working in family businesses. These findings imply that when relationships among co-workers are characterised by helpfulness, a willingness to listen, a caring attitude, reliability and appreciation, as well as fairness and trust, then employees are more likely to be satisfied in their jobs and committed to their organisations.

Rewarding interpersonal relationships among co-workers can be attained in a family business by implementing the following recommendations:

- Family business owners should strive to employ people with good interpersonal skills as well as good morals and values. Interviews could be structured in such a way that personalities can easily be assessed. In doing so, a team of employees who are likely to respect and treat each other well is more likely to be established.
- Team-work among employees should be encouraged and developed. Through encouraging group work and group responsibilities, opportunities can be created for building relationships among employees.
- Opportunities for social events should be created where employees can interact with one another at a social level and get to know each other better. End-of-year functions, family days, and celebrations of birthdays are examples of such events.
Acknowledging happy (birthday) and sad moments (death) should also occur to show employees that they are cared for and acknowledged.

7.3.5 FAMILY HARMONY

The relationships that exist between family members themselves in a family business have a significant influence on the job satisfaction and organisational commitment levels of non-family employees working in family businesses. The more relationships among family members are characterised by cooperation, caring, support, appreciation of one another and concern for each other’s welfare, the more non-family employees are likely to experience fulfilment in their jobs and show commitment to the family businesses in which they work.

In order for harmonious relationships to exist among family members in family businesses, the following are recommended:

- Family members should support and appreciate each other, and should encourage one another to always do their best.
- Family members should cooperate with one another rather than compete with each other. They should be willing to help one another where needed, and understand that the success of one family member in the business is the success of the entire business.
- Disagreements between family members should be dealt with behind closed doors and not in front of non-family employees. Family members should also avoid placing non-family employees in awkward positions whereby they are forced to choose between family members.
- Family members should acknowledge each other’s achievement and show happiness and pride in their family’s and business’s achievements.

7.3.6 NATURE OF THE WORK

The nature of the work performed by non-family employees working in family businesses has a significant positive influence on their levels of both job satisfaction
and organisational commitment. In other words, the more challenging, interesting and important the job, the more likely they are to experience satisfaction and fulfilment in their jobs, and the more likely they are to have pride in the family business and an emotional attachment to it.

To ensure that non-family employees are in jobs that are challenging, interesting and important, the following recommendations are suggested:

- Employees should be given the opportunity to perform tasks that are challenging and that make the best use of their skills and abilities.
- If possible employees can be given the opportunity to move between jobs and to perform a variety of activities (job rotation).
- In performing their jobs, employees should be made aware of the important role that they play in achieving the overall objectives of the family business.
- Non-family employees with special or scarce skills not possessed by family members should be nurtured and protected.

7.3.7 WORKING CONDITIONS

The findings of this study show a positive relationship between the conditions under which non-family employees work and their levels of job satisfaction experienced, as well as their commitment shown to the family businesses in which they are employed. In other words, the more non-family employees are provided with a working environment characterised by an adequate physical infrastructure, resources, information and equipment to complete tasks, an environment with considerable, effective and knowledgeable leaders, as well as having clear policies, reporting lines and division of labour, the more likely they are to be fulfilled in their jobs and committed to the organisations in which they are employed.
In order for family business owners to provide satisfactory working conditions for their employees, the following recommendations are put forward:

- The necessary infrastructure required to perform tasks should be made available.
- Physical working conditions (i.e. lighting, safety, cleanliness, space) should be such that they contribute to effective job performance.
- Sufficient access to the technology and information required to do the job effectively should be available.
- Clear policies which guide actions and decisions, as well as clear lines of authority should exist in the family business. In a family business where more than one family member often acts in a leadership position, this is particularly important. Clear reporting lines are crucial, otherwise non-family employees could play family members off against each other.
- Leadership should be knowledgeable and be willing to supplement skills and knowledge not possessed, as well as being considerate of others.

7.3.8 JOB INVOLVEMENT

The extent to which non-family employees are involved and included in the operations of the family businesses in which they are employed has a significant positive influence on their levels of job satisfaction and organisational commitment. This finding implies that the more non-family employees have the opportunity to be heard and receive feedback, be involved in decision-making, management, setting business goals and strategic planning, the more likely they are to experience enjoyment and fulfilment in their jobs, as well as having an emotional attachment and a sense of belonging to the family businesses in which they are employed.

In order for non-family employees to feel involved in a family business, the following recommendations are put forward:

- Non-family employees should be included in decision-making processes, strategic planning and setting up of business goals. Soliciting their
participation will give them a greater sense of inclusion in the operations of the business, and also brings greater objectivity into the business.

- Non-family employees should be provided with regular feedback on their individual performance, as well as the progression of the business and its goals.
- Non-family employees should be encouraged to voice their opinions, and their ideas should be heard and be considered by family business leaders, as these opinions could bring new perspectives not yet considered.
- Non-family employees should be given the opportunity to form part of the management team, especially if they are employed in a key strategic position of the business, such as finance or operations.

7.3.9 GOVERNANCE

The findings of this study show that the existence of governance structures in the family business has a significant positive influence on the level of organisational commitment experienced by non-family employees working in a family business. This implies that the more a formal board of directors, written plans and regular scheduled meetings as well as clearly demarcated areas of authority and responsibility exist in the family business, the more likely non-family employees will be to show commitment to the family businesses in which they work. No relationships were, however, reported between governance and job satisfaction, implying that whether governance structures exist or not has no influence on the levels of job satisfaction experienced by non-family employees. A possible explanation for this finding is that governance structures do not exist in many family businesses.

Despite governance having no influence on job satisfaction, the influence it has on organisational commitment highlights its importance. To ensure that governance structures exist in a family business, the following recommendations are provided:

- Clearly demarcated areas of authority and responsibilities should be outlined so that employees know what is expected of them. This could be achieved by
providing employees with formal written job descriptions which clearly define their roles and responsibilities at the beginning of their contract with the family business.

- Policies and plans should be clear and in written form, so that employees know the procedures to be followed when decisions are made or actions undertaken. These could include succession, business and estate plans.

- Meetings involving non-family employees should be held on a regular basis. It is at these meetings that non-family employees on the one hand can share their opinions and have inputs into decisions made concerning the operations of the family business. On the other hand, these meetings also enable family business owners to share important decisions and goals about the business. These meetings could be held once a month so that issues can be dealt with within a short period of time.

- A formal board of directors or an advisory board should exist to assist the family businesses in governing the family business. Key non-family executives or employees should also be presented on these boards even though many family businesses are secretive in nature. Involving non-family employees in board decisions is important as strategic business decisions are discussed during board meetings.

7.3.10 JOB SECURITY AND COMPENSATION

The findings of this study show that job security and compensation have a positive influence on the levels of job satisfaction and organisational commitment of non-family employees working in family businesses. These findings imply that when non-family employees feel safe and secure about the future of their jobs, and receive remuneration that is competitive, they are more likely to experience enjoyment and fulfilment in their jobs, as well as an emotional attachment and a sense of belonging to the family businesses in which they are employed.
In order to ensure that non-family employees feel safe and secure concerning the future of their jobs and are satisfied with their remuneration, the following recommendations are provided:

- Non-family employees should be kept up to date on the financial standing of the family business. Should the family business experience financial difficulties, employees should be informed so that they are aware of the threat to the future of their employment. Fixed employment contracts should be set up when non-family employees are employed. In this way the conditions of employment and dismissal are clearly outlined.

- The succession plan in the family business should be clearly communicated to all stakeholders. The credibility and capability of family business successors should be considered and communicated, as a poor choice of successor could lead to feelings of job insecurity among non-family employees.

- Remuneration should be competitive in terms of being on the same level as what others would get for similar work, with similar education and work background, in another business in the industry. In this way perceptions of low remuneration for non-family employees in family businesses as compared to their non-family counterparts will be eliminated.

7.3.11 OPEN COMMUNICATION AND PROMOTION OPPORTUNITIES

Despite theoretical and empirical support for relationships between the independent variables Open communication and Promotion opportunities, and the dependent variables in this study, no relationships were found between these variables.

Whether people working in the family business are able to openly communicate, share information and rely on each other or not, has no influence on the levels of job satisfaction experienced or organisational commitment shown by non-family employees participating in this study. Even though open communication is important for the success of family businesses (Maas et al. 2005:138), there appears to be a lack of objectivity in communications with non-family employees in these businesses
(Flören 2002:36). It is possible that the respondents in this study were aware of and accepted the manner in which communication takes place in family businesses, and hence had no expectations in this regard. Even though Open communication did not produce a direct and significant relationship in this study, it indirectly still plays an important role, for example via Nature of work, Working conditions, Job involvement and Governance. These factors did have a significant impact on the levels of Job satisfaction and Organisational commitment of the respondents, and could only be effective if openly and clearly communicated in the business.

Furthermore, whether non-family employees have opportunities for advancement, promotion and to earn non-cash rewards or not, has no influence on the levels of job satisfaction experienced or organisational commitment shown by non-family employees participating in this study. It is well documented that in family businesses top management positions are reserved for family members (Aronoff & Ward 2007:37; Allen & Hayes 2010:1099). A possible explanation for the findings of this study is that the respondents participating in this study are aware of the practice of promoting family members in family businesses and thus have no expectations relating to advancement and promotion.

7.3.12 DEMOGRAPHIC VARIABLES

Although the primary objective of this study was to identify the factors that influence the level of Job satisfaction and Organisational commitment levels of non-family employees working in family businesses, an analysis was performed to assess the influence of selected demographic variables on both the dependent variables and independent variables investigated in this study as well.

7.3.12.1 Dependent variables

The results of this study showed that the demographic variables Age, Tenure, Share and Gender had no influence on the Job satisfaction experienced or the Organisational Commitment shown by non-family employees working in family businesses. In other words, neither the age nor gender of the respondents, the length of time worked in the family business, or whether they owned shares in the
family business, had any influence on the levels of *Job satisfaction* and *Organisational commitment*.

However, the demographic variables *Ethnicity* and *Position* did influence these levels. With regard to *Ethnicity*, non-family employees who were White were more likely to experience fulfilling and rewarding jobs in family businesses than those who were Asian/Coloured. White non-family employees were also more likely to show higher levels of *Organisational commitment* than both their Black and Asian/Coloured counterparts. In addition, non-family employees in Managerial/Supervisory and Administrative/clerical positions in family businesses were more likely to be satisfied with their jobs and committed to the family businesses in which they are employed, than those in Operational positions.

It is recommended that family business owners create a working environment in which employees from all ethnic groups can feel accepted and fulfilled. Family business owners should also treat employees in all positions in a manner that will make them feel appreciated (i.e. performance prizes, bonus packages) for the contribution they are making to the success of the businesses in which they are employed.

7.3.12.2 Relational-based factors

No relationships were identified between the demographic variables *Age*, *Tenure*, *Share* and *Gender* and the relational-based factors investigated in this study. However, relationships were found between *Ethnicity* and *Position* and several of the relational-based factors.

White respondents perceived communication within the family business to be more open than Asian/Coloured ones did, but no difference in the perception of communication was found between White and Black respondents or between Black and Asian/Coloured respondents. Non-family employees in Managerial/Supervisory positions also perceived communication to be more open in the family businesses in which they were employed, than employees in Operational positions. No difference was, however, found between the perceptions of communication among those in
Managerial/Supervisory and Administrative/Clerical positions or between Administrative/Clerical and Operational positions.

White respondents perceived being treated fairly in terms of compensation and being rewarded on merit, more so than Asian/Coloured did. However, no differences were reported between the perceptions of compensation and rewards between Black and White employees or between Black and Asian/Coloured employees. Similarly, respondents in Managerial/Supervisory and Administration/Clerical positions perceived fairness to exist in the family business more so than those in Operational positions. Family business owners should ensure the employees of all ethnic groups and in all positions are fairly treated in terms of compensation, and are rewarded based on merit.

Non-family employees in Managerial/Supervisory positions perceived their personal needs to be fulfilled in the context of the family business more than employees in Operational positions. However, no differences were reported between employees in Managerial/Supervisory and Administrative/Clerical positions, or between employees in Administration/Clerical and employees in Operational positions. Family business owners should thus ensure that non-family employees in positions at all levels in the family business are able to realise their personal goals and ambitions in the context of the family business.

With regard to *Interpersonal relationships*, White non-family employees perceived relationships among co-workers as being characterised by helpfulness, a willingness to listen, a caring attitude, being reliable and appreciating each other, as well as fairness and trust, more than Black and Asian/Coloured employees did. In addition, non-family employees holding Managerial/Supervisory positions also perceived favourable relationships to exist among co-workers more than employees in Administration/Clerical and Operational positions did. Non-family employees holding Administrative/Clerical positions perceived rewarding relationships to exist among co-workers more than employees holding Operational positions did. No differences were reported between employees in Managerial/Supervisory and
Administrative/Clerical positions or between employees in Managerial/Supervisory and Operational positions.

Family business owners are advised to ensure that employees with similar values and morals to those of the family business are recruited, who also possess good interpersonal and teamwork skills. Furthermore, at all levels in the organisation non-family employees should be given the opportunity to get to know their co-workers and have the opportunities to build relationships with each other. As mentioned previously, family days, year-end-function and celebration of birthdays and special achievement are possible ways of achieving this objective.

7.3.12.3 Organisational-based factors

The findings of this study show that the demographic variables Age, Tenure, Ethnicity and Gender had no influence on the organisational-based factors investigated in this study. However, the variables Position and Share were found to have a positive influence with these factors. In other words, neither the age nor gender of the respondent, the time worked in the family business, or the ethnic group of the respondent, had an influence on the levels of Job satisfaction and Organisational commitment.

The ANOVA results revealed that non-family employees in Managerial/Supervisory positions perceived their jobs as more challenging, interesting and important than employees in Operational positions did. No differences were found on whether employees perceived their jobs as challenging, interesting and important between employees in Managerial/Supervisory and Administration/Clerical positions or between employees in Administration/Clerical and Operational positions. Family business owners should ensure that all non-family employees are aware of the importance of their role to the success of the family business. Furthermore, non-family employees should be monitored so that complaints of boredom or signs of disinterest can be addressed as soon as possible.

Non-family employees in Managerial/Supervisory and Administration/Clerical positions perceived their working environment as having an adequate physical
infrastructure, resources, information and equipment to complete tasks, as having considerate, effective and knowledgeable leaders, as well as having clear policies, reporting lines and division of labour, more than those in Operational positions. Family business owners should ensure that employees at all levels in the family business have access to the necessary physical and other resources, have leaders that guide them appropriately, and have clear roles and responsibilities.

Non-family employees who own shares in the family businesses in which they work perceived that they were given the opportunity to be heard and receive feedback, as well as being involved in decision-making, management, goal setting and strategic planning, more than employees who did not own shares in the family business. This finding comes as no surprise given that non-family employees with shares have an ownership in the family business and are thus entitled to be heard and involved. Even though family businesses are reluctant to make use of shares and share options to attract and retain employees (Harvey-Jones 2003:135), family business owners are advised to introduce share ownership for non-family employees because owning shares makes employees feel part of the family business and makes them more likely to work harder to ensure its success. Similarly, non-family employees in Managerial/Supervisory and Administrative/Clerical positions felt more involved in the family business than employees in Operational positions. As in the case of non-family employees with shares, those in more senior positions are more likely to be involved in decision-making and given opportunities to be heard because of the responsibilities required of their position in the business.

With regard to Governance, non-family employees who owned shares in the family businesses in which they were employed perceived that formal boards of directors, written plans and regular scheduled meetings, as well as clearly demarcated areas of authority and responsibility existed in the family business more than employees who did not own shares in the family business do. Similarly, non-family employees in Managerial/Supervisory positions perceived governance structures to exist more than employees in Operational positions did. No differences were found in this regard between employees in Managerial/Supervisory positions and those in Administration/Clerical positions, or between those Administration/Clerical positions and those in Operational positions. This finding comes as no surprise given that
non-family members with shares and those in more senior positions in family businesses are more likely to be aware of the existence of governance structures and procedures in the business, be involved in meetings and are aware of lines of authority and responsibility.

7.3.12.4 Reward-based factors

With regard to the reward-based factors, relationships were found to exist between the demographic variables Position, Ethnicity and Share, but not between Age, Tenure and Gender and the reward-based factors under investigation.

White non-family employees perceived feeling safe and secure about the future of their jobs, as well as receiving competitive remuneration more than Black and Asian/Coloured employees did. Furthermore, non-family employees in Managerial/Supervisory and Administration/Clerical positions perceived feeling safe and secure about the future of their jobs, as well as receiving competitive remuneration in a family business, more than employees in Operational positions did. It is important that family business owners ensure that non-family employees of all ethnic groups and in all levels in the business feel safe and secure about the future of their jobs and are remunerated competitively.

Non-family employees who owned shares in a family business perceived promotional opportunities to be more available to them than employees who did not own shares. Similarly, non-family employees in Managerial/Supervisory and Administration/Clerical positions perceived that opportunity existed for advancement, promotion and to earn non-cash rewards more than employees in Operational positions did. Given their ownership in the family business as well as the more senior positions occupied, this finding comes as no surprise. In an attempt to avoid nepotism and to ensure the professionalism of the family businesses, opportunities for promotion and recognition should be available to all employees in the family business and not only reserved for family members.
7.4 CONTRIBUTIONS OF THE STUDY

Non-family employees working in family businesses face unique and challenging circumstances (Sharma 2004). Yet issues relating to these employees have received very little research attention in the family business literature (Sonfield & Lussier 2009:23). By investigating the factors that influence the levels of job satisfaction and organisational commitment of non-family employees working in family businesses, this study has added to the body of family business research. Furthermore, by using a relatively large sample size, this study has also added to the field of family business research which has traditionally been characterised by smaller samples and single-case studies (Farrington 2009:24).

The empirical study has revealed several factors as influencing the Job satisfaction and Organisational commitment levels of non-family employees working in family businesses. As a result of these findings several recommendations have been provided in an attempt to assist family business owners and managers to motivate and retain this increasingly important stakeholder group.

By investigating the factors that influence the levels of job satisfaction and organisational commitment of non-employees in the context of family business, this study has also modestly contributed to the field of Organisational Behaviour by either confirming or disconfirming theories in this field of study.

7.5 LIMITATIONS OF THE STUDY AND RECOMMENDATIONS FOR FUTURE RESEARCH

While this study has attempted to make an important contribution to the family business literature, some limitations should be explained. Although non-family employees working in family businesses from all provinces in South Africa took part in this study, because of the use of a non-probability sample technique (convenience snowball sampling), the sample is not representative of the population as a whole. Care should therefore be exercised in the interpretation of the results, as the findings of the study cannot be generalised to the entire family business population. Future research should strive to develop a more comprehensive database from which probability samples can be drawn.
Even though the items used to develop the measuring instrument have been proved valid and reliable in previous studies, several items did not load as expected. As a result several of the factors identified as influencing *Job satisfaction* and *Organisational commitment* in the literature were eliminated from further statistical analyses, and several new factors emerged. In future studies the original scales developed to measure the various factors identified in the literature as influencing job satisfaction and organisational commitment should be reconsidered and redeveloped to ensure that the influence of the eliminated factors can be assessed.

High positive correlations were reported between the factors investigated in this study, and as a result the possibility of multicollinearity arises. Siegel (2011:372) points out that high correlations between variables indicate strong associations, which imply that two variables are measuring something similar, thereby bringing overlapping information to the analysis. Multicollinearity can therefore cause a substantial decrease in “statistical power” (Das & Chatterjee 2011:4). The findings of this study should thus be interpreted in light of this shortcoming. Nonetheless, multicollinearity does not violate any of the regression assumptions (Brooks & Tsolacos 2010:174; Das & Chatterjee 2011:4).

The data collected for this study relies on the perceptions of respondents, which could introduce a degree of bias into the findings of this study. Furthermore, *Job satisfaction* and *Organisational commitment* served as the dependent variables in this study. Millán, Hessels, Thurik and Aguado (2011:4) assert that job satisfaction is a heterogeneous phenomenon, and self-reports of job satisfaction may reflect satisfaction with different aspects of the job depending on the individual perception of job satisfaction. Similarly, organisational commitment is a multidimensional concept consisting of affective commitment, continuance and normative commitment (SamGnanakkan 2010:41) with each aspect reflecting a distinct nature of organisational commitment (Lok & Crawford 2001:595). However, in this study, organisational commitment was considered as one-dimensional. Future research should account for these limitations associated with the factors job satisfaction and organisational commitment.
A further limitation of this study is that it focuses on selected factors only and does not consider the numerous other factors, such as the personal circumstance of non-family employees and the culture of the family business, which could potentially influence the Job satisfaction and Organisational commitment levels of non-family employees working in family business. Future studies could investigate these factors.

Although the ANOVA and Bonferroni post-hoc test revealed significant differences between the means scores reported by various demographic groups, many of these differences were found to be of small practical significance (Cohen’s d-value). These statistics should be considered when interpreting the results of this study.

This study focused on non-family employees in family businesses only. Using the same measuring instrument, a future study could be undertaken among employees in non-family businesses to establish whether the results reported by employees in non-family businesses vary significantly from those reported in this study.

7.6 CONCLUDING REMARKS

Investigating non-family employees working in family businesses is a topic of growing interest in the field of family business. This study is a first step in gaining a greater understanding and deeper insights into the factors influencing the job satisfaction and organisational commitment levels of this important family business stakeholder group. It is hoped that the findings of this study, together with those of future research, will provide family business owners with practical suggestions on how to attract and retain this valuable stakeholder group.
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ANNEXURE

QUESTIONNAIRE
November 2010 – June 2011

Dear Respondent

RESEARCH PROJECT: NON-FAMILY EMPLOYEES IN FAMILY BUSINESSES

As per our conversation with you or your employer, please find enclosed the questionnaire to be completed. Thank you for your willingness to assist us in this research project.

This research regarding non-family employees in family businesses is a joint initiative between the NMMU Family Business Unit and the Unit for Applied Business Management (UABM). The NMMU Family Business Unit is a newly established unit at the Nelson Mandela Metropolitan University (NMMU), focusing on addressing the unique challenges facing family businesses, and the UABM is a research unit functioning under the auspices of the Department of Business Management at NMMU in Port Elizabeth.

Non-family employees play a vital role in family businesses. Research shows that their involvement in a family business has a significant positive influence on the financial performance of the business. Non-family employees make a vital contribution through expanding the knowledge base of a family business by bringing additional qualifications and skills, assisting with resolving conflict, showing objectivity, and promoting accountability as well as professionalism. Recruiting and retaining suitable and competent non-family employees is, however, a challenge facing many family businesses.

The purpose of this study is thus to gain a greater understanding of the conditions required for attracting and retaining non-family employees to family businesses. In this research project, the phrase "non-family employee" refers to an employee working in a family business who is not blood-related to the family business owners and/or leaders of the family business. The focus of this study is on non-family employees in administrative, supervisory and/or managerial positions.

Please complete the attached questionnaire independently and without consultation with your employer (owner-manager), other family members, and/or other non-family employees.

The first set of questions comprises a number of statements relating to your perspective. Please indicate the extent of your agreement with these statements by placing a cross (X) in the appropriate column. There are no right or wrong answers, and only the perceptions you hold are important. The next set of questions solicits basic demographic data concerning you and the family business in which you are employed.

The questionnaire should take about twenty minutes to complete.

Please return the completed questionnaire as soon as possible, but not later than 30 June 2011 to Dr Shelley Farrington:

By email: Shelley.farrington@nmmu.ac.za

By Fax: 041-5832644
By mail: In the reply paid envelope addressed to:

Unit for Applied Business Management
Department of Business Management
Summerstrand South Campus
PO Box 77000
Nelson Mandela Metropolitan University
PORT ELIZABETH, 6031

Online: If you select to complete the questionnaire online (Internet), it will be returned automatically the moment you press Submit.

The following website will automatically link you to the electronic questionnaire:

http://www.nmmu.ac.za/websurvey/q.asp?sid=293&k=svfrjmubqp

Even though no confidential information is required, your responses will be treated with the strictest confidentiality.

Should you be interested in the results of this study, a copy of the findings would be made available to you. If this is the case, please ensure that your contact details are given in the space provided.

Thank you once again for your willingness to contribute to the success of this important research project.

Yours faithfully

JULIA MATABOOE (MASTERS CANDIDATE)

Dr SHELLEY FARRINGTON (SUPERVISOR) PROF ELMARIE VENTER (SUPERVISOR)

CAREY EYBERS (RESEARCH ASSISTANT)

(Tel: 041-5042203/2204/2875)
1. **Statements relating to your working environment**

Please indicate the extent of your agreement with these statements by placing a cross (X) in the appropriate column. The columns are graded from 1 to 7. One (1) denotes strong disagreement with a statement, and at the other end of the scale, seven (7) denotes strong agreement with the statement.

<table>
<thead>
<tr>
<th></th>
<th>Statement</th>
<th>Extent of agreement</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.1</td>
<td>My job in this family business allows me the freedom to perform it the way that I want to.</td>
<td>1 2 3 4 5 6 7</td>
</tr>
<tr>
<td>1.2</td>
<td>In this family business I have adequate access to the resources required for me to do my job effectively.</td>
<td>1 2 3 4 5 6 7</td>
</tr>
<tr>
<td>1.3</td>
<td>This family business has a formal board of directors (or an advisory board).</td>
<td>1 2 3 4 5 6 7</td>
</tr>
<tr>
<td>1.4</td>
<td>In this family business my job itself provides feedback on how well I am performing.</td>
<td>1 2 3 4 5 6 7</td>
</tr>
<tr>
<td>1.5</td>
<td>The leader(s) in this family business is(are) supportive of me.</td>
<td>1 2 3 4 5 6 7</td>
</tr>
<tr>
<td>1.6</td>
<td>I am included in decision-making in this family business.</td>
<td>1 2 3 4 5 6 7</td>
</tr>
<tr>
<td>1.7</td>
<td>The leader(s) in this family business has(have) a vision for the family business.</td>
<td>1 2 3 4 5 6 7</td>
</tr>
<tr>
<td>1.8</td>
<td>There are promotional opportunities for me in this family business.</td>
<td>1 2 3 4 5 6 7</td>
</tr>
<tr>
<td>1.9</td>
<td>In this family business I have a good chance of promotion.</td>
<td>1 2 3 4 5 6 7</td>
</tr>
<tr>
<td>1.10</td>
<td>In this family business I am compensated fairly for the work that I do.</td>
<td>1 2 3 4 5 6 7</td>
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<tr>
<td>1.11</td>
<td>In this family business others are influenced by how well I do my job.</td>
<td>1 2 3 4 5 6 7</td>
</tr>
<tr>
<td>1.12</td>
<td>In comparison with my co-workers I have a fair workload in this family business.</td>
<td>1 2 3 4 5 6 7</td>
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<tr>
<td>1.13</td>
<td>In this family business I get along well with my co-workers.</td>
<td>1 2 3 4 5 6 7</td>
</tr>
<tr>
<td>1.14</td>
<td>My job activities in this family business are varied.</td>
<td>1 2 3 4 5 6 7</td>
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<tr>
<td>1.15</td>
<td>I trust the ability of the people working together with me in this family business.</td>
<td>1 2 3 4 5 6 7</td>
</tr>
<tr>
<td>1.16</td>
<td>I am treated fairly in this family business.</td>
<td>1 2 3 4 5 6 7</td>
</tr>
<tr>
<td>1.17</td>
<td>I am able to share information with others working in this family business.</td>
<td>1 2 3 4 5 6 7</td>
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<tr>
<td>1.18</td>
<td>I am able to achieve the position that I strive for in this family business.</td>
<td>1 2 3 4 5 6 7</td>
</tr>
<tr>
<td>1.19</td>
<td>My job in this family business gives me the opportunity to completely finish the tasks assigned to me.</td>
<td>1 2 3 4 5 6 7</td>
</tr>
<tr>
<td>1.20</td>
<td>In this family business regular scheduled meetings are held about business-related issues.</td>
<td>1 2 3 4 5 6 7</td>
</tr>
<tr>
<td>1.21</td>
<td>People working in this family business trust me.</td>
<td>1 2 3 4 5 6 7</td>
</tr>
<tr>
<td>1.22</td>
<td>I really care about the fate of this family business.</td>
<td>1 2 3 4 5 6 7</td>
</tr>
<tr>
<td>1.23</td>
<td>In this family business I have the same opportunities to earn non-cash rewards (e.g. travel opportunities, paid time off) as I would in another business.</td>
<td>1 2 3 4 5 6 7</td>
</tr>
<tr>
<td>1.24</td>
<td>No overlapping of responsibilities exists between people working in this family business.</td>
<td>1 2 3 4 5 6 7</td>
</tr>
<tr>
<td>1.25</td>
<td>In this family business my co-workers care about me.</td>
<td>1 2 3 4 5 6 7</td>
</tr>
<tr>
<td>Statement</td>
<td>Extent of agreement</td>
<td></td>
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<tr>
<td>--------------------------------------------------------------------------</td>
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<tr>
<td>1.26 I am clear on who I report to in this family business.</td>
<td>1 2 3 4 5 6 7</td>
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<tr>
<td>1.27 I feel a strong sense of belonging to this family business.</td>
<td>1 2 3 4 5 6 7</td>
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<tr>
<td>1.28 In this family business my job is secure.</td>
<td>1 2 3 4 5 6 7</td>
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<tr>
<td>1.29 In this family business my co-workers are willing to listen to my</td>
<td>1 2 3 4 5 6 7</td>
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<td>job-related problems.</td>
<td></td>
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<tr>
<td>1.30 In this family business I can rely on my co-workers.</td>
<td>1 2 3 4 5 6 7</td>
<td></td>
</tr>
<tr>
<td>1.31 My job in this family business is such that I have the chance to</td>
<td>1 2 3 4 5 6 7</td>
<td></td>
</tr>
<tr>
<td>complete entire tasks from beginning to end.</td>
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<tr>
<td>1.32 In this family business I have the opportunity to be involved in</td>
<td>1 2 3 4 5 6 7</td>
<td></td>
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<tr>
<td>setting up business goals.</td>
<td></td>
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<tr>
<td>1.33 In this family business I am rewarded on merit.</td>
<td>1 2 3 4 5 6 7</td>
<td></td>
</tr>
<tr>
<td>1.34 The people working in this family business trust each other.</td>
<td>1 2 3 4 5 6 7</td>
<td></td>
</tr>
<tr>
<td>1.35 The leader(s) in this family business has(have) my best interests</td>
<td>1 2 3 4 5 6 7</td>
<td></td>
</tr>
<tr>
<td>at heart.</td>
<td></td>
<td></td>
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<tr>
<td>1.36 I am satisfied with the way that we work together in this family</td>
<td>1 2 3 4 5 6 7</td>
<td></td>
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<tr>
<td>business.</td>
<td></td>
<td></td>
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<tr>
<td>1.37 My job in this family business is not threatened by a lack of</td>
<td>1 2 3 4 5 6 7</td>
<td></td>
</tr>
<tr>
<td>succession planning.</td>
<td></td>
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<tr>
<td>1.38 In this family business I have adequate access to the necessary</td>
<td>1 2 3 4 5 6 7</td>
<td></td>
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<tr>
<td>equipment required for me to do my job.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.39 My future in this family business is safe.</td>
<td>1 2 3 4 5 6 7</td>
<td></td>
</tr>
<tr>
<td>1.40 Family members of this family business support each other.</td>
<td>1 2 3 4 5 6 7</td>
<td></td>
</tr>
<tr>
<td>1.41 I enjoy working in this family business.</td>
<td>1 2 3 4 5 6 7</td>
<td></td>
</tr>
<tr>
<td>1.42 This family business has a great deal of personal meaning for me.</td>
<td>1 2 3 4 5 6 7</td>
<td></td>
</tr>
<tr>
<td>1.43 I have confidence in the integrity of the people working together</td>
<td>1 2 3 4 5 6 7</td>
<td></td>
</tr>
<tr>
<td>with me in this family business.</td>
<td></td>
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<tr>
<td>1.44 I am able to freely express opinions to co-workers about day-to-day</td>
<td>1 2 3 4 5 6 7</td>
<td></td>
</tr>
<tr>
<td>decisions regarding this family business.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.45 My involvement in this family business gives me opportunities for</td>
<td>1 2 3 4 5 6 7</td>
<td></td>
</tr>
<tr>
<td>personal growth.</td>
<td></td>
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</tr>
<tr>
<td>1.46 The leader(s) in this family business is(are) knowledgeable about</td>
<td>1 2 3 4 5 6 7</td>
<td></td>
</tr>
<tr>
<td>the family business operations.</td>
<td></td>
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<tr>
<td>1.47 My involvement in this family business gives me opportunities for</td>
<td>1 2 3 4 5 6 7</td>
<td></td>
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<tr>
<td>professional development.</td>
<td></td>
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<tr>
<td>1.48 My compensation in this family business is on the same level as</td>
<td>1 2 3 4 5 6 7</td>
<td></td>
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<tr>
<td>what others would get for similar work in other businesses.</td>
<td></td>
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<tr>
<td>1.49 My job in this family business gives me considerable opportunity</td>
<td>1 2 3 4 5 6 7</td>
<td></td>
</tr>
<tr>
<td>for independence in how I do the work.</td>
<td></td>
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</tr>
<tr>
<td>1.50 My job in this family business is an important one.</td>
<td>1 2 3 4 5 6 7</td>
<td></td>
</tr>
<tr>
<td>1.51 This family business has policies (ground rules) which guide (govern)</td>
<td>1 2 3 4 5 6 7</td>
<td></td>
</tr>
<tr>
<td>actions and decisions.</td>
<td></td>
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<tr>
<td>1.52 I am able to discuss all issues that may arise with others working</td>
<td>1 2 3 4 5 6 7</td>
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<tr>
<td>in this family business.</td>
<td></td>
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<tr>
<td>1.53 The physical working conditions (lighting, safety, cleanliness,</td>
<td>1 2 3 4 5 6 7</td>
<td></td>
</tr>
<tr>
<td>space) in this family business are conducive to my effectively doing my</td>
<td></td>
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<tr>
<td>job.</td>
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</tbody>
</table>
### Extent of agreement

<table>
<thead>
<tr>
<th>Question</th>
<th>Strongly disagree</th>
<th>Disagree</th>
<th>Somewhat disagree</th>
<th>Neutral or no opinion</th>
<th>Somewhat agree</th>
<th>Agree</th>
<th>Strongly agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.54 I can realise my personal goals through my involvement in this family business.</td>
<td>1 2 3 4 5 6 7</td>
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<tr>
<td>1.55 The leader(s) in this family business is(are) considerate towards me.</td>
<td>1 2 3 4 5 6 7</td>
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<tr>
<td>1.56 I am satisfied with my job in this family business.</td>
<td>1 2 3 4 5 6 7</td>
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<tr>
<td>1.57 In this family business my co-workers are helpful towards me.</td>
<td>1 2 3 4 5 6 7</td>
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<tr>
<td>1.58 Family members of this family business care about each other’s welfare.</td>
<td>1 2 3 4 5 6 7</td>
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<tr>
<td>1.59 In this family business I have the opportunity to form part of the management team.</td>
<td>1 2 3 4 5 6 7</td>
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<tr>
<td>1.60 In this family business my job provides me with a sense of security.</td>
<td>1 2 3 4 5 6 7</td>
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<tr>
<td>1.61 I experience my involvement in this family business as fulfilling.</td>
<td>1 2 3 4 5 6 7</td>
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<tr>
<td>1.62 I feel emotionally attached to this family business.</td>
<td>1 2 3 4 5 6 7</td>
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<tr>
<td>1.63 My career needs and interests are closely aligned with opportunities in this family business.</td>
<td>1 2 3 4 5 6 7</td>
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<tr>
<td>1.64 In this family business my salary is on the same level as what someone with a similar education and work background would get in another business.</td>
<td>1 2 3 4 5 6 7</td>
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<tr>
<td>1.65 I have a clear job description in this family business.</td>
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<tr>
<td>1.66 I experience my involvement in this family business as rewarding.</td>
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<td>1.67 Clearly defined division of labour exists in this family business.</td>
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<tr>
<td>1.68 My job in this family business is interesting.</td>
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<td>1.69 In this family business my co-workers appreciate me.</td>
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<tr>
<td>1.70 My opportunities for advancement in this family business are unlimited.</td>
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<tr>
<td>1.71 The leader(s) in this family business has (have) the ability to effectively lead the business.</td>
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<td>1.72 In this family business my ideas are heard and given consideration.</td>
<td>1 2 3 4 5 6 7</td>
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<tr>
<td>1.73 In this family business I have the opportunity to be involved in strategic planning.</td>
<td>1 2 3 4 5 6 7</td>
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<tr>
<td>1.74 In this family business I get regular feedback on how well I am doing the job.</td>
<td>1 2 3 4 5 6 7</td>
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<tr>
<td>1.75 Family members of this family business appreciate each other.</td>
<td>1 2 3 4 5 6 7</td>
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<tr>
<td>1.76 I am able to communicate openly in this family business.</td>
<td>1 2 3 4 5 6 7</td>
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<tr>
<td>1.77 In this family business I have the necessary infrastructure required to do my job effectively.</td>
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<tr>
<td>1.78 In this family business I have the opportunity to develop new skills and capabilities.</td>
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<tr>
<td>1.79 In this family business I have sufficient access to the technology and information that will enable me to do my job effectively.</td>
<td>1 2 3 4 5 6 7</td>
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<tr>
<td>1.80 The leader(s) in this family business consider(s) my opinions when making decisions.</td>
<td>1 2 3 4 5 6 7</td>
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<tr>
<td>1.81 My job in this family business is not threatened by incoming family members.</td>
<td>1 2 3 4 5 6 7</td>
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</tbody>
</table>
### Extent of agreement

<table>
<thead>
<tr>
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<th>Disagree</th>
<th>Somewhat disagree</th>
<th>Neutral or no opinion</th>
<th>Somewhat agree</th>
<th>Agree</th>
<th>Strongly agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.82 People working in this family business share information with me.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
<td>7</td>
</tr>
<tr>
<td>1.83 In this family business my salary is competitive with what I could</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
<td>7</td>
</tr>
<tr>
<td>1.84 I am willing to put in a great deal of effort beyond that which is</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
<td>7</td>
</tr>
<tr>
<td>1.85 The leader(s) in this family business inspire(s) loyalty in me.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
<td>7</td>
</tr>
<tr>
<td>1.86 I can realise my ambitions through my involvement in this family</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
<td>7</td>
</tr>
<tr>
<td>1.87 In this family business my promotion opportunities are handled</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
<td>7</td>
</tr>
<tr>
<td>1.88 I am proud to tell others that I am employed by this family</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
<td>7</td>
</tr>
<tr>
<td>1.89 In this family business there are written plans (e.g. business,</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
<td>7</td>
</tr>
<tr>
<td>1.90 Clearly demarcated areas of authority and responsibility exist</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
<td>7</td>
</tr>
<tr>
<td>1.91 The leader(s) in this family business encourage(s) me to voice my</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
<td>7</td>
</tr>
<tr>
<td>1.92 Family members of this family business prefer to cooperate with</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
<td>7</td>
</tr>
<tr>
<td>1.93 Family members of this family business acknowledge each other's</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
<td>7</td>
</tr>
<tr>
<td>1.94 My job in this family business is challenging.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
<td>7</td>
</tr>
</tbody>
</table>

### 2. Demographic Information

The following questions solicit basic demographic data concerning you and the family business in which you are employed. Please indicate your response by making a cross (X) in the appropriate numbered block as requested.

A family business is a business where at least 51% of the business is owned by a single family and at least two family members are involved in the management and/or operational activities of the business.

2.1 Based on the description above is this business in which you are employed a family business?

| Yes | 1 |
| No  | 2 |

2.2 Please indicate how long you have been employed by this family business: ___________ years.

2.3 Identify the nature of the position that you hold in this family business.

| Managerial/supervisory | 1 |
| Administrative/clerical | 2 |
| Other (please specify below) | 3 |

2.4 If you have marked “other” to question 2.3 above, please specify the nature of the position you hold in the family business.

I hold the position of ___________________________________________
2.5 Please indicate what the **specific activities** are of the family business in which you are employed (e.g. building contractors, grocery store, hairdresser, fruit-farming, printing, restaurant, etc.):

___________________________________________________________________________________

2.6 Please indicate (estimate) how many people (both family and non-family) are employed by the family business in which you work:

<table>
<thead>
<tr>
<th>Range</th>
<th>Quantity</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt; 5</td>
<td>1</td>
</tr>
<tr>
<td>5 - 10</td>
<td>2</td>
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<tr>
<td>11 - 25</td>
<td>3</td>
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<td>26 - 50</td>
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<td>51 - 100</td>
<td>5</td>
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<tr>
<td>101 - 200</td>
<td>6</td>
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<tr>
<td>&gt; 200</td>
<td>7</td>
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</tbody>
</table>

2.7 Do you own shares in this family business?

<table>
<thead>
<tr>
<th>Answer</th>
<th>Quantity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>1</td>
</tr>
<tr>
<td>No</td>
<td>2</td>
</tr>
</tbody>
</table>

2.8 Please indicate your **gender**:

<table>
<thead>
<tr>
<th>Gender</th>
<th>Quantity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>1</td>
</tr>
<tr>
<td>Female</td>
<td>2</td>
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</tbody>
</table>

2.9 Please indicate to which population group you belong:

<table>
<thead>
<tr>
<th>Population Group</th>
<th>Quantity</th>
</tr>
</thead>
<tbody>
<tr>
<td>White</td>
<td>1</td>
</tr>
<tr>
<td>Black</td>
<td>2</td>
</tr>
<tr>
<td>Asian</td>
<td>3</td>
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<tr>
<td>Coloured</td>
<td>4</td>
</tr>
<tr>
<td>Other</td>
<td>5</td>
</tr>
</tbody>
</table>

2.10 Please indicate your **current age**: I am ____________ years old.

3. **Comments and/or Suggestions**

3.1 Please make any comments or suggestions relating to non-family employees working in family businesses, and what you think can be done to improve their levels of job satisfaction and commitment to these businesses.

__________________________________________________________________________________________

__________________________________________________________________________________________

4. **Other Non-family Employees Working in Family Businesses**

4 If you know of any other non-family employees working in a family business, who could possibly help us with this research, can you please give us their names and contact details?

4.1 Name and Surname: ____________________________________________

4.2 Telephone number: ____________________  4.3 Email address: ___________________________
5. **Research Findings**

5 If you would like the final research **findings** to be made available to you, please provide your details below.

5.1 Name and Surname: ____________________________________________

5.2 Telephone number: ________________ 5.3 Email address: ________________

5.4 Postal address: ___________________________________________________________________

THANK YOU FOR YOUR TIME AND COOPERATION