

# **PARENTAL INFLUENCES ON THE NEXT GENERATION'S INTENTION TO JOIN THE FAMILY BUSINESS**

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**2018**

# PARENTAL INFLUENCES ON THE NEXT GENERATION'S INTENTION TO JOIN THE FAMILY BUSINESS

By

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Submitted in fulfilment of the requirements for the  
degree of DCom (Business Management) to be  
awarded at the Nelson Mandela University

December 2018

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## DECLARATION

I, Shelley Beryl Saunders (207011567), hereby declare that this thesis for a DCom (Business Management) is my own work and that it has not previously been submitted for assessment or completion of any postgraduate qualification to another University or for another qualification. Please see Annexure B for the Turnitin report.



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## **ACKNOWLEDGEMENTS**

I would like to thank the following people for their contributions to this study. Without their assistance its completion would not have been possible:

- My Almighty God, who has blessed me with the abilities and determination to complete this study.
- To my supervisor and mentor, Prof Shelley Farrington, for her support, understanding, reassurance and belief in me during this study. Without her guidance and encouragement this study would not have been possible.
- To my co-supervisor, Prof Elmarie Venter, for her guidance, support and constant encouragement during this study. Also for the hundreds of cups of tea that she made for me during this time to keep me going.
- To my mom for inspiring and supporting me, and for believing that I could do all things. Also to my Dad for his continuous support and encouragement.
- To Richard, for his understanding, love and support, as well as for the many drives that he took me on to re-energise me and to put everything into perspective.
- To my extended family and friends who supported me and encouraged me during this study.
- To my colleagues in the Department of Business Management at Nelson Mandela University. In particular Mr Tony Matchaba-Hove, for walking this journey with me and for his unwavering support and belief in me. Also to Prof N.E. Mazibuko for all her support and encouragement, for coming in early and staying late on campus with me so that I could work on this study.
- To Prof Gary Sharp, for his time and expertise in assisting with the statistical results of this study.
- To Ruth Coetzee, for language editing the study and for doing so under extreme pressure.
- To the Nelson Mandela University for their financial support, in particular Dr Blanche Pretorius and Mr Imtiaz Khan from the Department of Research Capacity Development for their assistance in this regard.

## ABSTRACT

Family businesses play an important role worldwide and in South Africa, in terms of their economic contribution and their ability to create jobs. However, the unwillingness of next generation family members (NGFMs) to join the family business seriously jeopardises its long-term survival. This is a matter of great concern for family business owners who in general have a strong desire to pass on the business to the next generation and to preserve the family's legacy. Of the many factors relating to a person's choice of career, parents are by far the most influential. Against this background, the purpose of this study was to gain a better understanding of the influence that parents have on the NGFM's intentions to join the family business as well as the factors that moderate this influence. Establishing how parents influence an NGFM's intention to join the family business makes an important theoretical contribution to family business, succession and entrepreneurial literatures, and holds both practical and theoretical relevance.

The literature review provided an overview of the field of family business and discussed the nature of these businesses. Several frameworks, theories and perspectives relating to family businesses were elaborated on. The important role that family businesses play in the economies of countries and the unique challenges they face were highlighted. One of the most important challenges facing family businesses is that of transgenerational succession and the willingness of the next generation to make the family business their career choice. Several behaviour and career choice theories were discussed, particularly in relation to the South African context, and a summary of all the factors influencing career choice in terms of these theories was presented.

Several parental influences on career choice were identified and examined in detail, namely *Parent–child relationship*, *Parents' job characteristics*, *Parental financial security*, *Parental job satisfaction*, *Parental identification*, *Parental expectations*, *Parental support* and *Parental style*. Additionally, the influence of each parental influences on NGFMs, in a family business context, was highlighted. Based on anecdotal and empirical support, these parental influences were hypothesised as influencing the dependent variable in this study, namely *Intention to join the family*

*business*. Based on the social cognitive career theory, *Self-efficacy* and *Outcome expectations* were hypothesised as moderating the aforementioned relationships.

This study adopted a positivist research paradigm and a quantitative methodological approach that was deductive in nature. The methodology adopted to collect primary data was a cross-sectional analytical survey. A structured questionnaire was distributed to respondents who were identified by means of judgemental sampling and 453 completed questionnaires were subjected to statistical analysis. The validity of the scales measuring the dependent, moderating and independent variables was assessed by means of factor analysis and the reliability thereof by calculating Cronbach's alpha coefficients. Both descriptive and inferential statistics were calculated. Multiple regression analysis (MRA) was used to assess the hypothesised relationships.

The findings show that only one third of the respondents agreed that they had *Intentions to join the family business*. Furthermore, the results of the MRA reported significant and positive relationships between the independent variables *Parental expectations*, *Perceived parental outcomes*, and *Parental identification*, and the dependent variable *Intention to join the family business*. The results of the moderated regression analysis revealed that *Self-efficacy* and *Outcome expectations* do not moderate the relationships between all the parental influences investigated and *Intention to join the family business* as hypothesised. However, a significant positive relationship at the ten per cent confidence level was reported between the interaction effect, *Self-efficacy x Perceived parental outcomes*, and *Intention to join the family business*. A significant positive relationship at the five per cent confidence level was also reported between the interaction effect *Outcome expectations x Parental identification*, and *Intention to join the family business*. Based on the findings of this study, numerous recommendations were made.

This study makes a contribution to both theory and practice. In terms of theory, the results have highlighted the applicability of both the theory of planned behaviour and the social cognitive career theory in explaining an NGFM's *Intention to join the family business*. In addition, the applicability of these theories in the family business context has been confirmed. This study also contributes to the family business literature in that

it provides new insights into how parents influence one of family businesses' biggest challenges, namely their children not wanting to take over the family business. In terms of practice, the findings show that several of the parental influences investigated do indeed increase the intention of NGFMs to join the family business. It is anticipated that these findings will encourage parents who own family businesses to take note of how they influence their children's decision whether to join them in the family business, and ultimately to contribute to its possible long-term survival and success.

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## **CHAPTER 1**

### **INTRODUCTION, PROBLEM STATEMENT AND SCOPE OF THE STUDY**

#### **1.1 INTRODUCTION AND BACKGROUND TO THE STUDY**

Family businesses account for up to two thirds of all businesses worldwide (Family Firm Institute 2018b; KPMG 2015:1) and are responsible for between 50 and 80 percent of jobs, and between 70 and 90 per cent of global GDP (Family Firm Institute 2018b, KPMG Family Business Survey 2015). As such, these businesses are primary contributors to economic development and job creation (Van Der Merwe 2010:121), and play an important part in the economies of countries (Nieman & Nieuwenhuizen 2014:235).

According to Ackerman (2001:325), up to 80 per cent of South African businesses, and as many as 60 per cent of companies listed on the Johannesburg Stock Exchange (JSE) Limited, are family businesses. These businesses are at the heart of a stable South African economy because they support long-term employment and have the ability to adapt quickly to changes in the economic environment (PWC 2013:5). According to Fishman (2009), South African family businesses account for 50 per cent of the economic growth in the country. This is supported by PWC (2016:2) who highlight that in 2016, at a time where non-family businesses were struggling to generate revenue, 78 per cent of family businesses in South Africa reported growth in the previous year and 62 per cent were expecting steady growth over the next five years. Family businesses in South Africa are common in the agricultural, knowledge and service industries, as well as in black townships (Nieman & Nieuwenhuizen 2014:235).

The importance of family businesses to the economies of countries has led to a growing interest in these businesses (Xi, Kraus & Filser 2015:115; Benavides-Velasco, Guzman-Parra & Quintana-Garcia 2011:41). This interest has also grown significantly in academic circles where in recent years the number of family business centres, published articles, publication outlets and schools offering family business programmes has proliferated (Evert, Martin, McLeod & Payne 2016:17; Sharma,

Chrisman & Gersick 2012:5; Sharma 2004:1). A key issue of interest and concern among practitioners and academics alike, has been and still is, the lack of succession and longevity among family businesses (Family Firm Institute 2018b; Liu, Wang, Li, Pang & Tang 2013:375; Van der Merwe 2009:33; De Massis, Chua & Chrisman 2008:188). As a result, succession and succession planning has been one of the main areas of investigation in the field of family business (Evert *et al.* 2016:36; Yu, Lumpkin, Sorenson & Brigham 2012:43). Despite significant research efforts having been devoted to the topic of succession, a large number of family businesses worldwide continue to face succession difficulties (Ramadani, Bexheti, Rexhepi, Ratten & Ibraimi 2017:294; Duh 2012:221; Prior 2012:41), with generational succession cited as their greatest challenge (Bozer, Levin & Santora 2017:753; Muskat & Zehrer 2017:333).

The gravity of the succession challenge facing family businesses is often highlighted in terms of the well-known statistics cited, namely that 30 per cent of family businesses survive to the second generation, while only 12 per cent survive to the third generation, and a mere 3 per cent survive to the fourth generation (Visser & Chiloane-Tsoka 2014:427; Byrd & Megginson 2013:24; Zellweger, Nason & Nordqvist 2012:1; Poza 2007:1–2; Venter & Boshoff 2007:42). Recently, Sharma (2014) contested these statistics, suggesting that a family may be running three to four businesses at the same time during the tenure of one generation, and that exiting a business through sale, public offering or closing, may be signs of successful transitions rather than failure. Furthermore, Sharma (2014) explains that a controlling family may evolve in its role to become governing investors rather than continuing as operational controlling leasers of the firm. Despite these contentions however, succession remains the most pressing challenge facing family businesses (Ramadani *et al.* 2017:294; Venter *et al.* 2015; Knafo 2014). The quest to understand what makes successful successions justifies continued research.

Succession is the process through which the leadership and/or ownership of the family business is transferred from the existing leader to a subsequent family or non-family member (Nieman & Nieuwenhuizen 2014:238). The complexity of this process and the lack of priority given to it, are the main reasons cited for experiencing succession difficulties (Brink 2017:6). For example, in South Africa only 17 per cent

of family businesses have a succession plan that has been discussed and implemented (Brink 2017:6).

Although there are several factors that influence a successful succession, the next generation not wanting to join the family business is highlighted by many (Ghee, Ibrahim & Abdul-Halim 2015:110; Yang, Xi & Han 2013:531; Venter, Boshoff & Maas 2005:285). Venter *et al.* (2005:285) contend that the willingness of the successor to take over the family business is a key factor that contributes to a positive succession process. Similarly, Yang *et al.* (2013:531) explain that a child's willingness to participate in and carry on the family business is crucial for the smooth intergenerational transmission of the family business. According to Yang *et al.* (2013:531), the willingness of the successor to take over the family business is of great importance to a successful succession, but has been found to be extremely low in many cases.

Today many next generation family members (NGFMs) do not want to join the family business. Garcia, Sharma, De Massis, Wright and Scholes (2018:28) points out that less than seven per cent of rising generation family members are willing to take over the family business. In addition, The Economist (2004:1) highlights that 75 per cent of children do not want to join their parent's family business for various reasons. Wanting to create an own identity away from the family business (Iqbal 2016:1; Rastogi & Agrawal 2010:8), a lack of interest in the family business, the family business not allowing them to use their talents (The Economist 2004:1), taking the burden of responsibility, the lack of autonomy and having no passion for the family business (Luckman 2015:1), have all been cited by NGFMs as reasons for not wanting to join the family business.

There are many factors relating to both the individual, their environment (Murphy & Lambrechts 2014; Muofhe & Du Toit 2011; Zellweger, Sieger & Halter 2011), and other people (business leaders, political figures, teachers, peers, church leaders)(Palacio 2013:6; Cleary, Horsfall & Jackson, 2013:635) that influence a person's choice of career, including the career choice of joining the family business. However, parents are by far the most influential (Erickson 2014:1) and have the ability to influence their children's career choices intentionally and unintentionally (Williams

2015:1). Both biological and adoptive parents have a significant influence on their child's personality, emotional development and behavioural habits (Erickson 2014:1; Murphy 2014:1). They provide the foundation for their children's development and have an influence on their children's behaviour and attitudes (Yusuf, Osman, Hassan & Teimoury 2014:82; Goodman & Gregg 2010:1).

When parents are perceived as positive and successful role models, children are likely to imitate their parents (Brennan, Morris & Schindehutte 2003). According to the theory of social learning (Bandura 1977:22), a great deal of importance is placed on observing and modelling the attitudes, behaviours and emotional reactions of others. Williams (2015:1) supports this, and suggests that children often look to their parents as occupational role models. Several authors (Fairlie & Robb 2004; Dunn & Holtz-Eakin 2000; Hout & Rosen 2000) suggest that children of business owners learn a great deal from what they see and hear going on around them. Zellweger *et al.* (2011:3) contend that having self-employed parents and a family business background may increase the likelihood of a person pursuing entrepreneurial options. According to Fletcher (2002:144), a child who has been involved in a family business while growing up, has a moderate chance of entering the family business and choosing it as their career path; however, this increases if the child has a future prospect of becoming the successor of the family business. Furthermore, Chlosta, Patselt, Klein and Dormann (2010:134) assert that parents strongly influence their children's choice of joining the family business if the child is given the opportunity to be creative and have a high level of autonomy in the family business.

Investigating the motives that drive children with a family business background to join the family business on the one hand, or to become an employee outside the family business on the other, is highly pertinent given the worldwide social and economic relevance of family businesses (Zellweger *et al.* 2011:2; Astrachan & Shanker 2003:211). Failing to engage with the next generation in this regard could put the family business at risk (Garcia *et al.* 2018:28). Establishing the factors that influence an individual's intention to join the family business makes an important theoretical contribution to the family business, succession and entrepreneurial literatures, and holds both practical and theoretical relevance (Zellweger *et al.* 2011:3). It is against this background that the problem statement for this study is formulated.

## **1.2 PROBLEM STATEMENT**

Children of family business owners have several career choice options, including starting their own business, finding outside employment, or joining the family business (Zellweger *et al.* 2011:2). Duh (2012:211) highlights that the biggest challenge facing family businesses in the long run is that of succession, in particular the issue of children not wanting to join the family business. Wanting to create their own identity, a lack of interest and perceived autonomy, and having no passion for the family business, are cited as reasons for children not wanting to join the family business.

However, little is known about the underlying attitudes and motivations of children joining the family business and how these differ from individuals wanting to start their own business or take up outside employment. Few studies have investigated these attitudes and motivations (Garcia *et al.* 2018:2; Murphy 2014:1; Schroder Schmitt-Rodermund & Arnaud 2011:309; Zellweger *et al.* 2011:2; Sharma & Irving 2005:13) and even fewer have been undertaken regarding the motives of NGFMs to join the family business (Garcia *et al.* 2018:2; Chrisman, Chua & Sharma 2005; Sharma & Irving 2005; Le Breton-Miller, Miller & Steier 2004).

In summary, the unwillingness of NGFMs to join the family business seriously jeopardises the long-term survival of the family business and is a matter of great concern for family business owners who in general have a strong desire to pass on the business to the next generation and to preserve the family's legacy (EY's Family Business Center of Excellence 2018). With the problem statement formulated and the gap in research identified, the purpose of the current study is clarified below.

## **1.3 PURPOSE OF THE STUDY**

The willingness of NGFMs to join the family business is influenced by several factors, including family pressures, self-esteem, attitude towards work, attitude towards risk, independence, education level, communication and their parents (Zellweger 2017:232; Liu *et al.* 2013:376). Parents play an important role in the career choices of their children (Koech, Bitok, Rutto, Koech, Okoth, Korir & Ngala 2016:56; Taskinen, Dietrich & Kracke 2014:104; Ausman, Javed, Ahmed, Samad, Pour, Mathew, Shaikh,

Al-Sharbatti and Sreedharan 2013:18), and have consistently been found to be the most influential factor (Baksji, Ghandhi, Shah & Maru 2012:7).

According to Ward (1997:324), the behaviour of parents influences the next generation to work together and their desire to become involved in the family business. Growing up in a family where parents are the owners of a business brings about an environment where career intentions are formed (Zellweger *et al.* 2012:3). Children raised in a family business context, where the business is controlled and operated by a family with a transgenerational perspective, are often exposed to opportunities and challenges related to an entrepreneurial career (Chua, Chrisman & Sharma 1999). These family-related life experiences are vital in moulding an individual's beliefs, attitudes, personality and intentions (Zellweger *et al.* 2012:3). As such, parents serve as influences and positive role models for their children (Kolvereid 1996).

Parents must create an environment where their children come to embrace the idea of being a future leader and owner in their family business and make it their desired goal (Van Der Merwe 2010:121). According to Yang *et al.* (2013:532), parents can reduce the level of uncertainty of a successor taking over the family business, thereby increasing the willingness of their children to succeed them in the family business. According to Schroder *et al.* (2011:316), parental views on succession play a crucial role in determining whether or not their offspring actually join the family business. Schroder *et al.* (2011:316) found that the stronger the parent's succession preference and preparation of their offspring, the more likely their children are to take over the family business, rather than starting their own business or seeking outside employment (Schroder *et al.* 2011:316).

The current study looks at providing greater clarity on how parents influence the decisions of their children to join the family business as their chosen career. More specifically, the purpose is to gain a better understanding of the influence that parents have on the NGFMs' intentions to join the family business as well as those factors that moderate this influence.

The current study draws on the theory of planned behaviour and the social cognitive career theory. The theory of planned behaviour is the most widely used theory for studying human behaviour (Guzmán-Alfonso & Guzmán-Cuevas 2012:724). This theory contends that attitude towards the behaviour, subjective (social) norms, and perceived behavioural control (Ajzen 2005:119; Krueger *et al.* 2000:416; Ajzen 1991:188) influence a person's behaviour.

The social cognitive career theory developed by Lent, Brown and Hackett (1994, 2000) is one of the most accepted and validated theories in the career literature (Muofhe & Du Toit 2011:3). This theory was derived from Bandura's (1986, 1982) social cognitive theory and focuses on self-efficacy, outcome expectations and goal mechanisms, and how they interrelate with other personal and contextual factors to influence career choice (Lent *et al.* 1994:79). Self-efficacy, outcome expectations and goals (Lent *et al.* 1994:261–262) are seen as the building blocks of career development and identify the mechanisms by which individuals exercise personal choice (Lent *et al.* 1994:262).

Against this background, the objectives of this study are formulated.

## **1.4 RESEARCH OBJECTIVES**

In the following section, the primary, secondary and methodological objectives of this study are presented.

### **1.4.1 PRIMARY RESEARCH OBJECTIVE**

The primary objective of this study is to identify the influence that parents have on a NGFM's *Intention to join the family business*.

### **1.4.2 SECONDARY RESEARCH OBJECTIVES**

In order to achieve the primary objective of this study, the following secondary objectives are put forward:

SO<sup>1</sup>: To determine the intentions of NGFMs to join the family business;



- SO<sup>2</sup>: To describe the extent to which the parental influences investigated are experienced by NGFMs;
- SO<sup>3</sup> To identify the significant relationships between the parental influences investigated and a NGFM's *Intention to join the family business*; and
- SO<sup>4</sup>: To investigate the moderating influences of *Self-efficacy* and *Outcome expectations* on the relationships between the parental influences investigated and a NGFM's *Intention to join the family business*.

#### 1.4.3 METHODOLOGICAL RESEARCH OBJECTIVES

In order to achieve the aforementioned primary and secondary objectives, the following methodological objectives (MO) are proposed:

- MO<sup>1</sup> To undertake a theoretical investigation into the nature and importance of family businesses, the most prominent challenges they face, as well as the most commonly used conceptual frameworks and theories in the field. In addition, a literature review on several behaviour and career choice theories will be undertaken with the purpose of identifying factors that influence a person's career choice in general as well as in a family business context. Furthermore, the influence of parents on their children in general and on their career choice in particular will be explored;
- MO<sup>2</sup> To propose a hypothesised model depicting the relationships between the independent variables (*Parents' job characteristics, Parental financial security, Parental job satisfaction, Parent-child relationship, Parental identification, Parental expectations, Parental support and Parental style*) and the dependent variable (*Intention to join the family business*), as well as the moderating influence of *Self-efficacy* and *Outcome expectations*, on these relationships;
- MO<sup>3</sup> To determine the appropriate research methodology to be used in this study in order to address the problem statement and research objectives;
- MO<sup>4</sup> To develop a measuring instrument that will empirically test the hypothesised relationships formulated;
- MO<sup>5</sup> To conduct an empirical investigation among NGFMs and to statistically analyse the collected data; and

- MO<sup>6</sup> To put forward several recommendations to parents, who are owners of/ are actively involved in their family businesses, on how to increase the likelihood that their child(ren) would have the intention to join the family business.

## 1.5 RESEARCH QUESTIONS

Based on the primary and secondary objectives of this study, the following research questions are proposed:

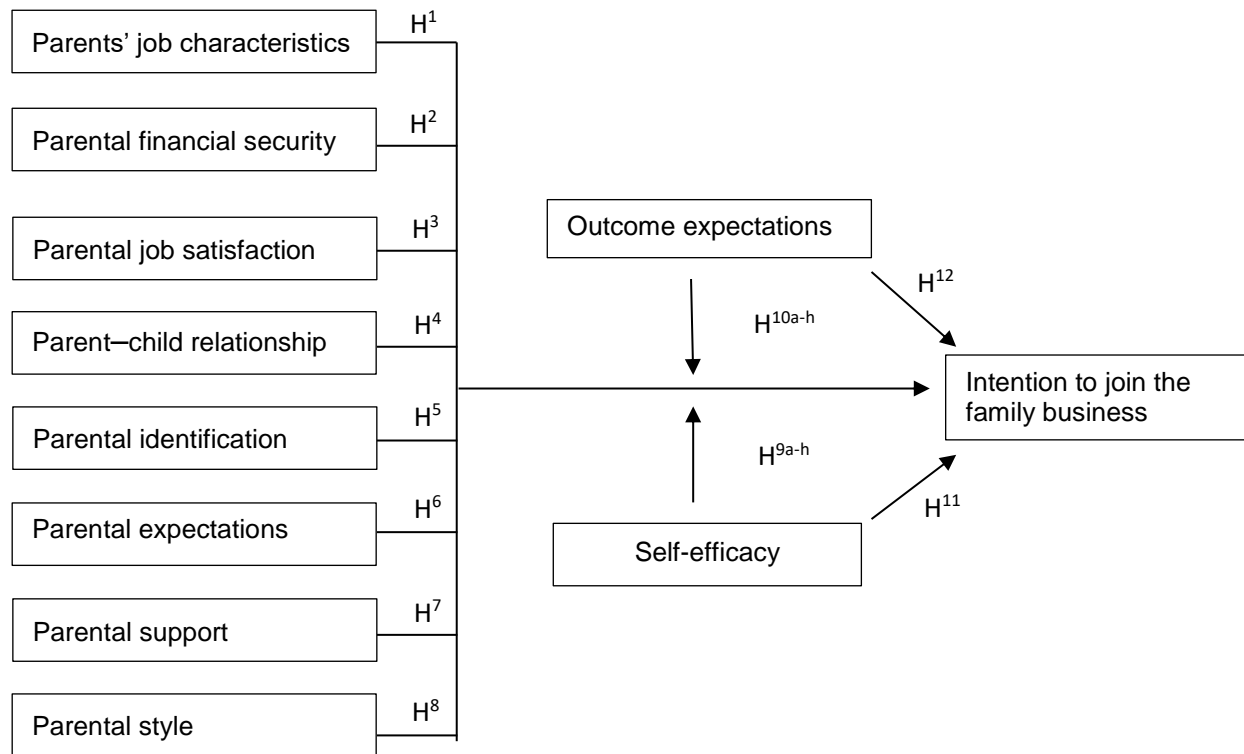
- Q<sup>1</sup> What are the intentions of NGFMs to join the family business?
- Q<sup>2</sup> To what extent are the parental influences investigated in this study experienced by NGFMs?
- Q<sup>3</sup> Do the parental influences investigated in this study significantly influence a NGFM's *Intention to join the family business*?
- Q<sup>4</sup> Does *Self-efficacy* and *Outcome expectations* moderate the relationships between the parental influences investigated in this study and a NGFM's *Intention to join the family business*?

Based on the literature review, the theories mentioned on page six (which are elaborated on in Chapters 3 and 4) and the objectives of this study, several hypotheses are proposed for empirical testing in this study and are detailed in the section to follow.

## 1.6 PROPOSED HYPOTHESES

Given the primary objective of this study, namely to investigate the influence that parents have on a NGFM's *Intention to join the family business*, a hypothesised model depicting the most pertinent parental influences has been developed from secondary sources. This proposed hypothesised model is depicted in Figure 1.1.

**Figure 1.1: Hypothesised model of relationships between parental influences and a NGFM's Intention to join the family business**



Source: Researcher's own construction

The various relationships proposed for empirical testing in this study, as depicted in the hypothesised model (Figure 1.1), are formulated as follows:

- H<sup>1</sup> There is a positive relationship between *Parents' job characteristics* and a NGFM's *Intention to join the family business*.
- H<sup>2</sup> There is a positive relationship between *Parental financial security* and a NGFM's *Intention to join the family business*.
- H<sup>3</sup> There is a positive relationship between *Parental job satisfaction* and a NGFM's *Intention to join the family business*.
- H<sup>4</sup> There is a positive relationship between the *Parent-child relationship* and a NGFM's *Intention to join the family business*.
- H<sup>5</sup> There is a positive relationship between *Parental identification* and a NGFM's *Intention to join the family business*.

- H<sup>6</sup>        There is a positive relationship between *Parental expectations* and a NGFM's *Intention to join the family business*.
- H<sup>7</sup>        There is a positive relationship between *Parental support* and a NGFM's *Intention to join the family business*.
- H<sup>8</sup>        There is a positive relationship between *Parental style* and a NGFM's *Intention to join the family business*.
- H<sup>9a-h</sup>     *Self-efficacy* moderates the relationship between the independent variables and a NGFM's *Intention to join the family business*.
- H<sup>10a-h</sup>   *Outcome expectations* moderates the relationship between the independent variables and a NGFM's *Intention to join the family business*.
- H<sup>11</sup>       There is a positive relationship between *Self-efficacy* and a NGFM's *Intention to join the family business*.
- H<sup>12</sup>       There is a positive relationship between *Outcome expectations* and a NGFM's *Intention to join the family business*.

## 1.7                **RESEARCH DESIGN AND METHODOLOGY**

In order to achieve the research objectives of this study and to test the hypotheses formulated in Sections 1.4 and 1.6, a literature review (secondary research) and an empirical investigation (primary research) were undertaken. Each of these are elaborated on in the paragraphs that follow.

### 1.7.1            **LITERATURE REVIEW**

The literature review involves undertaking an in-depth investigation on family businesses literature in general, the intentions and career choice theories, as well as the influence of parents on career choice in general, and in the family business context in particular. A variety of secondary sources are consulted and international and national databases are used in this literature study.

## 1.7.2 EMPIRICAL INVESTIGATION

In describing the empirical investigation undertaken in this study, the research paradigm adopted, as well as the methodological approach and methodology used, are elaborated on. Furthermore, the sampling technique and data collection method, as well as the descriptive and inferential statistics undertaken, are described. The research design and methodology adopted for this study are described in detail in Chapter 6 of this study.

### 1.7.2.1 Research paradigm

Wahyuni (2012:69) and Jonker and Pennink (2010) describe a research paradigm as a set of fundamental assumptions and beliefs concerning how the world is perceived, which then serves as a thinking framework that guides the behaviour of a researcher. Several research paradigms exist; however, the two dominant paradigms identified in social science are positivism and interpretivism (Collis & Hussey 2014:43). Swanson and Holton (2005:19) and Saunders, Lewis and Thornhill (2009:193) explain that a positivistic research paradigm assumes that the world is objective and therefore seeks out facts in terms of relationships among variables. On the other hand, interpretivism believes that social reality is affected by the act of investigating it (Collis & Hussey 2014:44). According to Mackenzie and Knipe (2006:193), interpretivistic research has the intention of understanding the human experience and relies upon the participant's view of the situation being studied. As the primary and secondary objectives of the current study concern hypothesis testing, producing precise, objective and quantitative data, and generalising the sample to the whole population, a positivistic research paradigm is adopted.

### 1.7.2.2 Methodological approach and method

Depending on the paradigm chosen, the researcher will choose either a quantitative or qualitative methodological approach. As indicated above, a positivistic research paradigm was adopted in this study; therefore, a quantitative methodological approach is considered most suitable. According to Babbie (2010), a quantitative methodological approach attempts to determine the relationship between one variable

and another in a population. Swanson and Holton (2005:19) explain that a quantitative methodological approach is used to test and verify hypotheses and to establish the generalisability of the findings.

Following the decision to select a research paradigm and a suitable methodological approach, the research methodology needs to be determined. According to Collis and Hussey (2014:60), two dominant research methodologies are associated with positivistic paradigms, namely experimental studies and surveys. The methodology used in this study is an analytical survey. According to Kasunic (2005:3), the survey methodology involves data gathering and analysis whereby respondents answer questions and respond to statements that are developed by a researcher in advance. More specifically, an analytical survey is used to determine whether relationships exist between multiple variables (Collis & Hussey 2014:63). There are several methods for collecting data for survey studies, including postal and online self-administered questionnaires, telephone and face-to-face interviews (Collis & Hussey 2014:63). In this study the method used to collect the data is a self-administered questionnaire.

Given that the study takes place on a subset of the population and that the data is collected from these individuals at a specific point in time (Olsen & St George 2004:7), the study is described as a cross-sectional study. According to Collis and Hussey (2014:63), a cross-sectional study is designed to obtain data in different contexts but over the same period of time, thereby providing the researcher with a snapshot of the research phenomena. Furthermore, the purpose of the study is not to make predictions or to establish cause and effect relationships; therefore, the type of research undertaken can be classified as descriptive and, more specifically, is correlational in nature.

#### 1.7.2.3 Sampling and data collection

A population is described as a full set of cases from where the sample is taken and includes the total collection of units of analysis about which the researcher wants to make specific conclusions (Saunders *et al.* 2009:212). The population for this study consists of all South Africans over the age of 18 years, whose father or mother, or both, own and/or are actively involved in their own family business. A sample is a

subset of a population or group of participants who are carefully selected to represent the population (Collis & Hussey 2014:62; Cooper & Schindler 2007:717).

The sample size depends on the number of constructs that need to be measured. This study has a sample size based on a minimum subject-to-item ratio of 5:1 for an exploratory factor analysis (EFA) (Osborne & Costello 2004:2), but Nunnally (1978:421) suggests the ratio should be 10:1. In this study, a minimum sample size of 300 respondents is needed to meet the necessary criteria.

Two categories of sampling techniques exist, namely probability and non-probability sampling (Saunders *et al.* 2009:213). Probability sampling is a sampling technique where the probability that any member of the population will be included in the sample can be determined (Welman, Kruger & Mitchell 2005: 56). Non-probability sampling, on the other hand, occurs where the basis of selection relies on personal judgement or convenience, and the probability of an element in a population being included is unknown (Lancaster 2005:149).

In this study the non-probability sampling technique of judgemental sampling is used because the researcher has a specific purpose in mind and will make judgements about who to include in the sample. In addition, judgemental sampling establishes a selection criterion or criteria, and selects a sample based on these criteria (Cooper & Schindler 2014:359). As such, criterion sampling, a specific kind of judgemental sampling, is considered most appropriate for the current study.

In order to qualify for participation in the current study, respondents had to meet specific criteria. The criteria set for qualifying as an NGFM are as follows: (1) the person must be over the age of 18 years, (2) the family of the respondent owns more than 50 per cent of the family business, and (3) the respondent's father or mother, or both, own and/or are actively involved in their own family business

#### 1.7.2.4 Measuring instrument design

A measuring instrument has been developed to collect the data necessary to achieve the objectives of this study. According to Collis and Hussey (2014:205), the main

steps in designing a questionnaire are: write the covering letter and instructions, test the questionnaire with a small sample (pilot study), choose a method of distribution and return, plan a strategy for dealing with non-responses, and finally, conduct tests for validity and reliability. The aforementioned steps are followed in this study.

In addition to the cover letter, the measuring instrument has two sections (see Annexure A). Section A contains a question to ascertain the potential NGFM's eligibility to participate in the study and poses several questions to obtain information regarding the family business associated with the NGFMs. Demographic information relating to the NGFM is also requested and a question regarding their perceptions of future employment is posed. Section B of the questionnaire consists of several statements measuring the various parental influences investigated and the NGFM's *Intention to join the family business*. A five-point Likert-type scale is used to indicate their extent of agreement with each statement. Once completed, the measuring instrument is tested by undertaking a pilot study. The data collected from the pilot study is then subjected to tests for unidimensionality to ensure the validity of the measuring instrument. The administration of the measuring instrument comprises two stages: first, the field work is undertaken, and thereafter the data is captured and prepared for further analysis.

An exploratory factor analysis is undertaken to assess the construct validity of the scales measuring the independent and moderating variables (Cooper & Schindler 2008:592), and a test for unidimensionality using a factor analysis is undertaken for assessing the validity of the scale measuring the dependent variable. Furthermore, Cronbach's alpha coefficients are calculated to measure the reliability of the scales measuring the independent, moderating and dependent variables under investigation. The software program Statistica (Version 13.3) is used to assess the validity and reliability of the measuring instrument, and for undertaking descriptive and inferential statistics described below.

#### 1.7.2.5 Descriptive and inferential statistics

According to Collis and Hussey (2014:205), descriptive statistics are a group of statistical methods used to summarise, describe or display quantitative data. Jackson



(2010:216) explains that descriptive statistics are used to organise and present numerical data in a clear manner. Descriptive statistics calculated in this study include the mean, standard deviation and frequency distributions.

Inferential statistics are used to draw conclusions about a population from data which is collected from a random sample of that population (Collis & Hussey 2014:205). According to Hair, Black, Babin, Anderson and Anderson (2014:261), inferential statistics include both parametric and non-parametric tests. Parametric tests are based on mean values and rely on the data being normally distributed, while non-parametric tests are used to perform calculations based on ranking rather than on the data values (Collis & Hussey 2014:261). Parametric tests are undertaken in this study and evidence of their assumptions being met is provided. The inferential statistics undertaken in this study include Pearson's product moment correlation and multiple regression analysis (MRA).

According to Collis and Hussey (2014:270), Pearson's product moment correlation is used to determine the association between two quantitative variables and it measures the direction and strength of the linear relationship between them. In this study, Pearson's product moment correlations are undertaken to establish the relationships between the dependent variable (*Intention to join the family business*), the moderating variables (*Self-efficacy* and *Outcome expectations*) and the independent variables (*Parental expectations*, *Parent-child relationship*, *Perceived parental outcomes*, *Parental identification*, *Parental style*, *Early business exposure* and *Parents' job characteristics*).

MRA measures how well more than one independent variable predicts the value of a dependent variable (Maree 2016:272; Quinlan, Babin, Carr, Griffin and Zikmund 2015:362) and is used in the current study to assess the relationships summarised in the hypothesised model. More specifically, hierarchical MRA is undertaken. Prior to undertaking the MRA, several assumptions about the relationship between the dependent and independent variables are confirmed (Hair *et al.* 2014:179; Hopkins & Ferguson 2014:58).

## 1.8 SCOPE AND DEMARCATION OF THE STUDY

Several factors influence a person's choice of career, including observational factors (Schroder *et al.* 2011; Zellweger *et al.* 2011), cognitive factors (Stalk & Foley 2012; Murphy & Lambrechts 2014), self-perception and evaluation factors (Sharma & Irving 2005), and environmental factors (Koech *et al.* 2016; Muofhe & Du Toit 2011), as well as personal characteristics and demographic factors (Koech *et al.* 2016). One of these factors is the influence of people on career choice (Sharma 2015:30; Calitz, Greyling & Cullen 2013:77). Of all the people who influence a person's career choice, parents have been found to be most influential (Baksji *et al.* 2012:7; Moges & Weber 2014:1). Therefore the focus of this study is on the influence that parents have on the intention of their children to join the family business as their chosen career path.

Parents influence their children's career choices in several ways. For example, by being involved with their children and their children's career development (Tilman 2015:11; Wong & Liu 2010:92), the income they earn from their own careers (Tilman 2015:11) and the encouragement they give their children to make their own choices (Wong & Liu 2010:92), the transmission of their own views and values to their children (Wong & Liu 2010:92) and their own educational background (Tilman 2015:22) all affect this important decision in their children's lives.

The focus of the current study is on eight major parental influences (*Parents' job characteristics, Parental financial security, Parental job satisfaction, Parent-child relationship, Parental identification, Parental expectations, Parental support and Parental style*) and the impact of these eight influences on a NGFM's *Intention to join the family business*. These have been chosen based on their dominance in the behaviour and career choice literature.

Several mediators and moderators of the relationship between influencing factors and career choice are also evident in the behaviour and career choice literature. These include career adaptability (Johnson 2016:4), resource availability (Johnson 2016:17), academic satisfaction (Jadidian & Duffy 2012:154) and person-job fit (Song & Chon 2012:798). In this study, *Self-efficacy* and *Outcome expectations* have been identified as moderators of the relationship between parental influences and a NGFM's *Intention*

*to join the family business* because of their prominent role in the social cognitive career theory (SCCT), and because of the support for this theory in understanding and explaining a person's career choice (Bounds 2013:39; Byars-Winston 2010).

The empirical investigation in this study is undertaken among respondents who are associated with family businesses only. These respondents are NGFMs who are over the age of 18 years, and who have one or both of their parents owning and/or being actively involved in their own family business. The reason for focusing only on respondents associated with family businesses is the vital role these businesses play in creating jobs, redistributing wealth and growing the South African economy.

## **1.9 SIGNIFICANCE OF THE STUDY**

Family businesses account for up to two thirds of all businesses worldwide (Family Firm Institute 2018b). Despite their importance they face several challenges, with a lack of successful succession to the next generation cited as the most pressing of these (Steinter 2017; Zellweger *et al.* 2011:2; Van der Merwe 2009). The increasing numbers of children not willing to join or take over the family business (Garcia *et al.* 2018:28; Yang *et al.* 2013: 531) further exacerbates the succession challenge.

Investigating the motives that drive children with a family business background either to join the family business, or to choose an alternate career, is of great importance (Zellweger *et al.* 2011:2; Astrachan & Shanker 2003). In light of the limited research available on NGFMs in this business context (Garcia *et al.* 2018; Murphy 2014; Schroder 2011), this study aims to provide a theoretical and empirical contribution to the family business, succession, entrepreneurship and career choice literature. More specifically, it contributes to the family business literature by providing new insights into how parents influence one of family businesses' greatest challenges, namely their children not wanting to join the family business. By investigating the influence that parents have on a NGFM's *Intention to join the family business*, such insights could assist family business owners, practitioners and educators in dealing with the issue of NGFMs and succession.

## **1.10 KEY CONCEPTS**

Key concepts used in this study are clarified below:

### **1.10.1 FAMILY BUSINESS**

A family business is defined as follows: at least 51 per cent of the business is owned by a single family, at least two family members are involved in the management of the business, and there is an anticipated succession to the next generation in the family business (Van Der Merwe 2009:35; Ibrahim & Ellis 2004:5). However, for the purpose of this study a family business is a business where at least two family members work in the business and the family owns more than a 50 per cent share in the business.

### **1.10.2 FAMILY BUSINESS SUCCESSION**

Family business succession is the process of transitioning the management and the ownership of the business to the next generation of family members (Dalpiaz, Tracey & Phillips 2014:1375; KPMG 2015:7; Miller, Steier & Le Breton-Miller 2003:513).

### **1.10.3 NEXT GENERATION FAMILY MEMBER (NGFM)**

According to Murphy and Lambrechts (2015:34) and Schroder *et al.* (2011:305) an NGFM is the offspring of a person (parent) who owns a family business; these offspring are exposed to, and grow up in a family business. An NGFM is a person at any level of management who is a member of any generation of the business-owning family other than the generation that founded the business (Miller 2014:4). For the purposes of this study, NGFMs are individuals (children), over the age of 18, who have the potential to join (work in) a family business that is owned by their family members. Examples of family businesses that potential NGFMs could join include, the NGFM's father and mother owning and/or working together in their own family business, or only one of the NGFM's parents owns or is actively involved in the family business (possibly with another family member).

#### 1.10.4 CAREER CHOICE

Career choice refers to the selection of a particular path or vocation in terms of a career or profession by an individual (Oxford 2014). Sharf (2002:3) defines a career choice as the “decision that an individual makes at any point in time regarding a particular work or leisure activity that they choose to pursue at that point”.

#### 1.10.5 INTENTIONS

Intentions are defined as the amount of effort a person is willing to exert to attain a specified goal (Ajzen 1991:179). According to Pavlakos and Rodriguez-Blanco (2015:13), intentions focus on a person’s actions and the reason why a person performs those specific actions in a given situation. Intentions can be seen as the cognisant and intentional frame of mind to perform a particular behaviour (Redelinghuys 2015:5).

#### 1.10.6 INTENTION TO JOIN THE FAMILY BUSINESS

Ajzen’s (1991) theory of planned behaviour is predominately used in entrepreneurship, family business, management, and in the disciplines of psychology and sociology to determine a person’s intentions. Amani and Mkumbo (2016:107) highlight that a person’s intention is their cognitive representation of their readiness to perform a given behaviour. Furthermore, a person’s intention is focused on how far they are willing to go and the effort they are prepared to give to planning and performing the intended behaviour (Amani & Mkumbo 2016:107). For the purpose of this study, *Intention to join the family business* refers to an NGFM preferring to work in the family business rather than elsewhere, as well as being determined and making every effort to pursue their career goal of joining the family business.

#### 1.10.7 PARENTAL INFLUENCE

A parental influence is any opinion, attitude or action on the part of a parent that shades and moulds a child’s attitude (Murphy 2014:1) and behaviour (Grusec 2014:1). According to the social learning theory (Bandura 1977), children are influenced by

their parents through parental instruction, observation, positive and negative reinforcement, practice and participation (Jorgensen & Savla 2010:468).

## **1.11 STRUCTURE OF THE RESEARCH**

The structure of the research is as follows:

Chapter 1 (this chapter) introduced the research. It provided the background for the issue under investigation and presented the problem statement and purpose of the study. The research objectives and questions were posed and the underlying theories highlighted. Thereafter, the hypothesised model and hypotheses were presented. The research design and methodology were briefly discussed in terms of both the literature review and the empirical investigation. In addition, the scope and demarcation of the study were outlined and the significance of the study was highlighted. The chapter concluded by clarifying several key concepts and presenting a structure of the contents to follow.

Chapter 2 provides an overview of the field of family business and discusses the nature of family businesses. Thereafter, family businesses are contextualised by defining a family business and elaborating on the definitional approaches. The differences between family and non-family businesses are explored, and several frameworks, theories and perspectives relating to family businesses are discussed. The chapter concludes by highlighting the important role that family businesses play in the economies of countries as well as the unique challenges they face.

In Chapter 3, several behaviour theories are discussed. Thereafter, the nature of career choice is explained and career choice theories are presented. Career choice theories in the South African context are also briefly discussed, focusing on the social cognitive career theory and its relevance to the current study. The chapter concludes with a summary of all the factors influencing career choice as outlined by the behaviour and career choice theories discussed.

In Chapter 4, the influence of parents on their children in general, as well as several parental influences on career choice, are discussed. Each of the parental influences

identified, namely *Parent–child relationship*, *Parents’ job characteristics*, *Parental financial security*, *Parental job satisfaction*, *Parental identification*, *Parental expectations*, *Parental support* and *Parental style* are examined in detail. Additionally, the influence of each of the aforementioned parental influences on NGFMs, in a family business context, is highlighted.

Chapter 5 presents a hypothesised model and proposes several hypotheses that are subjected to empirical testing in the current study. The dependent and independent variables, as well as the moderating variables, form the basic elements of the hypothesised model; these are presented together with theoretical support for each of the hypothesised relationships.

Chapter 6 discusses the research design and methodology chosen to collect and analyse the data needed to achieve the objectives of this study. This discussion elaborates on the research design, more specifically on the research paradigm, the methodological approach and the research method used in the current study. Thereafter, the sample, sampling technique and the data collection method used are described and the measuring instrument for the study is also detailed. The method of data analysis, including assessing for the validity and reliability of the measuring instrument, are explained. This is followed by a description of the descriptive and inferential statistics used in this study.

In Chapter 7 the empirical results of this study are presented and discussed. The sample is described and the validity and reliability of the measuring instrument is established. Thereafter, the operationalisation of the dependent, moderating and independent variables is reformulated. Finally, the results of the descriptive statistics and the inferential statistics calculated, are presented.

In the final chapter, Chapter 8, an overview of the study as a whole is provided and a short summary of the empirical results is presented. Thereafter, the empirical results are discussed and interpreted, and several implications and recommendations are put forward. The limitations of the study are pointed out, and the study’s contribution is highlighted.

## **CHAPTER 2**

### **CONTEXTUALISING THE FIELD OF FAMILY BUSINESS**

#### **2.1 INTRODUCTION**

Given the worldwide social and economic relevance of family businesses, investigating the motives that drive an individual with a family business background to become a successor rather than a business founder or an organisational employee, is highly pertinent. In order to contextualise these motives, Chapter 2 provides an overview of the field of family business and discusses the nature of family businesses. Thereafter, family businesses are contextualised by defining a family business and elaborating on the definitional approaches. The differences between family and non-family businesses as well as between the family businesses themselves are explored, and several frameworks, theories and perspectives relating to family businesses discussed. The chapter concludes by highlighting the important role that family businesses play in the economies of countries as well as the unique challenges they face.

#### **2.2 THE FIELD OF FAMILY BUSINESS**

Family businesses pre-date recorded history and represent the dominant form of business organisation in the world (Sharma *et al.* 2012:5; Chittoor & Das 2007:65; Poutziouris, Smyrnios & Klein 2008:1&11). Despite their importance and contributions worldwide, research on family businesses has only gained momentum since the mid-1990s (Sharma, Melin & Nordqvist 2014:2; Wilson, Whitmoyer, Pieper, Astrachan, Hair & Sarstedt 2014:4). As an academic field, the field of family business is relatively young (Poutziouris *et al.* 2006:1) in comparison to other fields (Melin, Nordqvist & Sharma 2014:1). Several authors (Hernandez-Linares, Sakar & Cobo 2018:930; Melin *et al.* 2014:2; Sharma, Hoy, Astrachan & Koiranen 2007; Poutziouris *et al.* 2006:12) contend that the first study on family businesses was a dissertation by Calder on the management problems of small manufacturing family firms in 1953. In 1983, *Organizational Dynamics* published a special issue that focused on family firms and it was this special issue that introduced the field of family business to mainstream



management science and opened up new avenues for scholars who were interested in the field (Melin *et al.* 2014:2).

In 1984 several scholars got together and discussed the creation of a new field that would advance academic research on family businesses, foster the distribution of ideas, and help these businesses solve the problems they face (Sharma *et al.* 2012:6). In order to achieve these interests, their vision was to create an interdisciplinary organisation that would serve as a gathering place for the dissemination of ideas and a publication that would document these ideas (Sharma *et al.* 2012:6). From this vision the Family Firm Institute (FFI) was created in 1986, and later in 1988 the publication of a journal to disseminate these ideas, the *Family Business Review* (FBR), was started (Sharma *et al.* 2012:6). The FFI was geared towards educationalists, advisors, consultants and practitioners involved in educating, connecting and inspiring professionals to serve family enterprises (Family Firm Institute 2018a). Furthermore, the FFI adopted a multidisciplinary and global perspective which to this day strives to develop and advance transgenerational family business wealth (Family Firm Institute 2018a).

The FBR was the first journal that was entirely devoted to publishing family business research (Melin *et al.* 2014:2). The establishment of this journal added to the growing interest in the field of family business, as it provided a reliable vehicle for family business scholars and practitioners to share knowledge and ideas on issues facing family businesses (Melin *et al.* 2014:2). In 1990 the Family Business Network (FBN) was founded and is the European equivalent of the American FFI (Colli 2003:2). The FBN is a not-for-profit network which is run by family businesses with the aim of strengthening success over generations (The Family Business Network 2015). The FBN main aim is to foster greater understanding of the vital role of family businesses in political, social and economic life in both Europe and the rest of world (Perez & Colli 2013). The emergence of the FFI in the United States of America (USA) and the FBN in Europe has led to an increased quality in the leadership and management of family-owned firms (Perez & Colli 2013). Furthermore, with many entrepreneurs from Latin America and Asia studying in the USA and Europe, the FFI and FBN have expanded, leading to national centres and organisations appearing everywhere in the world except Africa (Puig & Perez 2009:719).

During the 1980s and 1990s, research on family businesses focused on two areas, namely defining a family business, and understanding leadership succession among family businesses (Melin *et al.* 2014:2). Since the 1990s, research on family businesses has rapidly gained momentum (Melin *et al.* 2014:2). In 2000, scholarly works focusing on family businesses continuously appeared in leading management and financial journals (e.g. the *Academy of Management*, *Academy of Management Review* and the *Journal of Finance*) (Melin *et al.* 2014:2). It is important to highlight the significant role that conferences have played during the 2000s in building the legitimacy of the field of family business (Melin *et al.* 2014:2).

Since the 2000s, research on family businesses has advanced both in quality and in the articulation of new developments, and the establishment of several prominent international bodies has occurred (Poutziouris *et al.* 2008:2). A further indicator of the recognition of the field is the inclusion of the FBR in the Social Citation Index by Thomson, recognising the academic standard of the journal by the scientific community (Poutziouris *et al.* 2008:2). Furthermore, the FBR has been ranked in the top 20 journals in the field of business and ranked fourth out of 110 for business journals in 2014 (Evert *et al.* 2015:1).

The field of family business studies and family business research has been slow to gain traction and accumulate a body of knowledge (Xi *et al.* 2015:114; Gedajlovic, Carney, Chrisman & Kellermanns 2012:3). However, the field has grown immensely over the past ten years (2005–2015), from being a small research field to today, where it is well recognised (Nordqvist, Melin, Waldkirch & Kumeto 2015:1). Family business as a field of study is a multidisciplinary field which is characterised and distinguished from other fields by its “singular focus on the paradoxes” caused by the family’s involvement in business (Melin *et al.* 2014:1).

## **2.3 THE NATURE OF FAMILY BUSINESSES**

In the section to follow, the nature of family businesses is described by way of contextualising family businesses and differentiating between family and non-family businesses.

### 2.3.1 CONTEXTUALISING FAMILY BUSINESS

In order to place family businesses in context, defining a family business is discussed and the approaches to these definitions described. The necessity of having a family business definition is also elaborated on.

#### 2.3.1.1 Defining a family business

Since the beginning of research in the field of family business (more than 30 years ago), scholars have struggled to find an agreed-upon definition of a “family business” (Harms 2014:281; Chittoor & Das 2007:66; Astrachan, Klein & Smyrnios 2002:45; Littunen & Hyrsky 2000:41). In their research, authors have used many definitions, their choice depending on their content, purpose or form of ownership, or management involvement of the owning family (Klein *et al.* 2005:322; Astrachan *et al.* 2002:45). Tanewski, Romano and Smyrnios (2000:286) report that there are more than 20 definitions in existence, with more being added all the time. Table 2.1 provides a summary of some of the common family business definitions used by scholars.

According to Sharma *et al.* (2014:1), the debate revolving around a family business definition has existed since the first scholarly works on these business appeared. Despite longstanding scientific research on family business issues, no jointly accepted definition exists within the field (Harms 2014:281; Littunen & Hyrsky 2000:41). Sharma *et al.* (2014:6) agree that the debate over the definition of a family business has gone unresolved. Furthermore, the diversity of family business definitions has prevented the consolidation of the field (Hernandez-Linares *et al.* 2018:17). For the purpose of this study a family business is defined as follows: at least 51 per cent of the business is owned by a single family, at least two family members are involved in the management of the business and there is an anticipated succession to the next generation in the family business. Despite the lack of agreement in terms of a unified definition, there is agreement that two approaches to defining a family business exist. These will be discussed below.

**Table 2.1: Family business definitions**

DEFINITION	REFERENCE
"Family businesses are any business in which family members are normally able to exert their influence on major decisions."	Littunen & Hyrsky (2000); Handler (1994).
"A business where at least two members of a family are actively engaged in the management and/or ownership."	Littunen & Hyrsky (2000); Dyer (1986).
"Family business is one where family members representing different generations are active in the business."	Miller, Le Brenton-Miller & Lester (2007); Littunen & Hyrsky (2000); Ward (1988).
"A family business is one that requires the family to be owners of more than 50% of the businesses stock."	Rastogi & Agrawal (2010); Littunen & Hyrsky (2000); Gallo & Sveen (1991).
"A family business is a business that is governed and/or managed with the intention to shape and peruse the vision of the business held by the dominant coalition controlled by members of the same family or a small number of families in a manner that is potentially sustainable across generations of the family or families."	Chittoor & Das (2007); Chua <i>et al.</i> Sharma (1999).
"A family business is a unique synthesis of: (1) Ownership control (15%) by two or more members of a family or partnership of families (2) Strategic influence by family members on the management of the firm, whether by being active in management, by serving as advisors or board members, or by being active shareholders (3) Concern for family relationships (4) The dream (or possibility) of continuity across generations."	Poza (2014); Visser & Chiloane-Tsoka (2014)
"Family business is one where at least 51 percent of the business is owned by a single family, at least two family members are involved in the management or operational activities in the business and the transfer of leadership to the next generation family members is anticipated."	Van Der Merwe (2010); Ibrahim & Ellis (2004)

### 2.3.1.2 Definitional approaches

According to several authors (Kraiczy 2013; Melin *et al.* 2014; Sharma *et al.* 2012:7; Chrisman *et al.* 2005:8-9; Chua *et al.* 1999), there are two ways to define family businesses, either using the *components of involvement* approach, or else the *essence* approach. Sharma *et al.* (2012:7) report that the involvement approach focuses on the nature and extent of the family's involvement in the business (Sharma *et al.* 2012:7) and that several studies have used this approach (Sciascia & Mazzola 2008; Miller *et al.* 2007). For example, Sciascia and Mazzola (2008) define family businesses as "those in which a family controls the business through its involvement

in ownership and management positions”, whereas Miller *et al.* (2007:836) define a family business as “a business where multiple members of the same family are involved as major owners or managers over a specified time”. Furthermore, the components of the involvement approach focus on the “who and what” questions relating specifically to “what is the extent of family involvement in the ownership, management or governance of the business?” and “who are the family members currently involved in the business?” (Perez & Colli 2013:40).

The essence approach focuses on the family’s involvement and aspirations, in that these two factors determine the behaviour and performance of the family business (Sharma *et al.* 2012:7). As with the components of involvement approach, several studies have also made use of the essence approach. Examples include the studies of Holt, Rutherford and Kuratko (2010) and Klein *et al.* (2005). Holt *et al.* (2010:79) made use of three measures of succession in defining and ensuring only family businesses were in a given sample. These three components were short-term succession plans, senior generation’s intention to keep the business in the family, and the next generation’s commitment to ownership (Holt *et al.* 2010:79). The most frequently cited source when defining a family business using the essence approach, is that of Chua *et al.* (1999:25) who define it as a business “governed and/or managed with the purpose to shape and pursue the vision of the dominant coalition controlled by members of the same family through the business in a way that can be sustainable across generations”. Table 2.2 distinguishes between the two approaches to defining a family business.

The underlying assumption of the components of involvement approach is that family involvement in the family firm is enough for an enterprise to be classified as a family firm (Perez & Colli 2013:40). The components of involvement approach allows for researchers and practitioners to differentiate a family business from a non-family business based on the family’s involvement in the ownership, governance and management of the family firm (Perez & Colli 2013:40). The essence approach focuses on understanding the behavioural distinctiveness of the family business which differentiates it from a non-family business (Perez & Colli 2013:40).

**Table 2.2: Approaches to defining a family business**

APPROACH	DESCRIPTION	REFERENCES
<b>Components of involvement</b>	<ul style="list-style-type: none"> <li>• Focuses on the nature and the extent of family involvement in the business;</li> <li>• Focused on the components of family ownership, control, management and transgenerational succession.</li> </ul>	Harms (2014:288)
	<ul style="list-style-type: none"> <li>• Makes use of an operational definition focused on the family's involvement in the business in terms of: ownership, management and transgenerational succession.</li> </ul>	Chittoor & Das (2007:66)
<b>Essence</b>	<ul style="list-style-type: none"> <li>• Focuses on the family aspirations as well as the family's involvement. These two aspects influence each other and lead to behavioural and performance outcomes of the family enterprise.</li> <li>• Includes "soft factors" such as the family members visions, familiness and intentions</li> </ul>	Harms (2014:288)
	<ul style="list-style-type: none"> <li>• This approach emphasises the fact that family involvement is not enough to define a family business.</li> <li>• The family involvement must lead to certain behaviours that make the family business unique in some way</li> </ul>	Chittoor & Das (2007:66)

It is the family involvement that can be seen as a unique feature which gives the family business its distinctiveness (including transgenerational succession as well as creating financial, social or emotional wealth) (Perez & Colli 2013:40). Several authors (Harms 2014:288; Chrisman *et al.* 2005; Chua *et al.* 1999) suggest that the components- and the essence-based approaches are complementary rather than competing, and that every family business definition should be traced back to aspects of both approaches, or else essential characteristics of the family business would be ignored.

In South Africa, scholars have favoured the components of involvement approach when defining a family business; the definition of Ibrahim and Ellis (2004:5) has often been adopted. For example, several prominent South African family business researchers (Van der Merwe 2009:35; Venter & Farrington 2009:134) have defined a family business as a business "where at least 51 per cent of the business is owned by a single family, two family members are actively involved at senior management level in the business, and a single family is able to exercise influence in the business".

While other South African family business researchers have used slightly different definitions, their definitions still adopt the components of involvement approach. For example, Adendorff, Emuze and Billson (2012:131) adopted the definition by Chua *et al.* (1999), and defined a family business as “a business that can be governed by ownership and/or management and included family owned and family managed; family owned but not managed; and family managed but not family owned”. Visser and Chiloane-Tsoka (2014:428) adopted the definition of Poza and Daugherty (2013) and defined a family business as “a unique combination of four aspects, namely ownership control (15% or higher) by two or more members of a family; concern for family relationships; members of the family have strategic influence on the management of the firm and finally the prospect of continuing the business across generations”. In Table 2.3 a summary of family business definitions used by South African scholars is presented.

**Table 2.3 Family business definitions used by South African scholars**

DEFINITION	REFERENCE
“At least two family members work in the business and the family owns more than a 50% share in the business.”	Richardson 2017; Visser & Choloane-Tsoka 2014; Venter & Farrington 2009; Venter <i>et al.</i> 2005
“At least two family members are actively involved in the management of the business, and where a single family owns more than 50% of the shares in the business.”	Farrington & Jappie 2016
“At least two family members work in the business and the family owns more than a 50% share in the business and the family is planning to hand down the business to the next generation.”	Scheepers 2015
“At least two family members actively work in the business, where a single family owns more than 50% shares in the business and the business employs more than five but fewer than 200 full-time employees.”	Venter & Farrington 2016
“At least 51% of the equity of the business is owned by a single family; a single family is able to exercise considerable influence; and at least two family members are actively involved in the business.”	De Witt 2015; Letele-Mataboee 2012; Van Der Merwe 2010; Van Der Merwe 2009; Van der Merwe & Ellis 2007
“Is owned by members of the same family, to shape and/or peruse the formal or implicit vision of the business.”	Eybers 2010

**Table 2.3 Family business definitions used by South African scholars (continued)**

DEFINITION	REFERENCE
"Is a business where the family sees themselves as a family business, the family ownership in the business should be above 50%, the family must have at least one active operating business, two generations should be involved in the ownership and/or management of the business, employ at least 50 employees and have a transgenerational intention."	Klee 2015
"A family business is a business where a single family owns at least 51% of the equity of the business, where a single family is able to exercise considerable influence in the business, and where at least two family members are involved with the senior management of the business."	Farrington, Venter & Boshoff 2012; Venter, Van Der Merwe 2012; Van Der Merwe, Venter & Farrington 2012

As can be seen in Table 2.3, South African family business scholars make use of a variety of definitions based on the purpose of their research. A few similarities can be seen when comparing the definitions used, namely that the family owns at least a 50 per cent share in the family business and at least two members of the family are actively involved in the management of the business. A common theme arising from the definitions in Table 2.3 is that of having a transgenerational intention. The lack of consensus for a family business definition by South African scholars further highlights how critical the need is to have a unified definition of a family business.

#### 2.3.1.3 Necessity of a definition for family business

The use of several different definitions by family business scholars is one of the major problems in family business research (Kraiczy 2013:7) and has prevented the development of a theory of family business which could be used to distinguish a family business from other forms of organisational structures (Harms 2014:2,281). Furthermore, Herbabdez-Linares *et al.* (2018:2) suggest that without any agreement on a common definition in the field of family business, assessing the true economic importance of these businesses becomes a near impossible task. In addition, Harms (2014:281) highlights that not having a unified definition of family business has inhibited the field's ultimate establishment in economic sciences. According to Kraiczy (2013:7), the use of multiple definitions makes comparability of results between different studies difficult. Klein *et al.* (2005:322) emphasise the importance of finding



a unified definition because when different definitions are used in a study, it can change the percentage of family businesses in a sample from 15 per cent to over 80 per cent.

Sharma *et al.* (2012:7) observe that until scholars agree on a definition, it will be difficult to build on each other's work. Furthermore, Harms (2014:281) notes the importance of having a unified definition of family business so that interdisciplinary work can take place unhindered on issues such as financial management in family firms. The focus of obtaining a unified definition of a family business has centred on differentiating family businesses from non-family businesses (Sharma 2004:3; Astrachan *et al.* 2002:45). It is this differentiation that is discussed in the paragraphs that follow.

### 2.3.2 DIFFERENTIATING FAMILY FROM NON-FAMILY BUSINESSES

According to Memili (2015:423), family businesses have a unique set of characteristics compared to those of a non-family business. The uniqueness of a family business is derived from the interaction between the ownership, management and family subsystems in a business (López-Cózar, Priede & Hillard 2014:78; Vallejo 2011:48). These interactions differentiate a family business from a non-family business because they influence the objectives, culture, family involvement in the board of directors, organisational structure and the strategic focus of family businesses (Hernandez-Linares *et al.* 2018:4; Benito-Hernandez, Priede & López-Cózar 2014; López-Cózar *et al.* 2014:78; Melin *et al.* 2014; Zellweger, Eddleston & Kellermanns 2010; Christman, Chua & Sharma 2005; Chua *et al.* 1999:331). The five key features that distinguish a family business from a non-family business are: interpersonal dynamics, values, local relationships, non-economic goals and human resources (López-Cózar *et al.* 2014; Gomez-Mejia, Cruz, Berrone & De Castro 2011).

Interpersonal dynamics is related to how family members engage with each other in exchanges about issues (Betancourt, Botero, Ramirez & Vergara 2014:12). These dynamics in a family business are complex, as priority is given to the interests of the owner's over the interests of the business (López-Cózar *et al.* 2014:78; Déniz & Suárez 2005; Morck & Yeung 2004). Wilson *et al.* (2014:7) found that in comparison

to non-family businesses, family businesses have a higher level of interpersonal dynamics. The welfare of the family, harmony between the family members and avoiding conflict between the family members and the business, can lead to decisions being made that may be detrimental to the family business (López-Cózar *et al.* 2014:78).

Values are the moral principles and beliefs or the accepted standards of a person or group of people (Ceja, Agulles & Tapies 2010:6). Values in a family business are directly influenced by the founder(s), and the transmission of values occurs while founder(s) are actively managing the business, as well as once they retire (López-Cózar *et al.* 2014:78). The values that the founder instils into the business are the values that the family have, and become the foundations for the culture that develops in the family businesses. It is this value-based culture that distinguishes family businesses from non-family businesses (Gomez-Mejia *et al.* 2011:654).

As a result of family values being imparted into the business, a strong corporate culture is established in the family business which creates a unique bundle of intangible resources known as “familiness” (López-Cózar *et al.* 2014:79; Habbershon & Williams 2000). The familiness that is created in a family business helps develop cohesion and responsibility for all business members – which is not found to the same degree in non-family businesses (López-Cózar *et al.* 2014:79). Furthermore, familiness enables strong, stable relationships to develop between the business members as well as between the business members and the main stakeholders (López-Cózar *et al.* 2014:69). It is also common for family businesses to develop local relationships with the communities in which they operate. Family businesses have a strong presence owing to their embeddedness in their communities, and they can become a key part of the development in the area where they are based (López-Cózar *et al.* 2014:80). The ability of family businesses to embed themselves in their local communities allows them to more effectively detect the needs and challenges of the markets they serve than could a non-family business (López-Cózar *et al.* 2014:80).

Gomez-Mejia *et al.* (2011:654) emphasise the role that non-economic factors play in the management of family businesses. According to Gomez-Mejia *et al.* (2011:565), the desire to preserve and enhance the family’s socio-emotional wealth (non-

economic factors) is equal if not greater than the desire to attain the final goals of the business. Socio-emotional wealth refers to the “non-financial aspects of the firm that meet the families affective needs such as identity, ability to exercise family influence and the continuation of the family name” (Gomez-Mejia *et al.* 2011:565). This focus on non-economic factors is a key distinguishing factor that separates family from non-family businesses.

The interconnectedness of the family, ownership and management makes it difficult for family businesses to attract and retain highly qualified human resources (López-Cózar *et al.* 2014:80). Family businesses have the tendency to hire very close relatives, regardless of their abilities (López-Cózar *et al.* 2014:80). Azoury, Daou and Sleity (2013:19) suggest that employees in family firms will not feel fairly treated if opportunities for growth and promotion are not approached in the same way for both family and non-family members. However, family businesses have also been found to pay better wages and care more about their employees’ satisfaction than non-family businesses do (Littunen & Hyrsky 2000:46). Furthermore, Azoury *et al.* (2013:16) assert that family firms focus on the wellbeing of their employees and avoid firing employees during economic crises when compared to non-family firms. In addition to the five features above, Stewart and Hitt (2012:60) identify eight factors that differentiate a family from a non-family business. These are summarised in Table 2.4.

**Table 2.4: Factors differentiating family and non-family businesses**

FACTOR	FAMILY BUSINESS	NON-FAMILY BUSINESS	REFERENCE
<b>Ownership</b>	<ul style="list-style-type: none"> <li>• Concentrated, kingship based</li> <li>• Wedge between cash flow and ownership rights</li> <li>• Non-diversified</li> </ul>	<ul style="list-style-type: none"> <li>• Dispersed non-kingship based</li> <li>• No wedge between cash flow and ownership rights</li> <li>• Well diversified</li> </ul>	<ul style="list-style-type: none"> <li>• Achmad, Rusmin, Neilson &amp; Tower (2009)</li> <li>• Andres (2008)</li> <li>• Morck, Wolfenzon &amp; Yeung (2000)</li> </ul>
<b>Governance</b>	<ul style="list-style-type: none"> <li>• Ownership and control united</li> <li>• Internal dominance of board</li> <li>• Opaqueness, secrecy</li> </ul>	<ul style="list-style-type: none"> <li>• Ownership and control split</li> <li>• External influences on board</li> <li>• Transparency, disclosure</li> </ul>	<ul style="list-style-type: none"> <li>• Sirmon, Arregle, Hitt &amp; Webb (2008)</li> <li>• Parada, Nordqvist &amp; Gimeno (2010)</li> <li>• Gedajlovic, <i>et al.</i> (2012)</li> </ul>
<b>Returns</b>	<ul style="list-style-type: none"> <li>• Non-economic outcomes important</li> <li>• Private benefits for family</li> <li>• Minority shareholders exploited</li> </ul>	<ul style="list-style-type: none"> <li>• Largely economically defined</li> <li>• No private benefits</li> <li>• Minority shareholders protected</li> </ul>	<ul style="list-style-type: none"> <li>• Chrisman, Kellermanns, Chan &amp; Liano (2010)</li> <li>• Anderson &amp; Reeb (2003)</li> <li>• Martinez, Stohr &amp; Quiroga (2007)</li> </ul>

**Table 2.4: Factors differentiating family and non-family businesses (continued)**

FACTOR	FAMILY BUSINESS	NON-FAMILY BUSINESS	REFERENCE
<b>Rewards</b>	<ul style="list-style-type: none"> <li>• Ascription, nepotism based</li> <li>• Family members: Indulged</li> <li>• Particularistic criteria</li> </ul>	<ul style="list-style-type: none"> <li>• Achievement, merit based</li> <li>• Employees: based on performance</li> <li>• Universalistic criteria</li> </ul>	<ul style="list-style-type: none"> <li>• Beehr, Drexler &amp; Faulkner (1997)</li> <li>• Ram (1994)</li> <li>• Chua <i>et al.</i> (1999)</li> </ul>
<b>Networks</b>	<ul style="list-style-type: none"> <li>• Embedded in kingship networks</li> <li>• Role diffuseness</li> <li>• Personalised social responsibility</li> </ul>	<ul style="list-style-type: none"> <li>• External ties based on business</li> <li>• Distinct business, family spheres</li> <li>• Impersonal social responsibility</li> </ul>	<ul style="list-style-type: none"> <li>• Ingram &amp; Lifschitz (2006)</li> <li>• Stewart &amp; Hitt (2012)</li> <li>• Muntean (2009)</li> </ul>
<b>Leadership</b>	<ul style="list-style-type: none"> <li>• Entrenched, long tenured</li> <li>• Trained on the job</li> <li>• Succession draws on kingship pool</li> </ul>	<ul style="list-style-type: none"> <li>• High turnover with market discipline</li> <li>• Formally educated</li> <li>• Succession draws on large pool</li> </ul>	<ul style="list-style-type: none"> <li>• Oswald, Muse &amp; Rutherford (2009)</li> <li>• Jorissen, Laveren, Martens &amp; Reheul (2005)</li> <li>• Perez-Gonzalez (2006)</li> </ul>
<b>Careers</b>	<ul style="list-style-type: none"> <li>• Longer terms career horizons</li> <li>• Family members</li> </ul>	<ul style="list-style-type: none"> <li>• Short term career horizons</li> <li>• Salaried managers</li> </ul>	<ul style="list-style-type: none"> <li>• Galambos (2010)</li> <li>• Benedict (1968)</li> </ul>
<b>Management</b>	<ul style="list-style-type: none"> <li>• Autocratic</li> <li>• Emotional, intuitive</li> <li>• Rent-seeking, stifling innovation</li> <li>• Organic, mutual accommodation</li> </ul>	<ul style="list-style-type: none"> <li>• Delegation to professionals</li> <li>• Rational, analytical</li> <li>• Innovative</li> <li>• Formalised, command and control</li> </ul>	<ul style="list-style-type: none"> <li>• Greenhalgh (1994)</li> <li>• Zellweger &amp; Astrachan (2008)</li> <li>• Morck &amp; Yeung (2003)</li> <li>• Zhang &amp; Ma (2009)</li> </ul>

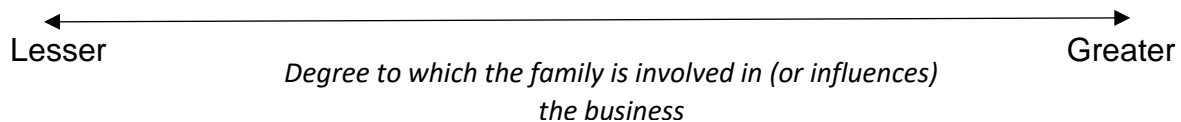
Source: Stewart and Hitt (2012:60)

It should be noted that some studies that have focused on determining the distinctiveness nature of family businesses versus non-family businesses have revealed mixed results (Sharma 2004:5). The family business literature does not necessarily see family businesses and non-family businesses as being two completely separate entities. Casillas, Acedo and Moreno (2007:18) suggest that it is impossible to have a dividing line between family and non-family businesses. However, Garcia *et al.* (2018:2) stress that the intention to pass on control of the family business to the next generation is a critical factor in distinguishing between family and non-family businesses.

According to Shanker and Astrachan (1996), operationally, family businesses can be defined narrowly (family can be involved in the daily management of the business enterprise) or broadly (family can be involved in setting the direction of the business).

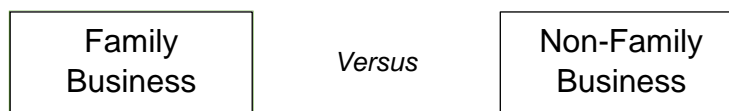
Furthermore, Shanker and Astrachan (1996) propose the establishment of a continuum (from lesser to greater) which could be used to define a family business (see Figure 2.1) instead of a traditional approach which is based on the dichotomy of family and non-family business (see Figure 2.2).

**Figure 2.1: Continuous nature of a family business**



Source: Casillas *et al.* (2007:19)

**Figure 2.2: Dichotomous nature of a family business**



Source: Casillas *et al.* (2007:19)

Astrachan *et al.* (2002:46) contend that when no clear dichotomy exists between family businesses and non-family businesses, or where no clear line can be drawn, more problems are created than solved. As a result, several studies (Uhlener 2005; Astrachan *et al.* 2002) have tried to develop a way of measuring the continuum proposed by Shanker and Astrachan (1996). One such study is that of Astrachan *et al.* (2002:47) who proposed the F-PEC scale. This scale measures the influence of the family on the business. Casillas *et al.* (2007:19) explain that the F-PEC scale comprises three components, namely power, experience and culture. On the F-PEC scale, *power* refers to the power that a family has over a business, *experience* relates to the generational level currently in the family business, and *culture* refers to the extent to which the family's culture is present in the business (Casillas *et al.* 2007:19–20). The F-PEC scale “integrates multiple elements of the familiness concept” (Harms 2014:292). The family business is both unique and complex as it integrates social and business systems (Casillas *et al.* 2007:25).

### 2.3.3 HETEROGENEITY AMONG FAMILY BUSINESSES

To date the focus of family business research has largely focussed on the differences between family and nonfamily businesses. However, the heterogeneity or differences between family business themselves has for a long time been recognised (Chua, Chrisman, Steir & Rau 2012:1103; Melin & Nordqvist 2007:321). According to several authors (Chau *et al.* 2012:1104; Chrisman, Chau, Pearson & Barnett 2012:267; Carney 2005:249; Habbershon, Williams & MacMillan 2003:451), the heterogeneity among family business arises from differences with regard to their goals, governance structures and resources. The differences in terms of resources and governance structures occur as a result of the family's involvement in the business (Klein *et al.* 2005; Astrachan *et al.* 2002). Furthermore, goals of family businesses vary according to the founder's values and vision (Chau *et al.* 2012:1105).

In order to fully understand the unique interconnected nature of family businesses several frameworks, theories and perspectives have been developed over time, several of which will be discussed next.

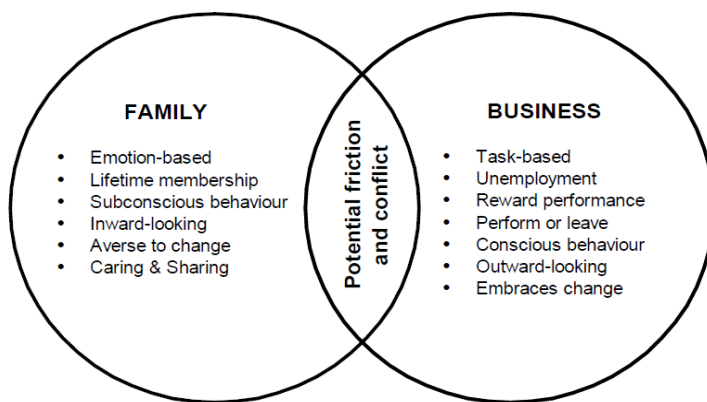
## 2.4 CONCEPTUAL FRAMEWORKS AND THEORIES IN FAMILY BUSINESS

Since its inception, the field of family business has struggled to demarcate its boundaries and distinctiveness (Zahra & Sharma 2004:4; Handler 1989:260). This has led to most family business research drawing heavily from other disciplines (Business, Management, Economics, Psychology, Law and Sociology) (Hernandez-Linares *et al.* 2018:17; Bird, Welsch, Astrachan & Pistrui 2002). According to Casillas and Aceda (2007:142) and Zahra and Sharma (2004:336), most family business research today is still grounded in well-established theories from other disciplines. These various disciplines have contributed to the development of several conceptual frameworks explaining family business interactions (Gersick, Davis, McCollom & Lansberg 1997). These conceptual frameworks are important as foundations in understanding the complex nature of a family business (Farrington & Venter 2009:61).

## 2.4.1 TWO CIRCLE MODEL

The study of family businesses as systems began in the 1980s when Tagiuri and Davis developed the dual systems approach, also known as the two circle model. (Barret 2014:168; Farrington & Venter 2009:63; Jurinski & Zwick 2002:5; Tagiuri & Davis 1992). The two circle model became a useful framework for investigating the relationship between the family and the business (see Figure 2.3) (Farrington & Venter 2009:63).

**Figure 2.3: Two-circle model**



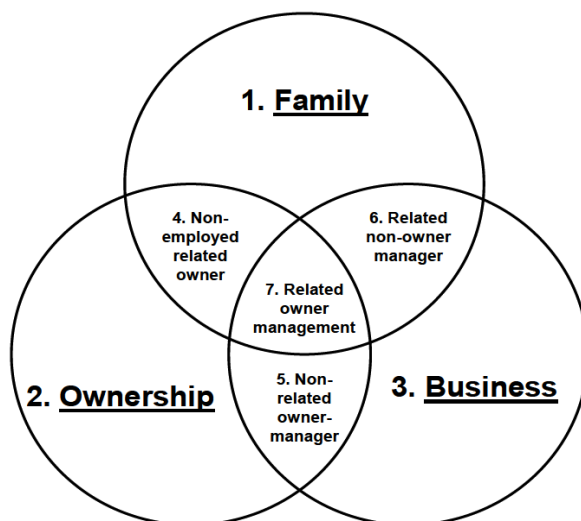
Source: Ibrahim and Ellis (2004)

The two circle model is made up of two overlapping systems: the family and the business (Jurinski & Zwick 2002:5). Each circle has its own norms, membership rules, value structures and organisational structure (Farrington & Venter 2009:64; Jurinski & Zwick 2002:5; Tagiuri & Davis 1992). As can be seen in Figure 2.3 the family system is emotion-based, has a lifetime membership, is a subconscious behaviour, is inward-looking, averse to change as well as being caring and willing to share. The business system is task-based, can leave a person unemployment, rewards performance, perform or leave view on performance, is a conscious behaviour, is outward looking and embraces change. Where the family system and business systems overlap can create friction and conflict. The two circle model approach to family businesses was criticised because the model's lack of acknowledgement of influences outside the business and the family (Barrett 2014:168). These criticisms led to the development of a multi-system model named the three circle model (Barrett 2014:168).

## 2.4.2 THREE-CIRCLE MODEL

Tagiuri and Davis (1992) elaborated on the two-system approach and included a third circle of ownership. The business circle allowed for a distinction to be made between ownership and management (some individuals are owners but are not involved in the operations of the business, while others are managers but do not have any form of ownership in the business) (Tagiuri & Davis 1992:5). The three circle model views family businesses as complex systems of interdependent subsystems (Kenyon-Rouvinez & Ward 2005:6). According to Kenyon-Rouvinez and Ward (2005:6) and Tagiuri and Davis (1992), the three circle model focuses on the need to view a family business in terms of three distinct viewpoints, namely family, management and ownership (see Figure 2.4).

**Figure 2.4: Three-circle model**



Source: Tagiuri and Davids (1992)

As can be seen from Figure 2.4 there are seven distinct zones that can be identified in this model. Zone 1 represents family members who are not involved in the family business while zone 2 represents non-family business owners (Newton 2014:1). Zone 3 represents non-family employees while zone 4 represents family owners not working in the family business (Newton 2014:1). Zone 5 denotes non-family owners working in the business; zone 6 is where family members work in the family business without ownership, and zone 7 is characterised by family members who own the business and work in the business (Newton 2014:1).



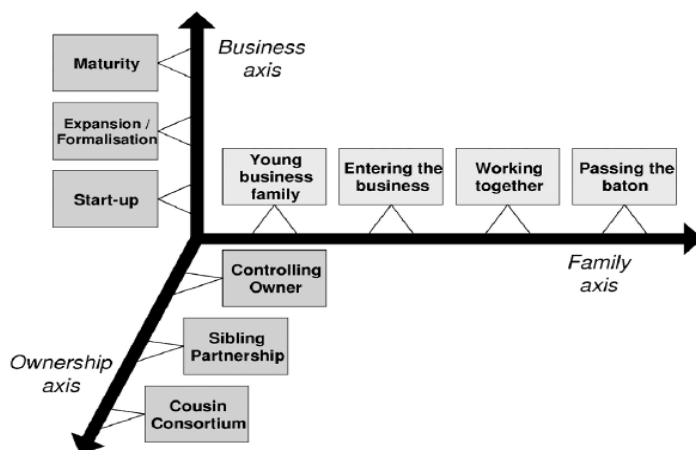
The three-circle model of Tagiuri and Davids (1992) helps to break down the complex interactions within a family business and makes it easier to understand the interconnectedness of the family, ownership and the business (Newton 2014:1). Furthermore, Newton (2014:1) highlights that the three circle model is a useful tool for understanding the cause of interpersonal conflicts, role dilemmas, priorities and boundaries in the family business.

The three circle model is still one of the most universally used models to explain family businesses and their subsystems (ownership, family and business) (Kenyon-Rouvinez & Ward 2005). Although the three circle model is used extensively and is useful when analysing the family business, it excludes the element of time (Gersick *et al.* 1997:15). To take this shortcoming into account, the three dimensional model was developed by Gersick *et al.* (1997) and is discussed in the following section.

#### 2.4.3 THREE DIMENSIONAL DEVELOPMENTAL MODEL

According to Gersick *et al.* (1997:16), the three dimensional developmental model is comprised of three subsystems (ownership, family and business) which are depicted on a three dimensional model (see Figure 2.5). All three of these subsystems go through a sequence of stages and influence each other, but are also independent of each other (Gersick *et al.* 1997:18).

**Figure 2.5: Three-dimensional development model**



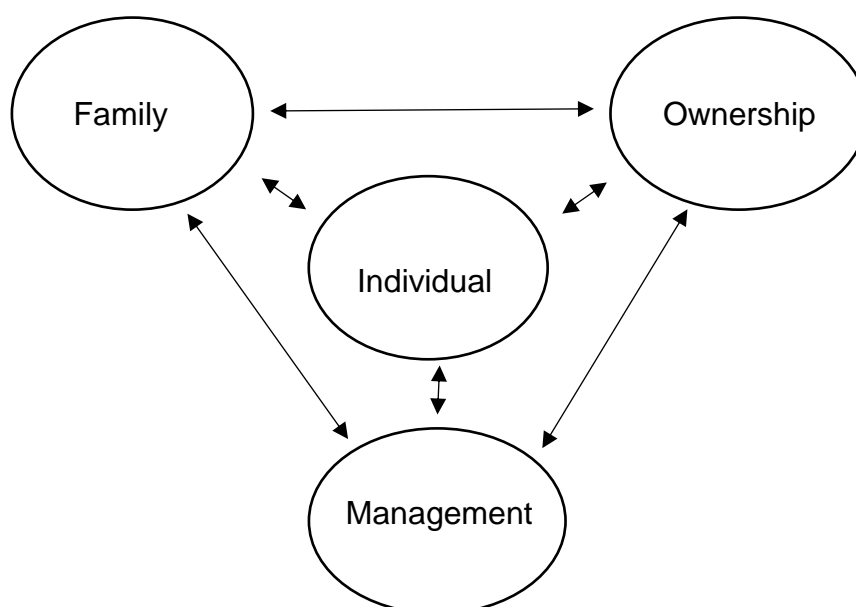
Source: Gersick *et al.* (1997)

The ownership dimension assumes a direction and suggests that most businesses begin with a single owner, then move over time to a sibling partnership, and then to a cousin consortium (Gersick *et al.* 1997:19). The family dimension represents the structural and interpersonal development of the family over time and through significant events such as marriage, and involving in-laws, sibling relationships, family roles and communication patterns (Gersick *et al.* 1997:18). These development stages are described in terms of being a young business family, entering the business, working together, and passing the baton (Gersick *et al.* 1997:20). The business developmental dimension refers to the maturity of the business enterprise, with three stages, namely start-up, expansion/formalisation and maturity (Gersick *et al.* 1997:22). Casillas *et al.* (2007:27), however, proposed the addition of a fourth circle for the individual dimension, which led to the development of the four circle model.

#### 2.4.4 FOUR CIRCLE MODEL

The different social systems that make up the family, management and the ownership of a family business are not the sum of the individuals that participate in these systems (Casillas *et al.* 2007:27). According to Casillas *et al.* (2007:27), an individual is clearly a subject requiring specific analysis, which was the justification for the development of the four circle model (see Figure 2.6).

**Figure 2.6: Four circle model**



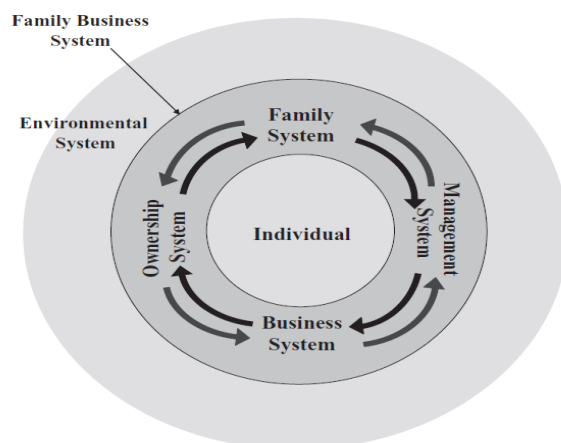
Source: Casillas *et al.* (2007:27)

In the four circle model, the family, ownership and management circles are interrelated and linked to the different individuals who participate in the family business; therefore each of the four circles develops on the basis of very different values and perspectives (Casillas *et al.* 2007:27). For example, values usually prevailing in the family include importance of blood ties, equality among siblings, mutual support and trust as well as respect of elders, whereas those that prevail in management include the effectiveness and efficiency of the company, competitiveness, profitability, knowledge, growth and the development of skills (Casillas *et al.* 2007:27). According to Pieper and Klein (2007:301), the models described above exclude important dimensions and ignore essential relationships among the subsystems that could influence family business behaviour. Therefore, in 2007, a model called the bulleye open systems approach was developed, which focused on four levels of analysis (Pieper & Klein 2007:301). The bulleye open systems model is discussed in the next section.

#### 2.4.5 THE BULLEYE MODEL

The bulleye model makes use of an open-systems approach (see Figure 2.7) allowing for analysis at different subsystem levels of a family business (Pieper & Klein 2007:304). The open systems view explains the organisation as a system comprised of several subsystems within a much larger, complex economic and cultural system (Pieper & Klein 2007:304).

**Figure 2.7: The bulleye model**



Source: Pieper and Klein (2007:309)

Organisations operate within a framework which is provided by a particular country's economic and cultural environment (environmental system) (Pieper & Klein 2007:305). This environment includes both the family business system and the individual system, which allows for the interactions between the business and the environment (Pieper & Klein 2007:305). The next level of analysis in the model is that of the family business system where the family and the business are subsystems, and the management and ownership are connecting subsystems (Pieper & Klein 2007:306). The interaction between the business and the family is mutually influencing. For example, the family dynamics (if there is cohesion in the family) and psychological ownership may be a source of competitive advantage for the family business and lead to improved business performance (Pieper & Klein 2007:306; Poza, Hanlon & Kishida 2004; Pierce, Kostova & Dirks 2001). With regard to ownership and management as connecting subsystems, the family provides the business funds (ownership subsystem) and the labour force (management subsystem), and in turn the business subsystem provides the family with jobs as well as financial and non-financial returns (Pieper & Klein 2007:3046).

#### 2.4.6 THEORIES IN FAMILY BUSINESS RESEARCH

According to Nordqvist *et al.* (2015:3), a theory can be seen as a lens through which a scholar can apply a framework to understand or explain how the world works. In the field of family business many theories have been applied to the field that have been borrowed from other disciplines (Wilson *et al.* 2014:11; Yu *et al.* 2012:44; Zahra & Sharma 2004; Chua, Chrisman & Sharma 2003:334; Chrisman, Chua & Litz 2003:6,21). Examples of these are institutional theory, organisational ecology, stakeholder theory, stewardship theory, prospect theory, transaction cost economics, system theory, theory of planned behaviour, social network theory, social capital theory, social exchange theory, and network theory. These borrowed theories from other disciplines are not necessarily suitable for explaining and understanding family business issues (Zahra & Sharma, 2004 cited in Sharma *et al.* 2012:11). According to Prencipe, Bar-Yosef and Dekker (2014:363) and Kraiczy (2013:8), there are four theories that have mostly been used in family business studies, namely the RBV, agency theory, stewardship theory and socio-emotional wealth (SEW) theory. These

four theories underline the distinctiveness of family businesses compared to other organisations. A summary of these theories is presented in Table 2.5.

**Table 2.5: Prominent theories and perspectives**

THEORY OR PERSPECTIVE	DESCRIPTION
<b>Resource-based view (RBV)</b>	<ul style="list-style-type: none"> <li>• Focuses on the unique bundle of resources that are distinctive to a firm due to the family involvement and can be described as familiness.</li> <li>• The unique bundle of resources can include: human capital, social capital, patient capital, survivability capital and the governance structure.</li> <li>• This familiness can provide family businesses a competitive advantage over other firms.</li> </ul>
<b>Agency theory (principle agent theory)</b>	<ul style="list-style-type: none"> <li>• Focuses on the conflict of interests between an agent (representative of a principle) and a principle (delegates work to an agent).</li> <li>• Conflict and agency costs occur when the interests of the agent and the principle are not aligned with regard to the interests of the firm and the use of resources.</li> <li>• If principle and agent have the same interest, no conflict of interest exists and no agency costs will arise.</li> <li>• In family businesses three different agency conflicts exist: family owner vs external manager, family owner vs external stakeholder, family owner vs family manager.</li> </ul>
<b>Stewardship theory</b>	<ul style="list-style-type: none"> <li>• Stewardship arises among parties in which the relationships are stable, where there is significant interdependence and interaction and where people share a similar social network.</li> <li>• Family executives are strongly attached to and identify with the family firm and foster the legacy of the family through the firm. Family managers are therefore strongly motivated to ensure the long-term survival of the firm.</li> <li>• Three dimensions of stewardship in the family firm context: continuity, community and connection.</li> </ul>
<b>Socio-emotional wealth (SEW)</b>	<ul style="list-style-type: none"> <li>• Family firms are motivated and committed to the preservation of socio-emotional wealth.</li> <li>• Socio-emotional wealth refers to the non-financial wealth of family owners</li> <li>• Socio-emotional wealth has five dimensions, namely family control and influence; identification with the firm, dynastic succession, emotional attachment and social ties.</li> </ul>

Source: Nordqvist *et al.* (2015); Prencipe *et al.* (2014); Kraiczy (2013); Berrone, Cruz, Gomez-Mejia (2012)

Over the years there have been numerous calls for the development of an original family business theory relating to the unique context of family businesses (Sharma *et al.* 2012:11). The development of the SEW theory has provided some advancement in

the development of such a theory (Sharma *et al.* 2012:11). According to Gomez-Mejia *et al.* (2011) and Melin *et al.* (2014), SEW could be an “emerging unifying theoretical norm for the field of family business as it addresses the core issues that make family business unique and is built on and draws from the family firm research itself, not only from insights from other fields”.

The theory of SEW has quickly become an important theoretical framework for understanding the behavioural choices of family business managers and owners (Sharma *et al.* 2012:11). As such, the theory also applies to understanding the behavioural choices of next generation family members, including career choices and the possibility of entering the family business.

## **2.5 IMPORTANCE OF FAMILY BUSINESSES**

The economic landscape of most countries around the world is dominated by family businesses (Family firm institute 2018b; Poza 2013; Chrisman *et al.* 2003; Morck & Yeung 2003; Heck & Stafford 2001; Klein 2000; Shanker & Astrachan 1996). The Family firm institute (2018b) estimates that two-thirds of all businesses in the world are family owned businesses, whereas Ernst and Young (2012:3) estimate that up to 60 per cent of all companies in Europe and the Americas are family businesses. Furthermore, in countries such as Italy, India, Chile, USA, Cyprus, Finland and Brazil, family businesses account for 80 to 95 per cent of all business in the country, while in Mexico all businesses (100 per cent) are family business (Poza 2013; Casillas *et al.* 2007:23). The importance of family business cannot be underestimated and it could be said that the economic systems of the vast majority of countries are sustained by family businesses (Casillas *et al.* 2007:22).

It is estimated that 70 per cent of global annual gross national product (GDP) is created by family businesses (Family firm institute 2016b). This is supported by Poza (2013:3) who estimates that 75 per cent of all GDP in most countries outside the USA is generated by family businesses. In countries such as Ecuador, Italy, Lebanon, and Pakistan family businesses account for between 80 and 95 per cent of national GDP (Family firm institute 2016b). Visser and Chiloane-Tsoka (2014:427) indicate that family businesses contribute between 45 and 65 per cent of Europe’s GDP.

Family businesses also play a vital role with regard to creating employment. It is estimated that between 50 and 80 per cent of jobs in most countries are created by family businesses (Family Firm Institute 2018b). Family businesses are important because they are more profitable over the long term, less likely to lay people off, invest more in their communities, are more likely to take a long-term view (thereby promoting sustainability), are less likely to use debt and are therefore more stable (European Family Businesses 2012:1). Family businesses are a key source of funding for new start-ups that create employment and promote economic and technological progress (Astrachan & Shanker 2003). According to Poza (2013:3), family businesses create 86 per cent of all jobs in the USA. Furthermore 75 to 80 per cent of the workforce in Spain, Italy, India and South Africa are employed by family businesses (Poza 2013:3; Farrington & Venter 2009:144).

In South Africa family-owned businesses on average account for 65 per cent of all business enterprises in the country (Dynes 2010). However, these percentages vary from sector to sector with 90 per cent of all agricultural businesses and 40 per cent of all service businesses being family-owned (Dynes 2010). Dynes (2010) reports that in 2006, the number of family-owned businesses in South Africa surpassed the one million mark. The rapid growth of family businesses in South Africa could be attributed to the lack of jobs being created in the informal sector or by large organisations (Visser & Chiloane-Tsoka 2014; Van der Merwe, Venter & Ellis 2009). In South Africa family businesses make a positive and important contribution to the national economy (Dynes 2010). Visser and Chiloane-Tsoka (2014:427) found that South African family businesses account for 50 per cent of the country's economic growth. The importance of family businesses to the global economy is undeniable (Ernst & Young 2014:3). However, family businesses still face many unique challenges, several of which are summarised below.

## **2.6 CHALLENGES FACING FAMILY BUSINESSES**

Despite their important role in economies worldwide, family businesses are not without their challenges. It is these challenges that potentially hamper their long-term growth prospects. According to Rautiainen (2012), the unique characteristics of family businesses, the diversity among them and the dynamics between the various

subsystems, is what creates the unique challenges they face. Table 2.6 summarises some of the most common challenges facing family businesses.

**Table 2.6: Family business challenges**

CATEGORY	CHALLENGES
<b>Interpersonal relationships</b>	<ul style="list-style-type: none"> <li>• <b>Family conflict</b> (Venter, Urban, Beder, Oosthuizen, Reddy &amp; Venter 2015; Hania 2012; Ceja &amp; Tápies 2009; Jorissen <i>et al.</i> 2005)</li> <li>• <b>Family infighting</b> (Swart 2005)</li> <li>• <b>Sibling rivalry</b> (Jorissen <i>et al.</i> 2005; Swart 2005)</li> <li>• <b>Emotional issues</b> (Nieman 2006; Jorissen <i>et al.</i> 2005)</li> <li>• <b>Poor communication</b> (Grytsaieva &amp; Strandberg 2016; Venter 2003)</li> </ul>
<b>Next generation</b>	<ul style="list-style-type: none"> <li>• <b>Expected to work in family business</b> (Steiner 2017; Khanin <i>et al.</i> 2012)</li> <li>• <b>Feelings of obligation</b> (Khanin <i>et al.</i> 2012)</li> </ul>
<b>Governance</b>	<ul style="list-style-type: none"> <li>• <b>Autocratic paternalistic cultures</b> (Van Duijn Breunesse &amp; Malindz 2007:13; Jorissen <i>et al.</i> 2005; Rwigema &amp; Venter 2004:486)</li> <li>• <b>Greater complexity – family involvement</b> (IFC 2011:13)</li> <li>• <b>Informality</b> (IFC 2011:14)</li> <li>• <b>Lack of discipline</b> (IFC 2011:13)</li> <li>• <b>Secrecy</b> (Venter <i>et al.</i> 2015)</li> <li>• <b>Poor management skills</b> (Taruwanga 2011:10)</li> <li>• <b>Role confusion</b> (Swart 2005)</li> <li>• <b>Inexperienced management</b> (Scarborough &amp; Zimmerer 2003)</li> </ul>
<b>Succession</b>	<ul style="list-style-type: none"> <li>• <b>Lack of/poor succession planning</b> (Hnatek 2015:344; Vassiliadis &amp; Vassiliadis 2014:244; Kaunda &amp; Nkoma 2013:158; Poza 2013; Alderson 2011:57; Molly, Laveren &amp; Deloof 2010)</li> <li>• <b>Founder not willing to let go of business</b> (Van der Merwe 2010; Morck &amp; Yeung 2003)</li> <li>• <b>Founder unwilling to transfer knowledge</b> (Steiner 2017; Duh, Letonja &amp; Vadjnal 2015)</li> <li>• <b>Next generation's willingness to take over</b> (Venter 2003; Venter <i>et al.</i> 2003:3)</li> <li>• <b>Next generation being unqualified or lacking necessary skills</b> (Papalexopoulou 2015; Kaunda &amp; Nkhoma 2013; PWC 2013)</li> </ul>
<b>Human resources and nepotism</b>	<ul style="list-style-type: none"> <li>• <b>Attracting and retaining skilled employees</b> (PWC 2013; Vassiliadis &amp; Vassiliadis, 2014; Van Duijn <i>et al.</i> 2007)</li> <li>• <b>Management of non-family employees</b> (Venter &amp; Urban 2015:485; Botero &amp; Litchfield 2013)</li> <li>• <b>Non-family successor</b> (Royer, Simons, Boyd &amp; Rafferty 2008)</li> <li>• <b>Lack of objectivity</b> (Swart 2005; Bareither &amp; Reischl 2003)</li> <li>• <b>Jobs for family members expected</b> (Khanin <i>et al.</i> 2012)</li> <li>• <b>Family members cannot find jobs elsewhere</b> (Khanin <i>et al.</i> 2012)</li> <li>• <b>Getting jobs above more qualified personal</b> (Royer <i>et al.</i> 2008; Salvato &amp; Melin 2000)</li> <li>• <b>Career advancement due to family relationships</b> (Steiner 2017; Venter <i>et al.</i> 2015; Swart 2005)</li> <li>• <b>Greater salaries to family members</b> (Venter <i>et al.</i> 2015)</li> </ul>
<b>Entrepreneurship</b>	<ul style="list-style-type: none"> <li>• <b>Unreceptive to innovation</b> (Jorissen <i>et al.</i> 2005)</li> <li>• <b>Resistant to change</b> (Venter 2003)</li> <li>• <b>Limited resources</b> (Scarborough &amp; Zimmerer 2003)</li> </ul>



Of the many challenges identified as facing family businesses, several authors (Ramadani *et al.* 2017:294; Venter *et al.* 2015; Knafo 2014; Hnatek 2012; Molly *et al.* 2010) contend that transgenerational succession is still the most pressing. The challenge of succession among family businesses is often highlighted in terms of the well-known statistics cited, namely that 30 per cent of family-owned business survive to the second generation, while only 12 per cent survive to the third generation and a mere 3 per cent survive to the fourth generation (Visser & Chiloane-Tsoka 2014:427; Byrd & Megginson 2013:24; Poza 2007:1-2; Venter & Boshoff 2007:42). In a worldwide study conducted by PWC (2011:29), 29 per cent of the companies that participated expected to change hands in the next five years. In the next decade, about one third of all small and medium-sized enterprises (SMEs) in the European Union are expected to be engaged in a business transfer (PWC 2011:29). In Germany, for example, it is estimated that around 700 000 enterprises will have to be transferred to new owners each year (European Commission, 2006 cited in Kraus, Harms & Fink 2011:40). Similarly, in China, most family businesses have only a 30-year history, with many successions still to come (Xi *et al.* 2015:127).

Succession is the process through which the leadership and/or ownership of the family business is transferred from the existing leader to a subsequent family or non-family member (Nieman & Nieuwenhuizen 2014:238). Chittoor and Das (2007:66) define succession as “the passing of ownership from founder-owner (incumbent) to a successor”. There are several challenges associated with succession itself. Among these are a lack of or poor succession planning, the founder not being willing to let go of the business, the founder not being willing to transfer knowledge to the successor, the successor not being qualified or having the necessary skills to take over, and the next generation not being willing to take over the family business.

A lack of succession planning among family businesses is common (Hnatek 2015:344; Vassiliadis & Vassiliadis 2014:244; Kaunda & Nkoma 2013:158; Poza 2013; Alderson 2011:57; Molly *et al.* 2010). Succession planning refers to the “systematic, long-term process of determining goals, needs and roles within an organisation and preparing individuals for responsibilities relative to work needed within an organisation” (Luna 2012:60). According to Ogbechie and Anetor (2015:2), one of the main reasons for a lack of succession planning is that the founders of

family-owned businesses are not willing to embark on succession planning due to the fear of losing control of the business to another family member. Not being willing to let go of the business is cited as a succession challenge by several authors (Van der Merwe 2010; Morck & Yeung 2003).

According to Agarwal, Kumar and D'Souza (2016:5), founders do not want to delegate authority and decision-making powers to others and, in so doing, they make themselves indispensable to the business. The closely linked identity between the business and the founder results in the founder's unwillingness to hand over the business to a successor as the founder will fear the transition and will interpret the handing over of the business as a demotion (Agarwal *et al.* 2016:5). Founders are also often not willing to transfer their knowledge to their successors (Steiner 2017; Duh *et al.* 2015). According to Haldin-Herrgard (2011:7), the transfer of knowledge is vitally important for the continuity of the family business and it will impact on the ability of the successor to succeed.

In addition to succession challenges stemming from the founder of the family business, several challenges also stem from the successor. Successors are often not qualified or lack the necessary skills to take over the family business (Kaunda & Nkhoma 2013; PWC 2013). Miller, Wright, Le Breton-Miller and Scholes (2015:14–15) find that if the family business allows an unskilled next generation leader to take over, business profitability may erode. Next generation family members may also not be willing to take over the family business (Venter 2003; Venter *et al.* 2003:3). Zellweger *et al.* (2011:527) surveyed 90 000 students from 26 different countries regarding their career path preferences. Only 6.9% of those surveyed intended taking over their family business. Murphy and Lambrechts (2015:33) contend that next generational family members who grow up in a family business environment will need to balance the need to satisfy their personal career interests and ambitions, against the family interests and employment opportunities within the family business. This balancing act will ultimately determine their future career path (Murphy & Lambrechts 2015:33). Zellweger *et al.* (2011:528) identify several factors that influence the next generation's intention to join the family business; these are gender, field of study, personal ownership, work experience, commitment, motives, personal environment and perceived barriers. Furthermore, Zellweger *et al.* (2011:526) contend that next

generational family members should not be forced into joining the family business, as those who have a greater need for self-control will be less likely to join.

Given the importance of a successful succession for the survival of family businesses and the role of next generation family members in that succession, Zellweger *et al.* (2011:522) emphasise the need for researchers to investigate the motives that drive individuals with a family business background to become either successors, business founders or organisational employees.

## **2.7 SUMMARY**

The main purpose of Chapter 2 was to introduce the field of family business and highlight the nature of family businesses. Several conceptual frameworks and theories of family businesses were discussed. Thereafter, their importance and unique challenges faced were elaborated on. One of the most important challenges facing family businesses is that of transgenerational succession and the willingness of the next generation to make the family business their career choice. In Chapter 3, several behaviour and career choice theories will be discussed in order to identify the factors that influence the next generation's career choice.

## **CHAPTER 3**

### **BEHAVIOUR AND CAREER CHOICE THEORIES**

#### **3.1 INTRODUCTION**

In Chapter 2, the nature of family businesses and their importance to the economies of countries was discussed. Furthermore, the unique challenges that these businesses face were elaborated on, with particular focus on the influence of these challenges to the long-term sustainability of the business. A challenge highlighted was that of children of family business owners opting to follow career paths outside the family business. As a result, the continuity of many family businesses is threatened. Like all children, those of family business owners have several career choice options, including starting their own business, finding outside employment or entering the family business (Zellweger *et al.* 2011:522). These career choice options are influenced by several factors.

Several career choice theories attempt to explain why specific career choices are made. At the heart of many of these theories are elements drawn from the general theories of behaviour. To fully understand the factors influencing the decision of a child whether or not to join the family business, several career choice theories, as well as the behaviour theories underlying these career choice theories, are described in this chapter.

First, behaviour theories are discussed, with specific focus placed on the social learning and social cognitive theory, the theory of reasoned action and the theory of planned behaviour. Second, the nature of career choice is explained and career choice theories presented. These include person–environment fit theory, developmental theory and social learning theory. Third, the South African context with regard to career choice theories is discussed. The chapter concludes with a summary of all the factors influencing career choice as outlined by behaviour and career choice theories discussed in Chapter 3.

## 3.2 BEHAVIOUR THEORIES

Studying human behaviour allows researchers to better understand the reasons and intentions behind the actions of people (Al-Lozi & Papazafeiropoulou 2012:220). Human behaviour is best described as the results of efforts by humans to satisfy their needs and desires (Al-Lozi & Papazafeiropoulou 2012:220). Gurz and Allen (2000:9) describe human behaviour as the way in which an individual acts towards people, society or objects. In addition, human behaviour is driven by a person's motives and intentions, both of which are influenced by personal, social and situational factors (Al-Lozi & Papazafeiropoulou 2012:220).

Kuiken (2015:99) points out the difficulty of explaining human behaviour and emphasises that it is a complicated task, with many researchers from a variety of fields (e.g. marketing, psychology, business, management and sociology) attempting to do so. According to Kuiken (2015:99) as well as Weick, Sutcliffe and Obstfeld (2005:409), "sensemaking" is a fundamental determinant of human behaviour as it involves the process of giving meaning to what is occurring in the environment. Moss (2008) explains that several behaviour theories exist to predict and explain human behaviour. The three main theories are social learning and social cognitive theory; the theory of reasoned action; and the theory of planned behaviour (Morris, Marzano, Dandy & O'Brian 2012:5). Each of the aforementioned theories will be described in the following sections in an attempt to better understand human behaviour, including that of making career choices.

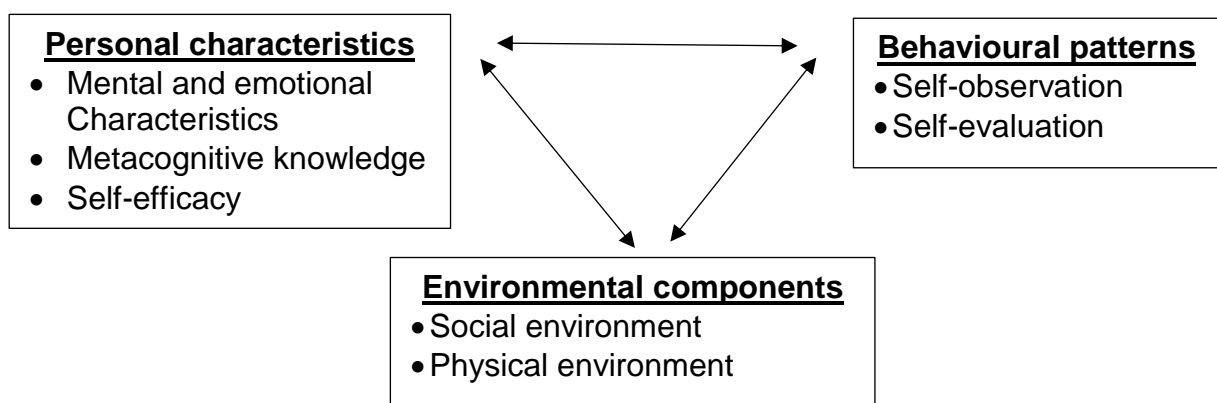
### 3.2.1 SOCIAL LEARNING AND SOCIAL COGNITIVE THEORY

According to Bandura's (1977:22), theory of social learning, most human behaviour is learnt by observing and modelling others behaviours, attitudes and the outcomes of those behaviours. According to McLeod (2007), an *observation* is defined as a "behaviour that is recorded in a natural setting". *Modelling* is defined by Bandura (1977:22) as the "observations that a person sees of others, a person forms an idea on new behaviours and on later occasions this observation serves as a guide for future action".

Bandura (1977:23) explains that there are four necessary conditions for effective modelling, namely attention, retention, reproduction and motivation. *Attention* determines what is selectively observed by an individual and can be increased or decreased by two factors, the modelling stimuli (such as the distinctiveness, intrinsic attractiveness, complexity, prevalence and the functional value) and the observed characteristics (including: sensory capacities, arousal level, perceptual set and past reinforcement) (Bandura 1977:23). Bandura (1977:23) explains that *retention* (such as symbolic coding, cognitive organisation, symbolic rehearsal and motor rehearsal) refers to an individual remembering what they have paid attention to. The third condition for effective modelling is *reproduction*, which involves reproducing the image which has been observed by the individual (Bandura 1977:23). Finally, an individual needs to have the *motivation* for effective modelling, which involves having a good reason to imitate the behaviour or attitude (Bandura 1977:23).

Bandura expanded on his theory of social learning and developed the social cognitive theory which focuses on understanding how people learn new behaviours and emphasises the importance of personal characteristics, behavioural patterns and environmental components (Bandura 2011:2, 1986:23). Furthermore, Bandura (2011:2, 1986:24) explains that the aforementioned factors reciprocally influence each other (see Figure 3.1) and a person's behaviour.

**Figure 3.1: Bandura's triadic reciprocal causation model**



Source: Bandura (1986:24)

The first factor of the triadic reciprocal model shown in Figure 3.1, namely personal characteristics, includes a person's mental and emotional characteristics, their

metacognitive knowledge as well as their self-efficacy (Snowman, McCown & Biehler 2012:280). Mental and emotional characteristics are described as a person's goals as well as their level of anxiety (Snowman *et al.* 2012:280), while metacognitive knowledge refers to a person's understanding on how one's own cognitive processes affect learning (Snowman *et al.* 2012:280). "Self-efficacy refers to the beliefs that people have in their own capabilities to organise and execute the courses of action required to manage a situation" (Bandura 1997:2). The second factor which is behavioural patterns, includes self-observation and self-evaluation (Snowman *et al.* 2012:280). According to Snowman *et al.* (2012:280), self-observation refers to recording "how various factors influence a person's learning, motivation and self-efficacy". Self-evaluation, on the other hand, refers to a person's ability to make changes to their behaviour in order to overcome or reduce perceptions of low self-efficacy, anxiety and ineffective learning strategies, as well as creating positive study environments (Snowman *et al.* 2012:280). The final factor of environmental components includes a person's social and physical environment (Snowman *et al.* 2012:280). Snowman *et al.* (2012:280) explain that a "person's social and physical environment includes aspects such as the nature of a task, modelling of various skills by observing others and verbal persuasion by others to exhibit a certain behaviour".

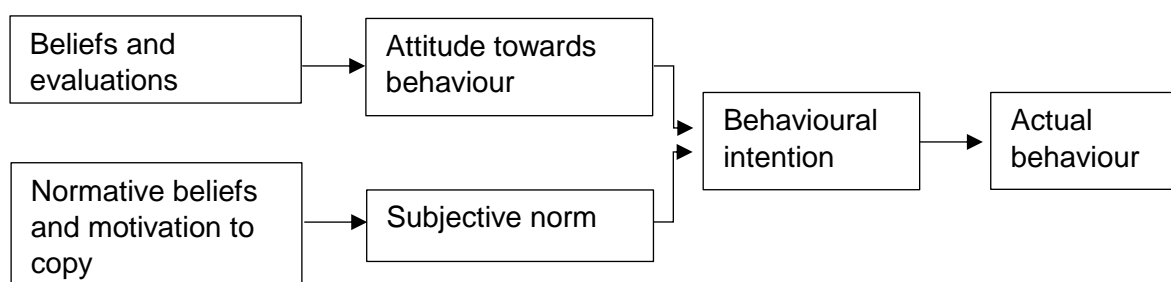
Garcia *et al.* (2018:6) highlight the use of the social cognitive theory in the family business context by explaining that behaviour or intentions to be involved in the family business are perceived as a byproduct of person–environment interactions, as well as a predictor of person–environment factors. In summary, Bandura's (1986) social cognitive theory provides a framework for explaining the self-regulation of actions and contends that behaviour is influenced by three factors: personal characteristics, behaviour patterns and environmental components (Bandura 2011). These factors also appear in other theories of behaviour, some of which are elaborated on in the paragraphs that follow.

### 3.2.2 THEORY OF REASONED ACTION

The conceptual framework for one of the most well-known behaviour theories today, the theory of planned behaviour, originated from the theory of reasoned action (Ajzen & Fishbein 1977) (see Figure 3.2). The theory of reasoned action, developed by Ajzen

and Fishbein in 1977, is still one of the most influential theories of social influence in this century (Nabi & Sullivan 2001:806). This theory was formulated in an attempt to provide consistency when looking at the relationship between behaviour, attitudes and intentions (Sarosa 2009:179; Glanz, Rimer & Viswanath 2008:61; Fishbein & Ajzen 1975; Fishbein 1967). The theory of reasoned action (Ajzen & Fishbein 1977) contends that people consider the implications of a behaviour before an action is performed. Furthermore, the theory explains that the actual behaviour of a person is determined by their intention to perform that behaviour (Guzmán-Alfonso & Guzmán-Cuevas 2012:724). Ajzen and Fishbein (1977) explain that intent plays a critical role in this theory, and that intention is identified as the greatest predictor of whether or not someone will perform a specific behaviour. Two major determinants of intention have been identified as an individual's attitude towards the behaviour, and the perceived pressures of subjective norms (see Figure 3.2) (Guzmán-Alfonso & Guzmán-Cuevas 2012:724; Ajzen & Fishbein 1977:888).

**Figure 3.2: Theory of reasoned action**



Source: Ajzen and Fishbein (1977)

The attitude towards behaviour (see Figure 3.2) refers to the degree to which a person takes into consideration a new behaviour and sees this new behaviour as favourable (Guzmán-Alfonso & Guzmán-Cuevas 2012:724). Leonard, Cronan and Kreie (2004:144) explain that attitude towards behaviour involves the judgement of whether the behaviour is good or bad and whether an individual is in favour of or against performing the behaviour. The subjective norm, on the other hand, refers to perceptions of opinions of those in a person's social environment (such as family and friends) with regard to this new behaviour (Guzmán-Alfonso & Guzmán-Cuevas 2012:724). Carr and Sequeira (2007:1091) explain that social norm refers to an



individual's perception of social pressure on whether to engage in a certain behaviour or not. This social norm is therefore predictive in determining a person's behavioural intent and ultimately whether the behaviour is exhibited or not (Carr & Sequeira 2007:1091).

In turn, beliefs about and evaluations of a certain behaviour influence a person's attitude towards a certain behaviour (Ajzen & Fishbein 1977), whereas normative beliefs and motivation to copy, influence a person's subjective norm (see Figure 3.2). Normative beliefs refer to the beliefs that a certain behaviour should be performed according to certain referents (Patterson 2001:34), whereas the motivation to copy refers to copying specific references in society (Patterson 2001:34).

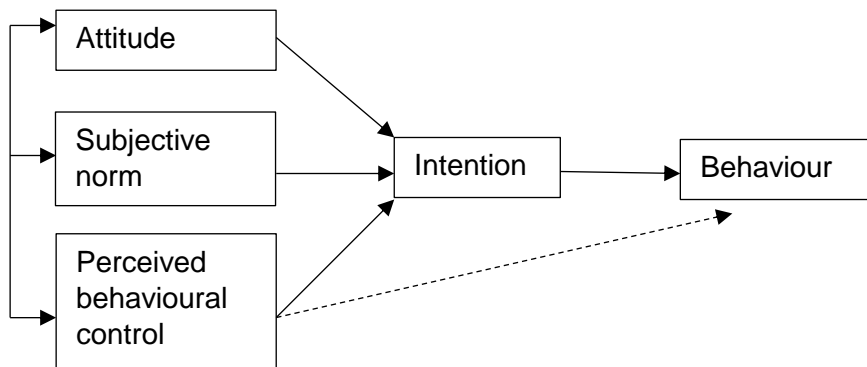
The theory of reasoned action does however have some limitations, namely the risk of confusing attitudes and norms, the assumption that when someone forms an intention to act, they will be free to act without limitation, and there are constraints (time, environment and ability) that are not accounted for that will limit the freedom to act (Knabe 2012:24; Aiken 2002). Given these shortcomings, Ajzen developed the theory of planned behaviour (1991), which is one of the best-known theories of behaviour and is discussed in the next section.

### 3.2.3 THEORY OF PLANNED BEHAVIOUR

The theory of planned behaviour is the most widely used theory for studying human behaviour and is based on the theory of reasoned action (Guzmán-Alfonso & Guzmán-Cuevas 2012:724). Both theories explain that "behaviour is the result of a conscious decision to act in a particular manner" (Knabe 2012:24). The main difference between them is that, in addition to attitudes and subjective norms, the theory of planned behaviour includes perceived behaviour control as an additional factor influencing intentions (Knabe 2012:24). Ajzen (2005:117) explains that the theory of planned behaviour incorporates "volitional control" through the addition of perceived behavioural control. According to Ajzen (1991), perceived behavioural control is defined as a person's need to have the required resources, opportunity and support available to perform a specific behaviour. In summary, the theory of planned behaviour contends that three factors (illustrated in Figure 3.3) influence intentions and

behaviours (Ajzen 2005:119; Krueger, Reilly & Carsrud. 2000:416; Ajzen 1991:188), namely: attitude towards the behaviour, subjective (social) norms, and perceived behavioural control.

**Figure 3.3: Theory of planned behaviour**



Source: Ajzen (1991:182)

Ajzen (2005:118) defines the attitude towards performing the behaviour as an individual's positive or negative evaluation of performing a particular behaviour. Ajzen (1991:182) and Krueger *et al.* (2000:416) describe "the attitude toward performing the behaviour as an individual's perceptions of the desirability of performing the behaviour". According to Guzmán-Alfonso and Guzmán-Cuevas (2012:724), "attitude refers to the degree to which a person takes into consideration a special behaviour as favourable, and is comprised of both cognitive and affective elements which have been experienced by the individual through their life". The cognitive element of an attitude involves an individual's belief or knowledge about a behaviour while the effective element involves an individual's feelings or emotions about an action (behaviour) (McLeod 2007).

A subjective or social norm refers to the perceived pressure received from society by a person to perform or not to perform certain behaviours (Ajzen 1991:182). Krueger *et al.* (2000:417) explain that perceived social norms look at the perceptions of what important people (parents, friends or mentor) in the individual's life think about a particular behaviour. The subjective norm can also be seen as the perception that an individual has about people in their social environment with regard to the behaviour (Guzmán-Alfonso & Guzmán-Cuevas 2012:724; Tamken, Wanberg & Milkman

2010:9). Therefore, family and friends play a crucial role in determining a person's social norms (Guzmán-Alfonso & Guzmán-Cuevas 2012:724; Dwivedi, Wade & Schnebenger 2012:224).

Perceived behavioural control in the theory of planned behaviour overlaps with Bandura's (1986) view of perceived self-efficacy, being the perceived ability of an individual to execute the desired behaviour (Krueger *et al.* 2000:416). Similarly, Ajzen (2005:118) defines perceived behavioural control as the sense of self-efficacy or the ability of an individual to perform a certain behaviour. Guzmán-Alfonso and Guzmán-Cuevas (2012:724) and Fayolle (2007:172) explain that "perceived behavioural control reflects a person's perception regarding his/her capacity to achieve a specific result". Individuals usually adopt behaviours that they believe they will be able to control and master (Fayolle 2007:172).

According to the theory of planned behaviour, the more favourable the attitude and subjective norms are with respect to a certain behaviour and the greater the level of perceived behavioural control, the stronger the individual's intention will be to perform the behaviour under consideration (Guzmán-Alfonso & Guzmán-Cuevas 2012:724; Ajzen 1991). According to several authors (Zellweger *et al.* 2011:524; Shook, Ketchen, Cycyota & Crockett 2003; Krueger *et al.* 2000), perceived behavioural control (which has its roots in self-efficacy) is among the most pertinent antecedents to career intentions. Because this study focuses on entering the family business as a career choice, several theories that provide the foundations for career choice are now discussed.

### **3.3 CAREER CHOICE**

Sharf (2002:3) defines a career choice as the "decision that an individual makes at any point in time regarding a particular work or leisure activity that they choose to pursue at that point". According to McQuerrey (2015), choosing an appropriate career path involves making an honest self-evaluation of an individual's talents, abilities and interests. Similarly, Brown (2002:3) proposes that when choosing a career path, it is vital that individuals have a clear understanding of themselves, their aptitudes, abilities, interests, ambitions, resources, limitations and knowledge. Brown (2002:3) expands

on this contention, explaining that the knowledge that an individual requires for making a career choice includes the requirements of the career, conditions for success, advantages, disadvantages, compensation, opportunities and prospects in the line of work chosen by the individual. Knowledge of a particular career path enables career education planning to occur (McQuerrey 2015).

Career choice is one of the most important decisions which individuals make, as this decision will determine their future plans and impact on the rest of their lives (Borchert 2002:11). Incorrect career choices could place individuals in positions where they are unchallenged, dislike the people they work with and are increasingly frustrated by their work surroundings (Morello 2015). Making the correct career choice allows for long-term goals to be set (McQuerrey 2015). McQuerrey (2015) explains that the correct career choice enables individuals to make important family decisions (such as where to live) that allow for a satisfactory work–life balance. The correct career decision also allows individuals to minimise their stress levels in both the professional and family arenas (McQuerrey 2015). Several prominent career choice theories exist, explaining the factors that influence an individual's career choices. Those relevant to this study are now explored.

### 3.3.1 CAREER CHOICE THEORIES

According to Muofhe and Du Toit (2011:3) and Swanepoel, Erasmus, Van Wyk and Schenk (2003:399), many theories on career choice have been developed over the years explaining how individuals make career choices. Several career development theories have also been developed to provide clarity on career choices and to describe career behaviour (Pennsylvania Department of Education 2016). According to Patton and McMahon (2014:12), career theories can be divided into three categories, namely theories of content, theories of process, and theories of both content and process. The best-known theory in each of these categories is now discussed.

#### 3.3.1.1 Theories of content

Theories of content include career development theories that focus on the influences on career development which are either intrinsic to the individual or external, referring to the context in which the individual lives (Patton & McMahon 2014:15). Several

theories of content exist, such as the trait and factor theory, theory of personality, psychodynamic theory, values-based theory, work adjustment person–environment correspondence theory and the five factor theory (Patton & McMahon 2014:13-14). However, the most prominent theory of content is a theory of personality, namely Holland’s (1973) theory of vocational choice (Hutchison & Niles 2009). According to Brown (2002), this theory is regarded as one of the most influential in the field of career counselling. Holland’s theory explains that vocational choice depends on both personality and environment (Kachik 2003:43; Holland 1959). According to Holland (1973:4), the choice of occupation is an expressive act which reflects a person’s motivation, knowledge, personality and ability. Furthermore, occupations represent a way of life, an environment rather than a set of isolated work functions or skills (Holland 1966:4). Therefore, individuals search for career environments that are compatible with their personal orientation (personality type) (Kachik 2003:43). Holland (1985) states that a person searches for a career environment that allows them to make use of their skills and abilities, and in so doing, express their attitudes and values.

Holland’s (1973:2) theory of vocational choice is based on four assumptions. These are: (1) people are characterised as one of six personality types; (2) six types of environments exist; (3) people search for environments that allow them to exercise their skills and abilities, express their attitudes and values and agree with their personality type; and (4) a person’s behaviour is determined by the interaction between a person’s personality and the characteristics of the environment. Table 3.1 provides a summary of the descriptions of each of Holland’s personality types.

**Table 3.1: Descriptions of personality types**

PERSONALITY TYPE	DESCRIPTION
<b>Realistic (R)</b>	“Masculine, physically strong, unsociable, aggressive, has good motor co-ordination and skill, lacks verbal and interpersonal skills, prefers concrete to abstract problems.”
<b>Investigative (I)</b>	“Task-orientated, interceptive, asocial, prefers to think through rather than act out problems, needs to understand, enjoys ambiguous work tasks and has unconventional values and attitudes.”
<b>Social (S)</b>	“Sociable, responsible, feminine, humanistic, religious, needs attention, has verbal and interpersonal skills, avoids intellectual problem solving, physical activity, higher order activities and prefers to solve problems through feelings and interpersonal manipulations.”

**Table 3.1: Descriptions of personality types (continued)**

PERSONALITY TYPE	DESCRIPTION
<b>Conventional (C)</b>	“Structured verbal and numerical activities and subordinate roles, is conforming, avoids ambiguous situations and problems involving interpersonal relationships and physical skills, is effective at well-structured tasks, identifies with power and values material possessions and status.”
<b>Enterprising (E)</b>	“Verbal skills for selling, dominating, leading, thinks of themselves as a strong, masculine leader, avoids well-defined language or work situations requiring long periods of intellectual effort and structured verbal and numerical activities and subordinate roles.”
<b>Artistic (A)</b>	“Avoids problems that are highly structured or require obvious physical skills, resembles the intellectual type in being interceptive and asocial, individual has a need for individualistic expression, feminine, suffers from emotional disturbances and prefers dealing with environmental problems through self-expression in the artistic media.”

Source: Holland (1973:16–17)

The theory of vocational choice assumes that people are characterised as one of six personality types, namely realistic, investigative, social, conventional, enterprising and artistic. The characteristics and attributes associated with each personality type are summarised in Table 3.1. The closer an individual resembles a particular personality type, the more likely they are to exhibit the personality traits and behaviours associated with it (Holland 1973:9). Furthermore, each personality type is a product of the interaction between a variety of cultural and personal forces, including parents, peers, social class and culture (Holland 1973:2).

The second assumption of the theory of vocational choice is that there are six types of environments (Holland 1966:9) (see Table 3.2), which are realistic, investigative, social, conventional, enterprising and artistic. Each environment type is dominated by a given personality type and each environment is characterised by physical settings which pose special problems and stresses (Holland 1973:3). Holland (1973:28) believes that an environment reflects the nature of its members, and that the dominate features of an environment reflect the typical characteristics of its members. Table 3.2 provides an overview of each environment type, as well as a description of the environmental models within each type.

**Table 3.2: Descriptions of environmental models**

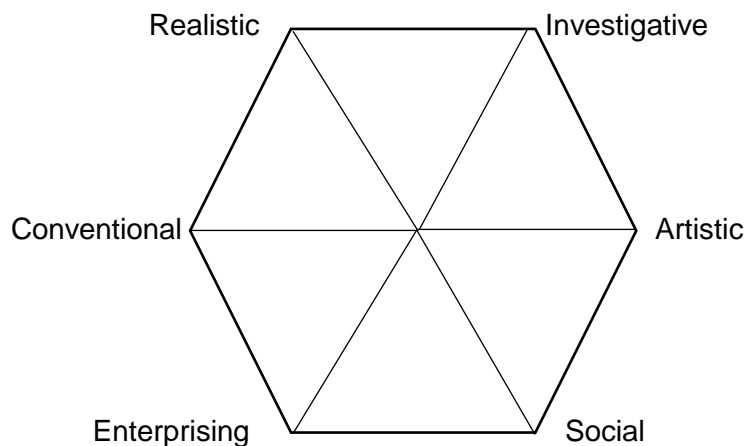
<b>ENVIRONMENT TYPE</b>	<b>DESCRIPTION OF ENVIRONMENTAL MODELS</b>
<b>Realistic (R)</b>	“Environmental demands and opportunities that entail explicit, ordered or systematic manipulation of objects, tools, machines and animals.”
<b>Investigative (I)</b>	“Environmental demands and opportunities that entail the observation and symbolic, systematic, creative investigation of physical, biological or cultural phenomena.”
<b>Social (S)</b>	“Environmental demands and opportunities that entail the manipulation of others to inform, train, develop, cure or enlighten.”
<b>Conventional (C)</b>	“Environmental demands and opportunities that entail the explicit, ordered, systematic manipulation of data, such as keeping records, filing materials, reproducing materials, organising written and numerical data according to a prescribed plan and operating business and data processing machines.”
<b>Enterprising (E)</b>	“Environmental demands and opportunities that entail the manipulation of others to attain organisational or self-interest goals.”
<b>Artistic (A)</b>	“Environmental demands and opportunities that entail ambiguous, free, unsystematic activities and competencies to create art forms or products.”

Source: Holland (1973:29–32)

The third assumption of Holland's theory of vocational choice is that people search for environments that allow them to exercise their skills and abilities, express their attitudes and values and take on problems and roles that agree with their personality type (Holland 1973:4). For example, realistic personality types will search for realistic environments while social personality types will search for social environments (Holland 1973:4). It should be highlighted that an individual's search for an environment is carried out over a long period of time and at different levels of consciousness (Holland 1973:4).

The final assumption is that a person's behaviour is determined by the interaction between their personality and the characteristics of their environment (Holland 1973:4). Holland (1973, 1966, 1959) developed a hexagon model (see Figure 3.4) that shows the relationships between personality and environment types.

**Figure 3.4: Holland's hexagon model**



Source: Holland (1973)

According to Figure 3.4, Holland's hexagon model classifies all environments and personality types into six categories (Brown & Lent 2008:379). Adjoining categories are most similar to one another and are said to have "consistency" (Holland 1973:4). For example, a realistic person operates in an investigative environment, while the categories opposite one another are least similar (Christiansen & Tett 2013:654), such as a conventional person in an artistic environment (Holland 1973:4). Holland (1973:4) further explains that some personality/environment types are more clearly defined than others and are therefore said to have "differentiation". A person for instance might closely resemble a particular personality type, while another may show little resemblance (Holland 1973:4).

According to Holland (1973:4), "congruence" assumes that different personality types require different environments. For example, a realistic personality types flourishes in a realistic environment and incongruence occurs when a realistic personality type finds themselves in a social environment (Holland 1973:4). The greater the integration between a person's personality and their environment, the greater the person's chance of success and satisfaction in their vocational choice, according to Holland (1973).



### 3.3.1.2 Theories of process

Theories of process focus on a series of stages that take place over time, through which individuals pass (Patton & McMahon 2014:16). A number of process theories exist and include developmental theory, life-span life-space theory, theory of circumscription and compromise, and the individualistic approach (Patton & McMahon 2014:14). The leading theory of process, which falls under the life-span life-space theory, is Donald Super's (1990) development of self-concept theory. According to Hutchison and Niles (2016), Super's theory draws on a variety of disciplines such as psychology and sociology. Super's development of self-concept theory is based on two assumptions (Hutchison & Niles 2016:286). First, people are different based on their unique individual traits and second, these differences make an individual qualified for several different careers (Hutchison & Niles 2016:286).

Super (1954) and Lapan (2004:3) argue that one of the most important components of career choice is the extent to which an individual is able to express a personally meaningful self-concept in that decision. A self-concept can be described as the way in which individuals view themselves and their situation (Sharf 2002:154). A person's self-concept can be developed through physical and mental growth, observations of work, identification with working adults, the environment and through general experiences (Zunker 2002:36).

Super (1990:205) and Sharf (2002:154) contend that the most basic assumption of the development of self-concept theory is that physiological aspects such as genetic predisposition and geographic aspects (country of origin) have an impact on certain aspects of career development. These aspects include the development of the physiological (needs, values, interests, intelligence, ability and special aptitudes) and social-economic (community, school, family and peer groups) structure of the environment which are incorporated into a person's self-concept (Sharf 2002:154). As individuals learn about themselves and their environment, they develop and go through the vocational developmental stages of growth, exploration, establishment, maintenance and decline (Sharf 2002:158; Zunker 2002:37 (see Table 3.3). These are the stages through which the self-concept evolves (Sharf 2002:154). Table 3.3

summarises the age categories, the characteristics and the subcategories of each stage.

**Table 3.3: Vocational developmental stages**

STAGES	AGE (YEARS)	CHARACTERISTICS	SUB-STAGES
<b>Growth</b>	4–13	“Development of capacity, interests, attitudes and needs associated with self-concepts.”	<ul style="list-style-type: none"> <li>• Fantasy (4–10yrs)</li> <li>• Interests (11–12yrs)</li> <li>• Capacity (13–14yrs)</li> </ul>
<b>Exploration</b>	14–24	“Tentative phase in which choices are narrowed but finalised.”	<ul style="list-style-type: none"> <li>• Tentative (15–17yrs)</li> <li>• Transitions (18–21yrs)</li> <li>• Trial little commitment (22–24yrs)</li> </ul>
<b>Establishment</b>	25–44	“Trial and stabilisation.”	<ul style="list-style-type: none"> <li>• Trial (25–30yrs)</li> <li>• Advancement (31–43yrs)</li> </ul>
<b>Maintenance</b>	45–64	“Continual adjustment process to improve working position and situation.”	Concerned about maintaining present status and competition from younger workers <ul style="list-style-type: none"> <li>• Disengagement (60–64yrs)</li> </ul>
<b>Decline</b>	65+	“Preretirement considerations, reduced work output and eventual retirement.”	<ul style="list-style-type: none"> <li>• Retirement (65+)</li> </ul>

Source: Sharf (2002:158); Zunker (2002:37)

An individual will choose an occupation that allows them to express their self-concept (Super 1990). As an individual's self-concept becomes more realistic and stable, so does the individual's career choice and behaviour (Super 1990). Through the stages of vocational development, Super (1990) provides a framework of vocational tasks for career choice behaviour and attitudes that manifest through five activities known as vocational developmental tasks, namely crystallisation, specification, implementation, stabilisation and consolidation (Zunker 2002:37). Table 3.4 provides a brief summary of each of these five vocational tasks and the characteristics associated with each.

**Table 3.4: Vocational developmental tasks**

VOCATIONAL DEVELOPMENTAL TASKS	AGES	GENERAL CHARACTERISTICS
<b>Crystallisation</b>	14–18	“A cognitive process period of formulating a general vocational goal through awareness of resources, contingencies, interests, values and planning for the preferred occupation.”
<b>Specification</b>	18–21	“A period of moving from tentative vocational preferences toward a specific vocational preference.”
<b>Implementation</b>	21–24	“A period of completing training for vocational preference and entering employment.”
<b>Stabilisation</b>	24–35	“A period of confirming a preferred career by actual work experience and use of talents to demonstrate career choice as an appropriate one.”
<b>Consolidation</b>	35+	“A period of establishment in a career by advancement, status and seniority.”

Source: Zunker (2002:37)

Zunker (2002:36) and Super (1990) explain that as an individual completes a particular developmental task, a level of vocational (career) maturity is reached. Career maturity is defined as “the similarities between an individual’s vocational behaviour and what is expected for that stage of development” (Super 1990:299). According to Zunker (2002:37), Super’s (1954) concept of career maturity, which is reached upon the accomplishment of certain developmental tasks, should be considered a major contributor to career developmental theories. Although new explanations may be incorporated and updated from Super’s (1954) theory, the notion of life career developmental stages and the role a person would assume in each of these stages still remains relevant today (Chan 2003:209).

### 3.3.1.3 Theories of content and process

According to Patton and McMahon (2014:16), there has been a need for theories to account for characteristics of an individual and the environment they live in (content) and simultaneously for the development and interaction between the individual and environment (process), which led to the development of theories of content and process. There are several theories of content and process, including social learning career theory, happenstance learning theory, social cognitive career theory, cognitive information processing approach, developmental contextual approach, contextual

approach to career and personality development and career choice (Patton & McMahon 2014:14). However, the social cognitive career theory developed by Lent, Brown and Hackett (1994, 2000) is one of the most accepted and validated in the career literature (Muofhe & Du Toit 2011:3). According to Price (2009:271), the social cognitive career theory is also one of the most extensively researched theories of career choice. It embraces assumptions about people's capacity to influence their own development and surroundings (Lent *et al.* 1994:261).

According to Lapan (2004:34), the social cognitive career theory provides the most integrative framework for linking the self-efficacy construct to a comprehensive theory of career development. Similarly, Price (2009:271) explains that this theory provides a comprehensive framework for exploring career choice by recognising the interaction between multiple individual, social and environmental influences (Bentz & Hackett 2006; Lindley 2005). The social cognitive career theory was derived from Bandura's (1986, 1982) social cognitive theory as described in Section 3.2.1, with specific focus placed on self-efficacy, outcome expectations and goal mechanisms and how they interrelate with other personal and contextual factors (Lent *et al.* 1994:79).

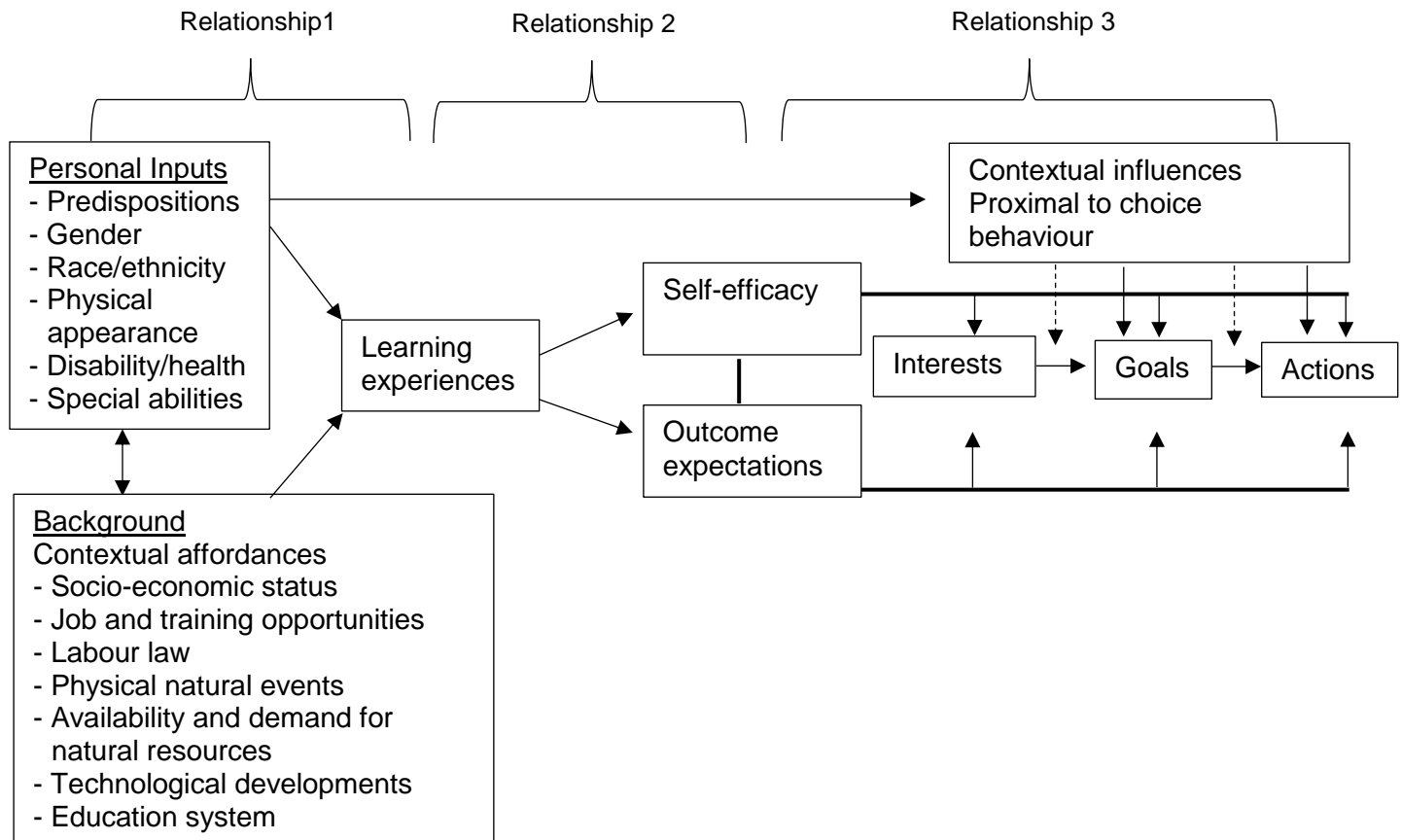
Lent *et al.* (1994:82) analysed the determinants within Bandura's (1986) triadic causation model, and chose to focus on the three social cognitive mechanisms of self-efficacy, outcome expectations and goals. *Self-efficacy* is defined as "people's judgements of their capabilities to organise and execute courses of action required to attain designated types of performances" (Lent *et al.* 1994:83). Self-efficacy is about answering the question, "Can I do this?" (Lent *et al.* 1994:83). Lent *et al.* (1994:83) stress the importance of self-efficacy as it has been found to be a predictor of academic and career-related choice and performance. *Outcome expectations* are the personal beliefs of a person about the imagined consequences of performing a certain behaviour (Lent *et al.* 1994:83). Outcome expectations focus on answering the question, "If I do this, what will happen" (Lent *et al.* 1994:83). Finally, *goals* can be defined as "the determination to engage in a particular activity or to effect a particular future outcome" (Lent *et al.* 1994:85; Bandura 1986). Goals work through people's ability to represent desired future outcomes and to use self-evaluation of their own behaviour in order to determine performance based on the goals set (Lent *et al.* 1994:83)

The social cognitive career theory is also linked to Bandura's (1986) social cognitive theory, in that career choice is influenced by personal accomplishments and social learning (Price 2009:271; Lindley 2005; Lent *et al.* 1994). With this being said, individuals choose careers that fit their expertise and past successes in order to maintain self-efficacy, and in so doing, ensure a greater likelihood of success (Price 2009:271; Lindley 2005; Lent *et al.* 1994).

Several authors (Price 2009:271; Lent *et al.* 2001; Smith & Fouad 1999; Lent *et al.* 1994) have found significant empirical support for the social cognitive career theory through establishing links between self-efficacy and career choice, especially in relation to career choices in the science and academic arenas. Self-efficacy, outcome expectations and goals (Lent *et al.* 1994:261–262) are seen as the building blocks of career development and identify the mechanisms by which individuals exercise personal choice (Lent *et al.* 1994:262). The main components that constitute the social cognitive career theory are illustrated in Figure 3.5.

There are three relationships within the social cognitive career theory that need explanation. The first (Relationship 1 in Figure 3.5), involves the influence of personal inputs and background on an individual's learning experiences (Lent *et al.* 1994). *Personal inputs* include predisposition, gender, race (ethnicity), physical appearance, health, disabilities and special abilities (e.g. intelligence, musical ability, artistic ability and muscular co-ordination) (Lapan 2004:36). An individual's *background* includes their socio-economic status, job and training opportunities, labour law, physical natural events (e.g. earthquakes), availability and demand for natural resources, technological developments and the education system (Lapan 2004:38).

**Figure 3.5: Social cognitive career theory**



Source: Lent *et al.* (1994)

The second relationship in the social cognitive career theory model (Relationship 2 in Figure 3.5) involves the influence of an individual's learning experiences on both their self-efficacy expectations and their outcome expectations (Lapan 2004:36). According to Sharf (2002:357) and Bandura (1986:391), *self-efficacy* is defined as "people's judgements of their capabilities to organise and accomplish a course of action which is required to attain a certain performance". Sharf (2002:357) notes that the way in which a person views their abilities and capabilities influences their academic and career choices. The self-efficacy expectations of an individual are an ever-changing set of beliefs about themselves, that vary depending on the context of the situation (Sharf 2002:357). *Outcome expectations* refer to an "individual's estimate of what the probability of an outcome would be" (Sharf 2002:358). In the same manner Lent, Brown and Hackett (2002:262) define outcome expectations as "personal beliefs about the consequences or outcomes of performing a particular behaviour". Lent *et al.* (1994) explain that outcome expectations refer to an individual's beliefs about the

consequences of certain actions. Abdolhoseini, Abedi, Baghban and Nilforoshan (2013:514) highlight the fact that outcome expectations include a person's beliefs about extrinsic rewards that are associated with performing a behaviour, and its outcomes.

Lent *et al.* (1994) and Bandura (1986) identify four sources of learning through which self-efficacy expectations and outcome expectations are strengthened or weakened, namely: performance outcomes, learning, social persuasion and states of physiological feedback. According to Bandura (1977), *performance outcomes* (also known as past experiences) are the most important source of learning because they provide the most authentic evidence of whether the individual can muster whatever it takes to succeed. Bandura (1977) further explains that positive and negative experiences can influence the ability of an individual to perform a given task. *Vicarious experience* refers to the ability of an individual to learn through watching other people perform, and in so doing, compare their own competence to that of others (Bandura 1977). Self-efficacy expectations and outcome expectations are also affected by *verbal persuasion* which refers to the encouragement or discouragement that an individual receives regarding their performance or ability to perform (Bandura 1977). Finally, *physiological feedback* refers to an individual experiencing physical sensations (such as anxiety and sweaty palms when talking to a large group of people). Lapan (2004:38) reports that the social cognitive career theory recognises a wide variety of individual criteria such as age, ethnicity and social-economic factors, as playing an important role in shaping the contexts or learning experiences of an individual's self-efficacy and outcome expectations.

The third relationship (Relationship 3 in Figure 3.5) in the social cognitive career theory model involves the influence of self-efficacy and outcome expectations on an individual's interests, goals and actions. Several contextual factors are also seen as influencing this relationship. With regard to the influence of self-efficacy expectations and outcome expectations on interest, Bandura (1986) finds that interests arise from activities that individuals feel they can effectively complete and have a good chance of succeeding in. When taking interests and goals into consideration, an individual's interests are likely to influence their intention to perform certain activities, as well as their goals relating to those activities (Sharf 2002:359). Lapan (2004:37) contends that

certain beliefs are developed in terms of an individual's self-efficacy beliefs that they can achieve the goals set. Goals lead to actions, by which choices influence the actions undertaken so as to achieve the goals (Sharf 2002:361). Finally, contextual or environmental influences determine whether interests become goals and whether these goals eventually lead to action (Zunker 2002:92). In the section to follow a discussion will be presented on the use of prominent career choices in the South African context.

### 3.3.2 CAREER CHOICE THEORIES AND THE SOUTH AFRICAN CONTEXT

Watson and Stead (2002:27) contend that, given South Africa's diverse ethnic population groups, no career choice theories can accurately describe career choice and career development in this country. Therefore, South African researchers on career choice have adapted and used mostly Western-based theories of an ethnocentric nature (Watson & Stead 2002:27) to explain career choice and development among South Africans. According to Watson and Stead (2002:27), Holland's (1973) theory of vocational types and Super's (1990) development of self-concept theory are the theories most often used by South African researchers and career choice practitioners. It is suggested that a need exists for developing a career choice theory that places the emphasis on the community, and in so doing, embraces South African's unique culture and redefines South African contextual factors (Watson & Stead 2002:28). Until the development of such a theory, theories that provide the most integrated framework for including unique context specific variables such as an individual's personal inputs and personal background, should be utilised. The social cognitive career theory is one such theory and is thus seen as particularly relevant to the current study.

### 3.3.3 CAREER CHOICE AND THE FAMILY BUSINESS CONTEXT

Although no literature using a particular career choice theory has been identified in the family business literature, several authors have discussed career intentions and career choice in the context of the family business. According to Zellweger *et al.* (2011:524), growing up in an environment where parents are the managers and owners of a business represents a particular context in which career intentions are formed.



Furthermore, children who are raised in a family business with a transgenerational perspective, are often closely exposed to the challenges and opportunities associated with an entrepreneurial career (Zellweger *et al.* 2011:524). “These family-related early life experiences play a major role in moulding an individual’s beliefs, attitudes, personality and intentions” (Zellweger *et al.* 2011:524). Carr and Sequeira (2007:1090) found that prior family business exposure serves as an important intergenerational influence on entrepreneurial intent. When next generation family members have been exposed to certain career paths through working in the family business, they are more likely to be interested in that career path (Sharma & Irving 2005:24). Adopting a career with which they are familiar with is easier, as it lies within their area of comfort (Sharma & Irving 2005:24). Furthermore, parents who continuously prepare their young family members by providing them with information and allowing them to participate in the family business, are more likely to influence the next generation’s family members in their succession intentions (Schroder, Schmitt-Rodermund & Arnaud 2011:309; Bryant, Zvonkovic & Reynolds 2006).

Next generation family members growing up in a family business context are exposed to career planning that involves balancing their personal career interests with family interests, and with employment opportunities within the family business (Murphy & Lambrechts 2015:33). “How this balancing act between personal career interests and family interests ultimately alters or influences the career paths of the next generation family members is unknown” (Murphy & Lambrechts 2015:33).

Zellweger (2011:524) found that the career choices of next generation family members are restricted by the need to continue and preserve family control over the business. Stalk and Foley (2012:2) contend that some family business owners make their children feel obligated to join the family business. This obligation placed on family members of the next generation may lead to a lack of interest in the family business being exhibited by these family members (Stalk & Foley 2012:2). Sharma and Irving (2005:24) also highlight that next generation family members develop an imperative commitment, where the family member feels bound to the business because of a perception that other career alternatives are not available.

According to Schroder *et al.* (2011:307) and Zellweger *et al.* (2011:525), personality is a major factor influencing the career choice intentions of next generation family business members. Zellweger *et al.* (2011:525) found that students with high levels of independence, openness and innovation motive (personality) are more likely to be potential business founders, while those with low levels of these traits are more likely to become employees. Sharma and Irving (2005) found that aligning an individual's self-identity with that of the family business is vital for the commitment of next generation family members to pursue a career in the family business.

According to Schroder *et al.* (2011:308) and Zellweger *et al.* (2011), gender plays a role in the career choice intentions of next generation family members and traditional gender roles are often present in a family business (Vadnjal & Zupan 2011:24). The work environment in a family business often displays traditional gender roles where women and men are placed in different social and work positions, and have different family responsibilities based on these traditions (Vadnjal & Zupan 2009:161). Gender roles in family businesses are slowly changing – but in instances where a woman chooses a non-traditional role in the family business (for example head of the business) this is when tensions may begin to surface (Vadnjal & Zupan 2009:161). Schroder *et al.* (2011:308) contend that females are at a disadvantage when it comes to being accepted as family business successors and Zellweger *et al.* (2011) found that females have a higher likelihood of choosing employment outside the family business than their male counterparts. The conclusions of Schroder *et al.* (2011:315) are that for girls to become more involved and view family business succession as a career option, parents need to discuss and foster their daughter's interests in self-employment by involving them in the family business.

### **3.4 SUMMARY OF FACTORS INFLUENCING CAREER CHOICE**

The behaviour and career choice theories described in this chapter provide a framework for understanding and identifying the various factors that influence a person's career choice in general, including the choice of entering a family business. These factors are summarised in Table 3.5. Also tabled are the results of several empirical studies, including several family business studies as described in Section 3.3.3.

**Table 3.5: Summary of factors influencing career choice**

FACTOR	DESCRIPTION	THEORY	SUPPORTING EMPIRICAL STUDIES
<b>Observation factors</b>			
Observation	A behaviour that is recorded in a natural setting.	SLT*	<b>Learning through work experience:</b> Shroder <i>et al.</i> (2011); Zellweger <i>et al.</i> (2011); Bryant <i>et al.</i> (2006); Sharma & Irving (2005).
Modelling	Observations a person sees, ideas on new behaviours are formed, on later occasions observations guide for future actions.	SLT	<b>Learning through exposure to desired vocational choice:</b> Vargas-Benitez (2013); Edwards & Quinter (2011:84); Schroder <i>et al.</i> (2011); Zellweger <i>et al.</i> (2011); Bryant <i>et al.</i> (2006); Esters & Bowen (2005:25); Sharma & Irving (2005). <b>Influence of culture:</b> Trauth, Quesenberry & Huang (2008:17).
<b>Cognitive factors</b>			
Mental, emotional and knowledge	Individual goals and levels of anxiety.	SCT*	<b>Personal interests:</b> Stalk & Foley (2012); Murphy & Lambrechts (2015); Edwards & Quinter (2011:83); Agarwala (2008:363); Esters & Bowen (2005:29); Ozbilgin <i>et al.</i> (2004:12).
<b>Self-perception and evaluation factors</b>			
Self-efficacy; Perceived behavioural control; Self-efficacy expectations	The belief (perception) in one's own capabilities to achieve results.	SCT; TPB*; SCT	<b>Self-efficacy:</b> Edwards & Quinter (2011:83); Agarwala (2008:363); Sharma & Irving (2005); Esters & Bowen (2005:29); Ozbilgin <i>et al.</i> (2004:12); Anderson & Betz (2001); Nesdale & Pinter (2000). <b>Individual aptitude, skills and abilities:</b> Zellweger <i>et al.</i> (2011); Agarwala (2008:367); Carr & Sequeira (2007); Ozbilgin <i>et al.</i> (2004:12).
Self-observation	Various factors influence on a person's learning, motivation and self- efficacy.	SCT	<b>Self-observation:</b> Sharf (2002); Zunker (2002)
Self-evaluation and behaviour patterns	Ability to change a behaviour to overcome low self-efficacy, anxiety and create positive environments.	SCT	<b>Self-evaluation:</b> Ambiel & Noronha (2016); Koumoundourou, Kounenou & Siavara (2012), Sharma & Irving (2005); Rojewski & Kim (2003).
Attitude towards the behaviour	A positive or negative evaluation of performing a behaviour.	TRA*; TPB	<b>Attitude towards behaviour:</b> Solikhah (2014); Solesvik, Westhead, Kolvereid, & Matlay (2012); Muofhe & Du Toit (2011); Faulkner, Baggett, Bowen & Bowen (2009); Carr & Sequeira (2007).
Self-concept	The way in which individuals view themselves and their situation.	DST*	<b>Self-concept:</b> Vargas-Benitez (2013); Shumba & Naong (2012).

**Table 3.5: Summary of factors influencing career choice (continued)**

FACTOR	DESCRIPTION	THEORY	SUPPORTING EMPIRICAL STUDIES
<b>Self-perception and evaluation factors</b>			
Outcome expectations	An individual's estimate of what the probability of an outcome would be.	SCT	<b>Financial and non-financial rewards (career expectations; quality of life; employment security; intellectual challenging):</b> Koech <i>et al.</i> (2016:51); Edwards & Quinter (2011); Muraguri (2011); Zellweger <i>et al.</i> (2011); Agarwala (2008); Esters & Bowen (2005); Ozbilgin <i>et al.</i> (2004). <b>Career opportunities through promotion:</b> Sharma (2015:30); Calitz <i>et al.</i> (2013:77); Adya & Kaiser (2005:5). <b>Career opportunities through job availability:</b> Stalk & Foley (2012); Koech <i>et al.</i> (2016:60); Edwards & Quinter (2011:84); Zellweger <i>et al.</i> (2011); Agarwala (2008:367); Sharma & Irving (2005); Ozbilgin <i>et al.</i> (2004:12).
<b>Environmental factors</b>			
Environmental	Personal, social and physical environment.	SCT; TVC*	<b>Economic conditions (e.g. economic stability):</b> Koech <i>et al.</i> (2016:60); Mishkin, Wangrowicz, Dori & Dori (2016); Agarwala (2008:362); Trauth <i>et al.</i> (2008:17); Esters & Bowen (2005:25)
Social environment; Subjective norms; Social-economic	The opinion of people from the social environment regarding an individual's behaviour.	SCT; TRA; TPB; DST*	<b>Subjective norms:</b> Solikhah (2014); Muofhe & Du Toit (2011); Zellweger <i>et al.</i> (2011); Carr & Sequeira (2007).
<b>Personal characteristic and demographic factors</b>			
Personality types	Holland focused on six personality types realistic, investigative, social, conventional, enterprising and artistic.	TVC	<b>Personality:</b> Schroder <i>et al.</i> (2011); Zellweger <i>et al.</i> (2011); Nabi, Holden & Walmsley (2006:378).
Personal inputs	Unique to each individual and includes: predispositions, gender, ethnicity, health.	SCT; DST	<b>Gender:</b> Edwards & Quinter (2011:83); Schroder <i>et al.</i> (2011); Vadjal & Zupan (2011); Zellweger <i>et al.</i> (2011); Trauth <i>et al.</i> (2008:17). <b>Ethnicity:</b> Esters & Bowen (2005:25). <b>Parent's occupation:</b> Zellweger <i>et al.</i> (2011); Jungen (2008:2); Taylor, Harris & Taylor (2004).
Individual's background	Includes an individual's socio-economic status, technological developments and the education system.	SCT	<b>Social-economic status (Family size, level of education, area of residence and parents occupation):</b> Koech <i>et al.</i> (2016:60); Sharma (2015:30); Calitz <i>et al.</i> (2013:77); Edwards & Quinter (2011:84); Agarwala (2008:367); Adya & Kaiser (2005:5); Ozbilgin <i>et al.</i> (2004:12).

\* **Key:** SLT – Social learning theory; SCT – Social cognitive theory; TPB – Theory of planned behaviour; TRA – Theory of reasoned action; DST – Development of self-concept theory; TVC – Theory of vocational choice.

From Table 3.5 it can be seen that there are many factors that influence career choice. These factors have been categorised as observation, cognitive, self-perception and evaluation, environmental, personal characteristics and demographics. Because the focus of this study is on the factors associated with parents who influence career choice, the other factors influencing career choice are not elaborated upon.

A parent's influence on their children's career choice has consistently been found to be the most influential factor (Baksji *et al.* 2012:7). The role of parents in the career choice of their children in general and in the family business context in particular, are discussed in detail in Chapter 4.

### **3.5 SUMMARY**

In Chapter 3, behaviour and career choice theories were discussed. Four prominent behaviour theories (social learning theory, social cognitive theory, the theory of reasoned action and the theory of planned behaviour) were explored. Thereafter, career choice and three categories of career choice theories were discussed, these being person-environment fit theory, developmental theory and social learning theory. Within these categories, Holland's theory of vocational choice (1973), the development of self-concept theory (Super 1990) and the social cognitive career theory (Lent *et al.* 1994) were discussed in detail.

The use of career choice theories in the South African context was addressed and prominent theories were highlighted. Career choice in the family business context was also discussed. The theories on career choice and the factors identified as influencing career choice were then summarised. It is these factors that provide a framework for investigating the factors influencing the career choice intentions of children of family business owners. The development of a framework that focuses on parental influences in particular, forms the basis of Chapter 4.

## **CHAPTER 4**

### **THE INFLUENCE OF PARENTS ON NEXT GENERATION FAMILY MEMBERS' INTENTIONS TO JOIN THE FAMILY BUSINESS**

#### **4.1 INTRODUCTION**

In Chapter 3, several behaviour and career choice theories were described to provide a greater understanding of the factors influencing the decision of NGFMs to join the family business. Based on these theories a summary of factors influencing career choice was presented. The influence of parents on the career choices of their children was specifically highlighted.

In the current chapter, the influence of parents on their children in general, as well as several parental influences on career choice, are discussed. Each of the parental influences identified, namely parent–child relationship, parents' job characteristics, parental financial security, parental job satisfaction, parental identification, parental expectations, parental support and parental style are examined in detail. Additionally, the influence of each of the aforementioned parental influences on NGFMs in a family business context is highlighted.

#### **4.2 THE INFLUENCE OF PARENTS ON THEIR CHILDREN**

Chan (2004:182) defines a parent as the “person entrusted with the process of developing and utilising his/her knowledge and skills appropriate to planning for, creating, giving birth to, rearing and/or providing care for offspring”. According to the South African Schools Act (1996), a parent is defined as “(a) the parent or guardian of the child, (b) the person legally entitled to custody of the child or (c) the person who undertakes to fulfil the obligation of a person referred to in (a) and (b)” (Carnelley 2011:2). A parent can either be a biological (natural) or and an adoptive parent (Giuliani 2012:50). According to the Legal Resource Library (2017), a “biological mother/father is the mother/father who contributed half of the child’s genetic makeup”. However, the biological parent may not be the legal parent, as the legal parent is the mother/father that the law recognises as the parent of the child (Legal Resource Library 2017). An

adoptive parent, on the other hand, is “a person who provides a permanent home to a child or children through a legal process” (Craft 2017:1).

Both biological and adoptive parents have a significant influence on their child’s personality, emotional development and behavioural habits (Erickson 2014; Murphy 2014). “Parents are the provider of a secure foundation for their children’s development and have an influence on their children’s behaviour and attitudes” (Yusuf *et al.* 2014:82; Goodman & Gregg 2010). According to Erickson (2014), children are like “sponges which can be modelled”, therefore everything that a parent does has the potential of being incorporated into a child’s own behaviour. According to Grusec (2014:1) and Pickhardt (2010), children observe their parent’s actions closely, assess their parent’s mannerisms and learn to model their own behaviour on that of their parents. Parents vastly underestimate how closely their children observe them and how their children constantly evaluate their actions and behaviour (Pickhardt 2010). It is therefore important that parents set the right examples for their children and realise that negative examples can be damaging for their child’s development and can lead to bad behaviour (Erickson 2014).

In addition to providing an example for their children, Murphy (2014) makes the point that parents also need to be supportive of their children for the sake of their overall development. Parents can create a supportive environment by providing positive feedback, being available to talk to their children about their emotional reactions to experiences, as well as by being role models of healthy behaviour (Murphy 2014). This support can build a child’s confidence and growth as a person. Children also form attachments in their early formative years with their primary caregivers (parents or guardians) that shape their underlying patterns of thought, feelings and motivation in future adulthood (Yusuf *et al.* 2014:82). Yusuf *et al.* (2014:82) find that “strong parental attachments are significant predictors of self-esteem and life-satisfaction”.

Throughout the course of a person’s life (from childhood to adolescence to young adulthood and beyond), their evaluations of their parents changes (Pickhardt 2010). For example, children tend to idealise their parents, adolescents tend to criticise their parents, and young adults tend to rationalise the parenting that have received (Pickhardt 2010). This understanding of the way a young child evaluates their parent

is important because career choice decisions are usually made during high school when a person is between the ages of 15 and 18 years (Ausman *et al.* 2013:15). This is the time when academic programmes usually require students to choose subjects based on their future career and academic goals (Ausman *et al.* 2013:15). Students at this young age are susceptible to influences relating to their future career choice, primarily by their parents (Ausman *et al.* 2013:15).

Career development is a process that begins during childhood, therefore one's family plays a crucial role (Palos & Drobot 2010:3407). According to Udoh (2012:498), the family is the social group that has direct contact with a child and therefore influences both the individual personality and the vocational interests of that child. Palos and Drobot (2010:3407) find that family relationships, family structure, family values and attitudes, and family roles, play a vital part in developing the behavioural foundations of children and ultimately their career choice. Udoh (2012:498) reports a positive relationship between a child's early life experiences and their occupational choices. Most of the early years of a child's life are spent at home with their family; therefore, their family is regarded as their reference group, with their parents being significant persons (Udoh 2012:498). A parent's influence on their children is critical as children often look to their parents either as role models for specific careers, or for career advice (Williams 2015). Therefore, this study focuses on the influence that parents have on their children's career choice.

#### **4.3 PARENTAL INFLUENCES ON CAREER CHOICE**

Children of working parents often observe their parents discussing issues relating to their occupations. It is these observations that lead to one of the most important perceptions acquired by children from their parents, namely what it means to have and be in a career (Galinsky 2001). Several authors (Koech, Bitok, Rutto, Koech, Okoth, Korir & Ngala 2016:56; Taskinen *et al.* 2014:104; Ausman *et al.* 2013:18; Shumba & Naong 2012:170; Schroder *et al.* 2011:308) agree on the important role that parents play in the career choices of their children.

As described in the previous chapter, Lent *et al.* (1994) developed the most widely recognised and extensively used theory in career choice: the social cognitive career



theory (Mueller, Hall & Miro 2015:142; Wong & Liu 2010:84). The social cognitive career theory focuses on cognitive-person variables (self-efficacy, outcome expectations, interest and goals) and how these variables interact with an individual's personal factors (gender, ethnicity and social supports), as well as with prior learning, to shape the course of a person's career development (Mueller *et al.* 2015:142; Wong & Liu 2010:84; Lent *et al.* 1994:83). Wong and Liu (2010:84), as well as Lent *et al.* (1994) articulate the importance of contextual influencing factors on children's career choices and divide these factors into two groups, namely distal influences (more distant but help shape person's interests) and proximal influences (in direct contact with person and play a critical role). Parental influences, which are the main family influences, are both distal and proximal cognitive influences and exert a significant effect on a child's career choices (Wong & Liu 2010:84).

According to Lent and Brown (2006), proximal influences are a set of influences that are seen as intermediate outcomes in that they reflect the effects of a more distal set of influences. Furthermore, proximal influences "are not merely passive mechanical reflections of prior influences, rather, they represent active constructions or processes that can, themselves, affect key career outcomes, like choice actions and performance attainments" (Lent & Brown 2006). Menon (2017:173) explains that proximal influences are the process variables and include parenting practices and parent-child interactions.

Distal influences "are influences that are more distant from the decision point which may shape learning experiences, social cognition and cultural socialization" (Kee 2013:28). Menon (2017:173) notes that a person's distal influences can include their family or cultural context, their socio-economic status and their ethnicity. Lent *et al.* (1994) found that distal influences precede and help shape a person's interests and self-awareness. In a later study, Lent *et al.* (2000) found that the proximal set of influences have more predictive powers for career choice outcomes than the more distal set of influences. Parental influences are powerful contextual influences that mediate the relationship between interests and goals, between goals and actions, and between actions and accomplishments (Lent *et al.* 1994).

Parents have the ability to influence their children's career choices intentionally and unintentionally (Williams 2015). A parent can positively influence their child's career choice intentionally by providing them with financial, emotional and instrumental support (Wong & Liu 2010:84). Conversely, parents can negatively influence their child's career choice intentionally through discrimination and by disapproving of their child's intended career path (Wong & Liu 2010:84).

Unintentional influences on the child's career choice come predominantly from the parents' status in social and economic terms (Wong & Liu 2010:85; Maher & Kroska 2002). "Parents' socioeconomic status variables usually interact with their proximal variables to influence the development of their child's career choice" (Wong & Liu 2010:85). Socio-economic status variables include a parent's education, which may impact on the beliefs and behaviours of their children (Wong & Liu 2010:85). These beliefs and behaviours could relate to the educational opportunities available to them as well as to their beliefs about whether they will be successful in their chosen career (Wong & Liu 2010:85; Brown 2002). Most parents do not, however, realise the influence that they have on the career choices of their children (Kniventon 2004; Taylor *et al.* 2004).

Whether proximal or distal, intentional or unintentional, parents influence the career choices of their children in several ways. For the purpose of this study these influences are categorised as those relating to the parent-child relationship, parents as occupational role models, parental ambitions, parental support and parental style. Each of these selected parental influences will be discussed in the paragraphs that follow.

#### 4.3.1 PARENT-CHILD RELATIONSHIP

Several authors (for example Sudhakar & Nellaiyapen 2016:339; Singh 2012) define the parent-child relationship as "a combination of behaviours, feelings and expectations that are unique to a particular parent and a particular child". Kuczynski (2003:8) considers the parent-child relationship to be a special type of relationship where both the parent and the child are closely interdependent in terms of goals, emotions and needs. Furthermore, a parent-child relationship is developed through a

multitude of interactions that the parent and child experience (Podjarny 2007:6). According to Qu, Fuligni, Galvan and Telzer (2015:26), a positive parent–child relationship involves considerable parental support, and open communication and disclosure from the child to the parent. A positive parent–child relationship has been found to decrease problem behaviour in the child, lower the rates of parent–child conflict and improve the quality of family relationships (Qu *et al.* 2015:26). A negative parent–child relationship is characterised by antisocial and deviant behaviour by the child, on one hand, and by harsh discipline, rejection and negative parental practices by the mother or father, on the other (Lott 2009:2).

When children are under the age of 18, the relationship between them and their parents is generally guided by legal and social boundaries (Fingerman, Chen, Hay, Cichy & Lefkowitz 2006). According to Hoghughi and Long (2004:8), such boundaries involve setting and enforcing control (monitoring) that is appropriate to age and culture. For example, for a child, behaviours such as toilet training and going to school are unnegotiable, while other behaviours such as learning table manners are regulated and enforced less uniformly (Hoghughi & Long 2004:8). According to Fingerman *et al.* (2006), as well as Connidis and McMullin (2002), when a child reaches the age of 18, ambivalence in the form of conflicting emotions and cognitions may develop when the social boundaries of the relationship are removed (Fingerman *et al.* 2006; Connidis & McMullin 2002).

According to Melin *et al.* (2014:128), the parent–offspring relationship creates an instinct that ensures that parents love and nurture their children. Mercer (2005) finds that if the parent has bonded with the child, the child will experience a similar intimate attachment to the parent. However, parent–offspring conflict can occur even if there is a strong bond between them when parents have different preferences to those of their children (Melin *et al.* 2014:128).

Previous research studies (Tracey, Lent, Brown, Soresi & Nota 2006; Hargrove, Inman & Crane 2005; Vignoli, Croity-Belz, Chapeland, De Fillipis & Garcia 2005; Guay, Senecal, Gauthier & Fernet 2003; Lim & Loo 2003; Ryan, Solberg & Brown 1996) have been undertaken to characterise the parent–child relationship, and found that aspects such as individualism, attachment, parenting styles and family climate influence the

relationship. It has been established that having a secure attachment style, individualism in the parent–child relationship and an authoritarian parenting style increases career exploration activities, higher career self-efficacy and develop vocational identity (Tracey *et al.* 2006; Hargrove *et al.* 2005; Vignoli *et al.* 2005; Guay *et al.* 2003; Lim & Loo 2003; Ryan *et al.* 1996). Conversely, family conflict has been reported to be negatively associated with career self-efficacy and career development (Hargrove *et al.* 2005).

According to Palos and Drobot (2010:3408), the nature of the relationship and interaction between a parent and a child establishes the foundation of a child's career-exploring process. The quality of the parent–child relationship, the support offered by parents, the level of trust and the openness of communication, all influence a child's career aspirations and ultimately the child's career choice (Palos & Drobot 2010:3408). Furthermore, Tziner, Loberman, Dekel and Sharoni (2012:100) report that the stronger the parent–child relationship, the more willing the child would be to take on career advice from the parent. They also indicate that when the child's opinion is valued by the parent, the likelihood that the child will be receptive to the parent's ideas, and potentially be willing to look at going into the same profession as their parents, is greater (Tziner *et al.* 2012:100).

According to Houshmand, Seidel and Ma (2017:2), the impact on an individual's relationships become more complex when the work context involves the family business, as family relationships are affected by the overlap between family and work. De Massis *et al.* (2008:188) recognise the pivotal role that relationships play in family businesses and report that a high quality of parent–child relationship is essential for a successful succession to the next generation. In addition, an important result of working in a family business is the mark that it leaves on the type of relationship a person develops with their parents (Houshmand *et al.* 2017:3).

A parent–child relationship built on trust and mutual respect enables the transfer of knowledge and social capital from one generation to the next (Melin *et al.* 2014:254). According to Melin *et al.* (2014:132), the parent–child relationship must be monitored for conflict, as there are generic sources of conflict within family businesses. These sources include favouritism (caused by rivalries and competition) between the parent

and the child (Melin *et al.* 2014:132), and parents who do not want to let go of the power and ownership of the family business, which may result in the parents being jealous as a consequence of their own personal limitations (Wang, Watkins & Harris 2004:62). Sharma, Chrisman and Chua (2003) contend that initiating the succession process will result in the incumbent confronting the reality of a significant life change that may cause the incumbent to be reluctant to step aside. In addition, family business succession might be at risk if the potential successor does not want to be part of a family business where conflictual relationships exist (De Massis *et al.* 2008:188; Venter *et al.* 2005; Brockhaus 2004; Le Breton-Miller, Miller & Steier 2004).

#### 4.3.2 PARENTS AS OCCUPATIONAL ROLE MODELS

A role model can be defined as a “cognitive construct based on the attributes of people in social roles an individual perceives to be similar to him or herself to some extent and desires to increase perceived similarity by emulating those attributes” (Gibson 2004:136). Similarly, Mileders, Schmidt and Dimai (2014:1) define a role model as “an individual whom people can identify with as he or she may have qualities which other individuals may aspire to have, or they may be in a position which others may want to reach”.

An individual can be influenced by cues (such as role models) provided by others in their immediate external environment (Shepherd, Patzelt & Haynie 2010:68). A person who is inspired by and identifies with an outstanding role model can become driven to pursue similar achievements and careers as their role model (Muofhe & Du Toit 2011:5). Career choice literature identifies role models as being critical in improving career engagement, and providing encouragement to students who are becoming qualified medical practitioners (Peters, Ryan, Toppin, Leigh & Lucas 2014:2). Peters *et al.* (2014:2) further indicate that both men and women can be equally effective as role models, and that having a quality role model who provides support and encouragement is what actually matters, rather than the gender of the role model. Several studies have investigated the influence of role models on career choice. Perrone (2001) and later Gavo (2014), found that having a supportive role model influenced the career choice of university students. Jenkins and Jeske (2015:1) in their study of psychology high school and undergraduate students in England and America

found similarly that students with role models had greater support than those without role models. While Peters *et al.* (2014) conclude that both men and women can be equally effective as role models, Gavo (2014) and Perrone (2001) found that the large majority of students selected role models of the same gender as themselves.

When parents are perceived as positive and successful role models, children are likely to imitate their parents (Brennan *et al.* 2003). According to the theory of social learning (Bandura 1977), a great deal of importance is placed on observing and modelling the attitudes, behaviours and emotional reactions of others. Williams (2015) supports this, and suggests that children often look to their parents as occupational role models. In Perrone's 2001 study, mothers were found to have the greatest influence during a child's high school years and fathers were most influential in college concerning career decision-making.

According to Muofhe and Du toit (2011:5) and Boissin, Branchet, Delanoe and Velo (2009:4), the family, and more specifically parents, play the most important role in influencing and establishing the desire and credibility of an entrepreneurial career. Several studies (Garba, Kabir & Nalado 2014; Mathews, Schenkel & Hechavarria 2009; Fairlie & Robb, 2004) have established that a strong relationship exists between the presence of a parental role model and the decision to become an entrepreneur. The implication of this is that by identifying with a successful role model who owns or runs a business, a person may be inspired to start and run their own business successfully (Muofhe & Du Toit 2011:5). Having role models is a significant factor in wanting to start a business; the experience of having self-employed parents can help develop and nurture a child's desire to start their own business (Fatoki 2014:158). Fayolle, Gailly and Lassas-Clerc (2006) suggest that the intentions to start a business are stronger when the degree of self-efficacy grows in response to the presence of entrepreneurial role models, and when the influence comes from parents who are the person's role model. Furthermore, individuals who perceive an entrepreneurial parent as successful, are more likely to express a preference for an entrepreneurial career than individuals who have not had such a parental role model (Muofhe & Du Toit 2011:5; Brennan *et al.* 2003).

Entrepreneurship literature (Zellweger *et al.* 2011:5) suggests that the experiences which a person has within the family business, together with the presence of parents as role models, may be major sources of entrepreneurial self-efficacy. Furthermore, Zellweger *et al.* (2011:525) emphasise that the strength of an individual's belief that they are capable of successfully performing the roles and tasks of an entrepreneur are influenced by their experiences in the family business and from having parents as role models. Fatoki (2014:158) reasons that parents serve as positive role models, therefore children from business families should be more motivated to start their own business than children without a family business background. This motivation could be the result of “family support in terms of resources needed to start a business, [and] learning effects, or strengthened perceptions about mastery of the challenges related to an entrepreneurial career” (Fatoki 2014:158). Bagheri and Pihie (2010) recognise that “growing up in a family where parents establish and run a family business provides an inspiring and supportive environment and the necessary information and resources to start a business”.

#### 4.3.2.1 Parents' job characteristics

It is well documented in career choice literature that the characteristics of a job are important influences on career choice, in particular when it comes to matching an individual's personality to a specific job's characteristics (Venable 2011). Venable (2011) specifically identifies Holland's career typology (as discussed in Chapter 3) as the career choice theory that is widely used to connect personality types and job characteristics to a person choosing a specific career field. Bates (2015:68) defines job characteristics as the “attributes of a job including skills, knowledge and abilities to do a job, along with the type of interests and personality that might go well with job performance”, while the definition proposed by Chang, Hwang, Liu and Siang (2007:24) is the attributes or factors relevant to a specific job, such as job contents or conditions, including remuneration, career development, interpersonal relationships and welfare.

Several studies (Korir 2012:83; Edwards & Quinter 2011: 81; McQuaid & Bond 2003:8) investigating career choice among students in general have found that a student's perception of being suited to a particular job is influenced by the characteristics of that

job. In their study of Scottish students, McQuaid and Bond (2003:9) found significant differences between male and female students concerning the importance they attach to specific job characteristics. Female students rated “helping others”, “dealing with the public” and “allows you to work flexible hours” as more important job characteristics than male students (McQuaid & Bond 2003:9). In contrast, male students rated “earn a lot of money”, “working with technology”, “means you can live locally”, “involves a lot of travel”, “working outdoors”, “being creative” and “good promotion prospects” as the most important job characteristics that they would look for when choosing a career (McQuaid & Bond 2003:9).

London (2009) conducted a study with students in New York to investigate the job characteristics that generation Y (individuals born between 1979 and 2001) were looking for in a career. London (2009) found that generation Y students were looking for a good salary, job security, type of work, advancement opportunity and benefits.

Bates (2015:68) investigated the career choices of young adults and found a correlation between the characteristics of their parents’ jobs and the characteristics of the jobs children expressed an interest in pursuing. Furthermore, Bates (2015:68) mentions that there must be a high quality parent–child relationship (see section 4.3.1) for there to be a correlation between the characteristics of parent’s job and an interest from their children in pursuing those jobs. Schneider and Waite (2005:438) found a link between parents’ job characteristics and teenagers’ expressed preferences for a job when they grew up. However, it was found that this correlation was only true for the association between fathers’ job characteristics and youths’ desire to hold a job like their father (Schneider & Waite 2005:438). Haase and Lautenschlager (2011:4) investigated the career choice motivations of German university students and found that jobs held by parents that offered job security, high wages, career and training opportunities and social contributions were more attractive to the students.

In the family business context, students with a family business background come from a particular family context that moulds and shapes their future career intentions (Zellweger *et al.* 2011:524). When joining the family business, children have to deal with a business context that is often characterised by legacy concerns, person-dependent governance structures and owner-centric organisational cultures



(Zellweger *et al.* 2011:524). Therefore, there is normally an expectation that the child will have a succession intention to assume a leadership role in their parents' business (Zellweger *et al.* 2011:524). Several authors (Schroder *et al.* 2011:308; Porfeli, Wang & Hartung 2008; Kalil, Levine & Ziol-Guest 2005) found that children's work orientations are strongly influenced by their parents' work experiences and emotions in the family business. In a recent study, Houshmand *et al.* (2017:4) discovered that when adolescents work in the family business and can closely observe the characteristics of their parents' work, the work that interests and challenges their parents can lead to positive associations in their children. Schroder *et al.* (2011:308) and Kalil *et al.* (2005) found that a father's job characteristics in terms of having autonomy and job complexity are linked to the preferences of teenage boys and girls for choosing a job like that of their parents. Schroder *et al.* (2011:309) conclude that "in the family business context, adolescents who perceive their fathers' work in the family business as positive and rewarding are more likely to follow in their parents' footsteps".

#### 4.3.2.2 Parental financial security

According to Arffa (2001:15), financial security refers to "the absence of great concern about having enough income to meet your family's needs, being wealthy enough to retire in comfort, and being able to protect your family in the event of your premature death". Jessop, Walker and Aune (2012:8) define financial security as "a deep rooted emotion that gives people a psychological hall pass saying, I am going to be okay". Doniger (2011:122), however, confirms that there is no universally accepted definition of financial security.

Several studies (Baines 2009; Stebleton 2007; Leppel, Williams & Waldauer 2001) report that existing and potential future financial security influences career choice. Leppel *et al.* (2001:375) found that students who grow up in less affluent households, lacking financial security, are more likely to choose a career path to lead to better job opportunities and provide greater financial security for them in the future. Baines (2009:10) found that in Asian cultures, individuals are more likely to pursue careers that offer status and financial security, such as science and professional careers. Other studies (Baines 2009:12; Stebleton 2007:296) have found that people from African

cultures also value status and financial security when making career choices, but priority is placed on the ability of their career choice (for example, social work) to allow them to give something back to their communities. In a study among Moroccan dental students focusing on motivational factors influencing career choice, it was found that far greater importance was placed on income and financial security than on factors such as helping others (Bourzgui, Abidine, Serhier, Diouny & Othmani 2014:390).

If the occupation of a child's parent(s) provides a comfortable lifestyle for the child and the parents, children will acknowledge these benefits and may favour the careers of their parents over other careers (Williams 2015). Al Subait, Ali, Andijani, Altuwaijry, Algarni, Alduhaimi, Alotaibi and Metwally (2016:75) investigated the factors influencing the career choices of medical students in Saudi Arabia and found that the financial security of parents influences their children's career choice. However, if a child hears their parents complaining about their occupations, or sees their parents struggling to support the family on their income, the child is more likely to seek an alternative career (Williams 2015). Furthermore, according to Shumba and Naong (2012:169), as well as Ngesi (2003), when parents provide a poor financial base for their children, it will deter the children from making certain career choices, especially those that require expensive educational qualifications, such as medical and science-based careers. Similarly, when parents are not financially secure, children tend to avoid careers which appear to require long periods of training which cannot be financially supported by their parents (Ngesi 2003).

According to Prior (2012:80) and Venter *et al.* (2005:283), one of the factors influencing successful succession in family businesses is the expected rewards, including financial security, that one could potentially receive by joining the family business. Similarly, Garcia *et al.* (2018:14) note that next generation family members may engage in family business activities because of the financial costs associated with non-engagement.

Boissin *et al.* (2009:20) found that students who are next generational family members develop beliefs and perceptions of the demands and rewards associated with a career in the family business, and that these beliefs are anchored in their minds from an early age. In addition to financial security motivating the next generation family members to

join the family business, the financial security of senior family business members also provides opportunities for the next generation (Boissin *et al.* 2009:20). Ali, Ahsan and Dziegielewski (2017:4) assert that if senior family members are financially secure through their involvement in the family business, the next generation is likely to be given opportunities as a result of the financial resources of the family business (for example next generation going to study after school). These opportunities are often provided to the next generation in the hope that they will join the family business and maintain the financial security of both the business and the family into the future (Ali *et al.* 2017:4).

#### 4.3.2.3 Parental job satisfaction

Job satisfaction is defined as the “attitudinal evaluative judgment of one’s job or job experiences” (Sieger, Bernard & Frey 2011:80; Ilies, Wilson & Wagner, 2009). Job satisfaction is about asking a person the question: “How do you evaluate your job?” (Van Dyne & Pierce 2004:444). Job satisfaction is focused on the internal needs of a person, for example, does the individual feel that what they do in their job is recognised and do they have a feeling of accomplishment (Zaidi & Iqbal 2012:3385). Furthermore, job satisfaction is a result of a person’s perception of how well their job provides for that which is viewed as important to the organisation in which they work (Zaidi & Iqbal 2012:3385).

Parents influence the career choices of their children by the way in which they talk about their work at home, their overall work satisfaction and the pride they have in their work (Sharf 2002:168). Children of working parents hear and observe their parents talking about their work (Sharf 2002:168). From this, children acquire knowledge, values, perceptions and aspirations relating to their parents’ occupation (Sharf 2002:168). Career choice literature suggests that through observing the job satisfaction of their parents, children develop beliefs and attitudes towards work (Gacheru 2007:20). Mungai and Velamuri (2011:339) and Gacheru (2007:20) found that from primary school, children become aware of the job satisfaction experienced by their parents and begin to develop their own positive or negative work attitudes based on this. Carr and Sequeira (2007:1092) report from their findings that parental

work experiences have a significant effect on children and these effects have the ability to determine children's behaviours, norms and expectations in the future.

According to Alphonse (2016:4), a child's perceptions of whether their parents are happy in their job or not, influences their future career choices. If a parent's job gives the parent great satisfaction, their children will see the benefits of this from an early age and may favour their parent's career over others (Alphonse 2016:4). However, if parents complain about their jobs on a continuous basis, their children are more likely to seek other and more fulfilling careers (Alphonse 2016:4). Similarly Williams (2015) contends that if the occupation of a child's parents provides them with positive satisfaction, the child will acknowledge these benefits and may favour the parents' careers over other possibilities. Very few studies could be found, in the family business context, on parents' job satisfaction. One such study was that of Schroder *et al.* (2011:309), highlighting that in the family business context, adolescents have relatively accurate impressions of their parents' "work-related affect (job satisfaction)" and that these impressions are significantly linked to the adolescents' respect for their parents' jobs.

#### 4.3.2.4 Parental identification

Reinelt and Roach (2010:405) define parental identification as "a psychological process whereby a child assimilates an aspect, property or attribute of a parent and is transformed, wholly or partially, by the model the parent provides." Newman and Newman (2017:262) found that there are four motives for parental identification. The first motive is the "fear of loss of love" which refers to a child behaving like a parent to ensure a continued positive love relationship (Newman & Newman 2017:262). Second is the "identification with the aggressor", in which a child behaves like a parent in order to protect themselves from parents' anger (Newman & Newman 2017:262). Third, the "identification to satisfy needs for power" means that a child behaves like a parent to achieve the feeling and sense of power associated with the parent (Newman & Newman 2017:262). The final motive is that of "identification to increase perceived similarity", when a child behaves like a parent to increase the perceived similarity to the parent and therefore share in the parent's positive attributes (Newman & Newman 2017:262). According to Wildmann (2016:7), parental identification is strongly linked to

Bandura's social learning theory (see discussion in Chapter 3), which highlights that children are heavily influenced by parental models that they perceive as similar to themselves.

Connell and Goodman (2002) found that same-sex parents have a greater influence on their children than parents of the opposite sex, in terms of both positive and negative influences. Thomas, Brigham, Weigert and Winston (2012) found that boys show greater identification with their fathers, and found partial support for girls showing greater identification with their mothers during adolescence. However, in Wildmann's (2016:2) study, adolescent identification with a parent of the same gender (mother–daughter or father–son) was found to be less impactful than expected and more influenced by factors such as stress, culture and socio-economic status. Jungen (2008:1) found that children as young as five years old begin to identify with their parents' occupation as soon as they can pronounce their job title.

Few studies on parents' identification have been undertaken in the family business context. Drawing from social identity theory, a person (actor) actively shapes their identity through the adoption of new roles (being a daughter, stakeholder, potential successor) and group membership (Whetten, Foreman & Dyer 2014:481). In the family business context, an individual may identify with the family business that their parents are involved in (Schroder *et al.* 2011:308). The founder of the business, who is usually the parent of the next generation family member, often shapes the family business's identity (Whetten *et al.* 2014:481). The family business identity is then passed down from one generation to the next, as other family members begin to own and manage the family business along with the founder. Gracia *et al.* (2018:4) suggest that next generation family members who join their family businesses based on strong identification with the firm, perform well and enjoy a fulfilling career.

#### 4.3.2.5 Parental expectations

According to Isaac and Mopelola (2014:46), as well as Taylor *et al.* (2004), parents want their children to be successful in life and parents in particular play a significant role in the occupational aspirations and the career goal development of their children. Parental expectations are defined as the “realistic beliefs or judgements that parents

have about their children's future achievements" (Yamamoto & Holloway 2010:191; Glick & White 2004; Goldberg, Gallimore, Reese & Garnier 2001). "Parental expectations are based on an assessment of a child's academic capabilities as well as the available resources for supporting a given level of achievement" (Yamamoto & Holloway 2010:191). Parental expectations can be determined by asking parents how far they think their child will go in a career or profession (Yamamoto & Holloway 2010:191). "Parental expectations may affect a student's academic achievement at university or school through conveying messages about their child's abilities and capabilities which in turn enhance students' beliefs and sense of self-efficacy about their academic ability" (Yamamoto & Holloway 2010:203).

According to Kumar (2016:23), a student's perception of their parents' expectations of them may contribute significantly to career choice. Jungen (2008:11) and Taylor *et al.* (2004:2) highlight the importance of parental expectations and claim that without parental approval, children will be reluctant to pursue or even explore certain career options. Parents however may want their children to follow a particular path that is best for the parent's future prosperity while their children may have a completely different view on what their future holds (Melin *et al.* 2014:128).

In a study among young adults, Jacobs, Chin and Bleeker (2006) found that parental expectations have an influence on young adults' career decisions, in particular the expectations of what fathers have for their daughters. The studies of Kumar (2016:23) and Whiston and Keller (2004:612) investigated students' career choice and found that parental expectations have a stronger influence than socio-economic status. Kumar (2016:23) found empirical evidence that students' perception of parental expectations may contribute significantly to career choice. According to Rani (2014:21), "adolescents' own aspirations are influenced by their parents' expectations of them and adolescents who perceive their parents to have high educational expectations of them are likely to have higher aspirations for themselves". In the same manner, Taylor *et al.* (2004:2) conducted a study with adolescents and found that if their parents have high educational expectations for them, adolescents are likely to have higher aspirations for themselves. Furthermore, it was found that parents' expectations and children's aspirations about their future career are more compatible than incompatible (Taylor *et al.* 2004:2).

In family business literature, parental expectations are centred on the children of family business owners taking over the family business (Yang *et al.* 2013:533). Culture has the potential to play a role in these expectations. Vera and Dean (2005: 326) conducted research with family businesses in the USA and observed a preference for the oldest son to become the successor in the family business. However, Vera and Dean (2005:321) is of the opinion that the decision to choose the oldest son to take over the family business is becoming less prominent. Yan and Sorenson (2006:238) investigated the effects of Chinese culture on succession in family business and found that among siblings, younger children are expected to be respectful and submissive to older siblings while older children are expected to be submissive and kind to their younger siblings. Therefore, it is expected that the oldest son becomes the decision-maker and the successor to the family and the business when the father dies (Yan & Sorenson 2006:247). It is important to note the work of Perricone, Earle and Taplin (2001:109) who affirm that the fewer parental expectations placed on the first-born child (especially sons), the more enthusiastic the contributions of the next generational family member will be.

In family businesses, children may develop their own interests, which are different to those of their parents (Melin *et al.* 2014:128). This difference may result in a tug-of-war between parents wanting to control their child, and children's desire to follow their own interests and have autonomy (Melin *et al.* 2014:128). Therefore, early management of both children's and parents' expectations (informing the next generation family member that they will take over after a predetermined period) assists in preparing the next generation family member and improves successional willingness (Yang *et al.* 2013:533). Venter *et al.* (2005:283) investigated successor willingness to succeed in the family business and found that several factors influenced willingness to take over the business, namely the proposed rewards, preparation level of the successor and the relationship between the business owner and the successor. Prior (2012:58) found that the more willing the successor was to become involved in the business, the greater the passion and desire for succeeding in the family business. If the family holds a high expectation that succession will occur in the family business, the successor will take it seriously and so the succession intention will be high (Liu, Wang, Li & Tang 2013:379).

Next generation family members that grow up in a family business context are exposed to career planning that involves balancing their personal career interests with family interests, and with employment opportunities within the family business (Murphy & Lambrechts 2015:33). Information on how this balancing act between personal career interests and family interests ultimately alters or influences the career paths of the next generation family members, is limited (Murphy & Lambrechts 2015:33). Zellweger (2011:524) found that the career choices of next generation family members are restricted by the need to continue and preserve family control over the business.

Stalk and Foley (2012:2) found that some family business owners make their children feel obligated to join the family business. Similarly, results from the study of Garcia *et al.* (2018:13) indicate that parents' expectations significantly predict next generation family members' sense of obligation to remain in the family business. Sharma and Irving (2005:24) also stress that next generation family members develop an imperative commitment, where the family member feels bound to the business because of a perception that other career alternatives are not available. Such an obligation placed on next generation family members may lead to a lack of interest in the family business exhibited by these family members (Stalk & Foley 2012:2). Garcia *et al.* (2018:18) and Dawson, Irving, Sharma, Chirco and Marcus (2014:3) make the point that having a sense of obligation to the family firm is not necessarily negative, as the person may feel a sense of satisfaction if the expectations of their parents are met, and in so doing, can maintain positive relations with the parents. Furthermore, Garcia *et al.* (2018:4) contend that a next generation family member's performance in the family business is strong when there is a perceived family obligation that drives them to join the family business. The authors of that study explain that a parent's expectations can serve as a strong binding force for the next generation family members, which in turn positively affects their performance in the business.

#### 4.3.2.6 Parental support

Parental support is a major factor in an individual's development (Miles 2015:3), however, this factor has rarely been researched in relation to social cognitive career theory constructs (Miles 2015:3; Scott & Mallinckrodt 2005:263; Ferry, Fouad & Smith 2000:348). Ordóñez (2009:1) defines parental support as "the combination of



expressive, instrumental, actual and perceived forms of assistance provided to an individual” by their parents. Parental support is a major determining factor in the positive development of a child’s knowledge, attitudes, practices and habits (DuBois 2010).

According to Isaac and Mopelola (2014:46), without parental support, students and young adults are often reluctant to pursue, or even explore diverse career possibilities. “Parents are the primary providers of both career-related instrumental and socio-emotional support due to their direct interaction and involvement in their children's career development” (Garcia, Restubog, Bordia, & Roxas 2015:12; Turner & Lapan, 2002). In addition, adolescents view their parents with high regard and consider them as providers of valuable guidance and advice (Garcia *et al.* 2015:12). The most important parent behaviours that influence adolescents’ career development include having loving and supportive parents (with parents telling their children that they value and are interested in their opinions) (Isaac & Mopelola 2014:46). Having supportive parents seems to be more important for middle school students than receiving specific career-related action behaviours (such as giving adolescents written material about specific careers) (Isaac & Mopelola 2014:46). Isaac and Mopelola (2014:46) further explain that when students feel supported and loved by their parents, they have more confidence in their own ability to find career information and to choose a career that would be interesting and exciting. Ongoing parental support is likely to function as a protective mechanism against high-risk behaviours and increases an adolescent’s autonomy (Parker 2000:2).

In a study that investigated the career choice of adolescents, it was found that through both verbal and non-verbal means, parents conveyed their support or lack thereof to their children (Rani 2014:21; Bhattacharya 2013:16). These conversations and reactions affected what children thought, said and perceived about various careers, and ultimately influenced their attitudes and behaviours towards certain careers (Rani 2014:21; Bhattacharya 2013:16). Joseph (2012:133) found that a mother was the parent who provided the most support during the formative years, while in the years that followed, the involvement of fathers in choosing a major and a career was greater.

In family business literature, Ali *et al.* (2017:4) explain that when the child of a senior member of the family business is making a career choice, the senior family member needs to support this decision financially. Furthermore, such financial support often makes use of the resources of the family business (Ali *et al.* 2017:4). Bjornberg and Nicholson (2012:10) advise that non-financial support should also be given to next generation family members. According to Garcia *et al.* (2018:13), parental support can be in the form of both verbal encouragement and emotional support. Both of these can convey trust in the successor's capabilities by the parents. Similarly, Bjornberg and Nicholson (2012:10) found that family businesses seek to provide support for the next generation family member through encouragement and through the passing down of knowledge gained in the family business.

Parents who continuously support and prepare their young family members by providing them with knowledge and allowing them to participate in the family business, are more likely to influence the next generation family members' succession intentions (Schroder *et al.* 2011:309; Bryant *et al.* 2006). Parental support has also been found to increase next generation family members' commitment towards the family business (Garcia *et al.* 2018:13). Furthermore, parental support promotes positive attitudes about the family business, which is seen to align the individual with the family business, as opposed to having feelings of entrapment (Garcia *et al.* 2018:14).

#### 4.3.2.7 Parental style

According to Mandara (2006), the parenting style adopted by parents has an enormous impact on children's attitude, academic achievement and career choice. Parental style is the "constellation of attitudes towards the child that are communicated to the child and that, taken together, create an emotional climate in which the parent's behaviours are expressed" (Bao 2001:18). Zahedani, Rezaee, Yazdani, Bagheri and Nabeiei (2016:131) define parenting styles as "a set or a system of behaviours that describes the parent and child interactions over a wide range of situations and creates an effective interaction atmosphere". Furthermore, the parental style provides the context through which the parents direct parenting practices to children and gradually reach their parental goals and values (Bao 2001:18).

Parenting style affects a child's development and has been the focus of much research in both the fields of psychology and sociology since the 1960s (Bao 2001:19). Zahedani *et al.* (2016:131) affirm that parenting style serves multiple purposes, namely as moral and psychological training, as the identification, growth and development of a child's talents and skills; and in familiarising the child with the rules and norms of the society.

Several authors (Rani 2014:20; Bibi, Chaudhry, Awan & Tariq 2013:91; Mensah & Kuranchie 2013:124 Bao 2001:23) explore various typologies of parenting styles which have been used and developed in literature; of these, the most comprehensive and widely accepted is that of Baumrind (1991). Baumrind (1991) suggests that the majority of parents display one of three parenting styles: authoritarian, authoritative or permissive. *Authoritarian* parents try to shape, control and evaluate the behaviour and attitudes of their child in accordance with a set of standards of conduct (Baumrind 1991). Obedience is very important and punishment is used to curb self-will (Rani 2014:20; Mensah & Kuranchie 2013:124). When the child expresses actions or beliefs that are contrary to those valued by the parents the child will be punished for these actions or beliefs (Rani 2014:20; Mensah & Kuranchie 2013:125). This type of parenting style prioritises the respect of authority, respect for work and the maintenance of order and traditional structures (Rani 2014:20; Mensah & Kuranchie 2013:125).

The *authoritative* parenting style balances high expectations with emotional support and recognition of a child's autonomy (Mensah & Kuranchie 2013:124). The authoritative parent tries to direct the child but does so in a rational manner (Baumrind 1991). A parent with an authoritative parenting style encourage give-and-take and shares the reasoning behind parental rules (Mensah & Kuranchie 2013:124). This parenting style is much more democratic than the authoritarian parents and these parents "value both autonomous self-will and disciplined conformity" (Rani 2014:20; Mensah & Kuranchie 2013:124)

The final parenting style is the *permissive* parenting style. The permissive parent attempts to behave in an accepting and affirmative manner in response to the child's desires and actions (Baumrind, 1991). Few demands are made of the child regarding such activities as household chores and children can regulate their own activities (Rani

2014:20; Mensah & Kuranchie 2013:124). “The parent that support this type of parenting style feels that punishment has negative side effects and is an ineffective means of controlling behaviour” (Rani 2014:20; Mensah & Kuranchie 2013:124). These parents also believe that close supervision, high demands, and other manifestations of parental authority provoke rebellion in children (Rani 2014:20; Mensah & Kuranchie 2013:124).

Rani (2014:21) found that an authoritative parenting style was “associated with better career choices as it balances high expectations with emotional support and recognition of an adolescent’s autonomy”. Furthermore, authoritative parents set standards, and promote independence in a warm family atmosphere that leads to self-confidence, social competence and academic success (Rani 2014:21). This leads the adolescent to be more active in career exploration and to have greater career satisfaction (Rani 2014:21).

In family businesses a unique situation exists, where the business and family intersect (Cooper, Kidwell & Eddleston 2013:463). For example, the parenting style of family business owners can cross over from the family domain into the business domain and impose itself on the interactions that take place in the family business (Cooper *et al.* 2013:463). This situation can result in the experience of a boundary violation (Cooper *et al.* 2013:463).

Research into family business has revealed that patterns or styles of leadership of the founder greatly influence the potential succession of the next generation family member (Jones 2012:57). The leadership style of the business founder (who is seen as the controlling owner) is often heavily autocratic, which usually develops into an autocratic culture in the family business (Jones 2012:57). With an autocratic culture, control is centralised and influenced by tradition rather than by good management practices (Taruwanga 2011:12). Marshall (2001:24) observes that autocratic family business owners are the least likely to plan for succession because autocratic owners like to retain key information, do not share control, and therefore are reluctant to share their power. Furthermore, even if an autocratic family business owner does develop a succession plan and put a successor in place, there is a high likelihood that the

autocratic owner may attempt to control the successor through advice, criticism or by trying to solve problems for the successor (Marshall 2001:24).

#### **4.4 SUMMARY**

Chapter 4 discussed the influence of parents on their children in general and highlighted several parental influences on career choice, namely parent–child relationship, parents’ job characteristics, parental financial security, parental job satisfaction, parental identification, parental expectations, parental support and parental style. The ways in which these parental influences affect NGFMs in the context of family businesses was explored in detail. In Chapter 5, support for a relationship between each of these parental influences and the intention of NGFMs to join the family business is provided, and several hypotheses are proposed.

## **CHAPTER 5**

### **PROPOSED HYPOTHESISED MODEL OF THE PARENTAL INFLUENCES ON NEXT GENERATION FAMILY MEMBERS' INTENTIONS**

#### **5.1 INTRODUCTION**

In examining behaviour and career choice theory, Chapter 4 highlighted the important influence parents have on their children, as well as providing theoretical support for the numerous parental influences that affect NGFMs. The parental influences that affect an NGFM's intention to join the family business were identified from the discussion of theory in Chapter 4 to include parents' job characteristics, parental financial security, parental job satisfaction, parent–child relationship, parental identification, parental expectations, parental support and parental style.

Drawing on the theoretical background presented in Chapters 3 and 4, in combination with the primary objective formulated in Chapter 1, this chapter presents a hypothesised model and several proposed hypotheses that will be subjected to empirical testing in the current study. The dependent and independent variables, as well as the moderating variables, form the basic elements of the hypothesised model; these will be presented together with theoretical support for each of the hypothesised relationships. The relationships between the independent and dependent variables, as well as the influence of moderating variables on these relationships, are discussed in the sections to follow.

#### **5.2 HYPOTHESISED MODEL**

In order to investigate the influence of parents on the intention of NGFMs to join the family business, a model hypothesising several relationships is proposed for this study. The model (see Figure 5.1) proposes that several parental influences serve as the independent variables and *Intention to join the family business* serves as the dependent variable. The model draws from the theory of planned behaviour (Ajzen 1991) and the social cognitive career theory (Lent *et al.* 1994), as well as from the

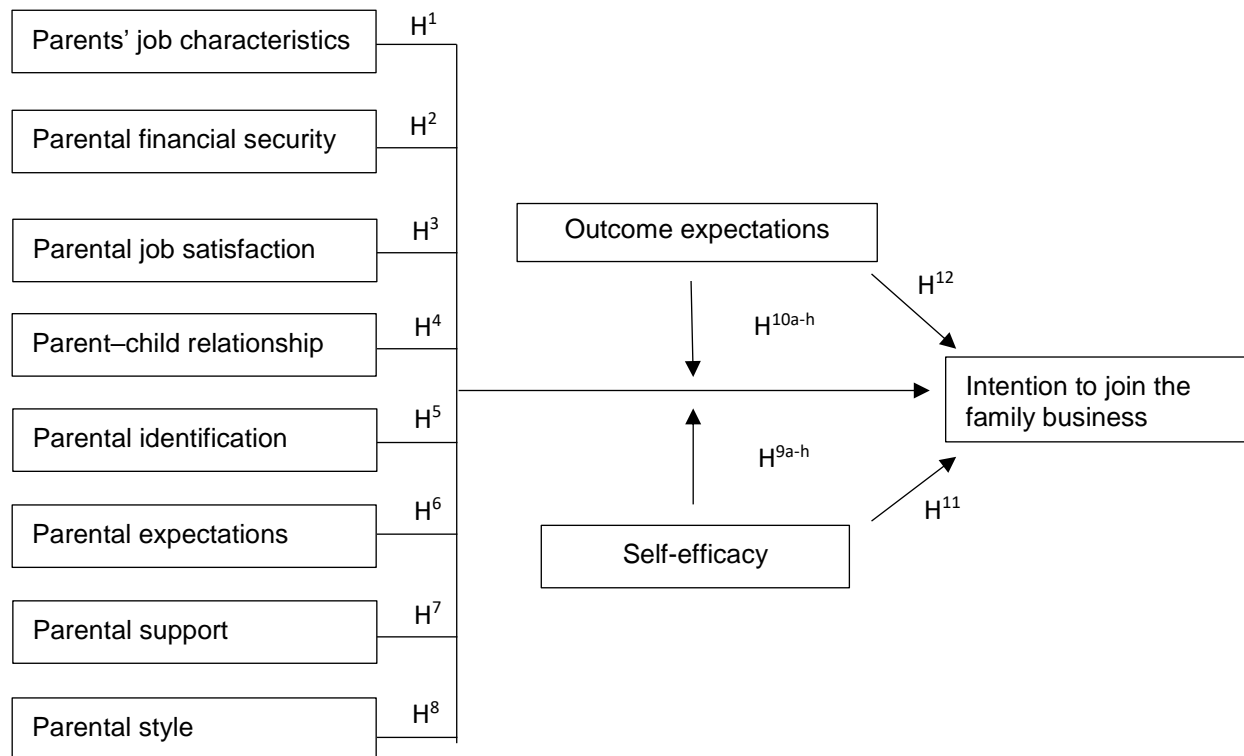
literature concerning parental influencers on the career choice of their children, and family business literature.

As described in Chapter 3, the theory of planned behaviour (Ajzen 1991) proposes three factors that influence the intentions to perform a specific behaviour, namely attitude, subjective norms, and perceived behavioural control. In this study, the focus is on the subjective norms dimension because this relates to the perceptions of important people such as parents, and how these perceptions influence behavioural choices. Several authors (Murphy 2014; Sondhi & Turner 2011:3; Schermerhorn & Cummings 2008) highlight that there are many people who influence the choices of children, but the most significant influence is that of their parent(s), who play a significant role in shaping their children's lives, expectations, attitudes and behaviour. The independent variables (parental influences) were discussed in detail in Chapter 4. In this chapter, support for the influence of these factors on the dependent variable is summarised and the dependent variable, *Intention to join the family business*, is described in detail.

The current study's hypothesised model (Figure 5.1) also proposes that two factors (*Self-efficacy* and *Outcome expectations*) moderate the relationship between the various parental influences and *Intention to join the family business*. This moderating relationship draws from the social cognitive career theory (Lent *et al.* 1994) which incorporates *Self-efficacy* and *Outcome expectations* as moderators between learning experiences and career goals, career interests and career actions.

According to Bounds (2013:39) and Byars-Winston, Estrada, Howard, Davis and Zalapa (2010), "self-efficacy and outcome expectations are important moderators between an individual's learning experience and their eventual academic and career choice behaviours". In the current study it is assumed that the learning experiences of NGFMs are influenced by what they learn from and how they experience their parents (*Parents' job characteristics, Parental financial security, Parental job satisfaction, Parent-child relationship, Parental identification, Parental expectations, Parental support and Parental style*). These experiences will ultimately strengthen or weaken their *Intention to join the family business*.

**Figure 5.1: Hypothesised model of relationships between parental influences and a NGFM's Intention to join the family business**



Source: Researcher's own construction

### 5.3 DEPENDENT VARIABLE

As mentioned, the dependent variable in the current study is the *Intention to join the family business*. Intentions are described by Ajzen (1991:182) in the theory of planned behaviour (discussed in Section 3.2) as a conscious decision to act in a certain way, which precedes a person's actions. According to Bird (2015:143), "intention is the psychological process or an act of conscious willing in the present to make some experience be true, realised, manifest or created in the future". Intentions refer to the "motivational factors that influence a behaviour; they are indications of how hard people are willing to try or how much effort they are planning to exert in order to perform the behaviour" (Ajzen 1991:181). Ajzen (1991:181) further explains that "the stronger the intention to engage in a behaviour the more likely should be its performance". In the theory of planned behaviour, intention serves as the dependent variable understood to be influenced by the three factors of attitude towards the behaviour,



social norms, and perceived behavioural control. These were discussed in Section 3.2.3 of this study.

Numerous studies (Gibson, Butler, Lewis & Weir 2016; Alleyne 2015; Chan, Hsu & Baum 2015; Egelman & Peer 2015; Rohmann, Florack, Samochowiec & Simonett 2014; Aliman & Mohamd 2013), across several disciplines (tourism, management, marketing, healthcare, medicine, computer science, psychology), have used the theory of planned behaviour when investigating the intentions of respondents to engage in a variety of behaviours. Examples include the intention to engage in software and music piracy (Alleyne & Soleyn 2015), to participate in pragmatic clinical trials (Gibson *et al.* 2016), to build relationships with the families hosting exchange students (Rohmann *et al.* 2014:103) and to engage in end-user computer security (Egelman & Peer 2015), to name but a few.

In career choice literature, the theory of planned behaviour, with intention as the dependent variable, has also been used in numerous studies investigating the intentions to pursue a particular university, school module or career direction. For example, Keshishian, Brocavich, Boone and Pal (2010) studied the factors that influence college students' choice of majors among pharmacy and non-pharmacy undergraduate students. Taylor (2013) made use of the theory of planned behaviour to understand the subject choices of students in the United Kingdom. Deemer, Thoman, Chase and Smith (2013:141) investigated the career choices of women in the USA and applied the theory of planned behaviour. Their study focused on women's choices of Chemistry and Physics at university level. Another study, also conducted in the USA, investigated the factors influencing students to take Mathematics as a subject at an American college (Waller 2006:538).

A study conducted by Lane, Dunne, English, Finucane, O'Connor, Griffin, O'Sullivan, Hanrahan, McGrath, O'Donovan and Cullen (2014) examined factors influencing students' intentions to enter a general practice medical school. Kori, Pedaste, Niitsoo, Kuusik, Altin, Tonisson, Vau, Leijen, Maeots, Siiman, Murtazin and Paluoja (2015) were interested in establishing why students choose to go into Information and Communications Technology careers, while Sathapornvajana and Watanapa (2012) investigated which factors would affect student's intentions to enter the Information

Technology sector. Deemer *et al.* (2014:141) looked at the influence of stereotyping threats on women's intentions to follow careers in science. In a study conducted with Mexican students, Navarro, Flores and Worthington (2007:320) investigated the intention of middle school students influences on their intentions to go into a mathematics- or science-based career, whereas Germeijs and Verschueren (2007:223) focused on determining the consequences of career choice actualisation, academic adjustment and commitment to pursue a chosen career in Belgium. The aforementioned provide just a few examples of the many studies done on career choice, and highlighted that these studies were conducted in many different countries and contexts.

In the context of career choice, numerous studies (Piperopoulos & Dimov 2014; Keat, Selvarajah & Meyer 2011; Sanchez 2011; Hamidi, Wennberg & Berglund 2008; Souitaris, Zerbinati & Al-Laham 2006) have also focused on exploring the influence of having done an entrepreneurship module at university and the intentions of students to start their own businesses. Examples include investigating Science and Engineering students' intention to start their own business (Souitaris *et al.* 2006:1). Barba-Sanchez and Atienza-Sahuquillo (2017) examined the influence of entrepreneurship modules being taken by engineering students in Spain increased the likelihood of them starting their own businesses. An example of a study conducted in Malaysia also looked at the influence of an entrepreneurship module on university students to start their own businesses (Olugbola 2017). Another example includes the investigation of the influence of entrepreneurship programmes among technical services, education, legal, and health sciences students in Spain on their intention to become self-employed (Sanchez 2011:245).

In the field of entrepreneurship, intention in terms of the planned behaviour theory has been used extensively to understand and determine the factors, both positive and negative, that influence an individual's entrepreneurial intentions (Sieger & Monsen 2015). According to Bird (2015:143), in the context of entrepreneurship, intention refers to a cognitive construct, a construct which is future-orientated and encompasses a person's drive to start a business (Bird 2015:143). In the same manner Lee, Wong, Foo and Leung (2009:6) define entrepreneurial intentions based on Bird (1988) as "actions that lead to the forming of an organisation".

There are numerous studies undertaken in various countries around the world which have investigated entrepreneurial intentions. Several of these studies are summarised in Table 5.1, which provides a breakdown of studies undertaken in different contexts which have investigated entrepreneurial intentions, the operational definition of entrepreneurial intentions, and the factors influencing entrepreneurial intentions.

**Table 5.1: Studies investigating entrepreneurial intentions**

STUDY	CONTEXT	OPERATIONALISATION	INFLUENCING FACTORS
Sieger & Monsen (2015)	Western European countries	"Intention to create a new firm".	<ul style="list-style-type: none"> <li>• self-efficacy (-)</li> <li>• availability of resources (+)</li> </ul>
Piperopoulos & Dimov (2015)	USA	"Intention to start a business at some point in the near future (Krueger 2000)".	<ul style="list-style-type: none"> <li>• self-efficacy (-)</li> </ul>
Tolentino, Sedoglavich, Lu, Garcia & Restubog (2014)	Serbia	"Choosing to become an entrepreneur (Begley & Boyd 1987)".	<ul style="list-style-type: none"> <li>• Career adaptability (+)</li> </ul>
Lee <i>et al.</i> (2009)	Singapore	"First steps in a series of actions to organisational founding (Bird 1988)".	<ul style="list-style-type: none"> <li>• Self-efficacy (+)</li> <li>• Job satisfaction (-)</li> </ul>
Ozaralli & Rivenburgh (2016)	USA and Turkey	"The intention to start a new business (Pilllis & Reardon 2007)".	<ul style="list-style-type: none"> <li>• Economic or political conditions (-)</li> <li>• Low wages (+)</li> <li>• High unemployment (+)</li> </ul>
Kautonen, Luoto & Tomikoski (2010)	Finland	"How hard individuals are willing to try, of how much of an effort they are planning to exert, to perform the behaviour (Ajzen 1991)".	<ul style="list-style-type: none"> <li>• Lack of social networks (-)</li> </ul>
Kautonen, Van Gelderen & Fink (2015)	Austria and Finland	"Steps to start a business in a defined upcoming period (a year)",	<ul style="list-style-type: none"> <li>• Social norms (+)</li> <li>• PBC* (+)</li> </ul>
Autio, Keeley, Klofsten, Parker & Hay (2001)	Scandinavia and USA	"The perceived likelihood of the individual starting a new firm, either full-time or part-time basis, within the last five years".	<ul style="list-style-type: none"> <li>• Attitude (+)</li> <li>• Social norms (+)</li> <li>• PBC* (+)</li> </ul>
Leong (2008)	Malaysia	"Individual's choice to found their own firms (Ajzen 1991)".	<ul style="list-style-type: none"> <li>• Self-efficacy (+)</li> <li>• Entrepreneurial education (+)</li> </ul>
Zhao, Seibert & Lumpkin (2010)	Multiple (literature-based study)	"Behavioural intention to become an entrepreneur (Bird 1988)".	<ul style="list-style-type: none"> <li>• Personality (+)</li> </ul>

Source: Researcher's own construction

\* **Key:** PBC – Perceived behavioural control.

According to the Global Entrepreneurship Monitor, entrepreneurial intention refers to “the percentage of individuals who expect to start a business within the next three years” (Kelley, Singer & Herrington 2011:9). This is supported by the studies highlighted in Table 5.1, where it can be seen that entrepreneurial intentions generally are operationalised as the steps, choice, effort or desire to start a new or own business within a given time period.

In the context of career choice, Sieger and Monsen (2015:30) investigated the intentions of family members to become a founder of their own business, to be an employee in a non-family business, or to be a successor in a family business. Sieger and Monsen (2015:44) found that a positive reaction to a particular career choice by a person’s social group (parents, teachers and fellow students) results in the person being more likely to pursue that career choice. Tolentino *et al.* (2014:404) conducted a study to determine the relationship between an individual’s reliance on their resources and their career intentions and found that prior family business exposure strengthens the formation of family entrepreneurship intentions.

The theory of planned behaviour, with its approach to intention, has also been used in studies in the context of family businesses. Carr and Sequeira (2007:1091) made use of this theory, concluding that the effect of prior family business experience has an influence on entrepreneurial intent. The entrepreneurial intent of family members was found to be influenced by their attitude towards business start-up and the perceived family support (social norms). Kuiken (2015) reviewed the theory of planned behaviour and how it could be applied to future family business research. Kuiken (2015:99) indicates that in the family business context, the theory needs to be combined with social interactions to provide insights among individual family members. Kotlar and De Massis (2013:1263) refer to this type of interaction as a familial interaction, taking place in informal meetings among family members. Through informal dialogue, the beliefs of individual family members become common beliefs about their family, the business and how to act towards the community (Kuiken 2015:110; Hoffman, Hoelscher & Sorenson 2006).

Against this background the *Intention to join the family business* will serve as the dependent variable and is operationalised for this study as to a NGFM preferring to

work in the family business rather than elsewhere, as well as being determined and making every effort to pursue their career goal of joining the family business.

## **5.4 INDEPENDENT VARIABLES**

Parental influences are among the most pivotal in determining the eventual career choices that their children make. In this study several parental influences, namely *Parents' job characteristics*, *Parental financial security*, *Parental job satisfaction*, *Parent-child relationship*, *Parental identification*, *Parental expectations*, *Parental support* and *Parental style*, serve as the independent variables. These parental influences were discussed in detail in Section 4.3 of this study. For the purpose of developing and justifying the formulation of each hypothesis, anecdotal and empirical support is summarised in the sections below.

### **5.4.1 PARENTS' JOB CHARACTERISTICS**

The characteristics of a parent's job can be described in terms of the necessary skills and knowledge needed to perform the job (Bates 2015:68), the job conditions that exist, the remuneration received, the career development opportunities available and the interpersonal relationships that exist (Chang, Chou & Cheng 2007:801). For the purpose of this study, a *Parents' job characteristics* refers to a NGFM perceiving that their parent's job in the family business requires them to take responsibility for the business, to have specialised knowledge, to work long hours, independently and closely with others, and allows them to grow professionally in a pleasant working environment.

As discussed under Section 4.3.2.1, several studies have highlighted the influence of a parent's job characteristics on their children's career choices. The jobs of parents which are characterised by job security, high levels of remuneration, career and training opportunities (Haase & Lautenschlager 2011:4; London 2009; McQuaid & Bond 2003:9), social contributions (Haase & Lautenschlager 2011:4), a safe working environment and flexible working conditions (McQuaid & Bond 2003:9) were found to be attractive to their children. The characteristics of a parent's job have also been identified as an important contributor in deciding the work orientations of NGFMs

(Schroder *et al.* 2011:308; Porfeli, *et al.* 2008; Kalil *et al.* 2005). Children's work orientations are strongly influenced by their parents' level of work autonomy and job complexity (Schroder *et al.* 2011:308; Kalil *et al.* 2005) in the family business. Against this background, the following hypothesis is proposed:

H<sup>1</sup>: There is a positive relationship between *Parents' job characteristics* and a NGFM's *Intention to join the family business*.

#### 5.4.2 PARENTAL FINANCIAL SECURITY

A parent's financial security refers to a deep-rooted emotion (Jessop *et al.* 2012:8) that there will be enough money to support and provide for their family's needs (Williams 2015; Arffa 2001:15) and that they will have a comfortable lifestyle at retirement or have sufficient funds in the case of premature death (Arffa 2001:15). For the purpose of this study, *Parental financial security* refers to a NGFM's perceiving that the income earned by their parent from working in the family business is regular and financially rewarding, and provides financial security, money for retirement and the opportunity to increase personal wealth.

As previously discussed in Section 4.3.2.2, several studies have highlighted the influence that financial security of parents has on their children's career choices. Jobs that provide financially security for parents are likely to attract their children to join the business (Williams 2015), whereas those that do not, are likely to result in children seeking out better job opportunities than their parents (Williams 2015; Leppel *et al.* 2001:375) in an attempt to provide better financial security for themselves in the future (Shumba & Naong 2012:169; Ngesi 2003). In family businesses, succession is influenced by the beliefs and perceptions that are developed (Boissin *et al.* 2009:20) about the expected financial security as a result of joining the family business (Prior 2012:80; Venter *et al.* 2005:283). Against this background the following hypothesis is proposed for empirical testing:

H<sup>2</sup>: There is a positive relationship between *Parental financial security* and a NGFM's *Intention to join the family business*.

#### 5.4.3 PARENTAL JOB SATISFACTION

A parent's level of job satisfaction is based on their attitudinal evaluative judgements of their job and their job experiences (Sieger *et al.* 2011:80; Ilies *et al.* 2009; Van Dyne & Pierce 2004:444), whether they receive recognition (Zaidi & Iqbal 2012:3385) and experience feelings of accomplishment (Zaidi & Iqbal 2012:3385), as well as on the importance placed on their job by the organisation for whom they work (Zaidi & Iqbal 2012:3385). For the purpose of this study, *Parental job satisfaction* refers to a NGFMs perceiving that their parent is satisfied with, and has a meaningful career in the family business, a career that provides purpose, fulfilment and enjoyment.

Numerous studies have highlighted the influence of parental job satisfaction on a child's career choice (see Section 4.3.2.3). For example, Alphonse (2016:4), Mungai and Velamuri (2011:339), Gacheru (2007:20) and Sharf (2002:168) have all reported significant positive relationships between levels of job satisfaction expressed by parents and children's perceptions of their parent's jobs. In the context of family businesses, the job experiences and satisfaction experienced by parents has also been found to influence the respect that children have for the jobs held by their parents (Schroder *et al.* 2011:309). Against this background, the following hypothesis is proposed:

H<sup>3</sup>: There is a positive relationship between *Parental job satisfaction* and a NGFM's *Intention to join the family business*.

#### 5.4.4 PARENT–CHILD RELATIONSHIP

The nature of the relationship between a parent and a child can be described in terms the bond they share and the level of interdependence between them (Melin *et al.* 2014:128; Mercer 2005), the level of trust (Palos & Drobot 2010:3408) and degree of open communication they experience (Qu *et al.* 2015:26), as well as the extent of conflict in their interactions (Qu *et al.* 2015:26; Melin *et al.* 2014:128; Hargrove *et al.* 2005). For the purpose of this study, the *Parent–child relationship* refers to a NGFM perceiving that the relationship between them and their parent is characterised by open

communication, appreciation and respect, and that they regularly spend time with each other and get on well together.

In Section 4.3.1, several studies focus on the influence of the parent–child relationship on aspects of a child’s career choice. These include influencing a child’s career aspirations (Palos & Drobot 2010:3408; Keller & Whiston 2008:198), their career exploration process (Palos & Drobot 2010:3408; Keller & Whiston 2008:198; Tracey *et al.* 2006; Guay *et al.* 2003), accepting career advice from their parents (Tziner *et al.* 2012:100; Tziner *et al.* 2012:100), career development (Hargrove *et al.* 2005), the perception of career barriers (Keller & Whiston 2008:198) as well as their ultimate career choice (Palos & Drobot 2010:3408; Chope 2005:396). The parent–child relationship has also been recognised as essential for a successful succession to the next generation (De Massis *et al.* 2008:188), as next generation family members (potential successors) do not want to be part of a family business where conflictual relationships exist (De Massis *et al.* 2008:188; Venter *et al.* 2005:289; Brockhaus 2004:165; Le Breton-Miller *et al.* 2004:305). Against this background, the following hypothesis is posed:

H<sup>4</sup>: There is a positive relationship between the *Parent–child relationship* and a NGFM’s *Intention to join the family business*.

#### 5.4.5 PARENTAL IDENTIFICATION

Parental identification is a psychological process where children assimilate an attribute of a parent (Reinelt & Roach 2010:405) and perceive themselves to be similar to a parent (Wildmann 2016:7). For the purpose of this study, *Parental identification* refers to a NGFM perceiving they have the same career interests and share the same attitudes and beliefs as their parent and plan to follow in their parent’s footsteps.

In Section 4.3.2.4 of the current research, it was shown that several studies confirmed that parental identification influences a child’s career choices. Several authors (Thomas *et al.* 2012:6; Connell & Goodman 2002:746) conclude that parents of the same sex have a greater influence, whether positive or negative, on their children’s career choices. From the age of five, children start identifying with their parents; boys



have greater identification with their fathers while girls have greater identification with their mothers during adolescence (Thomas *et al.* 2012:7; Jungen 2008). In the family business context, an individual may identify with the family business (Schroder *et al.* 2011:308), which their parents usually start (Whetten *et al.* 2014:481). Children of family business owners start to develop a strong association between the parent and the business. One of the reasons for this strong association is that the personality, values and culture of the business founder are imprinted on the business (Iannarelli & Mische 2008:1724). The child of a business-owning parent may identify with the parent, and if that parent is heavily involved in the family business, there is a chance the child will identify with the family business. Against this background, the following hypothesis is proposed:

H<sup>5</sup>: There is a positive relationship between *Parental identification* and a NGFM's *Intention to join the family business*.

#### 5.4.6 PARENTAL EXPECTATIONS

A parent's expectations are those beliefs and judgements (Yamamoto & Holloway 2010:191; Glick & White 2004:272; Goldberg, Gallimore, Reese & Garnier 2001:547), based on an assessment of their child's capabilities (Yamamoto & Holloway 2010:191), and on what parents believe their children will achieve in the future (Yamamoto & Holloway 2010:191; Glick & White 2004:272; Goldberg *et al.* 2001:547). For the purposes of this research study, *Parental expectations* refer to a NGFM perceiving that it is the expressed wish of their father/mother that they join the family business and that their father/mother believes that they are capable of running the family business.

In the previous chapter, several studies illustrated that the expectations of parents influence their children's career choices. Parents have high expectations for their children (Taylor *et al.* 2004:2) and children make certain decisions in order to meet these expectations and gain their parents' approval (Jungen 2008:11; Taylor *et al.* 2004:2). Without parental approval, children will likely make different career decisions until these decisions meet their parent's expectations and gain approval (Jungen 2008:11; Taylor *et al.* 2004:2). In family businesses it is often the expectation of parents that their children will take over the business (Yang *et al.* 2013:533), especially their

sons (Vera & Dean 2005: 326; Perricone *et al.* 2001:109). However, research has shown that the willingness of children to take over the family business is influenced by expected rewards (Foltz & Marshall 2012:5; Sharma & Irving 2005:15; Venter *et al.* 2005:283), level of preparation (Foltz & Marshall 2012:5; Venter *et al.* 2005:283), relationships (Foltz & Marshall 2012:5; Venter *et al.* 2005:283) and the drive of the child (Prior 2012:58). Conflict is known to arise when children have a high level of autonomy and want something different to the wishes of their parents (Melin *et al.* 2014:128). Against this background, the following hypothesis is proposed:

H<sup>6</sup>: There is a positive relationship between *Parental expectations* and a NGFM's *Intention to join the family business*.

#### 5.4.7 PARENTAL SUPPORT

Parental support refers to the instrumental assistance (e.g. financial and material support, assistance with performing tasks) and socio-emotional assistance (e.g. encouragement, active listening, reflection and reassurance), both actual and perceived, provided by parents to their children (Garcia *et al.* 2015:12; Ordonez 2009:1; Turner & Lapan 2002:44). Parental support is a major factor influencing the development of a child's knowledge, their attitudes, practices and habits (DuBois 2010). For the purposes of this study, *Parental support* refers to NGFMs perceiving that their parent involved them in the family business and assisted them in developing the necessary skills to work in the family business from a young age.

The influence of parental support on the career choices of their children was discussed in Section 4.3.4. Parental support, both verbal and non-verbal (Rani 2014:21; Bhattacharya 2013:16), provides the foundations for a child's confidence (Isaac & Mopelola 2014:46); it provides guidance (Garcia *et al.* 2015:12), creates a caring environment (Isaac & Mopelola 2014:46) and gives assurances that diverse career possibilities can be explored (Isaac & Mopelola 2014:46; Parker 2000:2).

In the family business, senior generations often financially and non-financially (Bjornberg & Nicholson 2012:10) support their child's chosen career path through making the resources of the family business available to them (Ali *et al.* 2017:4), as

well as by encouraging their children (Bjornberg & Nicholson 2012:10) and providing career information and opportunities for them in the family business (Schroder *et al.* 2011:309; Bryant, Zvonkovic & Reynolds 2006). Against this background, the following hypothesis is proposed:

H<sup>7</sup>: There is a positive relationship between *Parental support* and a NGFM's *Intention to join the family business*.

#### 5.4.8 PARENTAL STYLE

Parental style refers to the set or system of behaviours (Zahedani *et al.* 2016:131), attitudes (Bao 2001:18), and interactions (Zahedani *et al.* 2016:131) that create a framework for the parent and child, which is communicated to the child through parenting practices (Bao 2001:18). For the purposes of this study *Parental style* refers to a NGFM perceiving that their parent controls the family household, is very strict, directs behaviour and expects unquestioned obedience.

In Section 4.3.5, parenting style was highlighted as an influencing factor on a child's career choice. The parenting style adopted, whether authoritarian, authoritative or permissive (Baumrind 1991), has been shown to influence a child's development (Bao 2001:19), their moral and psychological training, the development of their societal rules and norms, as well as the growth and development of their talents and skills (Zahedani *et al.* 2016:131).

In family businesses, the parenting style of a family business owner has been found to operate in both the family and business domains (Cooper *et al.* 2013:463), influencing the potential succession of the next generation family members (Jones 2012:57). Autocratic family business owners are controlling (Jones 2012:57), develop traditions rather than good management practices (Taruwinda 2011:12), retain key information (Marshall 2001:24) and are reluctant to share their power (Marshall 2001:24) which can cause a NGFM intention to join the family business influence to weaken. Against this background, the following hypothesis is proposed:

H<sup>8</sup>: There is a positive relationship between *Parental style* and a NGFM's *Intention to join the family business*.

## 5.5 MODERATING VARIABLES

According to Tsang (2015:1), a moderating variable “affects the strength of the relationship between the dependent and independent variable”. Kenny (2015) explains that in a linear relationship in which variable X is presumed to cause the variable Y, the moderating variable M will alter the strength of the relationship between X and Y. Furthermore, moderating variables specify when a relationship will hold and can be seen as an interaction term in statistical models (Tsang 2015:1).

According to social cognitive career theory (Lent *et al.* 1994), *Self-efficacy* and *Outcome expectations* play a critical role in the relationship between learning experiences and career goals, career interests and career actions (intentions). This relationship was described in detail under Section 3.3.1.3. In the current study, *Self-efficacy* and *Outcome expectations* are hypothesised as moderators between the independent variables of this study (*Parents' job characteristics, Parental financial security, Parental job satisfaction, Parent-child relationship, Parental identification, Parental expectations, Parental support* and *Parental style*) and the dependent variable (*Intention to join the family business*). According to Bounds (2013) and Byars-Winston *et al.* (2010:4), “self-efficacy and outcome expectations are important moderators between an individual's learning experience and their eventual academic and career choice behaviours”.

As moderating variables, *Self-efficacy* and *Outcome expectations* will influence the relationship between the learning experiences of NGFM and their *Intention to join the family business*. The current study assumes that the learning experiences of NGFM are the result of interacting with their parents through their relationship with them (*Parent-child relationship, Parental support* and *Parental style*) and by hearing about and observing their parents' involvement in the family business (*Parents' job characteristics, Parental financial security, Parental job satisfaction, Parental identification and Parental expectations*). As moderating variables, *Self-efficacy* and *Outcome expectations* will either strengthen or weaken the relationship between

parental influences (which influences learning experiences) and NGFM's *Intention to join the family business*.

#### 5.5.1 SELF-EFFICACY

As previously discussed (in Section 3.2.1), self-efficacy finds its roots in behaviour theory and more specifically in the social cognitive career theory (Lent *et al.* 1994:82). Self-efficacy is recognised as a key construct in both social learning and social cognitive career theories (Campo 2011:15). Self-efficacy is one of the personal characteristics in Bandura's (1986) triadic reciprocal causation model and is one of the factors that influences how a person behaves in a situation (Bandura 2011:2, 1986:24). In social cognitive career theory, Bandura's triadic causation model was used as the building block for choosing its social cognitive mechanisms (Lent *et al.* 1994:82). One of those chosen was self-efficacy (Lent *et al.* 1994:82).

Self-efficacy refers to people's judgements regarding their ability to perform a given activity (Campo 2011:15). In the context of social cognitive career theory, it is defined as "people's judgements of their capabilities to organise and execute courses of action required to attain designated types of performances" (Lent *et al.* 1994:83). Self-efficacy refers to the beliefs that people have about their own capacity to organise and execute the actions required to manage a situation (Bandura 1997:2). Self-efficacy is about answering the question, "Can I do this?" (Lent *et al.* 1994:83). "Self-efficacy is viewed in the entrepreneurial context as having the capabilities that can modify a person's belief in his or her likelihood of completing the tasks required to successfully initiate and establish a new business venture" (Campo 2011:15).

According to Giles and Rea (1999), Bandura's (1977) theory highlights the importance of self-efficacy and can be applied to determine the vocational inclinations of individuals. Lent *et al.* (1994) "applied self-efficacy to explain three aspects of general career development: (1) the formation of career relevant interests, (2) selection of a career choice option (intentions), and (3) performance and persistence in the selected occupation". Lent *et al.* (1994) further found that self-efficacy was significantly related to career interests, career choice goals (intentions), and occupational performance. Piperopoulos and Dimov (2014) suggest that individuals will avoid tasks and actions in

which they have low self-efficacy, while they will be attracted to and perform better on tasks in they believe they have a higher self-efficacy.

Self-efficacy has long been considered a key moderator in the relationship between independent and dependent variables (Jiang & Park 2012:8865). According to Bird (2015:153), self-efficacy can be seen as a proximal cause of intentions and as a moderator of the influence of intentions on an individual's ultimate actions. In other words, potential entrepreneurs will not act (and start a business) on an intention unless they believe they are capable of doing so (Bird 2015:154). Drnovsek, Wincent and Cardon (2010:340) contend that a person's self-efficacy can be seen as a regulator for an entrepreneur's self-confidence in their capacity to attain success. Individuals with confidence to control negative thoughts (high self-efficacy) are more likely to remain task-orientated, search for solutions and recognise opportunities in challenging environments (Drnovsek *et al.* 2010: 341). Audia, Locke and Smith (2000) affirm that high positive and/or negative self-efficacy beliefs facilitate persistence, better solutions and greater achievement. "Consequently, having high positive/negative beliefs are likely to amplify the functional effects of self-efficacy during the business start-up process" (Drnovsek *et al.* 2010: 341).

In the current study, it is argued that parents' experiences of their job (as reflected in their satisfaction, security that the job provides and the nature of the job) as perceived by their children, are likely to influence their children's choice of entering a similar career (Sinkombo 2016:23; Clutter 2010:29). However, their belief in their ability to do the job (self-efficacy) is likely to strengthen or weaken this relationship (Redmond 2016). If a child perceives or hears about positive experiences from their parents about their work, it is likely to positively influence them in choosing that same career. However, if their self-efficacy is low, they do not believe they can do the job and will weaken the influence of the parents' experiences on their intention to enter that career (Miles 2015:15). Similarly, if the interaction of a child with their parents is positive, when they identify with their parents and the parents expectations, then this interaction will positively influence children to follow in their parents' footsteps (Miles 2015:15). However, if their self-efficacy is low they do not believe they can do the job and will weaken the influence of their interactions with their parents on their intention to follow in their footsteps.

Against this background, the following hypothesis is proposed:

H<sup>9a-h</sup>: *Self-efficacy* moderates the relationship between the independent variables (*Parents' job characteristics, Parental financial security, Parental job satisfaction, Parent-child relationship, Parental identification and Parental expectations, Parental support and Parental style*) and a NGFM's *Intention to join the family business*.

## 5.5.2 OUTCOME EXPECTATIONS

As previously discussed in Section 3.3.1.3, outcome expectations is a prominent element of the social cognitive career theory (Lent *et al.* 1994:82). Outcome expectations are defined as “a person’s estimate that a given behaviour will lead to a particular outcome” (Bandura 1977). Williams (2010:418) explains that outcome expectations are seen as the outcomes that people expect to get from a situation based on the judgements they make. According to Williams (2010:418), outcome expectations can be clearly distinguished from self-efficacy, as self-efficacy is perceived ability to engage in a particular behaviour, while outcome expectations are judgements about the likelihood of outcomes that result from that behaviour.

Outcome expectations have been found to influence behaviour (Landry 2003:4). According to Yuan and Woodman (2010:323), “people act on the basis of consequences, more specifically the expected consequences of their behaviour”. Diegelman and Subich (2001:394) indicate that people are more likely to choose and pursue careers that they believe will result in positive outcomes such as gainful employment, self-satisfaction and admiration. Furthermore, positive outcome expectations for a particular occupation are suggested to result in increased interest and exploratory behaviour (such as choosing an academic major or attending specific career workshops). This in turn is likely to increase the possibility of choosing that specific career (Diegelman & Subich 2001:395).

The topic of outcome expectations has received much less research exposure than has self-efficacy, in terms of influence on career choice (Diegelman & Subich 2001:395). According to Krueger *et al.* (2000:417), the outcome expectations of

entering a business include consideration of wealth, stress levels, level of autonomy and community benefits from undertaking the job. It has been found that different factors unique to individuals moderate their career intentions; these factors include suspected level of job satisfaction (Lee & Wong 2004:14; Ramamoorthy & Flood 2002:1073; Lambert, Hogan & Barton 2001:234; Yousef 2001), working conditions (Lee & Wong 2004:14; Yousef 2001), expected salary (Lee & Wong 2004:14; Yousef 2001), challenging work (Lee & Wong 2004:14), social prestige (Yousef 2001) and promotion opportunities (Lee & Wong 2004:14).

In the current study, it is argued that a parent's job experiences (as reflected in their satisfaction, the security it provides and the nature of the job) as perceived by their children, are likely to influence their children's choice of entering a similar career (Olaosebikan & Olusakin 2014:50). However, the child's own outcome expectations of their parent's career is likely to strengthen or weaken this relationship. If a child hears positive experiences from their parent about the parent's work, it is likely to positively influence the child in choosing that same career. However, if the outcome expectations of that career differ from those of their parent, the influence of the parent's experiences on the child's intention to enter that career will weaken (Moses, Berry, Saab & Admiraal 2017:453). Similarly, if the interaction of a child with their parents, when they identify with their parents and the parents expectations is positive then this interaction will positively influence children to follow in their parents' footsteps. However, if the outcome expectations of that career, (for instance, the money they expect to receive is not what they want), this will weaken the influence of their interactions with their parents concerning the child's intention to follow in their footsteps.

Against this background, the following hypothesis is proposed:

H<sup>10a-h</sup>: *Outcome expectations moderates the relationship between the independent variables (Parents' job characteristics, Parental financial security, Parental job satisfaction, Parent-child relationship, Parental identification and Parental expectations, Parental support and Parental style) and a NGFM's Intention to join the family business.*



## **5.6 SUMMARY**

In this chapter, the hypothesised model for this study was presented as well as several hypotheses to be empirically tested. The theoretical support for the dependent, independent and moderating variables of the hypothesised model was discussed, as well as the relationships between the dependent and independent variables.

In Chapter 6, the research design and methodology used in this study are presented with focus placed on the research paradigm, methodological approach and the research method used to achieve the objectives of this study. In addition, the sample and sampling technique chosen for this study are discussed. Thereafter, the data collection method used in this study, as well as the measuring instrument, are described. Finally, the methods of data analysis to be adopted in this study are highlighted.

## CHAPTER 6

### RESEARCH DESIGN AND METHODOLOGY

#### 6.1 INTRODUCTION

In the previous chapter, a hypothesised model of parental influences on a NGFM's family member's *Intention to join the family business* was presented. Evidence was provided to support the relationships between the dependent variable *Intention to join the family business* and several parental influences that affect their children's career choice (independent variables). Thereafter, the moderating variables influencing these relationships, namely *Self-efficacy* and *Outcome expectations*, were discussed.

Chapter 6 discusses the research design and methodology chosen to collect and analyse the data needed to achieve the objectives of this study. This discussion elaborates on the research design, more specifically the research paradigm, the methodological approach and the research method used in the current study. Thereafter, the sample, sampling technique and the data collection methods used are described and the measuring instrument for the study is also detailed. The method of data analysis, including assessing for the validity and reliability of the measuring instrument are explained, followed by a discussion regarding the descriptive and inferential statistics that are used in this study.

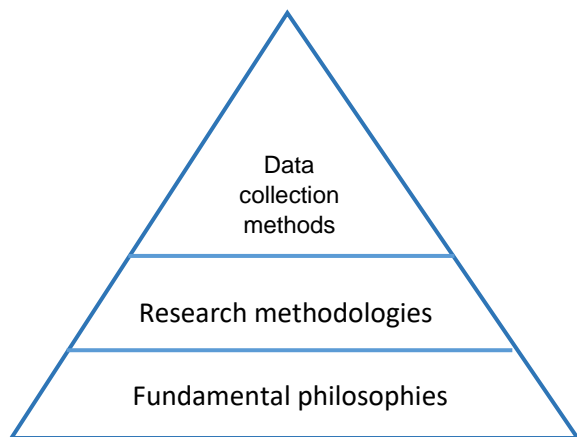
#### 6.2 RESEARCH DESIGN

Research can be seen as the “process of inquiry and investigation that is systematic and methodical, and increases knowledge” (Collis & Hussey 2014:2). “The research design provides a framework for the collection and analysis of data” (Bryman & Bell 2015:100). Collis and Hussey (2014:59) add that the research design refers to the choices a researcher will make with regard to the research methodology and research methods to address the research questions of the study.

According to Collis and Hussey (2014:10), the starting point of designing any research is to determine the appropriate research paradigm. The paradigm adopted is closely related to the research design (Collis & Hussey 2009:59).

Quinlan *et al.* (2015:144) propose a methodological pyramid (Figure 6.1) explaining the relationship between the fundamental philosophies (research paradigms), the research methodologies and the data collection methods. The philosophy adopted by a researcher influences the methodological choices available, and the methodological choice influences the data collection method used.

**Figure 6.1: The methodological pyramid**



Source: Quinlan *et al.* (2015:145)

In the following paragraphs, the research paradigm or fundamental philosophy, the research methodology (research approach and method), and the data collection method used in this study are elaborated on.

### 6.2.1 RESEARCH PARADIGM

A research paradigm is a “philosophical framework that guides how scientific research should be conducted” (Collis & Hussey 2014:43). Collis and Hussey (2014:43) further explain that such a philosophical framework is a “set or system of beliefs that stem from the study of the fundamental nature of knowledge, reality and existence”. Wahyuni (2012:69) and Jonker and Pennink (2010:23) characterise a research paradigm as a set of fundamental beliefs and assumptions as to how the world is perceived, which then serves as a thinking framework that guides the behaviour of a

researcher. Among several research paradigms in existence, the two dominant paradigms identified in social science are positivism and interpretivism (Collis & Hussey 2014:43).

Positivism is based on the assumption that social reality is singular and objective, and is not affected by the act of investigating it. Furthermore, this paradigm involves a deductive process with a view to providing explanatory theories to understand social phenomena (Collis & Hussey 2014:43). Swanson and Holton (2005:19) and Saunders, *et al.* (2009:193) contend that a positivistic research paradigm assumes that the world is objective and therefore seeks out facts in terms of relationships among variables. Wahyuni (2012:71) observes that positivism seeks to obtain law-like generalisations to measure a social phenomenon. According to O'Leary (2004:5), positivistic researchers "aim to test a theory or describe an experience through observation and measurement in order to predict and control the forces that surround a population". Collis and Hussey (2014:50) identify several features of a positivistic paradigm, namely that it uses large samples, has an artificial location, is concerned with hypothesis testing, produces precise, objective and quantitative data, and allows for the results to be generalised from the sample to the whole population.

Interpretivism, on the other hand, rests on the assumption that social reality is in our minds and is subjective and multiple. According to this paradigm, social reality is affected by the act of investigating it (Collis & Hussey 2014:44). Interpretive research involves an inductive process with the view to providing an interpretivistic understanding of social phenomena within a particular context (Collis & Hussey 2014:44). For Mackenzie and Knipe (2006), interpretivist approaches to research have the intention of understanding the human experience and rely upon the participant's view of the situation being studied. Furthermore, Wahyuni (2012:71) indicates that interpretivists see reality as being constructed by social actors and people's perception of it. According to Corbin and Strauss (2008), interpretive research is any type of research where the findings are not derived from statistical analysis of quantitative data. Key features of an interpretivism paradigm are that it uses small samples, has a natural location, is concerned with generating theories, produces rich, subjective qualitative data and allows findings to be generalised from one setting to another similar setting (Collis & Hussey 2014:50).

As previously mentioned, the research objective of the current study is to identify the parental influences that influence the next generation's *Intention to join the family business*. As this objective requires hypothesis-testing, producing precise, objective and quantitative data, and generalising the sample to the whole population, a positivistic research paradigm is adopted.

#### 6.2.2 METHODOLOGICAL APPROACHES AND METHODS

One of the most important decisions to make with a research project is the decision regarding the choice of methodology to be used (Quinlan *et al.* 2015:144). The research methodology used in a study must to support and facilitate the accomplishment of the aim of the research and the completion thereof (Quinlan *et al.* 2015:144).

Depending on which research paradigm (positivistic or interpretivistic) is adopted, the methodological approach chosen by a researcher will be either quantitative or qualitative in nature. In general, quantitative research methodologies are associated with a positivistic paradigm whereas qualitative research methodologies are associated with an interpretivist paradigm (Antwi & Hamza 2015:220).

As indicated, a positivistic research paradigm has been adopted for this study; the methodological approach is therefore quantitative in nature. According to Rubin and Babbie (2010:501), a quantitative research approach attempts to determine the relationship between one variable and others in a population. Rubin and Babbie (2010:501) identify the main characteristics of quantitative research as follows: data is gathered using structured research instruments, results are based on large sample sizes, the study can be replicated and has a clearly defined research question, data is in the form of numbers and statistics, and the results can be used to generalise concepts and predict future results. Similarly, Swanson and Holton (2005:19) explain that a quantitative research approach is used to test and verify hypotheses, and to establish the generalisability of findings. In addition, Johnson and Onwuegbuzie (2004:18) contend that a quantitative research approach focuses on deduction, standardised data collection and statistical analysis. Given the nature of the problem

and the objectives of the current study, a quantitative research methodology is adopted as the most appropriate approach.

According to Zalaghi and Khazaei (2016:24), the approach to research can also be described in terms of being inductive or deductive. Collis and Hussey (2014:3) refer to these concepts as describing the logic behind research. Inductive research describes a study in which theory is developed from the observation of empirical reality (i.e. general inferences are induced from particular instances) (Collis & Hussey 2014:7). Deductive research describes a study in which a conceptual and theoretical structure is developed and then tested by means of empirical observation (i.e. particular instances are deducted from general inferences) (Collis & Hussey 2014:7). Because the present study develops a conceptual and theoretical structure which is then tested empirically, the approach is also deductive in nature.

The purpose of a study determines the type of research undertaken (Cooper, Schindler & Sun 2006:159; Collis & Hussey 2014:3–5). Five types of research can be identified, namely exploratory, descriptive, analytical, predictive and causal (Collis & Hussey 2014:4). Table 6.1 provides a summary of these five types.

**Table 6.1: Types of research**

TYPE	DESCRIPTION
<b>Exploratory</b>	“Conducted when very few or no earlier studies for referral exist; major emphasis is on gaining ideas and insights; aims to look for patterns and ideas; and to develop rather than test hypotheses.”
<b>Descriptive</b>	“Conducted to describe phenomena as they exist; used to identify and obtain information on the characteristics of a problem; used to determine the frequency which something occurs or the extent to which two variables differ.”
<b>Analytical</b>	“Goes beyond merely describing the characteristics to analyse and explain why the phenomenon being studied actually happens.”
<b>Predictive</b>	“Establishes an explanation for what is happening in a particular situation.”
<b>Casual</b>	“The major emphasis is on determining cause and effect relationships.”

Source: Collis and Hussey (2014:4–5); Graham (2011:27)

According to Koh and Owen (2000:218), descriptive research is value-based and stems from the belief that problems can be solved and practices improved through observation, analysis and description. Monsen and Van Horn (2008:5) argue that

descriptive research is an effective way to obtain information for devising hypotheses and proposing associations. Furthermore, Shirish (2013:72) points out that descriptive research can sometimes include correlation research, as a type of descriptive research and not as its own type of research, as no variables are manipulated. Correlational research attempts to determine the extent of a relationship between two or more variables using statistical data (Shirish 2013:72). The purpose of the current study is to determine the relationship between several independent variables (parental influences) and a dependent variable (NGFM's intention to join the family business). The purpose is not to make predictions or to establish cause and effect relationships; therefore, the type of research undertaken can be classified as descriptive and, more specifically, is correlational in nature.

Following the decision on a research paradigm and methodological approach, the research methodology itself needs to be clarified. According to Collis and Hussey (2014:59), the paradigm chosen by the researcher is closely linked to their choices in terms of the methodology and methods adopted. A methodology should first describe how the data for the study was collected, and second, how the data in the study was analysed (Kallet 2004:1230). Rajasekar, Philominathan and Chinnathambi (2006:5) confirm that research methodology is a systematic approach explaining the procedures by which researchers go about their work of describing, explaining and predicting phenomena.

According to Collis and Hussey (2014:60), the main research methodologies associated with positivistic paradigms are experimental studies and surveys. An experimental study is a methodology used to investigate the relationship between variables where the independent variable can be deliberately manipulated to observe the effect on the dependent variable (Collis & Hussey 2014:60). Muijs (2011:11) describes an experimental study as a test that is undertaken under controlled conditions that is made to demonstrate a known truth or to examine the validity of the researcher's hypothesis.

According to Kasunic (2005:3), the survey method involves data-gathering and analysis, whereby respondents answer questions and respond to statements that are developed by a researcher in advance. A survey study is well suited to researchers

who want to look at relationships between variables that occur in a real-life context (Muijs 2011:31). Kelley *et al.* (2003:261) explain that the researcher will use the data collected from a survey to make inferences about a wider population.

Collis and Hussey (2014:63) note that surveys can be divided into two types according to their purpose, as either descriptive surveys or analytical surveys. The purpose of a descriptive survey is to provide an accurate representation of phenomena at one point or at various points in time (Collis & Hussey 2014:63). The purpose of an analytical survey is to determine whether a relationship exists between pairs of variables or multiple variables (Collis & Hussey 2014:63). An analytical survey requires that the researcher develop a theoretical framework from the literature so that the dependent and independent variables can be identified (Collis & Hussey 2014:63).

Surveys can also be used to describe cross-sectional or longitudinal studies. According to Olsen and St George (2004:7), a cross-sectional study takes place when the entire population or subset is selected, and from these individuals, data is collected and used to answer a research question at a specific point in time. According to Collis and Hussey (2014:63), a cross-sectional study is designed to obtain data in different contexts but over the same period of time, thereby providing the researcher with a snapshot of the research phenomena. A longitudinal study involves following individuals in a population over a period of time and measuring a random outcome variable (Jewell & Hubbard 2006:2).

In summary, this study undertakes a research methodology which involves a survey which is analytical and cross-sectional in nature to collect the primary data. The reason for the choice of research methodology is that the researcher focuses on analysing the relationships between parental influences and the intentions of children to join the family business. As previously stated, surveys are well suited for researchers looking at relationships between various variables (Muijs 2011:31). Furthermore, this study has focused on developing a theoretical framework from which the independent and dependent variables of this study are analysed. Meaning that this study is analytical in nature. Finally, the survey is of a cross sectional nature because the studies sample was provided with the survey at a specific point in time.



Once the research methodology has been determined, it is important for the researcher to identify which research method will be adopted in the study. According to Bryman and Bell (2015:100) a research method is a technique for collecting data. The research method in a study involves using a specific instrument such as a structured interview or a self-completed questionnaire (Bryman & Bell 2014:100). Collis and Hussey (2014:59) highlight that the primary purpose of the research method is to collect and analyse the primary and secondary data in a study. In this study, the research method that was utilised to collect primary data was the questionnaire. A questionnaire is a list of carefully structured questions that have been chosen by the researcher to elicit reliable responses from a sample (Collis & Hussey 2014:2015).

In summary, this study adopts a positivist research paradigm and a quantitative methodological approach that is deductive in nature. The methodology adopted to collect primary data is an analytical survey of a cross-sectional nature. The data collection method used is that of a structured questionnaire. In the section to follow, the data collection procedures utilised in this study are discussed.

### 6.2.3 DATA COLLECTION

In the section to follow, the secondary and primary data collection methods used in this study are described.

#### 6.2.3.1 Secondary data collection

Secondary data is data that has been collected by somebody else for other research topics (Adams, Khan & Raeside 2014:104). Goodwin (2012:55) highlights that secondary data can be accessed from available information, such as from previous studies. Furthermore, there is a large amount of secondary research that is available to researchers from books, libraries and the internet (Adams *et al.* 2014:104). Struwig and Stead (2013:82) caution researchers that secondary data needs to be assessed for its reliability before making use of it because the data used was collected for a different purpose and could be outdated.

The secondary data collected for this study was obtained by undertaking an in-depth review of literature on family businesses, intentions and career choice theories, as well as literature concerning various parental influences on career choice. The results of the secondary data collection are summarised in Chapters 2, 3, 4 and 5 of this dissertation. The secondary data collection was done by using the Nelson Mandela University library to access books, conference papers as well as national and international journals on the relevant topics. Internet searches using online databases such as Emerald, EBSCOhost, and Sabinet, as well as Google Scholar were undertaken. The secondary data collected formed the basis for the development of the hypothesised model (see Figure 1.1 in Chapter 1).

#### 6.2.3.2 Primary data collection

Primary data consists of original data collected to answer a study's specific research questions (Reid & Bojanic 2010:222). Primary data is information obtained for analysis purposes directly from the sample (Boba 2005:201). The advantage of using primary data is that the data collected is specific and tailor-made for a study and can therefore provide current and useful information (Reid & Bojanic 2010:222). In the current study, primary data was collected after selecting an appropriate population and sampling technique, as well as developing a suitable measuring instrument. Each of the aforementioned are described in the sections that follow.

#### 6.2.4 POPULATION AND SAMPLING

A population is a precisely defined body of people or objects under consideration for statistical purposes (Collis & Hussey 2014:62). A population is also described as a full set of cases from which the sample is taken and includes the total collection of units of analysis about which the researcher wants to draw specific conclusions (Saunders *et al.* 2009:212). The population for this study consists of all South Africans over the age of 18 years, whose father or mother, or both, own and/or are actively involved in their own family business. A sample is a subset of a population or group of participants who are carefully selected to represent the population (Collis & Hussey 2014:62; Cooper & Schindler 2008:717). According to Saunders *et al.* (2009:212), a sample is

used when it is impractical to survey the entire population, as is the case in the current study.

In order to draw a sample, two categories of techniques may be used, namely probability and non-probability sampling techniques (Saunders *et al.* 2009:213). Each of these categories is now discussed in turn.

Probability sampling is a technique where the probability that any member of the population will be included in the sample can be determined (Welman *et al.* 2005: 56). Maree (2016:192) adds that by using probability sampling methods, each element in the population has a non-zero probability of being selected. Using probability sampling allows for a sample to be selected from a population to be representative in nature (Quinlan *et al.* 2015:178). Several probability sampling techniques have been identified. These are simple random sampling, stratified sampling, cluster sampling, systematic sampling and multi-stage sampling, as summarised in Table 6.2.

**Table 6.2: Probability sampling techniques**

TECHNIQUE	DESCRIPTION
<b>Simple random sampling</b>	"Assures each element in the population of an equal chance of being included in the sample."
<b>Stratified sampling</b>	"A procedure in which simple random subsamples that are more or less equal on the same characteristic are drawn from within each stratum of the population."
<b>Cluster sampling</b>	"An economically efficient sampling technique in which the primary sampling unit is not the individual element in the population but a large cluster of elements. The clusters that are chosen are selected randomly."
<b>Systematic sampling</b>	"A sampling procedure in which a starting point is selected by a random process and then every $n^{\text{th}}$ number on the list is selected."
<b>Multi-stage sampling</b>	"Where the groups in a cluster sample are so large that a sub-sample must be selected from each group."

Source: Quinlan *et al.* (2015:178); Collis and Hussey (2014:201)

In order to undertake probability sampling, a sampling frame is necessary. A sampling frame is a record of the population from which the sample is drawn (Collis & Hussey 2014:197). Throughout the business world there is constant change in terms of businesses starting up and closing down, especially among small and medium-sized businesses (Collis & Hussey 2014:131). As a result, it is almost impossible to keep an accurate and up-to-date record of all businesses in a country. To date, no

complete sampling framework or database of family businesses and thus NGFMs exists in South Africa. Consequently, the sampling method adopted by most scholars in family business research in South Africa has been that of non-probability sampling (Farrington & Jappie 2017:365). The majority of researchers have struggled to develop or obtain a comprehensive database of all the family businesses in the country (Saunders & Zeka 2017:331; Van Der Merwe 2010:300; Venter & Farrington 2009:140; Venter *et al.* 2005:299). Non-probability sampling was thus adopted for use in the current study.

Non-probability sampling occurs where the basis of selection relies on personal judgment or convenience, and the probability of an element in a population being included is unknown (Lancaster 2005:149). Non-probability sampling does not make use of random selection of population elements (Maree 2016:197). According to Maree (2016:197), a researcher could consider using non-probability sampling when they have limited time, the measuring instrument needs to be tested, preliminary studies have been done, there are limited financial resources and it is difficult to access the required population. Several non-probability sampling techniques used for gathering quantitative data exist; these are summarised in Table 6.3.

**Table 6.3: Non-probability sampling techniques**

<b>SAMPLING TECHNIQUE</b>	<b>DESCRIPTION</b>
<b>Quota</b>	"Develops a sample of participants for the research using different quota criteria. The criteria can be different characteristics of the respondents."
<b>Judgemental/purposive</b>	"Used when a specific purpose is in mind. The researcher decides or makes judgements about who to include in the sample. Chosen respondents are key informants on the topic under investigation."
<b>Snowball</b>	"Initial respondents are selected by probability methods and additional respondents are obtained from information provided by initial respondents."
<b>Convenience</b>	"Using respondents who are most conveniently available."

Source: Maree (2016:198); Bryman and Bell (2015:180); Quinlan *et al.* (2015:181); Collis and Hussey (2014:201); Struwig and Stead (2013:117)

Bearing these descriptions in mind, the non-probability sampling technique adopted in this study is a judgemental sampling technique, because the researcher has a

specific purpose in mind and will make judgements about who to include in the sample.

According to Cooper and Schindler (2014:359), judgemental sampling establishes a selection criterion or criteria, and selects a sample based on these criteria. As such, criterion sampling as a specific kind of judgemental sampling, was considered most appropriate for the current study. Criterion sampling involves searching for cases or individuals who match certain criteria chosen by the researcher (these can include a particular life experience (Maree 2016:198). Given (2008:697) confirms that criterion sampling should be able to reduce bias because the researcher chooses characteristics that are critical to a particular study.

In order to qualify for participation in the current study, respondents had to meet specific criteria. Those set for qualifying as an NGFM were as follows: (1) the person must be over the age of 18 years, (2) the family of the respondent owns more than 50 per cent of the family business, and (3) the respondent's father or mother, or both, own and/or are actively involved in their own family business

Once the sampling technique has been decided upon, the sampling size needs to be determined. According to Osborne and Costello (2004:1), there are two different approaches to determining the necessary sample size for a study. The first of these is by using rough guidelines for a minimum total sample size, so that 50 would be very poor, 100 would be poor, 200 fair, 300 good, 500 very good, and 1000 or more would be excellent (Osborne & Costello 2004:1). The second way to determine sample size is based on a minimum subject-to-item ratio of 5:1 for an exploratory factor analysis (EFA) (Osborne & Costello 2004:2), but Nunnally (1978:421) suggests the ratio should be 10:1. In the current study, there are 11 variables, with a minimum of five items measuring each variable. Multiplying this by 5 ensures a 5:1 ratio, which equals 275 respondents. Therefore, in this study, a minimum sample size of 300 respondents was needed to meet both the abovementioned criteria for sample size.

#### 6.2.5 MEASURING INSTRUMENT DESIGN

The development of a measuring instrument or questionnaire is one of the most important aspects of survey research (Saunders *et al.* 2009:371). The purpose of the

measuring instrument in this study was to collect the primary data necessary to test the relationships indicated in the hypothesised model. In the sections to follow, the development of the measuring instrument is described. According to Collis and Hussey (2014:205), the main steps in designing a questionnaire are as follows: write the covering letter and instructions, design the questions (operationalisation) and determine the order of presentation, test the questionnaire with a small sample (pilot study), choose a method of distribution and return, plan a strategy for dealing with non-responses and finally, conduct tests for validity and reliability.

#### 6.2.5.1 Covering letter and instructions

The covering letter for this study is attached to the questionnaire (see Annexure A) and draws the respondent's attention to the purpose of the study and the type of information sought. The letter contains assurances of confidentiality and the ethical clearance number obtained from the Nelson Mandela University ethics committee, as well as instructions on how to respond to the various statements and how to return the completed questionnaire.

#### 6.2.5.2 Format of questionnaire and statements

The measuring instrument consists of two sections (see Annexure A). Section A contains a question to ascertain the potential NGFM's eligibility to participate in the study. The question confirms that one of the respondent's parents or both, owns and/or is actively involved in a family business. The purpose of this question is to ensure that the respondent qualifies for the study, thereby reducing the number of unusable questionnaires and non-response error.

Section A also poses several questions to obtain information regarding the family business of the NGFM's parent(s), including the generation which started the family business, the province the family business operates in, how long the NGFM's parent(s) have been actively involved in the family business, the number of employees working in the family business and the industry in which it operates. Furthermore, in Section A demographic information relating to the NGFM is also requested including the respondent's gender, age, ethnicity, whether the respondent has a tertiary

qualification or not, as well as the respondent's current employment status. The last question posed in Section A requests respondents to provide their extent of agreement on a five-point Likert scale (ranging from 1 = *Strongly disagree* to 5 = *Strongly agree*) to three randomised statements regarding future employment.

Section B of the questionnaire consists of several statements (items) measuring the various parental influences on the next generation family member's intention to join the family business as well as the NGFM strength of that intention. A five-point Likert scale was used whereby respondents were requested to indicate their extent of agreement with each statement. The five-point Likert scale ranged from 1 = *Strongly disagree* to 5 = *Strongly agree*. In total, 78 randomised statements were presented. The operationalisation of the independent and the dependent variables in this study are summarised in the next section.

#### 6.2.5.3 Operationalisation of variables

According to Quinlan *et al.* (2015:78), operationalising is the process of identifying the actual measurement scales to assess the variables of interest. In addition to identifying the scales, Bryman and Bell (2015:34) contend that operational definitions are needed to represent the concepts under investigation. According to Emmerich, Bogacheva, Bockholt and Wendel (2016:309), operationalisation definitions occur through one or more items that are part of a structured self-completion questionnaire. In the current study, the scales measuring the independent and the dependent variables were developed based on previous studies. These scales and the operational definition of each variable are presented in Tables 6.4 to 6.14 below.

##### (a) Intention to join the family business

In order to measure the dependent variable *Intention to join the family business*, a seven-item scale was developed by making use of items from several existing studies. These existing studies, the operationalisation (items) and operational definition of *Intention to join the family business*, are presented in Table 6.4.

**Table 6.4: Operationalisation - Intention to join the family business**

<i>Intentions to join the family business</i> refers to a NGFM preferring to work in their family business than elsewhere, as well as being determined and making every effort to pursue their career goal of joining the family business.		
ITEMS		SOURCES
INT1	I want to pursue a career in our family business.	Gongxeka (2012); Fatoki (2010); Farrington (2009); Gupta (2009); Souitaris <i>et al.</i> (2006).
INT2	My career goal is to join our family business.	Gongxeka 2012; Fatoki 2010; Farrington 2009; Gupta 2009; Sieger & Monsen (2015).
INT3	I will make every effort to join our family business in the future.	Mould (2013); Linan & Chan (2009).
INT4	I am determined to join our family business in the future.	Kautonen, Van Gelderen & Fink (2015); Mould (2013).
INT5	I would prefer to work in our family business rather than for someone else.	Gongxeka 2012; Fatoki 2010; Farrington 2009; Gupta 2009.
INT6	I intend to join our family business in the future.	
INT7	I will join our family business if the opportunity presents itself.	

**(b) Self-efficacy**

The moderating variable *Self-efficacy* was operationalised using a six-item scale sourced from the studies of Becker and Gable (2009) and Nasta (2007). In addition one item was self-constructed. The operationalisation and operational definition of *Self-efficacy* and the sources of the items measuring this factor are summarised in Table 6.5.

**Table 6.5: Operationalisation - Self-efficacy**

<i>Self-efficacy</i> refers to a NGFM having the confidence to solve problems and cope with unexpected event and difficulties arising in their family business as well as the belief that they possess the necessary skills and what it takes to make a success of working in their family business.		
ITEMS		SOURCES
SE1	I am confident that I will be able to solve problems that arise when working in our family business.	Becker & Gable 2009
SE2	I am confident that I will be able to deal efficiently with unexpected events that arise when working in our family business.	
SE3	I am confident that I will be able to cope with difficulties that arise when working in our family business.	
SE4	I believe I have the necessary skills to work in our family business.	Nasta 2007
SE5	I believe I have what it takes to work in our family business.	
SE6	I believe I can make a success of working in our family business.	Self-constructed



(c) Outcome expectations

The mediating variable *Outcome expectations* was operationalised using an eleven-item scale sourced from various studies (see Table 6.6). The operationalisation of *Outcome expectations* and the items measuring this factor are also summarised in Table 6.6.

**Table 6.6: Operationalisation - Outcome expectations**

<i>Outcome expectations</i> refers to a NGFM perceiving that working in their family business will be financially rewarding, enjoyable and meaningful, will require them to have specialised knowledge, work long hours and closely with others ,as well as allow them to grow professionally in a pleasant working environment.		
ITEMS		SOURCES
OE1	Working in our family business will allow me to grow professionally.	Baloyi, Van Waveren & Chan (2014)
OE2	Working in our family business will enable me to continue my skills and abilities.	Suman & Srivastava (2009)
OE3	Working in our family business will require specialised knowledge and skills from me.	Bayona, Caballer & Peiro (2015)
OE4	Working in our family business will provide me with a pleasant physical working environment.	
OE5	Working in our family business will require me to work closely with other people.	Farrington, Sharp & Gongxeka (2013); Gongxeka (2012)
OE6	Working in our family business will require me to work after-hours.	
OE7	Working in our family business will be financially rewarding.	Kupangwa (2015)
OE8	Working in our family business will secure my financial future.	Financial well-being questionnaire (2017)
OE9	Working in the family business will ensure I have a regular income.	Gongxeka (2012); Farrington, Venter, Eybers & Boshoff (2011)
OE11	Working in the family business will allow me to increase my personal wealth.	
OE12	I can have a meaningful career in the family business.	Steger, Dik & Shim (2012)
OE13	I will enjoy working in the family business.	Kupangwa (2015)

(d) Parents' job characteristics

An eight-item scale was developed to measure the independent variable *Parents' job characteristics*. In Table 6.7 the operational definition of *Parents' job characteristics* is presented, together with the sources of the items measuring this factor.

**Table 6.7: Operationalisation - Parents' job characteristics**

<i>Parents' job characteristics</i> refers to a NGFM perceiving that their parent's job in the family business requires them to take responsibility for the business, to have specialised knowledge, to work long hours, independently and closely with others, and allows them to grow professionally in a pleasant working environment.		
ITEMS		SOURCES
JC1	Working in the family business allows my father/mother to grow professionally.	Baloyi <i>et al.</i> (2014)
JC2	The responsibility of the family business rests with my father/mother.	Suman & Srivastava (2009)
JC3	Working in the family business allows my father/mother to work independently.	Farrington <i>et al.</i> (2013); Gongxeka (2012)
JC4	Working in the family business requires my father/mother to have specialised knowledge and skills.	Bayona <i>et al.</i> (2015)
JC5	Working in the family business requires my father/mother to have in-depth knowledge and expertise.	
JC6	My father/mother has a pleasant physical working environment in the family business.	
JC7	Working in the family business requires my father/mother to work closely with other people.	Farrington <i>et al.</i> (2013); Gongxeka (2012)
JC8	Working in the family business requires my father/mother to work after-hours.	

## (e) Parental financial security

In this study, a five-item scale was developed to measure *Parental financial security*. The items, sources of these items and the operational definition of the factors are summarised in Table 6.8.

**Table 6.8: Operationalisation - Parental financial security**

<i>Parental financial security</i> refers to a NGFM perceiving that the income earned by their parent from working in the family business is regular and financially rewarding, and provides financial security, money for retirement and the opportunity to increase personal wealth.		
ITEMS		SOURCES
FS1	The income my father/mother earns from the family business provides him/her with financial security.	Financial well-being questionnaire (2017)
FS2	The income my father/mother earns from the family business ensures that he/she has a regular income.	Gongxeka (2012); Farrington <i>et al.</i> (2011)
FS3	The income my father/mother earns from the family business will ensure that he/she has enough money to retire one day.	
FS4	The income my father/mother earns from the family business allows him/her to increase his/her personal wealth.	
FS5	My father/mother finds it financially rewarding working in the family business.	Kupangwa (2015)

(f) Parental job satisfaction

The independent variable *Parental job satisfaction* was operationalised using a six-item scale sourced from three studies. These items as well as the operational definition are summarised in Table 6.9.

**Table 6.9: Operationalisation - Parental job satisfaction**

<i>Parental job satisfaction</i> refers to a NGFM perceiving that their parent is satisfied with, and has a meaningful career in the family business, a career that provides purpose, fulfilment and enjoyment.		
ITEMS		SOURCES
JS1	My father/mother is satisfied working in the family business.	Baloyi <i>et al.</i> (2014)
JS2	My father/mother has a meaningful career in the family business.	Steger <i>et al.</i> (2012)
JS3	Working in the family business gives my mother/father purpose.	
JS4	My father/mother experiences his/her involvement in the family business as rewarding.	Kupangwa (2015)
JS5	My father/mother experiences his/her involvement in the family business as fulfilling.	
JS6	My father/mother enjoys working in the family business.	

(g) Parent–child relationship

The independent variable *Parent–child relationship* was operationalised using an eight-point scale sourced from several studies. These items as well as the operational definition are summarised in Table 6.10.

**Table 6.10: Operationalisation - Parent-child relationship**

<i>Parent–child relationship</i> refers to a NGFM perceiving that the relationship between them and their parent is characterised by open communication, appreciation and respect, and that they regularly spend time with each other and get on well together.		
ITEMS		SOURCES
PCR1	My father/mother and I appreciate each other.	Lange <i>et al.</i> (2002)
PCR2	My father/mother and I get on well.	
PCR3	I can turn to my father/mother for guidance.	Mills 2009; Lange, Evans, Jansen & Dolan (2002)
PCR4	My father/mother and I trust each other.	Dixson, Bernes & Fair (2014); Kerns, spelmeier, Gentzler & Grabill (2001)
PCR5	My father/mother and I respect each other.	Dixson <i>et al.</i> (2014)
PCR6	I can depend on my father/mother for help.	Mills (2009); Kerns <i>et al.</i> (2001)
PCR7	My father/mother and I openly communicate with each other.	Dayle (2016)
PCR8	My father/mother and I regularly spend time together.	Dixson <i>et al.</i> (2014)

(h) Parental identification

The variable *Parental identification* was operationalised using a seven-item scale sourced from several studies. These items as well as the operational definition are summarised in Table 6.11.

**Table 6.11: Operationalisation - Parental identification**

<i>Parental identifications:</i> Refers to a NGFM perceiving they have the same career interests and share the same attitudes and beliefs as their parent and plan to follow in their parent's footsteps.		
ITEMS		SOURCES
PI1	I want the same career for myself as my father/mother has.	Sawitri, Creed & Zimmer-Gembeck (2013)
PI2	I have the same career interests as my father/mother.	
PI3	The career plans I have for myself are similar to the plans my father/mother has for me.	
PI4	I want to follow in my father's/mother's career footsteps.	Self-constructed
PI5	I relate well to my father/mother.	
PI6	I share the same attitudes as my father/mother.	Mills (2009)
PI7	I share the same beliefs as my father/mother.	

(i) Parental expectations

A six-item scale was developed to measure *Parental expectations*. Three items were sourced from the study of Jacob (2010) and two were self-constructed. In Table 6.12 the operational definition of *Parental expectations* is provided and the items measuring this construct are summarised.

**Table 6.12: Operationalisation - Parental expectations**

<i>Parental expectations</i> refers to a NGFM perceiving that it is the expressed wish of their father/mother that they join the family business and that their father/mother believes that they are capable of running the family business.		
ITEMS		SOURCES
PE1	It is my father's/mother's expressed wish that I join the family business.	Self-constructed
PE2	It is my father's/mother's dream for me to join the family business.	Jacob (2010)
PE3	My father's/mother's career goal for me is that I join the family business.	
PE4	My father/mother expects me to join the family business.	
PE5	My father/mother believes that I am capable of running the family business in the future.	Self-constructed
PE6	My father/mother regularly talks to me about joining the family business.	

(j) Parental support

A seven-item scale was developed to measure the independent variable *Parental support*. In Table 6.13, the operational definition of *Parental support* is presented, together with the sources for the items measuring this variable.

**Table 6.13: Operationalisation - Parental support**

<i>Parental support</i> refers to a NGFM perceiving that their parent involved them in the family business and assisted them in developing the necessary skills to work in the family business from a young age.		
ITEMS		SOURCES
PSUPP1	My father/mother is assisting me in developing the skills necessary to work in the family business.	Linan & Chan (2009)
PSUPP2	My father/mother has allowed me to be involved in the family business from a young age.	
PSUPP3	My father/mother supports me financially to develop the skills that I will need to work in the family business.	Self-constructed
PSUPP4	My father/mother regularly took me to the family business when I was younger.	Schroder <i>et al.</i> (2011); Bryant <i>et.al.</i> (2006)
PSUPP5	My father/mother involves me in discussions about the family business.	
PSUPP6	My father/mother has shown me various aspects of the family business.	
PSUPP7	My father/mother regularly told me stories about the family business when I was growing up.	

(k) Parental style

The factor *Parental style* was operationalised using a six-item scale. The items used and the operational definition of *Parental style* are summarised in Table 6.14.

**Table 6.14: Operationalisation - Parental style**

<i>Parental style</i> refers to a NGFM perceiving that their parent controls the family household, is very strict, directs behaviour and expects unquestioned obedience.		
ITEMS		SOURCES
PSTYLE1	My father/mother is in firm control of our family household.	Gafoor & Kurukkan (2014)
PSTYLE2	My father/mother is strict.	
PSTYLE3	My father/mother expects unquestioned obedience.	
PSTYLE4	My father/mother directs my behaviour.	
PSTYLE5	When my father/mother tells me to do something, I do it.	
PSTYLE6	My father/mother makes all the decisions for me.	

#### 6.2.5.4 Pilot study

A pilot study is normally undertaken to improve the rigour and the validity of a research project by testing the data-gathering instrument designed for the research, in preparation for a larger study (Quinlan *et al.* 2015:237; Hassan, Schattner & Mazza 2006:70). A pilot study is an important stage in a research project and is used to identify potential problem areas in the research instruments prior to the full study being undertaken (Hassan *et al.* 2006:70).

The pilot phase of testing the validity and reliability of the measuring instrument was undertaken in Port Elizabeth in November 2017. During the pilot study, 16 questionnaires were handed out by means of convenience sampling to NGFMs who met the criteria for participation in the study. A test for unidimensionality was done to ensure the validity of the measuring instrument. The test established that there was sufficient evidence (above 0.4) that the items measuring the factors were valid. Thereafter, Cronbach's alpha coefficients were calculated and were all found to be above 0.6 except *Parental identification* which was 0.5. As the sample was small, the items measuring *Parental identification* were retained and were revisited after the full data collection was completed.

#### 6.2.5.5 Administration of the measuring instrument

The administration of the measuring instrument comprised two stages: first, the field work was undertaken, and thereafter came the capturing and preparation of the data.

##### (a) Fieldwork

As mentioned in Section 6.2.2, survey research methodology was used in this study and the method for collecting the primary data was a self-administered structured questionnaire. NGFMs were identified through the use of criterion sampling (see Section 6.2.3). During March to May 2018, potential NGFMs were approached by fieldworkers and requested by them to participate in the study. NGFMs who agreed to participate were provided with a hard copy of the questionnaire and covering letter. The respondents on the database were emailed a request to participate in the study

together with the covering letter explaining the study and that they had the right to participate or withdraw at any time. Once completed, the hard copies of the questionnaire were collected by the fieldworkers the data was then captured.

#### (b) Data capture and preparation

The completed questionnaires were assessed by the researcher to ensure that they were useable (completed correctly, and that each respondent met the qualifying criteria). Completed questionnaires that were useable were then captured on an Excel spreadsheet in preparation for the statistical analysis to be undertaken.

In order to prepare the data, missing data had to be dealt with. Missing data exists when valid values of one or more variables are not available, or are not provided by respondents for analysis (Hair *et al.* 2014:40). According to Soley-Bori (2013:4), missing data is a problem in quantitative research because nearly all standard statistical analysis techniques require complete information for all the variables under investigation. Several approaches exist to deal with missing data, namely case substitution, hot and cold deck imputation, mean substitution, regression imputation, and finally model-based methods (Hair *et al.* 2014:53). In this study, the mean substitution approach was used in cases where three or less missing values were evident. In cases where more than three missing values were evident, the respondent's data was deleted for statistical analysis. The mean substitution approach is the most widely used method of calculating a replacement value for a variable, with the mean of that variable, by replacing the missing values of a particular person calculated from all valid responses (Hair *et al.* 2014:51; Dodeen 2010:507).

#### 6.2.5.6 Validity of the measuring instrument

Before a researcher attempts to measure the strengths of the relationships in a hypothesised model, the validity and reliability of the measuring instrument needs to be ascertained (Saunders *et al.* 2009:156-157). According to Kimberlin and Winterstein (2008:2278), validity is defined as “the extent to which an instrument measures what it purports to measure”. To establish whether a measuring instrument actually measures what it is supposed to measure, construct validity is assessed

(Saunders *et al.* 2009: 373). Construct validity focuses on the empirical evidence that is generated by a measure and whether this evidence is consistent with the theoretical logic of the concept (Welman *et al.* 2005:142). A measuring instrument is said to exhibit construct validity if the scale has both convergent and discriminant validity (Westen & Rosenthal 2003). According to Hair *et al.* (2014:124) convergent validity assesses the degree to which the two measures of the same concept are correlated, with high correlations indicating that a scale is measuring an intended concept. Discriminant validity is the degree to which two conceptually similar concepts are distinct. In this case the correlations should be low, demonstrating that the summated scale is sufficiently different from the other similar concept (Hair *et al.* 2014:124).

According to Collis and Hussey (2014:276), a factor analysis is used to determine the correlation between pairs of variables measured on a rating scale (e.g. a Likert-type scale) and the analysis identifies sets of interrelated variables on the basis that each variable in the set could be measuring a different aspect of an underlying factor. There are two types of factor analysis, confirmatory factor analysis (CFA) and an EFA (Struwig & Stead 2013:149). A CFA is used in situations where the researchers need to determine if the data in their study fits with their theoretical model (Struwig & Stead 2013:149). Therefore, items of a measure are theoretically assumed to load on one or more variables (factors) (Struwig & Stead 2013:149). According to Struwig and Stead (2013:149), a researcher makes use of an EFA in situations where the need exists to find out which variables are correlated and which are independent of each other. Furthermore, the items being assessed using an EFA have not been identified to belong to a particular factor (Struwig & Stead 2013:149). For the purposes of the current study, an exploratory factor analysis was undertaken to assess the construct validity of the instrument measuring the independent and moderating variables (Cooper & Schindler 2008:592).

In assessing the validity of the scale measuring the dependent variable *Intention to join the family business*, a test for unidimensionality using a factor analysis was undertaken. A test for unidimensionality was considered appropriate for the dependent variable, because the items used have been found valid and reliable in several previous studies (Farrington & Beck 2017:19; Mamoudou 2013:112; Gongxeka 2012). Although contextualised to their respective studies, Farrington and



Beck (2017:19) and Gongxeka (2012:101) measured intentions using these items and reported a Cronbach's alpha of 0.025 and 0.848 respectively. The study of Mamoudou (2013:112) used a similar scale and reported a Cronbach's alpha of 0.951. Using tests for unidimensionality are not uncommon and have been used in other studies (Richardson 2017; Smith 2004).

When undertaking a factor analysis, factor loadings are calculated (Cornish 2007). A factor loading represents the correlation between the original variable and its factor (Hair *et al.* 2014:115). According to Hair *et al.* (2014:115), factor loadings of 0.50 or greater are considered practically significant and factor loadings exceeding 0.70 are considered indicative of a well-defined structure and are the goal of any factor analysis. Hair *et al.* (2014:115) further propose that the aforementioned guidelines are applicable when the sample size is 100 or larger and where the emphasis is on practical and not statistical significance. In the current study, factor loadings of 0.50 or greater were considered practically significant.

#### 6.2.5.7 Reliability of the measuring instrument

Reliability refers to the accuracy and precision of a measuring instrument and the ability to redo the study using the same measuring instrument without any differences in the results (Collis & Hussey 2014:343). Bryman and Bell (2015:36) continue by highlighting three prominent factors involved when considering whether a measuring instrument is reliable, these being stability, external reliability and inter-observer consistency. Stability refers to the degree of confidence that a measure is stable over times and will not vary when it is re-administered (Bryman & Bell 2015:36). Internal reliability refers to the items that make up the scale being consistent (Bryman & Bell 2015:36). Inter-observer consistency occurs when more than one researcher or observer is involved in recording observations for the study and ensuring that they are consistent (Bryman & Bell 2015:36). A commonly used measure of reliability, which gives an estimate of the equivalence of sets of items from the same test, is internal consistency (Kimberlin & Winterstein 2008:2277). Cronbach's alpha coefficient is a type of reliability estimate that measures internal consistency and is based on the average correlation of variables within a specific set of items measuring a construct (Cooper & Schindler 2008:322). According to Nunnally (1978), reliability coefficients

of less than 0.50 are indicative of unacceptable reliability, those between 0.50 and 0.70 are indicative of questionable reliability, those above 0.70 are indicative of acceptable reliability, and coefficients greater than 0.80 indicate good reliability. In exceptional cases the lower limit of 0.70 can be reduced to 0.60 (Hair *et al.* 2014:123). In the current study, Cronbach's alpha coefficients are calculated to measure the reliability of the measuring instrument and the aforementioned criteria are used as benchmark.

#### 6.2.5.8 Ethical considerations

According to Collis and Hussey (2014:31) and Bell and Bryman (2015), there are several ethical principles that need to be followed when conducting research. These ethical principles and how they were adhered to in the current study are summarised in Table 6.15.

**Table 6.15: Ethical considerations in this study**

ETHICAL PRINCIPLE	DESCRIPTION OF APPLICATION
<b>Avoid potential harm to respondents</b>	Harm to respondents was avoided by respecting their human rights. In addition, the nature of the research in this study reduced the possibility of harming respondents as no sensitive questions were asked. The ethics committee of Nelson Mandela University found that none of the questions posed to the respondents would cause harm.
<b>Respect the dignity of respondents</b>	Field workers were trained to be professional and to respect the dignity of respondents at all times.
<b>Ensure informed consent of each respondent</b>	On the covering page of the questionnaire, a statement informed the respondent that participation in the study was voluntary and that by participating in the study they were providing implicit consent.
<b>Protect the privacy of the respondent</b>  <b>Ensure the confidentiality of the respondent's data</b>	The information on the covering page of the questionnaire also indicated that all information collected from the respondent would be kept completely confidential at all times. Furthermore, the information collected would be treated with the strictest of confidence. To further ensure the privacy of the respondent only the researcher, supervisors and statistician would have access to the datasheet.
<b>Protect the anonymity of the respondent</b>	To ensure anonymity, the researcher did not capture any identifiable information on the study's datasheet which was used for statistical analysis.

In addition to the above ethical principles that were followed, this study was subjected to the research ethics procedures of Nelson Mandela University and full ethics

clearance was obtained. The following RECH number was allocated to the study: H18-BES-BMA-002 (see Annexure C).

## 6.2.6 DATA ANALYSIS METHODS

The software program Statistica (Version 13.3) was used to undertake the data analysis in the current study. This analysis included assessing the validity and reliability of the measuring instrument (as described in Sections 6.2.4.5 and 6.2.4.6) as well as undertaking descriptive and inferential statistics.

### 6.2.6.1 Descriptive statistics

According to Collis and Hussey (2014:205), descriptive statistics are a group of statistical methods used to summarise, describe or display quantitative data. Jackson (2010:216) explains that descriptive statistics are used to organise and present numerical data in a clear manner. Descriptive statistics calculated in this study include the mean, standard deviation and frequency distributions.

### 6.2.6.2 Inferential statistics

Inferential statistics is a group of statistical methods used to draw conclusions about a population from data collected from a random sample of that population (Collis & Hussey 2014:205). According to Hair *et al.* (2014:261), inferential statistics include both parametric and non-parametric tests. Parametric tests are based on mean values and rely on the data being of normal distribution while non-parametric tests are used to perform calculations based on ranking rather than on the data values (Collis & Hussey 2014:261). In deciding whether the data collected in a study is appropriate for parametric testing, the researcher needed to establish whether these four basic assumptions were met, namely that the variable is measured on a ratio or interval scale, the data is normally distributed, stability of variance in a test across groups of subjects exists and the data values in the variable are independent (Collis & Hussey 2014:261). If these assumptions are met by the research data, then parametric tests can be performed (Collis & Hussey 2014:261).

In the current study a five-point Likert-type scale was used, which collects data using an ordinal scale. A Likert-type scale is seen as a type of attitudinal scale where individual responses can be measured (Boone & Boone 2012:1). Such scales are converted by calculating a composite score in order for them to be analysed as an interval measurement scale (Boone & Boone 2012:1). A composite score (sum or mean) is calculated from several Likert-type items (Boone & Boone 2012:1). Once the composite score has been calculated, this composite score now has the properties of interval data which can then be used to undertake parametric tests.

According to Ghasemi and Zahediasl (2012:486), many statistical tests including correlation, regression, t-tests and ANOVA (all parametric tests) are based on the assumption that the data follows a normal distribution. The Shapiro-Wilk W test was undertaken to assess whether the data was approximately normally distributed. Common method bias in particular is of concern in studies that are based on the individual's own perception. Harman's single-factor test (Reio 2010) was undertaken as the *post hoc* statistical technique to assess the existence of common method bias. Pearson's product moment correlations and multiple regression analyses (MRAs) were done prior to undertaking the inferential statistics for this study.

#### 6.2.6.3 Pearson's product moment correlation

According to Collis and Hussey (2014:270), Pearson's product moment correlation is used to determine the association between two quantitative variables as it measures the direction and strength of the linear relationship between these variables. The Pearson's product moment correlation is measured within the ranges between -1 and +1 (Collis & Hussey 2014:270). The guidelines used for interpreting these coefficients (Sharma 2014:420) in the study are summarised in Table 6.16.

**Table 6.16: Pearson's product moment correlation guidelines**

STRENGTH OF ASSOCIATION	COEFFICIENT (r)	
	Positive	Negative
Small (weak)	0.1-0.3	-0.1 to -0.3
Medium (moderate)	0.3-0.5	-0.3 to -0.5
Large (strong)	0.5-0.9	-0.5 to -0.9
Perfect	+1	-1

Source: Sharma (2014:420)

In this study, Pearson's product moment correlations were undertaken to establish the relationships between the dependent variable (*Intention to join the family business*), the moderating variables (*Self-efficacy* and *Outcome expectations*) and independent variables (*Parental expectations*, *Parent-child relationship*, *Perceived parental outcomes*, *Parental identification*, *Parental style*, *Early business exposure* and *Parents' job characteristics*).

#### 6.2.6.4 Multiple regression analysis

MRA measures how well more than one independent variable predicts the value of a dependent variable (Maree 2016:272; Quinlan *et al.* 2015:362). Multiple regression analysis was used in the current study to assess the relationships summarised in the hypothesised model. More specifically, hierarchical MRA was undertaken.

##### (a) Undertaking the multiple regression analysis

Hierarchical regression analysis is an approach in which the researcher determines the sequence of entering independent variables based on specific theory. This approach is most commonly used to evaluate the impact of control variables in predictive models that use regression (Hopkins & Ferguson 2014:55). A control variable is any variable that may affect the relationship between the independent variable and dependent variable but has no intrinsic interest in the study (Kleinbaum 2007). If the researchers know from theory that certain factors (control variables) such as firm size, firm age, industry growth and capital intensity would affect, for example, the sales growth of a firm, then these variables would be entered into the regression

equation before others variables to reduce minor variance (Hopkins & Ferguson 2014:55).

Common control variables in family business research include industry type, firm size, firm age, past performance and family involvement (Hopkins & Ferguson 2014:55; Sciascia, Mazzola & Chirico 2013:69; Chrisman, Chua, Kellermanns & Chang 2007:1030; Zahra 2003:495). Because the current study is not related to the performance of the family businesses per se, but on the career choices of NGFM's, demographic variables that influence career choice were considered more appropriate to control. Several studies highlight a relationship between demographic factors and career choice (Mudhovozi & Chireshe 2017; Kolawole, Osundina, James & Abolaji 2012; Jelinski, Campbell, Lissemore & Miller 2008). Given the important role of gender in family businesses (Schroder *et al.* 2011; Rastogi & Agrawal 2010:8), and the influence of gender on career choice (Correll, Kelly & O'Connor 2014; Hill & Giles 2014; Malach-Pines & Kaspi-Baruch 2008), *Gender* was controlled for in the MRA. Furthermore, it is well accepted that a person's *Qualifications* (Braza & Guilo 2015; Eidmtas & Juceviciene 2014; Jelinski *et al.* 2008) and available *Job opportunities* (Calitz *et al.* 2013; Coldwell & Callaghan 2013) influence the career choices of individuals. Therefor *Qualification* and *Job opportunities* were also controlled for in the MRA.

Once the control variables have been entered into the MRA, the independent variables in this study (*Parents' job characteristics, Parental financial security, Parental job satisfaction, Parent-child relationship, Parental identification, Parental expectations, Parental support and Parental style*) that are hypothesised to influence the dependent variable (*Intention to join the family business*) are then entered to measure the direct effects.

The last step involves entering the moderating variables into the MRA, as such a moderated regression analysis was undertaken. The influence of the moderating variables (*Self-efficacy and Outcome expectations*) needs to be assessed once the independent variables' influence on the dependent variable has been established. In order to determine whether a moderating effect exists, there needs to be an addition of a linear interaction term in a multiple regression model (Jose 2013; Aguinis 2004).

Performing a moderator analysis involves performing a multiple regression equation with an interaction term (Jose 2013). According to Frost (2017), interaction effects indicate that a third variable influences the relationship between an independent and dependent variable.

(b) Interpreting the multiple regression analysis

The coefficient of determination, denoted as  $R^2$  (Maree 2016:270), was considered to establish the amount of variance in the dependent variable explained by the independent variables (Hair *et al.* 2014:161; Hopkins & Ferguson 2014:52). The  $R^2$  value can range from 1.0 (perfect prediction) to 0.0 (no prediction) (Hair *et al.* 2014:161; Hopkins & Ferguson 2014:52).  $R^2$  is a statistical measure used to determine how close the data of a sample is to the fitted regression line (Stone, Scibilla, Pammer & Steele 2013:1). According to (Stone *et al.* 2013:1)  $R^2$  can be used instead of the adjusted  $R^2$  in instances where the researcher is working with a sample. Lee (2014: 504) suggests that in almost any standard interpretation of regression results, an  $R^2$  statistic of more than .10 provides evidence of satisfactory fit to a linear model.

To interpret the strengths of the relationship between the independent and dependent variable, as well as the effects of the moderating variables on these relationships, the standardised regression coefficients, called beta ( $\beta$ ) coefficients (Hair *et al.* 2014:195), were assessed. The advantage of standardised beta coefficients is that they eliminate the problem of dealing with different units of measure and therefore “reflect the relative impact on the dependent variable of a change in one standard deviation in either variable” (Hair *et al.* 2014:195). In this study, standardised beta coefficients were used so that comparison effects across various measures could be made (Singh 2016). Furthermore, as suggested by Lee (2014:504), the beta coefficients reported should be greater than .20 to suggest interpretable linear relationships.

(c) Remedies and assumptions

There are several assumptions about the relationship between the dependent and independent variables that need to be taken into consideration prior to undertaking

MRA (Hair *et al.* 2014:179; Hopkins & Ferguson 2014:58), namely linearity, constant variance of the error terms (homoscedasticity), independence of error terms and the normality of the error term distribution (Hair *et al.* 2014:179; Hopkins & Ferguson 2014:58).

When discussing MRA, it is important to discuss the impact of multicollinearity (Hair *et al.* 2014:161). Multicollinearity is explained as the association between three or more independent variables (Hair *et al.* 2014:161). When multicollinearity occurs, it reduces any single independent variable's predictive power to the extent to which it is associated with other independent variables (Hair *et al.* 2014:161). The presence of multicollinearity was assessed by calculating variance inflation factors and the following criteria was applied. According to O'Brien (2007:673), values of variance inflation factors that exceed 10 are regarded as indicating the presence of multicollinearity. If multicollinearity exists, O'Brien (2007:683) suggests that a way to rectify the model is to eliminate one or more independent variables that are highly correlated with other independent variables.

To test for autocorrelation of the residuals the Durbin-Watson test was performed. A Durbin-Watson *d* value of close to 2 and the serial correlation being very close to zero indicates that no residual correlation is present (Thejll & Schmith 2005; Mendenhall 2003). To test the assumption of equal variances, a scatterplot of the raw residuals relative to each independent variable was created. Using the case-wise plots, both the Cook's distance method and the deleted residual method were used to identify any outliers or influential observations. A normal probability plot of the residuals was used to confirm that the residuals did not deviate from a straight line

### **6.3 SUMMARY**

In Chapter 6, the research design and methodology used in this study was described. Specific attention was given to describing and justifying the research paradigm, the methodological approach and the research method adopted. Furthermore, the sample and sampling technique as well as the data collection methods were described. The method of assessing the validity and reliability of the measuring instrument was explained, and the type of descriptive and inferential statistics used were detailed.



In Chapter 7 the empirical results of this study are presented. The sample is described and the results of the measurement instrument's validity and reliability assessments are presented. Thereafter, the results of the descriptive and the inferential statistics are summarised.

## **CHAPTER 7**

### **EMPIRICAL RESULTS**

#### **7.1 INTRODUCTION**

In the previous chapter, the research design and methodology adopted for this study was presented. A positivistic research paradigm and a quantitative methodological approach that was deductive in nature was adopted. Furthermore, the methodology adopted to collect the primary data in this study was an analytical survey which was cross-sectional in nature. The data collection method used was that of a structured questionnaire and the sampling technique used was non-probability, criterion sampling.

In Chapter 7 the empirical results of this study are presented and discussed. The sample is described in terms of the ownership of the family business, the tenure of parental involvement in the family business, the nature of the family business itself and the profile of the individual respondents. The validity and reliability of the measuring instrument is established and thereafter, the operationalisation of the dependent, moderating and independent variables is reformulated. Finally, the results of the descriptive statistics (mean, standard deviation and frequency distributions) and the inferential statistics (Pearson moment correlations and MRAs) calculated are presented.

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#### **7.2 SAMPLE SIZE AND DESCRIPTION**

The sample consisted of NGFMs who met the specified criteria for this study. Of the 600 questionnaires that were distributed to respondents, only 453 were useable on completion, resulting in an effective response rate of 69.37 per cent.

Section A of the questionnaire required the completion of 13 questions to describe the sample. These questions related to the ownership of the family business, the tenure of parental involvement in the family business, the family business itself and the individual respondent. Tables 7.1 to 7.3 provide a summary of the responses to these questions.

Table 7.1 indicates that most of the family businesses associated with the respondents in the current study are owned by the respondent's father (46.80%). Almost one third (32.23%) are owned by both the respondent's father and mother, and only 6.33 per cent by their mother only. Tenure of parental involvement in the family business measured how long the respondent's parent(s) had been involved in the family business. The results show that 58.06 per cent indicated that their parent(s) had been involved for more than 10 years, and the remaining 41.94 per cent indicated their involvement as being less than 10 years.

**Table 7.1: Family business ownership and tenure of parental involvement**

VARIABLE	CATEGORY	FREQUENCY (N)	PERCENTAGE (%)
<b>Ownership</b>	Father	212	46.80
	Mother	74	16.33
	Both father and mother	146	32.23
	Other family members	21	4.64
	<b>Total</b>	<b>453</b>	<b>100.00</b>
<b>Tenure of parental involvement</b>	Less than 5 years	65	14.35
	5–10 years	125	27.59
	11–15 years	78	17.22
	16–20 years	53	11.70
	More than 20 years	132	29.14
	<b>Total</b>	<b>453</b>	<b>100.00</b>

From Table 7.2 it can be seen that the majority of family businesses associated with the respondents are owned by first generation (78.59%) family members, 18.32 per cent by the second generation, and only 3.09 per cent by the third or later generations. The majority of family businesses are located in the Eastern Cape (72.41%), with a small number of businesses located in each of the other provinces in South Africa. A more or less even number of family businesses employ between 5 and 10 employees (31.13%), and fewer than five employees (28%). The remainder (39.97%) employ more than 10 employees. The majority of family businesses operate in the services industry (50.55%), and 23.62 per cent in the retail and/or wholesale industry. The remainder (25.83%) operate in either the manufacturing industry, a combination of

retail, wholesale, manufacturing and service industries, or in the construction and farming industries.

**Table 7.2: Family business characteristics**

VARIABLE	CATEGORY	FREQUENCY (N)	PERCENTAGE (%)
<b>Ownership</b>	First generation	356	78.59
	Second generation	83	18.32
	Third generation or later	14	3.09
	<b>Total</b>	<b>453</b>	<b>100.00</b>
<b>Location</b>	Eastern Cape	328	72.41
	Free State	9	1.99
	Gauteng	23	5.08
	KwaZulu-Natal	20	4.41
	Limpopo	16	3.53
	Mpumalanga	6	1.32
	Northern Cape	1	0.22
	North West	4	0.88
	Western Cape	21	4.64
	More than one province	25	5.52
	<b>Total</b>	<b>453</b>	<b>100.00</b>
<b>Number of employees</b>	Fewer than 5 employees	130	28.70
	5–10 employees	141	31.13
	11–20 employees	82	18.11
	21–50 employees	53	11.70
	51–100 employees	26	5.74
	More than 100 employees	20	4.42
	<b>Total</b>	<b>453</b>	<b>100.00</b>
<b>Industry</b>	Retailer and/or wholesaler	107	23.62
	Manufacturer	43	9.49
	Service industry	229	50.55
	Two or more of the above industries	37	8.17
	Construction	25	5.52
	Farming/agriculture	12	2.65
	<b>Total</b>	<b>453</b>	<b>100.00</b>

From Table 7.3 it is evident that the majority of respondents who participated in this study are male (60.04%). With regard to the age of the respondents, a more or less even number were between the ages of 18 and 20 years (35.98%) and between the ages of 21 and 25 years (35.54%). The remainder (28.48%) were over the age of 25 years. In terms of the respondent's ethnicity, most were Black (42.38%), followed by White (31.79%) or Coloured (15.46%) respondents. The majority of respondents did not have a post-matric qualification (57.17%).

**Table 7.3: Profile of respondents**

VARIABLE	CATEGORY	FREQUENCY (N)	PERCENTAGE (%)
Gender	Male	272	60.04
	Female	181	39.96
	<b>Total</b>	<b>453</b>	<b>100.00</b>
Age	18–20	163	35.98
	21–25	161	35.54
	26–29	49	10.82
	30–35	30	6.62
	35+	50	11.04
	<b>Total</b>	<b>453</b>	<b>100.00</b>
Ethnicity	Asian	33	7.28
	Black	192	42.38
	Coloured	70	15.46
	White	144	31.79
	Undisclosed	14	3.09
	<b>Total</b>	<b>453</b>	<b>100.00</b>
Post-matric qualification	Yes	194	42.83
	No	259	57.17
	<b>Total</b>	<b>453</b>	<b>100.00</b>

As can be seen in Table 7.3, 52.76 per cent indicated that they are studying either full or part-time. Nearly one third (26.05%) indicated that they are already working in the family business of their parent(s).

**Table 7.3: Profile of respondents (continued)**

VARIABLE	CATEGORY	FREQUENCY (N)	PERCENTAGE (%)
<b>Current employment status</b>	Studying (full-time/part-time)	239	52.76
	On a gap year	12	2.65
	Job-hunting	15	3.31
	Combination of the above plus working in other business	6	1.32
	Combination of above plus working in the family business	12	2.65
	Working for another business	51	11.26
	Working in family business	118	26.05
	<b>Total</b>	<b>453</b>	<b>100.00</b>

Section A of the questionnaire also measured the respondents' perceptions of their future job opportunities. Three questions were posed and respondents (N=452) were requested to indicate their extent of agreement with these statements using a five-point Likert scale. For the sake of brevity, the response categories on the five-point Likert scale are reported here as follows:  $1 \leq x < 2.333$  were categorised as disagree;  $2.333 \leq x < 3.667$  as neutral; and  $3.667 \leq x \leq 5.000$  were categorised as agree. A summated mean score of 3.65 was reported for the perception of their future job opportunities, with the majority (60.84%) of respondents, as shown in Table 7.4, agreeing that they were confident that job opportunities of interest are available to them. Fewer respondents (34.73%) were neutral and 4.43 per cent disagreed that there are employment opportunities of interest available to them.

**Table 7.4: Future job opportunities**

ITEM	MEAN	STD. DEV.	DISAGREE %	NEUTRAL %	AGREE %
There are lots of job opportunities out there for me.	3.37	1.11	21.85	30.03	48.12
I am confident that I will find the job I want.	3.93	0.97	12.14	26.71	61.15
I believe there is a job that interests me available.	3.67	0.94	7.51	20.53	71.96
Average response			4.43	34.73	60.84

### 7.3 VALIDITY AND RELIABILITY

As discussed in Section 6.2.4.5, validity refers to the extent to which an instrument measures what it is intended to measure (Kimberlin & Winterstein 2008:2278). Assessments of the validity of the scales for measuring the dependent variable, the independent variables and the moderating variables were carried out separately and the results are described in Sections 7.4.1 to 7.4.3. As suggested by Hair *et al.* (2014:115), factor loadings of 0.50 or greater were considered practically significant. These authors also suggest that factor loadings exceeding 0.70 are considered indicative of a well-defined structure and are the goal of any factor analysis (Hair *et al.* 2014:115).

As discussed in Section 6.2.4.6, reliability refers to the accuracy and precision of a measuring instrument and the ability to redo the study using the same measuring instrument without any differences in the results (Collis & Hussey 2014:343). The reliability of the various scales measuring the variables under investigation in this study was determined by measuring their internal consistency. More specifically, Cronbach's alpha coefficients were calculated. According to Nunnally (1978), reliability coefficients of less than 0.50 are indicative of unacceptable reliability, those between 0.50 and 0.70 of questionable reliability, those above 0.70 of acceptable reliability, and coefficients greater than 0.80 indicate good reliability. Therefore, Cronbach's alpha coefficients of greater than 0.7 were considered significant to provide evidence of a reliable scale.

#### 7.3.1 DEPENDENT VARIABLE: INTENTION TO JOIN THE FAMILY BUSINESS

As described and justified in Section 6.2.4.5 of this dissertation, the validity of the scale measuring the dependent variable, *Intention to join the family business*, was assessed by means of a test for unidimensionality. In testing the unidimensionality of *Intention to join the family business*, factor analysis was undertaken and principle component analysis was specified as the method of factor extraction.

All seven items (INT5, INT3, INT1, INT7, INT6, INT2 and INT4) expected to measure *Intention to join the family business* loaded onto one factor. For this factor, an

eigenvalue of 5.44 was reported and explains 77.73 per cent of the variance of the data. Factor loadings of between -0.809 and -0.924 were reported for the various items (see Table 7.5). Therefore, sufficient evidence of discriminant validity is provided for the construct and the high factor loadings provide evidence of a well-defined structure. The Cronbach's alpha coefficient for *Intention to join the family business* is 0.951, indicating good reliability for the scale used to measure this construct.

**Table 7.5: Intention to join the family business**

Eigenvalue: 5.44 % of Variance: 77.73		Cronbach's alpha (CA): 0.951		
Item	Question	Factor loading	Item-total correlation	CA after deletion
INT6	I intend to join our family business in the future.	-0.924	0.889	0.938
INT4	I am determined to join our family business in the future.	-0.910	0.872	0.940
INT1	I want to pursue a career in our family business.	-0.906	0.867	0.941
INT3	I will make every effort to join our family business in the future.	-0.890	0.847	0.942
INT2	My career goal is to join our family business.	-0.888	0.843	0.943
INT7	I will join our family business if the opportunity presents itself.	-0.839	0.782	0.947
INT5	I would prefer to work in our family business rather than for someone else.	-0.809	0.747	0.952

Given the validity assessment, the operational definition of *Intention to join the family business* remains unchanged and in this study refers to a NGFM preferring to work in the family business rather than elsewhere, as well as being determined and making every effort to pursue their career goal of joining the family business.

### 7.3.2 INDEPENDENT VARIABLES

The validity of the scales measuring the independent variables in this study were assessed for discriminant validity by means of an EFA. The analysis generates a number of factor loadings which are representative of the correlations between each of the variables. Principle component analysis and Varimax raw were specified respectively as the factor extraction and factor rotation methods.



The resulting factor structure from the EFA performed on the independent variables is depicted in Table 7.6 where it can be seen that eight factors were extracted. In the current study, factors with eigenvalues greater than one were retained (Solanas, Manolov, Leiva & Richard 2011:35). In addition, the researcher also viewed the screen plot, which supported the number of factors extracted.

The first seven factors extracted corresponded with the theoretical dimensions of *Parental expectations* (Factor 1), *Parent–child relationship* (Factor 2), *Perceived parental outcomes* (Factor 3), *Parental identification* (Factor 4), *Parental style* (Factor 5), *Early business exposure* (Factor 6), and *Parents’ job characteristics* (Factor 7). No items loaded significantly onto Factor 8 and this factor was thus not considered for further statistical analysis.

**Table 7.6: Factor structure – Independent variables**

	Factor 1	Factor 2	Factor 3	Factor 4	Factor 5	Factor 6	Factor 7	Factor 8
PE2	<b>0.846</b>	−0.002	0.206	0.164	0.014	0.085	0.044	−0.041
PE1	<b>0.841</b>	−0.039	0.124	0.099	0.053	0.055	0.015	−0.050
PE3	<b>0.812</b>	−0.048	0.157	0.197	0.145	0.115	−0.003	−0.013
PE4	<b>0.804</b>	−0.101	0.160	0.066	0.107	0.080	0.033	−0.042
PE6	<b>0.774</b>	−0.017	0.100	0.112	−0.044	0.152	0.060	0.112
PCR1	−0.015	<b>0.792</b>	0.048	−0.020	−0.021	0.102	0.060	−0.154
PCR2	−0.031	<b>0.783</b>	−0.004	0.037	−0.046	0.027	0.066	0.039
PCR5	−0.047	<b>0.717</b>	0.104	0.003	−0.065	0.049	0.061	−0.094
PCR4	−0.029	<b>0.697</b>	0.113	0.050	0.008	0.097	0.052	0.300
PI5	−0.010	<b>0.693</b>	0.019	0.290	0.013	−0.016	0.049	0.074
PCR3	0.034	<b>0.670</b>	0.147	0.174	0.153	−0.027	0.124	0.122
PCR7	0.018	<b>0.669</b>	0.091	0.102	−0.011	0.054	0.120	0.342
PCR6	−0.049	<b>0.630</b>	0.137	0.111	0.062	0.032	0.129	−0.161
PCR8	−0.042	<b>0.569</b>	0.035	0.028	0.055	0.151	−0.108	0.421
FS4	0.146	0.001	<b>0.791</b>	0.135	−0.018	0.095	0.041	0.017
FS1	0.042	0.060	<b>0.790</b>	0.141	−0.059	0.137	0.073	−0.053

(Bold =  $p < 0.05$ )

**Table 7.6: Factor structure – Independent variables (continued)**

<b>FS3</b>	0.117	-0.068	<b>0.767</b>	0.159	-0.048	0.096	0.079	0.116
<b>FS5</b>	0.211	0.058	<b>0.751</b>	0.149	-0.015	0.075	0.035	0.011
<b>FS2</b>	0.025	-0.043	<b>0.739</b>	0.090	-0.025	0.224	0.037	0.025
<b>JS1</b>	0.297	0.203	<b>0.679</b>	-0.011	0.145	-0.012	0.082	-0.005
<b>JS4</b>	0.199	0.208	<b>0.661</b>	0.053	0.166	0.007	0.260	0.079
<b>JS5</b>	0.265	0.177	<b>0.650</b>	0.011	0.190	-0.063	0.161	-0.004
<b>JS2</b>	0.054	0.131	<b>0.629</b>	0.134	0.128	0.055	0.227	0.064
<b>JC1</b>	0.172	0.149	<b>0.548</b>	0.116	0.142	0.022	0.426	0.077
<b>JS6</b>	0.286	0.362	<b>0.509</b>	-0.002	0.112	-0.101	0.090	-0.214
<b>PI2</b>	0.203	0.013	0.161	<b>0.814</b>	0.031	0.045	0.044	0.125
<b>PI1</b>	0.230	0.078	0.172	<b>0.808</b>	0.042	0.046	0.079	0.005
<b>PI4</b>	0.324	0.088	0.164	<b>0.751</b>	0.040	0.011	0.056	0.059
<b>PI3</b>	0.004	0.277	0.081	<b>0.675</b>	-0.001	0.125	0.014	-0.168
<b>PSTYLE3</b>	0.186	-0.149	-0.012	-0.008	<b>0.632</b>	0.012	0.157	-0.012
<b>PSTYLE6</b>	0.317	-0.217	0.049	0.079	<b>0.595</b>	0.067	-0.123	0.080
<b>PSTYLE1</b>	-0.034	0.214	0.223	0.018	<b>0.565</b>	0.085	-0.050	0.056
<b>PSTYLE4</b>	0.142	0.119	0.001	0.199	<b>0.565</b>	0.095	0.039	-0.091
<b>PSUPP4</b>	0.054	0.015	0.171	0.043	0.082	<b>0.773</b>	0.106	-0.140
<b>PSUPP7</b>	0.251	0.093	0.170	0.022	0.049	<b>0.695</b>	-0.048	-0.097
<b>PSUPP2</b>	0.235	0.039	0.054	0.154	0.080	<b>0.667</b>	0.132	0.126
<b>PSUPP6</b>	0.262	0.116	0.101	0.061	-0.069	<b>0.608</b>	0.135	0.350
<b>PSUPP5</b>	0.264	0.247	0.091	0.092	-0.051	<b>0.502</b>	0.004	0.349
<b>JC4</b>	0.039	0.167	0.228	0.100	0.024	0.062	<b>0.779</b>	-0.024
<b>JC5</b>	0.030	0.077	0.209	0.177	-0.032	0.082	<b>0.750</b>	-0.021
<b>JC7</b>	0.065	0.204	0.185	-0.083	0.114	0.165	<b>0.531</b>	0.085
<b>PI6</b>	-0.062	0.339	0.147	0.394	0.069	-0.012	-0.016	0.490
<b>PI7</b>	-0.138	0.380	-0.011	0.314	0.298	-0.103	0.134	0.369
<b>PE5</b>	0.499	0.234	0.082	0.163	-0.018	0.199	-0.046	0.304
<b>JC3</b>	-0.043	0.110	0.268	0.045	0.160	-0.045	0.293	0.285

(Bold =  $p < 0.05$ )

**Table 7.6: Factor structure – Independent variables (continued)**

<b>PSUPP1</b>	0.487	0.093	0.190	0.448	0.090	0.298	0.109	0.171
<b>JC8</b>	0.160	–0.072	0.080	–0.094	0.057	0.214	0.426	0.139
<b>PSTYLE5</b>	0.053	0.205	0.096	0.095	0.491	–0.015	0.156	0.119
<b>PSUPP3</b>	0.411	0.198	0.135	0.298	0.349	0.063	0.083	0.082
<b>JC2</b>	–0.029	0.119	0.158	–0.149	0.358	–0.014	0.377	0.037
<b>JS3</b>	0.340	0.167	0.268	–0.134	0.064	0.111	0.308	–0.022
<b>JC6</b>	0.157	0.440	0.306	0.056	0.153	–0.107	0.146	–0.119
<b>PSTYLE2</b>	0.133	–0.069	0.047	–0.003	0.425	0.170	0.028	–0.125

(Bold =  $p < 0.05$ )

Each of the factors extracted from the EFA undertaken on the independent variables are described in the paragraphs that follow.

#### 7.3.2.1 Parental expectations

The first factor (Factor 1) extracted corresponded with the theoretical dimension *Parental expectations*. Five of the six items (PE2, PE1, PE3, PE4 and PE6) originally intended to measure this factor loaded as expected. The remaining item (PE5) did not load and was thus removed from further analysis. *Parental expectations* returned an eigenvalue of 11.72 and explains 9.84 per cent of the variance in the data. Factor loadings of between 0.774 and 0.846 were reported for this factor (see Table 7.7). Sufficient evidence of validity for the scale measuring this factor is thus provided. *Parental expectations* returned a Cronbach's alpha coefficient of 0.918, providing evidence of a reliable scale.

**Table 7.7: Factor 1 – Parental expectations**

Eigenvalue: 11.72 Percentage of variance: 9.84		Cronbach's alpha (CA): 0.918		
Item	Question	Factor loading	Item-total correlation	CA after deletion
PE2	It is my father's/mother's dream for me to join the family business.	0.846	0.855	0.885
PE1	It is my father's/mother's expressed wish that I join the family business.	0.841	0.813	0.894
PE3	My father's/mother's career goal for me is that I join the family business.	0.812	0.807	0.896
PE4	My father/mother expects me to join the family business.	0.804	0.760	0.905
PE6	My father/mother regularly talks to me about joining the family business.	0.774	0.708	0.915

As a result of the validity assessment, *Parental expectations* was reformulated and for the purpose of this study refers to a NGFM perceiving that it is the expressed wish and expectation of their parent that they join the family business.

#### 7.3.2.2 Parent–child relationship

All eight items (PCR1, PCR2, PCR5, PCR4, PCR3, PCR7, PCR6 and PCR8) intended to measure the *Parent–child relationship* loaded together onto one factor as expected (Factor 2). In addition, one item measuring *Parental identification* (PI5) also loaded onto this factor. *Parent–child relationship* reported an eigenvalue of 5.33 and explains 10.74 per cent of the variance in the data. Factor loadings of between 0.569 and 0.792 were reported (see Table 7.8), providing sufficient evidence of validity for the scale measuring the factor *Parent–child relationship*. A Cronbach’s alpha coefficient of 0.883 is reported for *Parental identification* providing evidence of a reliable scale.

**Table 7.8: Factor 2 – Parent–child relationship**

Eigenvalue: 5.33 Percentage of variance: 10.74		Cronbach’s alpha (CA): 0.883		
Item	Question	Factor loading	Item-total correlation	CA after deletion
PCR1	My father/mother and I appreciate each other.	0.792	0.672	0.868
PCR2	My father/mother and I get on well.	0.783	0.694	0.866
PCR5	My father/mother and I respect each other.	0.717	0.591	0.874
PCR4	My father/mother and I trust each other.	0.697	0.683	0.867
PI5	I relate well to my father/mother.	0.693	0.656	0.869
PCR3	I can turn to my father/mother for guidance.	0.670	0.650	0.869
PCR7	My father/mother and I openly communicate with each other.	0.669	0.683	0.866
PCR6	I can depend on my father/mother for help.	0.630	0.554	0.877
PCR8	My father/mother and I regularly spend time together.	0.569	0.544	0.880

As a result of the additional items (PI5) that loaded onto the scale measuring *Parent–child relationship*, this independent variable was reformulated and, for the purpose of this study, refers to a NGFM regularly spending time with and relating well to their

parent, and perceiving their relationship as one where there is open communication, appreciation and respect.

### 7.3.2.3 Perceived parental outcomes

Five items (FS1, FS5, FS3, FS2 and FS4) originally intended to measure *Financial security* loaded together onto Factor 3 with five items originally intended to measure *Job satisfaction* (JS1, JS4, JS5, JS2 and JS6). In addition, one item originally intended to measure *Parents' job characteristics* (JC1) also loaded onto this factor. Based on the nature of these items that loaded, the factor that emerged and was renamed *Perceived parental outcomes*. *Perceived parental outcomes* reported an eigenvalue of 3.51 and explains 11.57 per cent of variance in the data.

**Table 7.9: Factor 3 – Perceived parental outcomes**

Eigenvalue: 3.51 Percentage of variance: 11.57		Cronbach's alpha (CA): 0.916		
Item	Question	Factor loading	Item-total correlation	CA after deletion
FS4	The income my father/mother earns from the family business allows him/her to increase his/her personal wealth.	0.791	0.733	0.905
FS1	The income my father/mother earns from the family business provides him/her with financial security.	0.790	0.723	0.905
FS3	The income my father/mother earns from the family business will ensure that he/she has enough money to retire one day.	0.767	0.697	0.907
FS5	My father/mother finds it financially rewarding working in the family business.	0.751	0.726	0.905
FS2	The income my father/mother earns from the family business ensures that he/she has a regular income.	0.739	0.642	0.910
JS1	My father/mother is satisfied working in the family business.	0.679	0.699	0.907
JS4	My father/mother experiences his/her involvement in the family business as rewarding.	0.661	0.714	0.907
JS5	My father/mother experiences his/her involvement in the family business as fulfilling.	0.650	0.675	0.908
JS2	My father/mother has a meaningful career in the family business.	0.629	0.634	0.910
JC1	Working in the family business allows my father/mother to grow professionally.	0.548	0.629	0.910
JS6	My father/mother enjoys working in the family business.	0.509	0.542	0.914

Factor loadings of between 0.509 and 0.791 were reported for the items (See Table 7.9) and sufficient evidence of validity scale was thus provided. A Cronbach's alpha coefficient of 0.916 is reported, and as a result the scale measuring this factor is considered reliable.

For the purpose of this study, *Perceived parental outcomes* is operationalised as a NGFM perceiving that their parent is satisfied with and grows professionally by working in the family business, and is able to earn a regular income which increases their wealth and obtain financial security.

#### 7.3.2.4 Parental identification

Four of the items (PI2, PI1, PI4 and PI3) intended to measure *Parental identification* loaded together onto one factor (Factor 4) as expected. The remaining items (PI6 and PI7) did not load and were subsequently excluded from further analysis. *Parental identification* reported an eigenvalue of 2.37 and explains 6.54 per cent of variance in the data. Factor loadings of between 0.675 and 0.814 are reported (see Table 7.10), providing sufficient evidence of discriminant validity for this construct. A Cronbach's alpha coefficient of 0.852 is reported and consequently the scale measuring this factor is considered reliable.

**Table 7.10: Factor 4 – Parental identification**

Eigenvalue: 2.37 Percentage of variance: 6.54		Cronbach's alpha (CA): 0.852		
Item	Question	Factor loading	Item-total correlation	CA after deletion
PI2	I have the same career interests as my father/mother.	0.814	0.766	0.779
PI1	I want the same career for myself as my father/mother has.	0.808	0.773	0.775
PI4	I want to follow in my father's/mother's career footsteps.	0.751	0.723	0.798
PI3	The career plans I have for myself are similar to the plans my father/mother has for me.	0.675	0.519	0.881

For the purpose of this study, *Parental identification* refers to a NGFM perceiving that they have the same career interests as their parent and plans to follow in their footsteps.

### 7.3.2.5 Parental style

Four of the items (PSTYLE3, PSTYLE6, PSTYLE1 and PSTYLE4) intended to measure *Parental style* loaded together onto Factor 5 as expected. The remaining items that did not load (PSTYLE5 and PSTYLE2) were subsequently excluded from further analysis. An eigenvalue of 2.28 was returned for the factor *Parental style*, which explains 4.68 per cent of variance in the data. Factor loadings of between 0.565 and 0.632 were reported (see Table 7.11), providing sufficient evidence of discriminant validity for this construct. A Cronbach's alpha coefficient of 0.60 is reported and the scale measuring this factor is therefore considered reliable.

**Table 7.11: Factor 5 – Parental style**

Eigenvalue: 2.28 Percentage of variance: 4.68		Cronbach's alpha (CA): 0.599		
Item	Question	Factor loading	Item-total correlation	CA after deletion
PSTYLE3	My father/mother expects unquestioned obedience.	0.632	0.376	0.535
PSTYLE6	My father/mother makes all the decisions for me.	0.595	0.444	0.482
PSTYLE1	I want to follow in my father's/mother's career footsteps.	0.565	0.286	0.592
PSTYLE4	The career plans I have for myself are similar to the plans my father/mother has for me.	0.565	0.421	0.495

For the purpose of this study, *Parental style* refers to a NGFM perceiving that their parent controls the family household, is very strict, directs behaviour and expects unquestioned obedience.

### 7.3.2.6 Early business exposure

Five of the seven items (PSUPP4, PSUPP7, PSUPP2, PSUPP6 and PSUPP5) intended to measure *Parental support* loaded together onto Factor 6 as expected. Owing to the nature of the items that loaded, the factor was renamed as *Early business exposure*. The items that did not load (PSUPP1 and PSUPP3) were excluded from further analysis. An eigenvalue of 1.93 was reported for *Early business exposure*, which explains 5.07 per cent of variance in the data. Factor loadings of between 0.502 and 0.773 were reported (see Table 7.12), providing sufficient evidence of discriminant

validity for this construct. A Cronbach's alpha coefficient of 0.78 is reported and as a result the scale measuring this factor is considered reliable.

**Table 7.12: Factor 6 – Early business exposure**

Eigenvalue: 1.93 Percentage of variance: 5.07		Cronbach's alpha (CA): 0.779		
Item	Question	Factor loading	Item-total correlation	CA after deletion
PSUPP4	My father/mother regularly took me to the family business when I was younger.	0.773	0.597	0.722
PSUPP7	My father/mother regularly told me stories about the family business when I was growing up.	0.695	0.548	0.741
PSUPP2	My father/mother has allowed me to be involved in the family business from a young age.	0.667	0.594	0.723
PSUPP6	My father/mother has shown me various aspects of the family business.	0.608	0.579	0.738
PSUPP5	My father/mother involves me in discussions about the family business.	0.502	0.478	0.761

For the purpose of this study, *Early business exposure* refers to a NGFM perceiving that their parent exposed them to the family business and told them stories about it, from a young age.

#### 7.3.2.7 Parents' job characteristics

Of the eight items intended to measure *Parents' job characteristics*, only three items (JC4, JC5 and JC7) loaded together onto Factor 7. One of the items (JC1) loaded on the construct, *Perceived parental outcomes*, while the remaining four items (JC3, JC8, JC2 and JC6) were subsequently excluded from further analysis. An eigenvalue of 1.53 was calculated for *Parents' job characteristics*, which explains 2.97 per cent of variance in the data. Factor loadings of between 0.531 and 0.779 were reported (see Table 7.13), providing sufficient evidence of discriminant validity for this construct. A Cronbach's alpha coefficient of 0.72 is reported and as a result, the scale measuring this factor is considered reliable.



**Table 7.13: Factor 7 – Parents’ job characteristics**

Eigenvalue: 1.53 Percentage of variance: 2.97		Cronbach’s alpha (CA): 0.715		
Item	Question	Factor loading	Item-total correlation	CA after deletion
JC4	Working in the family business requires my father/mother to have specialised knowledge and skills.	0.779	0.658	0.463
JC5	Working in the family business requires my father/mother to have in-depth knowledge and expertise.	0.750	0.583	0.564
JC7	Working in the family business requires my father/mother to work closely with other people.	0.531	0.385	0.784

For the purpose of this study, *Parents’ job characteristics* refers to a NGFM perceiving that their parent’s job in the family business requires specialised knowledge and working closely with others.

### 7.3.3 MODERATING VARIABLES

An exploratory factor analysis was undertaken separately to assess the discriminant validity of the moderating variables, namely *Outcome expectations* and *Self-efficacy*. Western and Rosenthal (2003:615) highlight that it is possible to separate the variables for analysis if they are highly correlated. The researcher expected a high correlation to exist between the moderator variable *Outcome expectations* and the independent variable, *Perceived parental outcomes*, as many of the items, although phrased differently, were similar. This anticipated high correlation was confirmed, as shown in Table 7.19. For this reason, an EFA was done separately for the moderating variables.

Principle component analysis and Varimax raw were specified respectively as the factor extraction and factor rotation method. Factor loadings of greater than 0.5 were deemed significant for providing evidence of a valid scale (Hair *et al.* 2014:115). The resulting factor structure from the EFA performed on the moderating variables is depicted in Table 7.14. Two factors with eigenvalues greater than one were extracted from the EFA (Solanas *et al.* 2011:35). In addition the researcher also viewed the screen plot, which supported the number of factors extracted in this study. The two factors are discussed in the paragraphs that follow.

**Table 7.14: Factor structure – moderating variables**

	<b>Factor 1</b>	<b>Factor 2</b>
<b>OE7</b>	<b>0.816</b>	0.158
<b>OE8</b>	<b>0.814</b>	0.061
<b>OE11</b>	<b>0.801</b>	0.214
<b>OE9</b>	<b>0.724</b>	0.131
<b>OE1</b>	<b>0.721</b>	0.372
<b>OE12</b>	<b>0.715</b>	0.338
<b>OE2</b>	<b>0.672</b>	0.299
<b>OE4</b>	<b>0.639</b>	0.231
<b>SE6</b>	<b>0.600</b>	<b>0.521</b>
<b>OE13</b>	<b>0.571</b>	0.473
<b>SE5</b>	0.160	<b>0.792</b>
<b>SE2</b>	0.237	<b>0.786</b>
<b>SE1</b>	0.255	<b>0.779</b>
<b>SE4</b>	0.074	<b>0.745</b>
<b>SE3</b>	0.341	<b>0.743</b>
<b>OE5</b>	0.244	<b>0.378</b>
<b>OE6</b>	0.134	<b>0.358</b>

#### 7.3.3.1 Outcome expectations

Of the twelve items intended to measure *Outcome expectations*, nine items (OE7, OE8, OE11, OE9, OE1, OE12, OE2, OE4 and OE13) loaded together onto Factor 1. The items that did not load (OE5 and OE6) were excluded from further analysis. Furthermore, item SE6 cross-loaded onto both *Outcome expectations* and *Self-efficacy* and was thus eliminated from subsequent analysis. An eigenvalue of 7.72 was calculated for *Outcome expectations*, which explains 31.87 per cent of the variance in the data. Factor loadings of between 0.571 and 0.816 were reported (see Table 7.15), providing sufficient evidence of discriminant validity for this construct. A Cronbach's alpha coefficient of 0.91 is reported; therefore, the scale measuring this factor is considered reliable.

**Table 7.15: Factor 1 – Outcome expectations**

Eigenvalue: 7.72 Percentage of variance: 31.87		Cronbach's alpha (CA): 0.912		
Item	Question	Factor loading	Item-total correlation	CA after deletion
OE7	Working in our family business will be financially rewarding.	0.816	0.742	0.899
OE8	Working in our family business will secure my financial future.	0.814	0.695	0.902
OE11	Working in the family business will allow me to increase my personal wealth.	0.801	0.756	0.897
OE9	Working in the family business will ensure I have a regular income.	0.724	0.628	0.906
OE1	Working in our family business will allow me to grow professionally.	0.721	0.750	0.898
OE12	I can have a meaningful career in the family business.	0.715	0.735	0.899
OE2	Working in our family business will enable me to continue developing my skills and abilities.	0.672	0.679	0.903
OE4	Working in our family business will provide me with a pleasant physical working environment.	0.639	0.625	0.907
OE13	I will enjoy working in the family business.	0.571	0.649	0.905

For the purpose of this study, *Outcome expectations* refers to a NGFM perceiving that working in the family business will be financially rewarding, enjoyable and meaningful, will require them to have specialised knowledge and will allow for professional growth in a pleasant working environment.

#### 7.3.3.2 Self-efficacy

Of the six items intended to measure *Self-efficacy*, five items (SE5, SE2, SE1, SE4 and SE3) loaded together onto the second factor (Factor 2). As mentioned, SE6 was eliminated from subsequent analysis because it cross-loaded onto *Outcome expectations*. *Self-efficacy* reported an eigenvalue of 1.914.21 and explains 24.78 per cent of the variance in the data. Factor loadings of between 0.743 and 0.792 were reported (see Table 7.16), providing sufficient evidence of discriminant validity for this construct. A Cronbach's alpha coefficient of 0.87 is reported and as a result, the scale measuring this factor is considered reliable.

**Table 7.16: Factor 2 – Self-efficacy**

Eigenvalue: 1.91 Percentage of variance: 24.78		Cronbach's alpha (CA): 0.871		
Item	Question	Factor loading	Item-total correlation	CA after deletion
SE5	I believe I have what it takes to work in our family business.	0.792	0.703	0.842
SE2	I am confident that I will be able to deal efficiently with unexpected events that arise when working in our family business.	0.786	0.730	0.835
SE1	I am confident that I will be able to solve problems that arise when working in our family business.	0.779	0.748	0.832
SE4	I believe I have the necessary skills to work in our family business.	0.745	0.596	0.870
SE3	I am confident that I will be able to cope with difficulties that arise when working in our family business.	0.743	0.718	0.838

For the purpose of this study, *Self-efficacy* refers to a NGFM having the confidence to solve problems and cope with unexpected events and difficulties arising in the family business, as well as having the belief that they possess the necessary skills and has what it takes to work in the family business.

#### 7.4 REVISED HYPOTHESISED MODEL AND HYPOTHESES

Based on the results of the factor analyses, the operationalisation of the dependent, moderating and independent variables were reformulated; these are summarised in Table 7.17.

**Table 7.17: Reformulated operational definitions**

FACTOR	OPERATIONALISATION
Intention to join the family business	<i>Intention to join the family business</i> refers to a NGFM preferring to work in the family business rather than elsewhere, as well as being determined and making every effort to pursue their career goal of joining the family business.
Self-efficacy	<i>Self-efficacy</i> refers to a NGFM having the confidence to solve problems and cope with unexpected events and difficulties arising in the family business, as well as having the belief that they possess the necessary skills and has what it takes to work in the family business.
Outcome expectations	<i>Outcome expectations</i> refers to a NGFM perceiving that working in the family business will be financially rewarding, enjoyable and meaningful, will require them to have specialised knowledge and will allow professional growth in a pleasant working environment.

**Table 7.17: Reformulated operational definitions (continued)**

FACTOR	OPERATIONALISATION
Parent–child relationship	<i>Parent–child relationship</i> , refers to a NGFM regularly spending time with and relating well to their parent, and perceiving their relationship as one where there is open communication, appreciation and respect.
Parents' job characteristics	<i>Parents' job characteristics</i> refers to a NGFM perceiving that their parent's job in the family business requires specialised knowledge and working closely with others.
Perceived parental outcomes	<i>Perceived parental outcomes</i> refers to a NGFM perceiving that their parent is satisfied with and grows professionally by working in the family business, and is able to earn a regular income which increases their wealth and obtain financial security.
Early business exposure	<i>Early business exposure</i> refers to a NGFM perceiving that their parent exposed them to the family business and told them stories about it, from a young age.
Parental expectations	<i>Parental expectations</i> refers to a NGFMs perceiving that it is the expressed wish and expectation of their parent that they join the family business.
Parental style	<i>Parental style</i> refers to a NGFM perceiving that their parent controls the family household, is very strict, directs behaviour and expects unquestioned obedience.
Parental identification	<i>Parental identification</i> refers to a NGFM perceiving that they have the same career interests as their parent and plan to follow in their footsteps.

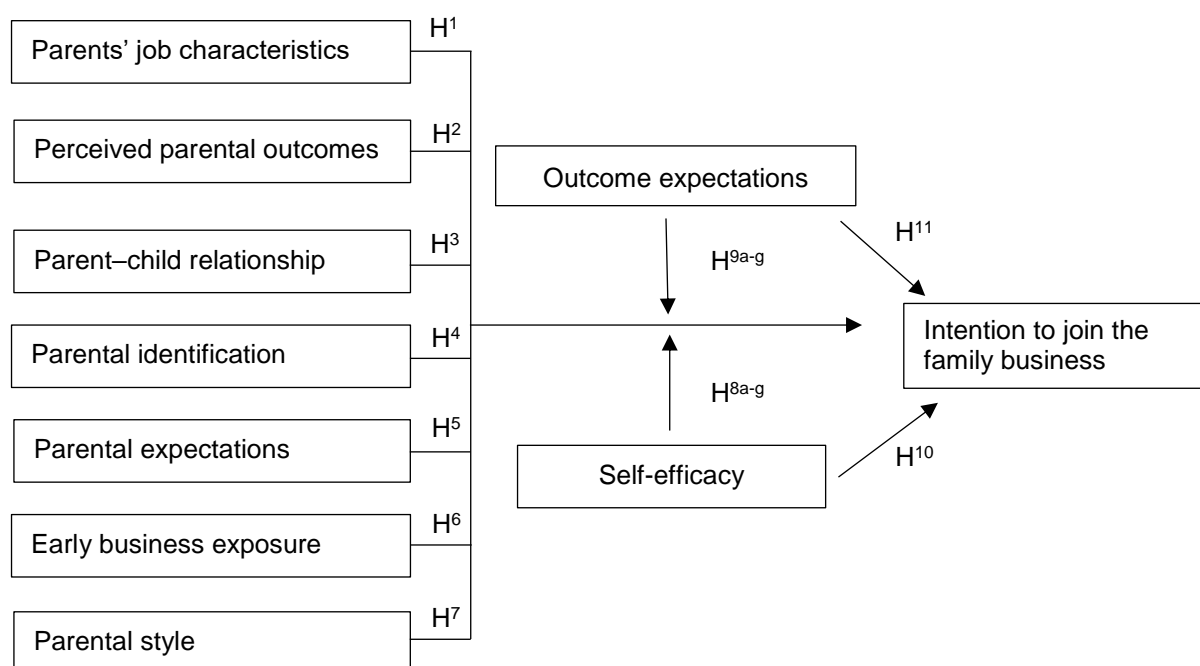
As a result of the EFA, five items measuring the original construct *Parental financial security* loaded together with five items measuring *Parental job satisfaction* and one item measuring *Parents' job characteristics*. Based on the nature of the items that loaded, the factor that emerged was named *Perceived parental outcomes*. The original factors *Parental financial security* and *Parental job satisfaction* were thus no longer subjected to empirical testing. Although the items for the other factors did not all load as intended, the original factor names were retained. As a result, several hypotheses were reformulated and renumbered as follows:

- H<sup>1</sup>: There is a positive relationship between *Parents' job characteristics* and a NGFM's *Intention to join the family business*.
- H<sup>2</sup>: There is a positive relationship between *Perceived parental outcomes* and a NGFM's *Intention to join the family business*.
- H<sup>3</sup>: There is a positive relationship between the *Parent–child relationship* and a NGFM's *Intention to join the family business*.
- H<sup>4</sup>: There is a positive relationship between *Parental identification* and a NGFM's *Intention to join the family business*.

- H<sup>5</sup>: There is a positive relationship between *Parental expectations* and a NGFM's *Intention to join the family business*.
- H<sup>6</sup>: There is a positive relationship between *Early business exposure* and a NGFM's *Intention to join the family business*.
- H<sup>7</sup>: There is a positive relationship between *Parental style* and a NGFM's *Intention to join the family business*.
- H<sup>8a-g</sup>: *Self-efficacy* moderates the relationship between the independent variables and a NGFM's *Intention to join the family business*.
- H<sup>9a-g</sup>: *Outcome expectations* moderates the relationship between the independent variables and a NGFM's *Intention to join the family business*.
- H<sup>10</sup>: There is a positive relationship between *Self-efficacy* and a NGFM's *Intention to join the family business*.
- H<sup>11</sup>: There is a positive relationship between *Outcome expectations* and the *Intention to join the family business*.

The above hypothesised relationships are depicted In Figure 7.1.

**Figure 7.1: Revised hypothesised model of parental influences on a NGFM's Intention to enter the family business**



Source: Researcher's own construction

## 7.5 DESCRIPTIVE STATISTICS

Based on the factor analysis and validity assessments, summated scores for each of the factors under investigation were established. A summated score for each factor was calculated by averaging the responses given by a respondent for the items loading onto that factor. Descriptive statistics relating to these factors were calculated, including the mean, standard deviation and frequency distributions. For the sake of brevity, the response categories on the five-point Likert scale are described here as follows:  $1 \leq x < 2.333$  were categorised as disagree;  $2.333 \leq x < 3.667$  as neutral; and  $3.667 \leq x \leq 5.000$  were categorised as agree. The descriptive statistics for the dependent variable, the moderating variables and the independent variables are presented in Table 7.18.

**Table 7.18: Descriptive statistics (n=453)**

FACTORS	MEAN	STD. DEV.	DISAGREE %	NEUTRAL %	AGREE %
Intention to join the family business	3.13	1.10	28.48	36.20	35.32
Self-efficacy	3.77	0.77	3.53	37.97	58.50
Outcome expectations	3.68	0.78	7.28	31.35	61.37
Parent–child relationship	4.21	0.60	0.88	12.36	86.76
Parents’ job characteristics	4.18	0.66	0.66	12.80	86.54
Perceived parental outcomes	4.14	0.65	1.77	17.66	80.57
Early business exposure	3.77	0.80	5.74	39.74	54.52
Parental expectations	3.29	1.16	22.52	33.77	43.71
Parental style	3.11	0.74	17.00	60.71	22.29
Parental identification	2.87	1.02	35.54	39.29	25.17

The dependent variable, *Intention to join the family business*, returned a mean score of 3.13, with 36.20 per cent of respondents being neutral and only 35.32 per cent agreeing that they would prefer to work in the family business rather than elsewhere, as well as being determined and making every effort to pursue their career goal of joining the family business.

The moderating variable *Self-efficacy* returned a mean score of 3.77. The majority of respondents agreed (58.50%) and just more than a third (37.97%) were neutral with

regard to having the confidence to solve problems and cope with unexpected events and difficulties arising in the family business as well as the belief that they possess the necessary skills and resources to work in the family business. Of the two moderating variables, *Outcome expectations* returned a lower mean score ( $\bar{x} = 3.68$ ), but the majority of the respondents agreed (61.37%) that working in the family business will be financially rewarding, enjoyable and meaningful, will require them to have specialised knowledge and would allow professional growth in a pleasant working environment.

The independent variable *Parent–child relationship* returned the highest mean score ( $\bar{x} = 4.21$ ) with the great majority of respondents agreeing (86.76%) that they regularly spend time with and relate well to their parent, and perceive this relationship as having open communication, and being appreciative and respectful. *Parents' job characteristics* returned the second highest mean score ( $\bar{x} = 4.18$ ) with the majority of respondents agreeing (86.54%) that their parent's job in the family business requires specialised knowledge and working closely with others.

*Perceived parental outcomes* returned a mean score of 4.14, with the great majority of respondents agreeing (80.57%) that their parent is satisfied with and grows professionally by working in the family business, and is able to earn a regular income enabling increased wealth and financial security. *Early business exposure* returned a mean score of 3.77. Most respondents agreed (54.52%) and just more than a third were neutral (39.74%) in terms of their parent having exposed them to the family business and stories about it, from a young age.

*Parental expectations* returned a mean score of 3.29, with most respondents (43.71%) agreeing with the statements measuring *Parental expectations*. The majority were, however, either neutral (33.77%) or disagreed (22.52%) that it was the expressed wish and expectation of their parent that they join the family business. *Parental style* returned the second lowest mean score ( $\bar{x} = 3.11$ ), with most respondents (60.71%) being neutral in response to the statements measuring this factor. Only 22.29 per cent of respondents perceived that their parent controls the family household, is very strict, directs behaviour and expects unquestioned obedience. *Parental identification* returned the lowest mean score ( $\bar{x} = 2.87$ ). A relatively equal number of respondents



were either neutral (39.29%) or agreed (35.54%) that they have the same career interests as their parent and plan to follow in their footsteps.

## **7.6 DATA DESCRIPTION**

In order to undertake inferential statistical analyses, the distribution of the data in this study needed to be approximately normally distributed. The Shapiro-Wilk W test was undertaken to assess the normality of the data and reported the W statistic as significant ( $p < 0.001$ ) for all the factors under investigation. As a result, the hypothesis that all the respective distributions are normal should be rejected for all factors (StatSoft 2013). Despite this violation, several authors (Piirala 2012; Field 2009; Tabachnick & Fidell 2007) argue that when the dataset is large enough, the violation of normally distributed variables does not have a significant effect. A lack of normality can have serious effects on small samples (fewer than 50 cases), but the effect diminishes when a sample's size reaches 200 cases or more (Hair *et al.* 2014). The results of the statistical analysis should be interpreted in light of this violation, even though the sample size in this study is far greater than 50.

The responses provided by respondents in this study were based on the individual responses of the participating NGFM. These responses were based on own perception, self-reporting measures. The aforementioned introduces a degree of bias in the responses provided, which could ultimately influence the validity of the data (Kim & Kim 2013). Common method bias, in particular, is of concern. Harman's single-factor test (Reio, 2010) was used as the *post hoc* statistical technique to assess the existence of common method bias. All the items measuring all the constructs were included in the analysis. A single factor emerged, explaining 27.06 per cent of the variance in the data, well below the threshold of 50 per cent (Eichhorn 2014:4). This suggests that common method bias is not a matter of serious concern in this study. Although the usefulness of Harman's single-factor test has been questioned (Podsakoff, MacKenzie, Lee & Podsakoff 2003:879), alternative techniques also suffer from limitations and are not recommended until effectiveness has been shown (Conway & Lance 2010:325).

## 7.7 INFERENTIAL STATISTICS

The inferential statistics undertaken in this study include calculating Pearson's product moment correlations and MRAs. The results of the aforementioned are presented below.

### 7.7.1 PEARSON'S PRODUCT MOMENT CORRELATIONS

In order to determine the correlation between the dependent variable (*Intention to join the family business*), moderating variables (*Self-efficacy* and *Outcome expectations*) and independent variables (*Parental expectations*, *Parent-child relationship*, *Perceived parental outcomes*, *Parental identification*, *Parental style*, *Early business exposure* and *Parents' job characteristics*), Pearson's product moment correlation coefficients were calculated. The guidelines for interpreting these coefficients (Sharma 2014:420) were summarised in the previous chapter under Section 6.2.5.3.

From Table 7.19 it is evident that the three control variables (*Gender*, *Qualification* and *Job opportunities*) are not significantly correlated with each other. *Gender* is, however, significantly ( $p < 0.05$ ) and negatively associated with the dependent variable *Intention to join the family business* ( $r = -0.196$ ), as well as the two moderating variables, *Self-efficacy* ( $r = -0.139$ ) and *Outcome expectations* ( $r = -0.114$ ). *Gender* is also significantly and negatively correlated with the independent variables, *Parental expectations* ( $r = -0.143$ ), *Parental identification* ( $r = -0.151$ ) and *Parental style* ( $r = -0.110$ ). The low  $r$  values between *Gender* and the aforementioned variables are however indicative of low associations between them. The demographic variable, *Qualification* reported significant ( $p < 0.05$ ) and negative associations with *Intention to join the family business* ( $-0.189$ ), *Self-efficacy* ( $r = -0.174$ ), and *Outcome expectations* ( $r = -0.157$ ). In addition, significant ( $p < 0.05$ ) and negative associations were reported between *Qualification* and the independent variables *Parental expectations* ( $r = -0.124$ ) and *Parental identification* ( $r = -0.173$ ).

**Table 7.19: Pearson's product moment correlation coefficients**

VARIABLE	1	2	3	4	5	6	7	8	9	10	11	12	13
1. Gender	1.000												
2. Qualification	-0.041	1.000											
3. Job opportunities	0.026	-0.007	1.000										
4. Intention to join the family business	<b>-0.196</b>	<b>-0.189</b>	-0.050	1.000									
5. Self-efficacy	<b>-0.139</b>	<b>-0.174</b>	0.069	<b>0.619</b>	1.000								
6. Outcome expectations	<b>-0.114</b>	<b>-0.157</b>	0.053	<b>0.764</b>	<b>0.635</b>	1.000							
7. Parental expectations	<b>-0.143</b>	<b>-0.124</b>	0.004	<b>0.541</b>	<b>0.358</b>	<b>0.490</b>	1.000						
8. Parent-child relationship	0.052	-0.077	0.055	<b>0.191</b>	<b>0.184</b>	<b>0.252</b>	-0.019	1.000					
9. Perceived parental outcomes	-0.053	-0.061	<b>0.147</b>	<b>0.485</b>	<b>0.374</b>	<b>0.704</b>	<b>0.397</b>	<b>0.269</b>	1.000				
10. Parental identification	<b>-0.151</b>	<b>-0.173</b>	0.001	<b>0.743</b>	<b>0.527</b>	<b>0.634</b>	<b>0.367</b>	<b>0.265</b>	<b>0.359</b>	1.000			
11. Parental style	<b>-0.110</b>	-0.036	0.015	<b>0.196</b>	<b>0.170</b>	<b>0.204</b>	<b>0.326</b>	0.049	<b>0.227</b>	<b>0.190</b>	1.000		
12. Early business exposure	-0.075	-0.074	0.041	<b>0.351</b>	<b>0.394</b>	<b>0.339</b>	<b>0.384</b>	<b>0.224</b>	<b>0.329</b>	<b>0.276</b>	<b>0.179</b>	1.000	
13. Parents' job characteristics	-0.007	-0.010	<b>0.130</b>	<b>0.250</b>	<b>0.257</b>	<b>0.403</b>	<b>0.143</b>	<b>0.299</b>	<b>0.461</b>	<b>0.201</b>	<b>0.151</b>	<b>0.265</b>	1.000

(Bold =  $p < 0.05$ )

As in the case of *Gender* the low  $r$  values between *Qualification* and the aforementioned variables are indicative of low associations between them. *Job opportunities* reported significant ( $p < 0.05$ ) and positive associations between *Perceived parental outcomes* ( $r = 0.147$ ) and *Parents' job characteristics* ( $r = 0.130$ ), the low  $r$  values also indicative of low associations between them.

*Intention to join the family business* is significantly ( $p < 0.05$ ) and positively associated with both the moderating variables, as well as all the independent variables in this study. Strong associations are reported between the dependent variable and the moderating variables (*Self efficacy*  $r = 0.619$ ; *Outcome expectations*  $r = 0.764$ ), as well as between the dependent variable and two of the independent variables, namely *Parental expectations* ( $r = 0.541$ ) and *Parental identification* ( $r = 0.743$ ). *Intention to join the family business* reported weak to moderate associations, ranging from 0.191 to 0.485, with the other independent variables.

From Table 7.19 it is evident that there are significant ( $p < 0.05$ ) and positive correlations between the moderators themselves ( $r = 0.635$ ) and well as between both moderators and each of the independent variables.  $R$  values ranging between 0.170 and 0.527 are reported for the correlations between *Self-efficacy* and each of the independent variables, with strong associations reported between *Self-efficacy* and *Parental identification* ( $r = 0.527$ ).  $R$  values range between 0.204 and 0.704 are reported for the correlations between *Outcome expectations* and each of the independent variables, with strong associations reported between *Outcome expectations* and *Perceived parental outcomes* ( $r = 0.704$ ), as well as between *Outcome expectations* and *Parental identification* ( $r = 0.634$ ).

Table 7.19 illustrates that significant ( $p < 0.05$ ) and positive relationships exist between all independent variables themselves except for *Parent-child relationship* and *Parental style* ( $r = 0.049$ ) which is positive but not significant; while the relationship between *Parental expectations* and *Parent-child relationship* ( $r = -0.019$ ) is negative and not significant. The  $r$  values for the independent variables that are significantly correlated with each other range between 0.143 and 0.461. Moderate associations are reported between *Parental expectations* and the variables *Perceived parental outcomes* ( $r = 0.397$ ), *Parental identification* ( $r = 0.367$ ), *Parental style* ( $r = 0.326$ ) and *Early business*

*exposure* ( $r = 0.384$ ). In addition, *Perceived parental outcomes* reported moderate associations with *Parental identification* ( $r = 0.359$ ) and *Early business exposure* ( $r = 0.329$ ).

## 7.7.2 MULTIPLE REGRESSION ANALYSIS

In order to test the hypothesised relationships and to achieve the objectives of this study, MRAs were undertaken. This analysis was described in Section 6.2.6.4. The results of these analyses are summarised below.

### 7.7.2.1 Assumption testing

In order to undertake an MRA, several assumptions must be met. Before performing the MRA, variance inflation factors needed to be calculated to determine the existence of multicollinearity. A measure of multicollinearity is the variance inflation factor (Hair *et al.* 2014:197). Multicollinearity occurs when there are high correlations between two or more independent variables, meaning that one predictor variable can be used to predict the other (Deviant 2018). This creates redundant information, skewing the results in a regression model (Deviant 2018). Variance inflation factors of less than 2 were reported for all the independent variables in this study, well below the threshold of 4 (O' Brian 2007). Given the low correlations reported in Table 7.19 (none of the correlation coefficients were above 0.80 as prescribed by Hair *et al.* (2014:197) and the variance inflation factors calculated, multicollinearity was not considered a problem when estimating the regression model using the data collected in this study.

Furthermore, to ensure that the results of an MRA are valid, several assumptions must be met. These assumptions were tested by performing a residual analysis. Using the case-wise plots, both the Cook's distance method and the deleted residual method failed to identify any outliers or influential observations. The normal probability plot of the residuals does not deviate from a straight line and it can be concluded that the regression residuals are normally distributed. In addition, the normality assumption was confirmed by a histogram of the residuals.

To test for autocorrelation of the residuals, the Durbin-Watson test was performed. The test produced a Durbin-Watson statistic of 1.921 and a serial correlation of 0.039 for the sample. A Durbin-Watson *d* value of close to 2 and the serial correlation being very close to zero indicates that no residual correlation is present (Thejll & Schmith 2005; Mendenhall 2003). To test the assumption of equal variances, a scatterplot of the raw residuals relative to each independent variable was created. Except for *Parent–child relationship*, *Perceived parental outcomes* and *Parents’ job characteristics*, the residual variance for the independent variables appeared to be evenly distributed, indicating that the equal variance assumption was satisfied for these constructs. For *Parent–child relationship*, *Perceived parental outcomes* and *Parents’ job characteristics* the residual variance appeared somewhat unevenly distributed and may indicate that the equal variance assumption could be violated. The results of this study should be interpreted with this in mind. Given the various tests undertaken, acceptable evidence of the MRA assumptions having been met is thus provided.

#### 7.7.2.2 Parental influences on Intention to join the family business

In the MRA, several variables were controlled for to account for possible confounding influences. These variables were *Gender*, *Qualification* and *Job opportunities* (see Section 6.2.5.3.a). Given that the global *F*-test’s *p*-value value was significant (*p* = 0.000), at a five per cent level of significance, the model was considered adequate for prediction purposes.

The results of the MRA show that the control variables and the independent variables explain 67.55 per cent of the variance in *Intention to join the family business* (see Table 7.20). Significant negative relationships were reported between the control variables *Gender* (*b* = −0.153; *p* < 0.05) and *Job opportunities* (*b* = −0.106; *p* < 0.05), and the dependent variable *Intention to join the family business*. In terms of the parental influences investigated, significant and positive relationships were reported between *Parental expectations* (*b* = 0.229; *p* < 0.05), *Perceived parental outcomes* (*b* = 0.303; *p* < 0.05) and *Parental identification* (*b* = 0.607; *p* < 0.05), and the dependent variable *Intention to join the family business*. The beta coefficients reported for these relationships are greater than 0.20 suggesting interpretable linear relationships (Lee 2014:504). As such, the higher *Parental expectations*, *Perceived parental outcomes*

and *Parental identification* are, the more likely the intention of NGFMs to join the family business will be.

On the other hand, no relationships were reported between the other parental influences (*Parent–child relationship*, *Parental style*, *Early business exposure* and *Parents’ job characteristics*) and *Intention to join the family business* as originally hypothesised. In other words, whether these parental influences are perceived to exist or not has no influence on NGFMs’ *Intention to join the family business*. Against this background, support is found for H<sup>2</sup> (*Perceived parental outcomes*), H<sup>4</sup> (*Parental identification*) and H<sup>5</sup> (*Parental expectations*), but not for the other hypotheses, namely H<sup>1</sup>, H<sup>3</sup>, H<sup>6</sup> and H<sup>7</sup>.

**Table 7.20: Parental influences and Intention to join the family business**

Dependent variable – Intention to join the family business			R <sup>2</sup> = .6755
	Beta	t-value	Sig. (p)
Intercept	0.099	0.296	0.768
<b>Gender</b>	<b>−0.153</b>	<b>−2.454</b>	<b>0.014**</b>
Qualification	−0.118	−1.919	0.056
<b>Job opportunities</b>	<b>−0.106</b>	<b>−2.916</b>	<b>0.004*</b>
<b>Parental expectations</b>	<b>0.229</b>	<b>7.187</b>	<b>0.000*</b>
Parent–child relationship	−0.027	−0.490	0.624
<b>Perceived parental outcomes</b>	<b>0.303</b>	<b>5.186</b>	<b>0.000*</b>
<b>Parental identification</b>	<b>0.607</b>	<b>17.936</b>	<b>0.000*</b>
Parental style	−0.076	−1.770	0.077
Early business exposure	0.057	1.346	0.179
Parents’ job characteristics	0.049	0.935	0.350

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

#### 7.7.2.3 Moderating influences of Self-efficacy and Outcome expectations

Moderated regression analysis was undertaken in this study to establish the moderating influence of *Self-efficacy* and *Outcome expectations* on the relationships between the various parental influences investigated and *Intention to join the family business*. As such the interaction effects between the independent variables and each

of the two moderators (*Self-efficacy* and *Outcome expectations*) were determined (Grau, Salanova & Peiro 2001:67; Cohen & Cohen 1983:277). In order to test the interaction effects, multiplicative terms were created for the standardised independent variables (Grau *et al.* 2001:67; Cohen & Cohen 1983:277). The standardised independent variables were introduced into the multiple regression equation in four successive steps (Grau *et al.* 2001:67; Cohen & Cohen 1983:277). In the first step, three control variables (*Gender*, *Qualification* and *Job opportunities*) were introduced into the model to control for their possible influence on *Intention to join the family business* (see Table 7.20). In the second step, the main effects of the independent variables were established (see Table 7.20). In the third step, the influence of *Self-efficacy* and *Outcome expectations* (as independent variables) on *Intention to join the family business* was established (see Tables 7.21 and 7.23). In the fourth set, the influence of the two-way interactions between the moderators and each of the parental influences was established (see Tables 7.22 and 7.24). In order to test the interaction effects, two separate regression analyses were undertaken for each of the moderating variables, the results of which are presented below.

(a) Self-efficacy as moderator

The results of the MRA show that by adding the direct effect of the moderating variable *Self-efficacy*, the model's  $R^2$  increases by 0.032, and the model as a whole now explains 70.77 per cent of the variance in *Intention to join the family business* (see Table 7.21). Significant negative relationships were again reported between the control variables, *Gender* ( $b = -0.125$ ;  $p < 0.05$ ) and *Job opportunities* ( $b = -0.118$ ;  $p < 0.01$ ), and the dependent variable *Intention to join the family business*. Significant and positive relationships were also again reported between the independent variables *Parental expectations* ( $b = 0.213$ ;  $p < 0.05$ ), *Perceived parental outcomes* ( $b = 0.263$ ;  $p < 0.05$ ) and *Parental identification* ( $b = 0.516$ ;  $p < 0.05$ ), and the dependent variable *Intention to join the family business*. In addition, a significant and positive relationship is reported between *Self-efficacy* and *Intention to join the family business* ( $b = 0.323$ ;  $p < 0.05$ ). Therefore, support is found for H<sup>10</sup>.



**Table 7.21: Self-efficacy and Intention to join the family business**

Dependent variable – Intention to join the family business			R <sup>2</sup> = .7077
	Beta	t-value	Sig. (p)
Intercept	-0.383	-1.175	0.241
<b>Gender</b>	<b>-0.125</b>	<b>-2.109</b>	<b>0.035**</b>
Qualification	-0.077	-1.313	0.190
<b>Job opportunities</b>	<b>-0.118</b>	<b>-3.393</b>	<b>0.000*</b>
<b>Parental expectations</b>	<b>0.213</b>	<b>6.999</b>	<b>0.000*</b>
Parent–child relationship	-0.022	-0.420	0.675
<b>Perceived parental outcomes</b>	<b>0.263</b>	<b>4.720</b>	<b>0.000*</b>
<b>Parental identification</b>	<b>0.516</b>	<b>14.833</b>	<b>0.000*</b>
Parental style	-0.074	-1.818	0.070
Early business exposure	-0.006	-0.139	0.890
Parents' job characteristics	0.023	0.463	0.644
<b>Self-efficacy</b>	<b>0.323</b>	<b>6.965</b>	<b>0.000*</b>

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

The moderating influence of *Self-efficacy* on the relationship between the parental influences and *Intention to join the family business* was established by means of two-way interactions (namely, *Self-efficacy* x *Parental expectations*, *Self-efficacy* x *Parent–child relationship*, *Self-efficacy* x *Perceived parental outcomes*, *Self-efficacy* x *Parental identification*, *Self-efficacy* x *Parental style*, *Self-efficacy* x *Early business exposure* and *Self-efficacy* x *Parents' job characteristics*). These interactions were then introduced into the regression model (see Table 7.22).

The MRA results show that by adding the two-way interactions, the R<sup>2</sup> of the model as a whole increases by 0.006, and explains 71.41 per cent of the variance in *Intention to join the family business*. Significant negative relationships were again reported between *Gender* (b = -0.141; p < 0.05) and *Job opportunities* (b = -0.124; p < 0.05), and the dependent variable *Intention to join the family business*. Although a significant and positive relationship was still reported between *Parental identification* (b = 0.410; p < 0.05) and *Intention to join the family business* (b = 0.410; p<0.05), the relationships between *Parental expectations*, *Perceived parental outcomes* and *Intention to join the family business* were no longer significant.

**Table 7.22: Self-efficacy as moderator**

Dependent variable – Intention to join the family business			R <sup>2</sup> = .7141
	Beta	t-value	Sig. (p)
Intercept	–0.228	–0.165	0.869
<b>Gender</b>	<b>–0.141</b>	<b>–2.354</b>	<b>0.019**</b>
Qualification	–0.077	–1.304	0.193
<b>Job opportunities</b>	<b>–0.124</b>	<b>–3.563</b>	<b>0.000*</b>
Parental expectations	0.084	0.580	0.563
Parent–child relationship	0.223	0.906	0.365
Perceived parental outcomes	–0.159	–0.671	0.504
<b>Parental identification</b>	<b>0.410</b>	<b>2.382</b>	<b>0.018**</b>
Parental style	–0.215	–0.965	0.335
Early business exposure	0.078	0.416	0.678
Parents’ job characteristics	0.334	1.310	0.191
Self-efficacy	0.304	0.864	0.388
Self-efficacy x Parental expectations	0.037	0.949	0.343
Self-efficacy x Parent–child relationship	–0.066	–1.035	0.301
<b>Self-efficacy x Perceived parental outcomes</b>	0.119	1.823	<b>0.069***</b>
Self-efficacy x Parental identification	0.026	0.587	0.557
Self-efficacy x Parental style	0.033	0.601	0.548
Self-efficacy x Early business exposure	–0.025	–0.501	0.616
Self-efficacy x Parents’ job characteristics	–0.087	–1.293	0.196

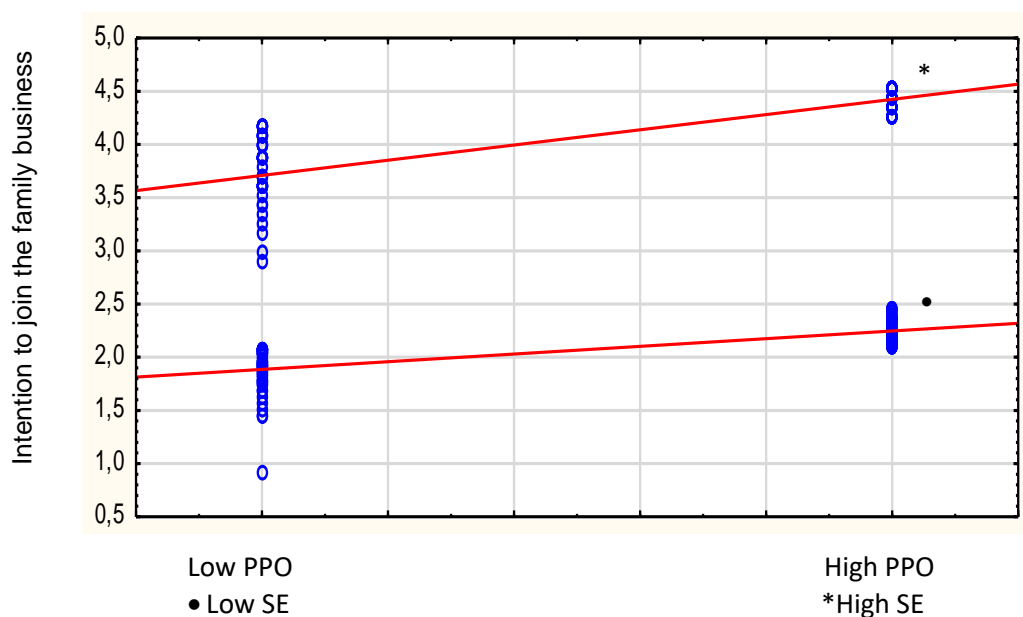
(\* p < 0.01; \*\* p<0.05; \*\*\* p<0.10)

The interaction effect, *Self-efficacy x Perceived parental outcomes*, and *Intention to join the family business* reported a significant positive relationship ( $b = 0.119$ ;  $p = < 0.10$ ) at the ten per cent confidence level. No significant relationships were reported between the other interactions and *Intention to join the family business*. In other words, *Self-efficacy* moderates the relationship between *Perceived parental outcomes* and *Intention to join the family business*.

The method of Aiken and West (1991) which has been used in several other studies (Uy, Sun & Foo 2017; Ahlin, Drnovsek & Hisrich 2014; Grau *et al.* Peiro 2001) was followed in order to increase the interpretability of the interaction variable. Values of

the moderator variable (*Self-efficacy*) were chosen 1 SD above and 1 SD below its mean (Mean = 3.774; SD = 0.773) to identify the high and the low scorers of *Self-efficacy*. Simple regression lines were then drawn to establish the relationship between *Perceived parental outcomes* and *Intention to join the family business* for each of these groups. Figure 7.2 shows the interaction effect, where it can be seen that for both NGFMs with high (Beta = 0.990;  $p < 0.01$ ) and low (Beta = 0.325;  $p < 0.01$ ) levels of *Self-efficacy*, the relationship is significant and positive. This result implies that the higher the *Perceived parental outcomes*, the higher the *Intention to join the family business*. However, as can be seen from the beta values, the relationship is slightly stronger for NGFMs with high levels of *Self-efficacy*.

**Figure 7.2: Two-way interaction effect of Perceived parental outcomes (PPO) and Self-efficacy (SE) on a NGFM's Intention to join the family business**



No significant relationships were reported between the other interaction effects and *Intention to join the family business*. As such, *Self-efficacy* does not moderate the relationships between these parental influences and *Intention to join the family business*. Against this background, the hypotheses stating that *Self-efficacy* moderates the relationship between the independent variables and *Intention to join the family business* is supported for *Perceived parental outcomes* (H<sup>8b</sup>) but not for the other parental influences (H<sup>8a</sup> and H<sup>8c-g</sup>).

(b) Outcome expectations as moderator

The results of the MRA show that with the addition of the direct effect of the moderating variable, *Outcome expectations*, the  $R^2$  of the model increases by 0.059 and the model as a whole now explains 73.54 per cent of the variance in *Intention to join the family business* (see Table 7.23). Significant negative linear relationships are again reported between the control variables, *Gender* ( $b = -0.140$ ;  $p < 0.05$ ) and *Job opportunities* ( $b = -0.089$ ;  $p < 0.01$ ), and the dependent variable *Intention to join the family business*. Significant and positive relationship are again also reported between the independent variables *Parental expectations* ( $b = 0.165$ ;  $p < 0.05$ ), and *Parental identification* ( $b = 0.424$ ;  $p < 0.05$ ), and the dependent variable *Intention to join the family business*. In addition, a significant and positive relationship is reported between *Outcome expectations* and *Intention to join the family business* ( $b = 0.621$ ;  $p < 0.05$ ). Therefore, support is found for H<sup>11</sup>.

**Table 7.23: Outcome expectations and Intention to join the family business**

Dependent variable – Intention to join the family business			$R^2 = .7354$
	Beta	t-value	Sig. (p)
Intercept	0.052	0.171	0.865
<b>Gender</b>	<b>-0.140</b>	<b>-2.493</b>	<b>0.013**</b>
Qualification	-0.075	-1.355	0.176
<b>Job opportunities</b>	<b>-0.089</b>	<b>-2.709</b>	<b>0.007*</b>
<b>Parental expectations</b>	<b>0.165</b>	<b>5.588</b>	<b>0.000*</b>
Parent–child relationship	-0.025	-0.498	0.619
Perceived parental outcomes	-0.048	-0.759	0.449
<b>Parental identification</b>	<b>0.424</b>	<b>11.886</b>	<b>0.000*</b>
Parental style	-0.047	-1.220	0.223
Early business exposure	0.059	1.534	0.126
Parents' job characteristics	-0.022	-0.454	0.650
<b>Outcome expectations</b>	<b>0.621</b>	<b>9.991</b>	<b>0.000*</b>

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

The moderating influence of *Outcome expectations* on the relationship between the parental influences and *Intention to join the family business* was established by means

of two-way interactions (namely, *Outcome expectations x Parental expectations*, *Outcome expectations x Parent–child relationship*, *Outcome expectations x Perceived parental outcomes*, *Outcome expectations x Parental identification*, *Outcome expectations x Parental style*, *Outcome expectations x Early business exposure* and *Outcome expectations x Parents’ job characteristics*). These interactions were then introduced into the regression model (see Table 7.24).

**Table 7.24: Outcome expectations as moderator**

Dependent variable – Intention to join the family business			R <sup>2</sup> = .7433
	Beta	t-value	Sig. (p)
Intercept	−0.394	−0.353	0.724
<b>Gender</b>	<b>−0.155</b>	<b>−2.740</b>	<b>0.006*</b>
Qualification	−0.073	−1.323	0.187
<b>Job opportunities</b>	<b>−0.088</b>	<b>−2.632</b>	<b>0.009*</b>
Parental expectations	0.000	0.005	0.996
Parent–child relationship	0.136	0.617	0.538
Perceived parental outcomes	0.091	0.4912	0.623
Parental identification	0.039	0.222	0.824
Parental style	0.062	0.328	0.743
Early business exposure	−0.076	−0.467	0.641
Parents’ job characteristics	0.151	0.900	0.368
<b>Outcome expectations</b>	<b>0.842</b>	<b>2.775</b>	<b>0.006*</b>
Outcome expectations x Parental expectations	0.046	1.172	0.242
Outcome expectations x Parent–child relationship	−0.049	−0.787	0.432
Outcome expectations x Perceived parental outcomes	−0.046	−0.810	0.418
<b>Outcome expectations x Parental identification</b>	<b>0.096</b>	<b>2.150</b>	<b>0.032**</b>
Outcome expectations x Parental style	−0.029	−0.607	0.544
Outcome expectations x Early business exposure	0.037	0.823	0.411
Outcome expectations x Parents’ job characteristics	−0.055	−1.121	0.263

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

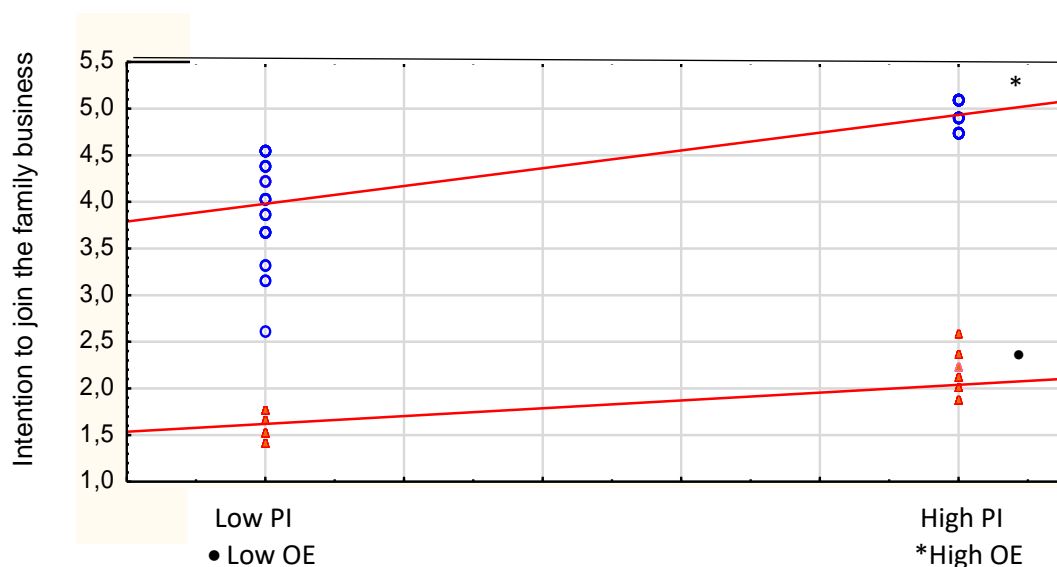
The MRA results show that by adding the two-way interactions, the R<sup>2</sup> of the model as a whole increases by 0.008, and explains 74.33 per cent of the variance in *Intention to join the family business* (see Table 7.24). Significant negative relationships were again

reported between *Gender* ( $b = -0.155$ ;  $p < 0.05$ ) and *Job opportunities* ( $b = -0.088$ ;  $p < 0.05$ ), and the dependent variable *Intention to join the family business*. Although a significant and positive relationship was still reported between *Outcome expectations* and *Intention to join the family business* ( $b = 0.842$ ;  $p < 0.05$ ), the relationships between the independent variables *Parental expectations* and *Parental identification* and the dependent variable *Intention to join the family business* were no longer significant.

The interaction effect, *Outcome expectations* x *Parental identification*, and *Intention to join the family business* ( $b = 0.096$ ;  $p = <0.05$ ) reported a significant positive relationship at the five per cent confidence level. No other significant relationships were reported between the other interactions and *Intention to join the family business*. In other words, *Outcome expectations* moderates the relationship between *Parental identification* and *Intention to join the family business*.

Once again the method of Aiken and West (1991) was followed in order to increase the interpretability of the interaction variable. Values of the moderator variable (*Outcome expectations*) were chosen 1 SD above and 1 SD below its mean (Mean = 3.00; SD = 4.55) to identify the high and the low scorers of *Outcome expectations*. Simple regression lines were then drawn to establish the relationship between *Parental identification* and *Intention to join the family business* for each of these groups. Figure 7.3 shows the interaction effect, where it can be seen that for NGFMs with both high (Beta = 0.706;  $p < 0.01$ ) and low (Beta = 0.471;  $p < 0.01$ ) levels of *Outcome expectations*, the relationship is significant and positive. These results imply that the higher the *Parental identification*, the higher the *Intention to join the family business* for NGFMs with both high and low levels of *Outcome expectations*. However, as can be seen from the beta values, the relationship is slightly stronger for NGFMs with high levels of *Outcome expectations*.

**Figure 7.3: Two-way interaction effect of Parental identification (PI) and Outcome expectations (OE) on a NGFM's Intention to join the family business**



No significant relationships were reported between the other interaction effects and *Intention to join the family business*. As such *Outcome expectations* does not moderate the relationships between these parental influences and *Intention to join the family business*. Against this background the hypotheses stating that *Outcome expectations* moderates the relationship between the independent variables and *Intention to join the family business* is supported for *Parental identification* ( $H^{9d}$ ), but not for the other parental influences ( $H^{8a-c}$  and  $H^{e-g}$ ).

#### (c) Summary of moderating effects

According to Sharma, Durand and Gur-Arie (1981:292) two different types of moderators can be identified from an MRA, namely a pure moderator and a quasi-moderator. A moderator can be classified as a pure moderator or a quasi-moderator based on its relationship with the dependent variable (Sharma *et al.* 1981:292). According to Sharma *et al.* (1981:292), pure moderators are not related to the dependent variable, while a quasi-moderator can act as both a moderator and as an independent variable. The findings to determine the moderation effects of *Self-efficacy* and *Outcome expectations* are summarised in Table 7.25 which contains the unmoderated and moderated models as well as an indication of the type of moderator.

**Table 7.25: Summary of moderating effects**

		MODERATOR VARIABLE	
		Self-efficacy	Outcome expectations
<b>Moderator type</b>		Quasi	Quasi
<b>No interaction term included</b>		0.000*	0.000*
<b>Interaction term included</b>	Parental expectations	-	-
	Parent–child relationship	-	-
	Perceived parental outcomes	0.069***	-
	Parental identification	-	0.032**
	Parental style	-	-
	Early business exposure	-	-
	Parents' job characteristics	-	-

(\* p < 0.01; \*\* p<0.05; \*\*\* p<0.10)

The results of the unmoderated regression analysis (Tables 7.21 and 7.23) show that when no interaction terms are included in the regression models the direct effects of both moderator variables, *Self-efficacy* ( $p = 0.000$ ) and *Outcome expectations* ( $p = 0.000$ ) are significant (see Table 7.25). Upon including the interaction effects in the moderated regression analysis, the findings show that *Self-efficacy* moderates the relationship between *Perceived parental outcomes* and the dependent variable. As such, the interaction effect (*Perceived parental outcomes*  $\times$  *Self-efficacy*;  $p = 0.069$ ) is significant. *Self-efficacy* is therefore classified as a quasi-moderator because in the unmoderated model, it has a significant influence on the dependent variable, and in the moderated model the interaction effect is significant. In the same way, upon including the interaction effects in the moderated regression analysis, the findings show that *Outcome expectations* moderates the relationship between *Parental identification* and the dependent variable. As such the interaction effect (*Parental identification*  $\times$  *Outcome expectations*;  $p = 0.032$ ) is significant. Therefore, *Outcome expectations* is classified as a quasi-moderator because in the unmoderated model, it has a significant influence on the dependent variable, and in the moderated model the interaction effect is significant.



## **7.8 SUMMARY**

Chapter 7 provided the empirical results of this study. The sample was described and the validity and reliability of the measuring instrument established. Thereafter, the operationalisation of the dependent, moderating and independent variables were reformulated and finally the results of the descriptive and inferential statistics presented. The final chapter, Chapter 8, provides a summary of the study, followed by an interpretation of the empirical results presented in this chapter. Various implications and recommendations for NGFMs are presented. In conclusion, the contributions and limitations of the present study are elaborated on and recommendations for future research are made.

## **CHAPTER 8**

### **SUMMARY, CONCLUSIONS AND RECOMMENDATIONS**

#### **8.1 INTRODUCTION**

In Chapter 7, the empirical results of this study were presented and discussed. In Chapter 8 an overview of the study as a whole is provided and a short summary of the empirical results are presented. Thereafter, the empirical results will be discussed and interpreted, and several conclusions and recommendations will be put forward. Finally, the contribution of this study, as well several limitations are highlighted.

#### **8.2 OVERVIEW OF THE STUDY**

In Chapter 1, the introduction and background to the study were presented and the problem statement, purpose of the study and research objectives were elaborated on. Investigating the motives that drive children with family business backgrounds to join the family business, rather than to start their own business or become an organisational employee, is a highly pertinent, given the worldwide social and economic importance of family businesses. With this in mind, the purpose of the current study is to gain a better understanding of the influence that parents have on the next generation family members' (NGFMs) intentions to join the family business.

To achieve this purpose, the primary objective of this study was to identify the influence that parents have on an NGFM's intention to join the family business. In order to address this primary objective, the following secondary objectives (SOs) were formulated:

- SO<sup>1</sup>: To determine the intentions of NGFMs to join the family business;
- SO<sup>2</sup>: To describe the extent to which the parental influences investigated are experienced by NGFMs;
- SO<sup>3</sup>: To identify the significant relationships between parental influences and a NGFM's *Intention to join the family business*; and

SO<sup>4</sup>: To investigate the moderating influences of *Self-efficacy* and *Outcome expectations* on the relationships between the parental influences investigated and a NGFM's *Intention to join the family business*.

In order to achieve the aforementioned primary and secondary objectives, the following methodological objectives (MOs) were put forward:

- MO<sup>1</sup> To undertake a theoretical investigation into the nature and importance of family businesses, the most prominent challenges they face, as well as the most commonly used conceptual frameworks and theories in the field. In addition, a literature review on several behaviour and career choice theories would be undertaken with the purpose of identifying factors that influence a person's career choice in general as well as in a family business context. Furthermore, the influence of parents on their children in general and on their career choice in particular would be explored;
- MO<sup>2</sup> To propose a hypothesised model depicting the relationships between the independent variables (*Parents' job characteristics, Parental financial security, Parental job satisfaction, Parent-child relationship, Parental identification, Parental expectations, Parental support and Parental style*) and the dependent variable (*Intention to join the family business*), as well as the moderating influence of *Self-efficacy* and *Outcome expectations*, on these relationships;
- MO<sup>3</sup> To determine the appropriate research methodology to be used in this study in order to address the problem statement and research objectives;
- MO<sup>4</sup> To develop a measuring instrument that would empirically test the hypothesised relationships formulated;
- MO<sup>5</sup> To conduct an empirical investigation among NGFMs and to statistically analyse the collected data; and

MO<sup>6</sup> To put forward several recommendations to parents, who are owners of or are actively involved in their family businesses, on how to increase the likelihood that their child(ren) would have the intention to join the family business.

Furthermore, in Chapter 1, a brief overview of the research design as well as the scope and demarcation of the study was provided. The anticipated contributions of the study were discussed, and finally, definitions of key concepts and the structure of the study as a whole were presented.

The main purpose of Chapter 2 was to introduce the field of family business and highlight the nature of family businesses. Family businesses were contextualised by defining a family business and by elaborating on two definitional approaches, namely the components-of-involvement approach and the essence approach. The differences between family and non-family businesses were elaborated on, highlighting the intention to pass control of the family business onto the next generation as a critical distinguishing factor between these businesses. Several conceptual frameworks and theories of family businesses were briefly introduced. Conceptual frameworks referred to in the study were the two circle and three circle models, the three dimensional developmental model, the four circle model and the bulleye model, whereas the resource-based view, agency theory, stewardship theory and socio-emotional wealth were specific theories highlighted. Chapter 2 concluded by emphasising the important role that family businesses play in the economies of countries as well as the unique challenges they face. One of the most important challenges noted was that of transgenerational succession and the willingness of the next generation to make the career choice of working in the family business.

In Chapter 3, several behaviour and career choice theories were introduced and discussed. Four of the most prominent behaviour theories (social learning theory, social cognitive theory, the theory of reasoned action and the theory of planned behaviour) were elaborated on. Thereafter, the nature of career choice was explained and several career choice theories (Holland's theory of vocational choice, the development of self-concept theory and the social cognitive career theory) were presented. Career choice theories in the South African context were also briefly

discussed, with the focus placed on the social cognitive career theory and its relevance to the current study. The chapter concluded with a summary of all the factors identified as influencing career choice from the various behaviour and career choice theories described.

Drawing on the behaviour and career choice theories described in Chapter 3, Chapter 4 highlighted the important influence that parents have on their children and focused on how parents influence their children in general, as well as how they influence the career choices of their children. Several parental influences (*Parents' job characteristics, Parental financial security, Parental job satisfaction, Parent–child relationship, Parental identification, Parental expectations, Parental support and Parental style*) were discussed in detail.

Drawing on the literature and theories presented in Chapters 3 and 4, Chapter 5 proposed several hypothesised relationships to be empirically tested so as to achieve the objectives of this study. These relationships were depicted in a hypothesised model (see Figure 5.1). This hypothesised model draws on the theory of planned behaviour and the social cognitive career theory, as well as on the career choice and family business literature. Evidence to support the relationships hypothesised between each of the parental influences and an NGFM's *Intention to join the family business* was provided. Lastly, the moderating influences of *Self-efficacy* and *Outcome expectations* on the aforementioned relationships were also described and supported.

In Chapter 6, the research design and methodology used to collect and analyse the data needed to achieve the objectives of this study were presented. Specific attention was given to describing and justifying the research paradigm, the methodological approach and the research methods adopted. This study adopted a positivist research paradigm and a quantitative methodological approach that was deductive in nature. Furthermore, the sample and the sampling technique (judgemental sampling), as well as the data collection methods were described. The methodology adopted to collect primary data was an analytical survey of a cross-sectional nature. The data collection method used was that of a structured questionnaire. A description of the measuring instrument and the various items used was provided and the pilot study undertaken was described.

The administration of the measuring instrument, with particular focus on the fieldwork undertaken, the data capturing and preparation, as well as the validity and reliability assessments undertaken, were detailed in Chapter 6. The validity of the measuring instrument was assessed separately for the dependant variable, moderating and independent variables. In assessing the validity of the scale measuring the dependant variable, *Intention to join the family business*, a test for unidimensionality using a factor analysis was undertaken. For the moderating and independent variables, an EFA was undertaken. For both the test of unidimensionality and the EFA, factor loadings of 0.50 or greater were considered practically significant. The reliability of the measuring instrument was calculated using Cronbach's alpha coefficients and coefficients greater than 0.7 provided evidence of reliable scales. In addition, the ethical considerations adhered to in this study were highlighted.

The descriptive and inferential statistics used to analyse the collected data were then elaborated on. The descriptive statistics calculated included the mean, standard deviation and frequency distributions, whereas the inferential statistics included calculating Pearson's product moment correlations and undertaking MRA.

In Chapter 7 the empirical results of this study were presented and discussed. First, the sample was described. The majority of family businesses were owned by the NGFM's father or by both the respondent's father and mother. Most of the respondents indicated that their parent(s) had been involved in the family business for more than five years. The family businesses associated with the respondents were mostly first-generation owned, based in the Eastern Cape, employed more than five employees and operated in the service industry. The NGFMs who participated in this study were predominantly male, under the age of 25 years, of either black or white ethnicity, and most had no post-matric qualification.

Thereafter, the results of the measuring instrument's validity and reliability assessments were presented in Chapter 7. The test for unidimensionality done on the scale measuring the dependant variable, *Intention to join the family business*, provided satisfactory evidence of construct validity for this scale. Seven factors emerged from the EFA undertaken on the independent variables. Most items loaded as expected, however, several items measuring *Parents' job characteristics*, *Financial security* and

*Job satisfaction* loaded onto one factor. Based on the nature of these items that loaded, the factor was renamed *Perceived parental outcomes*. In addition, five of the seven items intended to measure *Parental support* loaded together, but owing to the nature of these items, the factor was renamed *Early business exposure*. Two factors emerged from the EFA undertaken on the moderating variables. Nine of the original twelve items intended to measure *Outcome expectations* loaded together, while five of the six items intended to measure *Self-efficacy* loaded together. Except for *Parental style*, all factors reported Cronbach's alpha coefficients of more than 0.7. *Parental style* was, however, retained because its Cronbach's alpha reported was, according Hair *et al.* (2014:115), at an acceptable level. Satisfactory evidence of validity and reliability for the scales measuring the constructs under investigation was thus provided. Based on these results, the operational definitions were reformulated and renumbered.

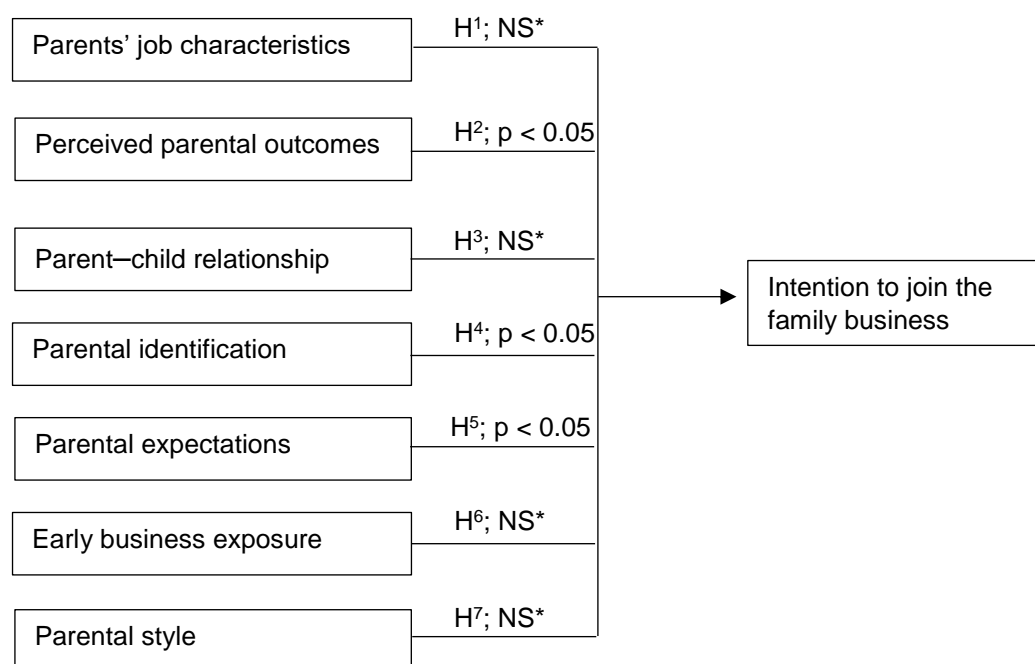
The descriptive statistics were also presented in Chapter 7. The dependant variable (*Intention to join the family business*) returned a mean score of 3.13 with the majority of respondents being neutral or agreeing with the statements measuring this factor. The moderating variables (*Self-efficacy* and *Outcome expectations*) returned mean scores of 3.68 and 3.77 respectively, and the independent variables returned mean scores of between 2.87 and 4.21. The majority of respondents were also neutral or agreed with the statements measuring the moderating and independent variables. *Parent-child relationship* reported the highest mean score, while *Parental identification* reported the lowest mean score. *Parental identification* also reported the highest percentage of respondents disagreeing with the statements measuring this factor. These results contributed to the first (SO<sup>1</sup>) and second (SO<sup>2</sup>), secondary objectives being achieved.

The results of the Pearson's product moment correlations indicated that the control variables (*Gender*, *Qualification* and *Job opportunities*) were not significantly correlated with each other. *Intention to join the family business* was significantly and positively associated with both the moderating variables, as well as all the independent variables in this study. Significant and positive correlations were also reported between the moderators themselves. *Self-efficacy* reported a strong association with *Parental identification*, whereas *Outcome expectations* reported a strong association with *Perceived parental outcomes*, as well as *Parental identification*. Additionally, significant

and positive relationships were reported between all the independent variables themselves, except between *Parent–child relationship* and *Parental style*, and between *Parental expectations* and *Parent–child relationship*.

Before undertaking the MRAs, several tests were undertaken (e.g. variance inflation factors and residual analysis) to verify the necessary assumptions, with the results showing acceptable evidence of these assumptions having been met. The MRA reported significant and positive relationships between the independent variables, *Parental expectations*, *Perceived parental outcomes* and *Parental identification*, and the dependent variable *Intention to join the family business*. A summary of these relationships is summarised in Figure 8.1.

**Figure 8.1: Summary of relationships between parental influences and a NGFM’s Intention to join the family business**



\*NS = Not significant

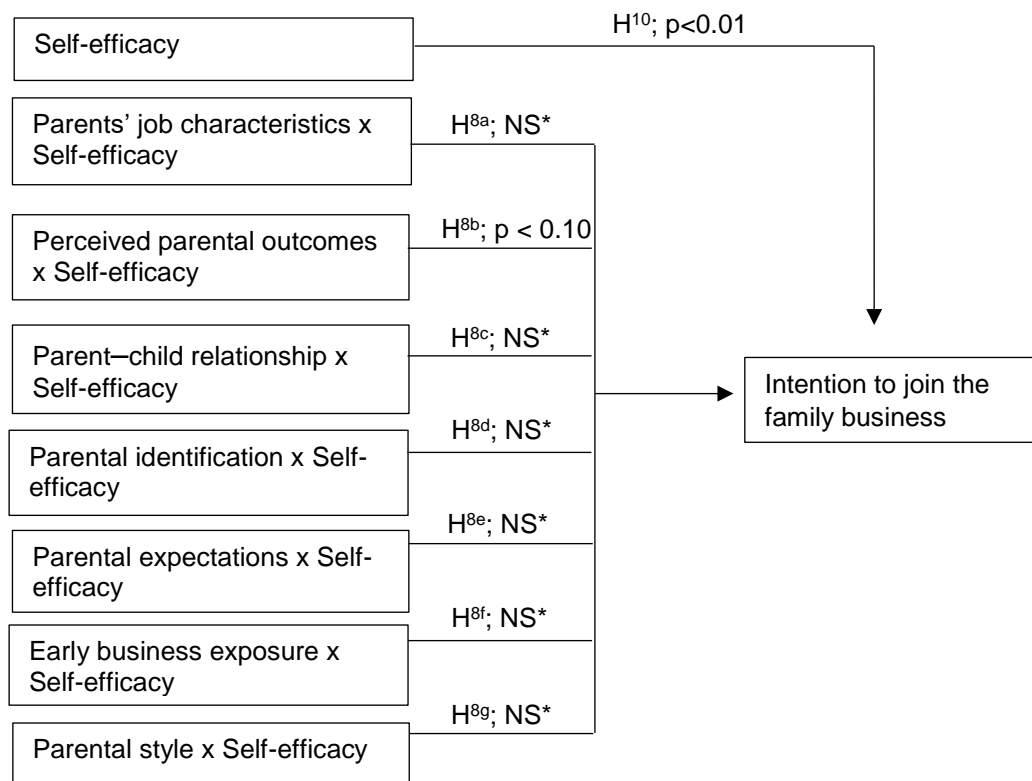
Source: Researcher's own construction

The results of the moderated regression analysis revealed that *Self-efficacy* and *Outcome expectations* do not moderate the relationships between all the parental influences investigated and *Intention to join the family business* as hypothesised. However, a significant positive relationship at the 10 per cent confidence level was



reported between the interaction effect, *Self-efficacy x Perceived parental outcomes*, and *Intention to join the family business*. No significant relationships were reported between the other interactions and *Intention to join the family business*. A summary of the relationships between the interactions effects (*Self-efficacy* and the independent variables) and *Intention to join the family business* is provided in Figure 8.2.

**Figure 8.2: Summary of moderating influences – Self-efficacy**

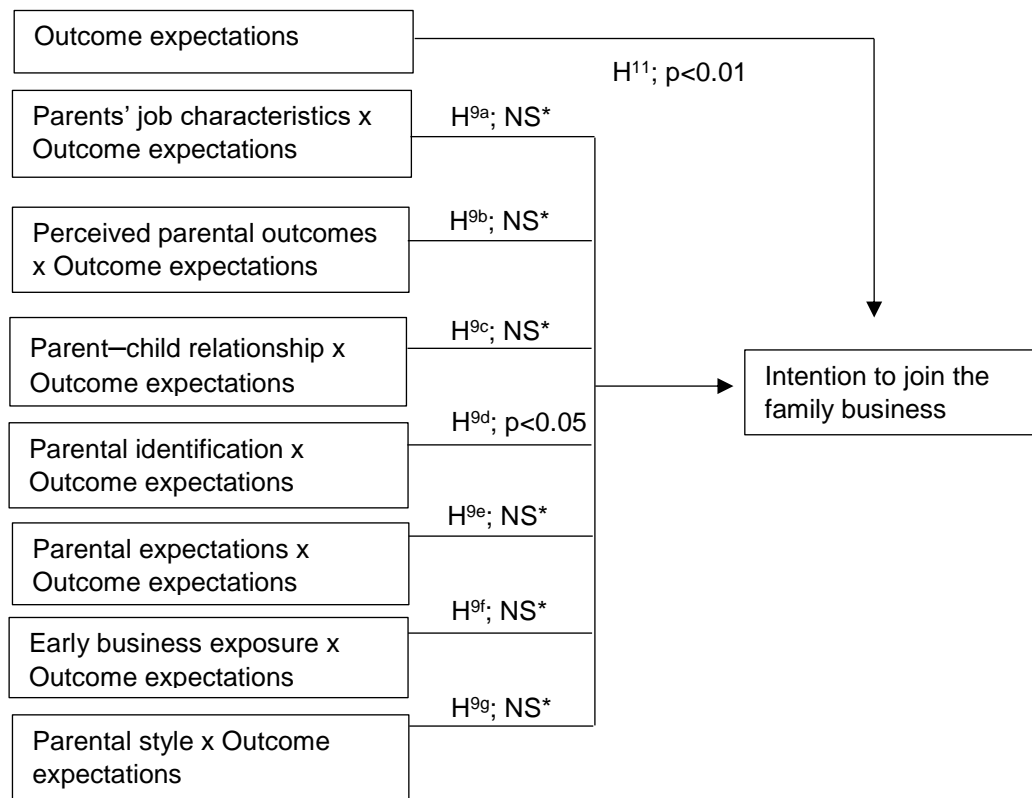


\*NS = Not significant

Source: Researcher's own construction

A significant positive relationship at the five per cent confidence level was reported between the interaction effect *Outcome expectations x Parental identification*, and *Intention to join the family business*. No significant relationships were reported between the other interactions and *Intention to join the family business*. A summary of the relationships between the interaction effects (*Outcome expectations* and the independent variables) and *Intention to join the family business* is presented in Figure 8.3.

**Figure 8.3: Summary of moderating influences – Outcome expectations**



\*NS = Not significant

Source: Researcher's own construction

Given the results of the MRAs, the results of the hypothesis tests are summarised in Table 8.1 and Table 8.2. In so doing the first (SO<sup>3</sup>) and second (SO<sup>4</sup>) secondary objectives are achieved.

**Table 8.1: Summary of hypotheses tested**

	Hypotheses	Decision
H <sup>1</sup>	There is a positive relationship between <i>Parents' job characteristics</i> and a NGFM's <i>Intention to join the family business</i> .	Reject
H <sup>2</sup>	There is a positive relationship between <i>Perceived parental outcomes</i> and a NGFM's <i>Intention to join the family business</i> .	Fail to reject
H <sup>3</sup>	There is a positive relationship between the <i>Parent-child relationship</i> and a NGFM's <i>Intention to join the family business</i> .	Reject
H <sup>4</sup>	There is a positive relationship between <i>Parental identification</i> and a NGFM's <i>Intention to join the family business</i> .	Fail to reject
H <sup>5</sup>	There is a positive relationship between <i>Parental expectations</i> and a NGFM's <i>Intention to join the family business</i> .	Fail to reject
H <sup>6</sup>	There is a positive relationship between <i>Early business exposure</i> and a NGFM's <i>Intention to join the family business</i> .	Reject
H <sup>7</sup>	There is a positive relationship between <i>Parental style</i> and a NGFM's <i>Intention to join the family business</i> .	Reject

**Table 8.1: Summary of hypotheses tested (continued)**

	Hypotheses	Decision
H <sup>10</sup>	There is a positive relationship between <i>Self-efficacy</i> and a NGFM's <i>Intention to join the family business</i> .	Fail to reject
H <sup>11</sup>	There is a positive relationship between <i>Outcome expectations</i> and a NGFM's <i>Intention to join the family business</i> .	Fail to reject

In addition, the hypotheses relating to the moderating effects of *Self-efficacy* and *Outcome expectations* are summarised in Table 8.2.

**Table 8.2: Summary of moderating hypotheses tested**

	Self-efficacy	Decision
H <sup>8a</sup>	<i>Self-efficacy</i> moderates the relationship between <i>Parents' job characteristics</i> and a NGFM's <i>Intention to join the family business</i> .	Reject
H <sup>8b</sup>	<i>Self-efficacy</i> moderates the relationship between <i>Perceived parental outcomes</i> and a NGFM's <i>Intention to join the family business</i> .	Fail to reject
H <sup>8c</sup>	<i>Self-efficacy</i> moderates the relationship between <i>Parent-child relationship</i> and a NGFM's <i>Intention to join the family business</i> .	Reject
H <sup>8d</sup>	<i>Self-efficacy</i> moderates the relationship between <i>Parental identification</i> and a NGFM's <i>Intention to join the family business</i> .	Reject
H <sup>8e</sup>	<i>Self-efficacy</i> moderates the relationship between <i>Parental expectations</i> and a NGFM's <i>Intention to join the family business</i> .	Reject
H <sup>8f</sup>	<i>Self-efficacy</i> moderates the relationship between <i>Early business exposure</i> and a NGFM's <i>Intention to join the family business</i> .	Reject
H <sup>8g</sup>	<i>Self-efficacy</i> moderates the relationship between <i>Parental style</i> and a NGFM's <i>Intention to join the family business</i> .	Reject
	Outcome expectations	Decision
H <sup>9a</sup>	<i>Outcome expectations</i> moderates the relationship between <i>Parents' job characteristics</i> and a NGFM's <i>Intention to join the family business</i> .	Reject
H <sup>9b</sup>	<i>Outcome expectations</i> moderates the relationship between <i>Perceived parental outcomes</i> and a NGFM's <i>Intention to join the family business</i> .	Reject
H <sup>9c</sup>	<i>Outcome expectations</i> moderates the relationship between <i>Parent-child relationship</i> and a NGFM's <i>Intention to join the family business</i> .	Reject
H <sup>9d</sup>	<i>Outcome expectations</i> moderates the relationship between <i>Parental identification</i> and a NGFM's <i>Intention to join the family business</i> .	Fail to reject
H <sup>9e</sup>	<i>Outcome expectations</i> moderates the relationship between <i>Parental expectations</i> and a NGFM's <i>Intention to join the family business</i> .	Reject
H <sup>9f</sup>	<i>Outcome expectations</i> moderates the relationship between <i>Early business exposure</i> and a NGFM's <i>Intention to join the family business</i> .	Reject
H <sup>9g</sup>	<i>Outcome expectations</i> moderates the relationship between <i>Parental style</i> and a NGFM's <i>Intention to join the family business</i> .	Reject

From the overview above, it can be concluded that the primary, secondary and methodological objectives of this study have been achieved. The achievement of these objectives and the chapters in which they have been achieved are summarised in Tables 8.3 to 8.5.

**Table 8.3: Primary objective achieved and relevant chapters**

Primary objective	Chapters where achieved
To identify the influence that parents have on a NGFM's intention to join the family business	Chapters 1–8

**Table 8.4: Secondary objectives achieved and relevant chapters**

Secondary objectives	Chapters where achieved
To determine the intentions of NGFMs to join the family business	Chapters 7 and 8
To describe the extent to which the parental influences investigated are experienced by NGFMs	Chapters 7 and 8
To identify the significant relationships between parental influences and a NGFM's <i>Intention to join the family business</i>	Chapters 7 and 8
To investigate the moderating influences of <i>Self-efficacy</i> and <i>Outcome expectations</i> on the relationships between the parental influences investigated and a NGFM's <i>Intention to join the family business</i>	Chapters 7 and 8

**Table 8.5: Methodological objectives achieved and relevant chapters**

Secondary objectives	Chapters where achieved
To undertake a theoretical investigation into the nature and importance of family businesses, the most prominent challenges they face, as well as the most commonly used conceptual frameworks and theories in the field. In addition, a literature review on several behaviour and career choice theories will be undertaken with the purpose of identifying factors that influence a person's career choice in general as well as in a family business context. Furthermore, the influence of parents on their children in general and on their career choice in particular will be explored.	Chapters 2–4
To propose a hypothesised model depicting the relationships between the independent variables ( <i>Parents' job characteristics, Parental financial security, Parental job satisfaction, Parent–child relationship, Parental identification, Parental expectations, Parental support and Parental style</i> ) and the dependent variable ( <i>Intention to join the family business</i> ), as well as the moderating influence of <i>Self-efficacy</i> and <i>Outcome expectations</i> on these relationships.	Chapter 5
To determine the appropriate research methodology to be used in this study in order to address the problem statement and research objectives.	Chapter 6
To determine the appropriate research methodology to be used in this study in order to address the problem statement and research objectives.	Chapter 6 and Annexure A
To conduct an empirical investigation among NGFMs and to statistically analyse the collected data.	Chapter 7
To put forward several recommendations to parents, who are owners of/are actively involved in family businesses, on how to increase the likelihood that their child(ren) will have the intention to join the family business.	Chapter 8

### **8.3 DISCUSSION AND INTERPRETATION OF RESULTS, CONCLUSIONS AND RECOMMENDATIONS**

Based on the empirical results of this study, several conclusions and recommendations are made, and in so doing achieving the finally methodological objective (MO<sup>6</sup>). The primary objective of this study was to identify the influence that parents have on a NGFM's intention to join the family business. In order to achieve this primary objective four secondary objectives were formulated. The results of these secondary objectives are elaborated on below. In doing so, the research questions associated with these objectives are answered.

#### **8.3.1 INTENTION TO JOIN THE FAMILY BUSINESS**

In order to achieve the first secondary objective (SO<sup>1</sup>), namely, to determine the intentions of next NGFMs to join the family business, descriptive statistics and frequency distributions were calculated. The results indicate that only one third of the respondents agreed that they would prefer to work in the family business rather than elsewhere, and that they were determined to make every effort to pursue their career goal of joining the family business.

These results are supported by Garcia *et al.* (2018:28) who note that less than seven per cent of rising generation members are willing to take over the family business. In addition, anecdotal evidence highlights that 75 per cent of children do not want to join their parent's family business for various reasons (The Economist 2004:1). According to Rastogi and Agrawal (2010:8), an increasing number of children want to create their own identity away from the family business.

The Economist (2004:1) reports that the main reasons for the respondents participating in its study not wanting to join the family business were a lack of interest in the family business, and that the family business would not allow them to make use of their talents. Similarly, Iqbal (2016:1) reports that one of the main reasons why NGFMs do not join the family business is that they want to establish their own identity without the constraints of being continuously linked to the family business. Luckman (2015:1) proposes four reasons why most NGFMs do not want to join the family business,

namely that the business does not appear to be “fun”, there will be a burden of responsibility, a lack of autonomy, and that they have no passion for the family business.

A possible explanation for the low number of respondents in this study having intentions to join the family business is that only 25 per cent agreed that they have the same career interests as their parent and wanted to follow in their parent’s footsteps. Furthermore, 71.96 per cent of respondents believe that jobs that are of interest to them are available, and 61.15 per cent are confident they will find the job they want. Another explanation could be that 42.83 per cent of the respondents were in possession of a post-matric qualification and 52.76 were studying full or part-time. According to Thompson (2013:1), NGFMs are better educated than their parents, and as a result prefer to work abroad or build a career elsewhere before joining the family business.

Although several explanations could be put forward to explain why NGFMs intend or do not intend to join the family business, the focus of this study was on how their parents influence them in this regard. The next section describes how the parental influences investigated in this study are experienced by the participating respondents.

### 8.3.2 PARENTAL INFLUENCES

In order to achieve the second secondary objective (SO<sup>2</sup>), namely to describe the extent to which the parental influences investigated are experienced by NGFMs, descriptive statistics and frequency distributions were calculated. The results of these calculations show that of all the parental influences investigated, *Parent–child relationship* returned the highest mean score, with the majority of respondents agreeing that they regularly spend time with and relate well to their parent, and perceive their relationship as one where there is open communication, appreciation and respect. According to Qu *et al.* (2015:26), a positive parent–child relationship involves parental support, open communication and disclosure from the child to the parent. The findings of the current study suggest that a positive parent–child relationship exists in the case of the majority of respondents, which somewhat contradicts the literature where parent–child relationships in family businesses are

described as increasingly complex. Complexity in parent–child relationships arise because family and work roles often overlap and may be different from each other (Houshmand *et al.* 2017:2). In a family business, a successful parent–child relationship is established through parents having developed the ability to communicate, create safety, plan for the future, maintain appropriate accountability and establish age-appropriate boundaries with their child (Hoover & Hoover 2013:10).

The vast majority of respondents also perceived that their parent’s job in the family business requires specialised knowledge and working closely with others (*Parents’ job characteristics*). Respondents could be aware that, as future successors of a family business, they may require knowledge based on the industry in which the business operates, but more importantly they require technical and management knowledge (Warnar 2012:10). In addition, the perception of respondents relating to their parents working closely with others is supported by Braidford, Houston, Allinson and Stone (2014:10), who found that good relationships often exist among family members and employees in family businesses and that these relationships are characterised by a willingness to communicate. The aforementioned authors also highlight that in family businesses, close-knit teams develop, where family members work closely with their employees.

The great majority of respondents agreed that their parent was satisfied with their business, that they grew professionally by working in the family business, and earned a regular income that would enable increased wealth and financial security (*Perceived parental outcomes*). Schroder *et al.* (2011:309) highlight that adolescents have a relatively accurate impression of their parents’ perceived job rewards (both internal and external), including how a job makes their parent feel about themselves and whether their parent earns a satisfactory income.

Most respondents also agreed that their parent had exposed them to the family business and told them stories about it from a young age (*Early business exposure*). According to Evans (2016:1), parents who own a business try to separate work from family life; however, they rarely succeed. In business-owning-parent households, business talk is never off the table, with the family often learning the details of what is happening at the business from their parents at home (Evans 2016:1). In the context

of family businesses, interactions through formal and informal dialogue are constantly taking place between family members, both at home and at the business (Kuiken 2015:110; Kotlar & De Massis 2013:1263; Hoffman *et al.* 2006).

The majority of respondents were either neutral or disagreed that it was the expressed wish and expectation of their parent that they join the family business (*Parental expectations*). According to several authors (Rastogi & Agrawal 2010:3; Jungen 2008:11; Taylor *et al.* 2004:2), parental expectations for their children set the boundaries for what is deemed an acceptable career choice. In contrast to the findings in this study, Stalk and Foley (2012:2) found that many family business owners make their children feel obligated to join the family business. Similarly, Espstein and Yuthas (2017:1) contends that parents expect their children to be involved in the family business in some way or other, even if the task is small.

*Parental style* returned the second lowest mean score with most respondents being neutral about whether their parent controlled the family household with strict, directing behaviour and expecting unquestioned obedience. Gimeno and Parada (2015:219) observe that very often the parental style exhibited in the home environment is portrayed in the business environment. Parents who are authoritarian will not qualify their decisions at home or in the business, and tend to approach relationships from their position as the head of the family (Gimeno & Parada (2015:219). The findings of the current study are similar to those of Ghee *et al.* (2015:117), who found that 90 per cent of family businesses in their Malaysian study embraced a participative style, with only 11 per cent having an authoritative style.

*Parental identification* returned the lowest mean score with only one quarter of respondents in this study agreeing that they have the same career interests as their parent and plan to follow in their footsteps. However, Jungen (2008:1) found that children as young as five years old begin to identify with their parent's occupation as soon as they can pronounce their parent's job title. Iqbal (2016:1) found that one of the main reasons why NGFMs do not join the family business is that they want to establish their own identity and not have the constraints of being continuously linked to the family business. This was further supported by The Economist (2004:1) in highlighting that the main reason why children did not want to join the family business was a lack of



interest in the business and that the family business would not allow the child to make use of their own talents.

### 8.3.3 PARENTAL INFLUENCES ON INTENTION TO JOIN THE FAMILY BUSINESS

In order to achieve the third secondary objective (SO<sup>3</sup>), namely to identify the significant relationships between parental influences and an NGFM's *Intention to join the family business*, MRAs were undertaken. The results show that of the seven parental influences investigated, three show significant relationships with an NGFM's *Intention to join the family business*, and four show no relationships. These relationships are elaborated on below.

#### 8.3.3.1 Significant relationships

The three parental influences found to have a significant influence on a NGFM's *Intention to join the family business* were *Perceived parental outcomes*, *Parental identification* and *Parental expectations*. Each of these relationships will be discussed below. In addition, implications will be highlighted and where appropriate recommendations will be put forward.

##### (a) Perceived parental outcomes

The empirical results of this study show a significant and positive relationship between *Perceived parental outcomes* and a NGFM's *Intention to join the family business*. This implies that the more NGFMs perceive that their parent is satisfied with and grows professionally by working in the family business, and is able to earn a regular income which increases their wealth and obtain financial security, the more likely NGFMs intentions will be to join the family business. This finding is supported by those of Schroder *et al.* (2011:312), who found that the more adolescents perceive their parent's self-employment as rewarding, the less likely they are to aspire to regular employment outside the family business. Similarly, Van Gelderen, Brand, Van Praag, Bodewes, Poutsma and Van Gils (2008:554) highlight that if the outcome of entering

the family business is perceived to be too risky, then their child(ren) are discouraged to do so.

Given the relationship between *Perceived parental outcomes* and *Intention to join the family business*, the following implications and recommendations should be considered:

- Parents of NGFMs should investigate which parental outcomes are most important to their children and then provide them with more information on those specific outcomes (for example, their salary and how working in the family business makes them feel). Parents should continuously share their experience of working in the family business with their children, and also explain how they and the family business are doing financially. In cases where the family business is not doing well financially, it is important to inform the next generation about the reality of the situation and the plans in place to bring about improvement. Through the creation of a sharing culture between parents and children, children associated with family businesses will have more realistic expectations of the expected outcomes of joining and working the family business.
- Parents need to ensure that at all times they portray a realistic picture of the family business and the outcomes children can expect. An unrealistic picture of what it is like to work in or be involved in the family business could lead to children being disappointed should they decide to join the family business in the future and their expectations are not met.
- Parents of NGFMs should always be mindful that, at home, children pick up on what is going on in the family business, as well as the influence that the business has on the family. If parents are motivated, passionate and happy, or if they are discouraged, frustrated and unhappy with their involvement in the family business, and this is expressed either verbally or nonverbally at home – children are quick to perceive this, together with positive or negative associations with the family business.

(b) Parental identification

In this study a significant and positive relationship is reported between *Parental identification* and a NGFM's *Intention to join the family business*. This implies that the more NGFMs perceive that they have the same career interests as their parent and plan to follow in their footsteps, the more likely they are to prefer working in the family business than elsewhere, as well as being more determined and making every effort to pursue their career goal of joining the family business. This finding is well supported in career choice literature where several studies have reported a positive relationship between identifying with role models and following their career choice (Piccinato, Rodrigues, Rocha & Troncon 2017:531; Stahn & Harendza 2014:5), as well as between identifying with parents and following in their career footsteps (Murphy & Lambrechts 2015:33; Tziner *et al.* 2012:100). For example, Wildmann (2016:7) found that children are heavily influenced by parental models that they perceive are similar to themselves.

Children of family business owners usually develop a strong association between their parent and the business (Iannarelli & Mische 2008:1719). One of the reasons for this strong association is that founders of family businesses embed their personality, values and culture into the business (Iannarelli & Mische 2008:1719). Consequently, when these children identify with their parent, they also identify with the family business. Identifying with someone and interacting with them on a regular basis tends to shape a young person's career development in the same direction as that of the person with whom they identify (Ali 2009:1; Lui *et al.* 2004:3).

Given the influence of *Parental identification* on a NGFM's *Intention to join the family business*, it is of concern that only a quarter of the respondents in this study agreed that they had the same career interests as their parent and planned to follow in their footsteps. Therefore, several implications and recommendations should be considered:

- Family business parents must regularly spend time interacting with their children from a young age. In these interactions, parents need to frequently discuss their career in the family business and what it entails. Their children

may then gain insight and direct understanding of what their parents do at work. Despite the stresses and time pressures of owning a business, parents must continuously strive to make time to interact with their children on a social basis, and to discuss career interests and other topics with their children.

- Parents should also engage more often with their children in the context of the family business. A practical way to do this is to give them a part-time or holiday job in the business. The chance to gain work experience and earn money can be used to incentivise a NGFM in this regard. For this engagement to have a positive outcome, a child's career interests should be determined and attempts must be made to fulfil these interests within the scope of activities available in the family business. This can be achieved by exposing them to the industry and types of jobs that exist in the business.
- In their interactions with their children, family business parents could tell stories of how the family started and built the business, how the family overcame economic hardship and persevered in tough economic times, as well as how the family legacy has been built over time. These stories could lead to the NGFM identifying with the family business and thus giving meaning to their possible future involvement.

(c) Parental expectations

The current study found a statistically significant and positive relationship between *Parental expectations* and *Intention to join the family business*, implying that the more NGFMs perceive that it is the expressed wish and expectation of their parent that they join the family business, the more likely they are to have the *Intention to join the family business*. This finding is supported by Kumar (2016:23), Jungen (2008:11) and Taylor *et al.* (2004:2) who found that a parent's expectations of their child contribute significantly to their career choice, and that without parental approval, children will be reluctant to pursue or even explore other career options. Early management of both children's and parents' expectations in terms of children joining the family business, can assist in preparing NGFMs for a future in the family business; it also improves succession willingness (Yang *et al.* 2013:533). Garcia *et al.* (2018:4) explain that a parent's expectations serve as a strong binding force for NGFMs, which in turn positively affects their performance in the family business.

Based on the significant relationship between *Parental expectations* and *Intention to join to join the family business*, the following implications and recommendations should be considered:

- Parents should realise that the expectations they have of their children in terms of joining the family business can influence the confidence, belief, attitude and desires of their children, either positive or negatively. Therefore, these expectations need to be realistic and attainable given the abilities and interests of their children. Expectations need to motivate and not discourage the NGFM from joining the family business.
- Managing both children's and parents' expectations in terms of children joining the family business entails having regular discussions about this possibility. Regular discussions will create the opportunity for both parents and children to express their expectations and to adjust them accordingly. This can lead to a better fit between a parent's dreams and their child's future career desires.
- Although it is important that parents communicate their expectations of their children in terms of a future in the family business, they must nonetheless do this in a non-obligatory manner.
- Ultimately, family business parents need to support their children in whatever career they choose and accept that their children may have different career interests to their own. They need to ensure that, when expressing their desire for their child to join them in the family business, it is done in a manner that is not detrimental to the career interests and desires of their children, nor to the personal relationship between them.

#### 8.3.3.2 Insignificant relationships

No significant relationships were reported between the other four parental influences and a NGFM's *Intention to join the family business*, namely, *Parents' job characteristics*, *Parent-child relationship*, *Early business exposure* and *Parental style*. These results are discussed below.

(a) Parents' job characteristics

The findings of this study are that no significant relationship exists between a *Parents' job characteristics* and *Intention to join the family business*, implying that whether or not NGFMs perceive that their parent's job in the family business requires specialised knowledge and working closely with others, has no influence on their *Intention to join the family business*. However, the findings of Schroder *et al.* (2011) contradict the current results. Schroder *et al.* (2011:309) report that adolescents form an accurate impression of their parent's work characteristics and that these impressions are significantly related to their career choice. Similarly, in a study on the career choices of young adults, Bates (2015:68) found a correlation between the characteristics of a parent's job and the characteristics of the jobs their children expressed an interest in pursuing.

A possible reason why no relationship was reported between *Parents' job characteristics* and *Intention to join the family business* in this study is that most of the family businesses associated with the respondents were first-generation family businesses (78.59%), started by either one or both of the parents. Founders of businesses are generally required to perform a variety of tasks. Depending on the size of the business, these founders could be required to undertake management tasks relating to all the business functions. When a parent is responsible for the whole business and has to perform a variety of activities, a *Parents' job characteristics* could become unclear or ambiguous, making it problematic to identify exactly what the characteristics are. Therefore, it is possible that although the vast majority of respondents perceived that their parent's job in the family business requires specialised knowledge and working closely with others, they actually knew very little about the specific characteristics of the job. This explanation finds support, in that more than half of the respondents indicated that since childhood, their parent had exposed them to the family business and told stories about it. A lack of detailed knowledge about what their parent's job entails, is unlikely to either attract them to or discourage them from joining the family business.

(b) Parent–child relationship

*Parent–child relationship* also reported no significant influence on a NGFM's *Intention to join the family business*. As such whether or not NGFMs regularly spend time with and relating well to their parent, and perceiving their relationship as one where there is open communication, appreciation and respect, has no influence on their *Intention to join the family business*. This result contradicts those of Palos and Drobot (2010:3408) and Tziner *et al.* (2012:100) who found that the quality of the parent–child relationship, the support offered by parents, the level of trust and openness of communication, all influence a child's career aspirations as well as their willingness to accept career advice from a parent. In addition, Melin *et al.* (2014:128) and Lott (2009:2), highlight that conflict between parent and offspring can occur when parents have different career preferences to those of their child(ren), even if a strong bond exists between them.

The choice of items used to measure *Parent–child relationship* in the current study could possibly explain why no relationships were reported between this relationship and a NGFM's *Intention to join the family business*. According to Salami (2007:596), aspects which influence the parent–child relationship and significantly predict career intentions are parental attachment and psychological separation. But these aspects of the parent–child relationship were not accounted for in the scale used to measure *Parent–child relationship* in the current study.

Another explanation could be that *Parent–child relationship* reported a high mean score with the great majority of respondents agreeing that they regularly spend time with and relate well to their parent, and perceive this relationship as having open communication, appreciation and respect. As such, if the great majority of respondents score high on this parental influence, a relationship between *Parent–child relationship* and another variable is not to likely to be detected.

(c) Early business exposure

The results of this study revealed that *Early business exposure* has no significant influence on a NGFM's *Intention to join the family business*, implying that whether or

not NGFMs perceive that their parent exposed them to the family business and told them stories about it, from a young age, has no influence on their *Intention to join the family business*. This finding is contradictory to that of Drennan, Kennedy and Renfrow (2005:236) who found that having parents who own a business increases the attractiveness of self-employment for the children. Schroder *et al.* (2011:309) and Bryant *et al.* (2006) also found that parents who prepare their young family members by providing them with knowledge and allowing them to participate in the family business from a young age, are more likely to influence the next generational family member's succession intentions. In addition, Carr and Sequeira (2007:1095) found a significant relationship between prior family business exposure and entrepreneurial intent.

A possible explanation as to why no relationship was reported between *Early business exposure* and a NGFM's *Intention to join the family business* in this study is that more than three quarters of the respondents were under the age of 25 and more than half the respondents were studying full- or part-time. More than 40 per cent of the businesses in this study began operations less than 10 years ago, suggesting that many of the respondents were teenagers at the time. Teenagers are well known for being stubborn and strong willed in wanting to do what they want (for example playing on iPad, watching YouTube, going out with their friends). It is suggested that, as teenagers, the respondents would have been more interested in doing their own activities than in listening to stories about the family business or even interacting with their parents in this regard.

#### (d) Parental style

The results of this study were that *Parental style* (reflected in control, strictness, directing behaviour and expecting obedience) has no significant influence on an NGFM's *Intention to join the family business*. The findings of this study contradict those of Rani (2014:19), who highlights a significant and important relationship between parental style and the career choices of adolescents. Similarly, Tunkkari-Eskelinen (2016:834) found a significant relationship between parental style and the intention of NGFMs' to join the family business. Furthermore, the style of leadership of the family



business founder has been reported as greatly influencing the potential succession of next generation family members (Jones 2012:57).

A possible explanation for the insignificant relationship between *Parental style* and a NGFM's *Intention to join the family business* in the current study could be that parents in recent years are less strict and more neutral in their parenting style than being either participative or autocratic. Society's norms towards parenting have changed, and today more parents are taking on a more relaxed style of parenting. This is supported in that 60.71 per cent of respondents were neutral regarding questions of their parent controlling the family household, being very strict, directing behaviour and expecting unquestioned obedience. If the majority of respondents are neutral in terms of describing their parent's style of parenting, a relationship between *Parental style* and another variable is not to likely to be detected.

#### 8.3.4 MODERATING INFLUENCES ON INTENTION TO JOIN THE FAMILY BUSINESS

In order to achieve the secondary objective (SO<sup>4</sup>) of investigating the moderating influences of *Self-efficacy* and *Outcome expectations* on the relationships between the parental influences investigated and a NGFM's *Intention to join the family business*, moderated MRAs were performed. The current study draws on the social cognitive career theory (Lent *et al.* 1994) to explain the relationships between the parental influences investigated and a NGFM's *Intention to join the family business*. The social cognitive career theory highlights the role of *Self-efficacy* and *Outcome expectations* as moderators between learning experiences on the one hand and career goals, career interests and career actions, on the other. Similarly, Bounds (2013:39) and Byars-Winston *et al.* (2010) note that self-efficacy and outcome expectations are important moderators between an individual's learning experience and their eventual academic and career-choice behaviours. Investigating the role of these moderators provides greater clarity on how to strengthen (or weaken for that matter) the influence that parents have on a NGFM's *Intention to join the family business*.

The findings of this study show that the parental influences of *Perceived parental outcomes*, *Parental identification* and *Parental expectations* have a significant

influence on a NGFM's *Intention to join the family business*. Several recommendations have been given above in an attempt to enhance these parental influences so as to ultimately increase a NGFM's *Intention to join the family business*. However, understanding the influence of *Self-efficacy* and *Outcome-expectations* on these relationships provides the researcher with additional recommendations on how to increase a NGFM's *Intention to join the family business*. For example, a person's level of self-efficacy can be improved and their outcome expectations managed.

The findings of this study relating to the moderating variables *Self-efficacy* and *Outcome expectations*, will be discussed below. In addition, implications will be highlighted and where appropriate, recommendations will be put forward.

#### 8.3.4.1 Self-efficacy

The findings of this study show that *Self-efficacy* moderates the relationship between *Perceived parental outcomes* and *Intention to join the family business*. Given that the interaction effect is positive, it implies that the greater the level of *Self-efficacy* of NGFM the stronger the relationship between *Perceived parental outcomes* and a NGFM's *Intention to join the family business*. As such the influence of *Perceived parental outcomes* on a NGFM's *Intention to join the family business* is higher when a NGFM has the confidence to solve problems and cope with unexpected events and difficulties arising in the family business, as well as having the belief that they possess the necessary skills and has what it takes to work in the family business.

Several studies (Jiang & Park 2012; Wilson, Kickhul, Marlino, Brbosa & Griffiths 2009; Segal, Borgia & Schoenfeld 2002) highlight that the career intentions of students can be influenced by enhancing their self-confidence with regard to a specific career choice and by increasing their perceptions and expectations of the positive outcomes of that choice. Sager, Strutton and Johnson (2006:95) found that by possessing stronger self-efficacy beliefs, individuals are more likely to make positive self-evaluations about their capabilities and skills to perform a desired behaviour. The findings of this study show that *Perceived parental outcomes* significantly and positively influence *Intention to join the family business* and that this relationship can be strengthened by increasing a NGFM's levels of *Self-efficacy* in terms of working in the family business. The results

of this study show that many of the respondents (41.50%) did not experience *Self-efficacy* as measured in the context of this study. As such, opportunity for improvements in *Self-efficacy* exist. The following recommendations are put forward in this regard:

- From an early age, parents need to build their child's confidence and sense of self-belief in general. Providing continuous re-enforcement that their child is capable of achieving and doing anything they set their mind to, including having the confidence to overcome any difficulty, as well as having the belief that they possess the necessary skills to perform any task required of them. A general sense of confidence and self-belief will be carried over into all situations that NGFMs find themselves in, including working in the family business.
- Parents need to look at providing their child with work-based opportunities to build their confidence and self-belief, specifically within the context of the family business. They should create opportunities for their children to work in the family business during the holidays. Having the opportunity to work in a business environment can build a NGFM's confidence to solve real business related problems and learn that they are capable of overcoming difficult situations that confront them. Additionally, this work experience will provide them the opportunity to gain the skills and knowledge necessary for working in the family business in the future.

#### 8.3.3.2 Outcome expectations

The findings of this study show that *Outcome expectations* moderates the relationship between *Parental identification* and *Intention to join the family business*. Given that the interaction effect is positive, this implies that the greater a NGFM's *Outcome expectations* of working in the family business are, the stronger the relationship between *Parental identification* and *Intention to join the family business* will be. Therefore, the influence of *Parental identification* on a NGFM's *Intention to join the family business* is higher when a NGFM perceives that working in the family business will be financially rewarding, enjoyable and meaningful, will require them to have specialised knowledge and will allow professional growth in a pleasant working environment.

Positive *Outcome expectations* for a particular occupation result in increased interest and exploratory behaviour (such as choosing an academic major or attending workshops in a specific career), which in turn is likely to increase the likelihood of choosing that specific career (Diegelman & Subich 2001:395). Parents' experiences of their job (as reflected in their satisfaction, security it provides and the nature of the job) as perceived by their children have been found to significantly influence their children's choice of entering that same career (Olaosebikan & Olusakin 2014:50). Several studies (Jiang & Park 2012:8865; Kickhul *et al.* 2009: 105; Segal *et al.* 2002:47) highlight that the career intentions of students can be influenced by enhancing their self-confidence in terms of a specific choice and by increasing their perceptions and expectations of the positive outcomes of that choice. The findings of this study show that *Parental identification* significantly and positively influences a NGFM's *Intention to join the family business* and that this relationship can be strengthened by changing their *Outcome expectations* or managing them better. Therefore, the following recommendations are proposed:

- It is from their parent that NGFMs develop perceptions of the outcomes they can expect from working in the family business. NGFMs see their parent's reactions and listen to what their parents say, even when not being spoken to directly. From this they pick up on both positive (close relationships, job satisfaction, good salary) and negative (poor salary, stress, verbal disagreement) cues about the outcomes associated with working in the family business. Parents need to ensure that there is open and accurate communication between them and their children concerning these outcomes and what it is like to work in the family business.
- Parents should provide NGFMs with the opportunity to experience the family business first-hand so that a true and more accurate perception of the expected outcomes of working in the family business can be developed.
- Although the outcomes of working in the family business may not always be positive, parents could emphasise other outcomes for NGFMs, such as being part of continuing the family business legacy and assisting communities that the business serves.

## 8.4 CONTRIBUTIONS OF THIS STUDY

This study makes a contribution to both theory and practice. In terms of theory, the study has contributed to the career choice literature by using both the social cognitive career theory and the theory of planned behaviour to explain the intentions of NGFMs to join the family business. The social cognitive career theory has been widely used in the career choice literature as an accepted and proven theory explaining an individual's move towards a particular career (Lent *et al.* 1994). However, to date, the social cognitive career theory has had limited application in the field of family business. The theory of planned behaviour has been extensively used in the field of entrepreneurship, family business and in the social sciences in general to explain people's intention to perform a particular behaviour (Ajzen 1991). In the current study, both the social cognitive career theory and the theory of planned behaviour highlighted the important role that parental influences have on a NGFM's intention to join the family business. Furthermore, attention was drawn by these theories to the moderating influence of both *Self-efficacy* and *Outcome expectations* on these intentions. Therefore, the results of this study have highlighted the applicability of both the theory of planned behaviour and the social cognitive career theory in explaining a NGFM's *Intention to join the family business*. Furthermore, the applicability of these theories in the family business context has been confirmed.

This study also adds to the family business literature. Succession in family businesses has for many years been a key topic of discussion in the family business literature and the focus of many research studies (Dalpiaz *et al.* 2014:3; Sharma 2004:19). According to Garcia *et al.* (2018:28), with less than seven per cent of rising generation members willing to take over the family business, a looming succession crisis exists. To date, however, limited research (Garcia *et al.* 2018; Murphy 2014; Schroder 2011) has been conducted among NGFMs. With the exception of Garcia *et al.* (2018), as far as could be established, no studies have specifically investigated the influence of parents on their children's *Intention to join the family business*. Furthermore, Garcia *et al.* (2018) study was conceptual in nature and, unlike the current study, no empirical investigation was undertaken. Garcia *et al.* (2018:28) add that it is important to understand the factors that influence the engagement of the next generation in their family businesses. Because a willingness to participate in and carry on the family business by NGFMs is

crucial to the long-term success of the family business (Yang *et al.* 2013:531), and given the dearth of empirical studies undertaken among NGFMs, this study contributes to the family business literature in that it provides new insights into how parents influence one of family businesses' biggest challenges, namely their children not wanting to take over the family business.

This study also makes a contribution to the development of a valid and reliable measuring instrument. The scales used to measure the dependent, moderating and independent variables in this study, were sourced from several existing scales. The validity and reliability of the scales measuring these constructs were confirmed in this study and in the South African context. As such, researchers in the field of family business and entrepreneurship are provided with scales to measure these constructs that could be used in future studies. Furthermore, this study validated a pre-existing scale that measured intentions to follow a specific career in the family business career choice context.

The results of the study are that *Parental expectations*, *Perceived parental outcomes* and *Parental identification* significantly and positively influence a NGFM's *Intention to join the family business*. In addition, the results show the *Self-efficacy* moderates the relationship between *Perceived parental outcomes* and a NGFM's *Intention to join the family business*; and that *Outcome expectations* moderates the relationships between *Parental identification* and a NGFM's *Intention to join the family business*. In terms of practice, this study informs family business owners, family business practitioners and family business educators on how parents influence their child's career intentions to join the family business. For family business owners, this study assists in developing a better understanding of how they can influence their children's *Intention to join the family business*. Knowing what aspects under their control influence whether their children want to join the family business or not, enables them to better manage these aspects. Through the better management of *Perceived parental outcomes*, *Parental identification* and *Parental expectations*, parents are more likely to encourage their children that are most suitable to join them in the family business. Insights have been provided by this study into how they as parents influence their children's intentions to join them in the family business, and recommendations have been provided to guide them in adapting to their children's behaviour accordingly.

Family business practitioners can also use the results of this study to assist South African family businesses with succession issues. By informing parents how they influence their children's intention to join the family business, parents can make better decisions about potential successors and can proactively encourage their children to take an interest in the family business. In teaching contexts, family business educators can use the results of this study to supplement existing family business literature so as to provide students with more insights into the challenges facing family businesses, specifically, the challenge of NGFMs not wanting to join the family business and the role of parents in managing this challenge. In addition, family business educators can contribute to the levels of *Self-efficacy* of their students and manage the outcome they expect from working in the family business by sharing with them their life own experiences and knowledge gained.

## **8.5            LIMITATIONS OF THE STUDY AND RECOMMENDATIONS FOR FUTURE RESEARCH**

This study makes a contribution to the body of knowledge in terms of how parents influence their children's intention to join their family business. There are, however, some limitations that need to be highlighted. In addition, several recommendations for future research are presented.

A limitation of this study is that there are many people who influence a person's intention to follow a particular career choice, including the choice of joining the family business. Examples of these people include family members, business personalities, political persons, teachers and royals (Palacio 2013:6; Cleary *et al.* 2013:635).. However, this study only focused on parents as a factor influencing these career choices. In addition, not all the parental influences identified in the literature as influencing career choice were investigated. Parental influences such as work-life balance (Fapohunda 2014:72; Fletcher 2002:47) and culture (Fouad, Kim, Ghosh, Chang & Figueiredo 2015:200; Awad 2008:16) were not investigated in this study. The parental influences investigated were chosen based on their dominance in the behaviour and career choice literature.

According to Clutter (2010:22), there are many psychological and social factors that influence a person's career choice, with a person's parents having the strongest social influence in a child's life. Future studies could focus on other psychological factors such as personality and motivation, or other social factors such as lifestyle and religion, that could influence a NGFM's *Intention to join the family business*. In doing so a more comprehensive understanding of the factors influencing a NGFM's career choice as a whole will be developed. The results of this study show that the parental influences investigated explain 67.55 per cent of the variance in a NGFM's intention to join the family business. Investigating other psychological and social factors could add to this explanation.

The second limitation of this study relates to the measuring instrument. Even though the items used in this study had been used in previous studies where evidence of both validity and reliability has been shown, several issues were experienced in this study. First, the items intended to measure the various parental influences did not all load as expected. Furthermore, the items measuring *Financial security* and *Job satisfaction* did not load separately as expected, but loaded together to form a new construct, named *Perceived parental outcomes*. This could have happened because the items measuring the aforementioned parental influences all related to the outcomes that NGFMs perceive their parents as experiencing from their jobs. Additionally, *Parental style* reported a Cronbach's alpha coefficient of less than 0.70, but given the close proximity to 0.60 (Hair *et al.* 2014:123), it was included in the statistical analysis. In future, the scale measuring *Parental style* should be improved to increase its reliability.

Another limitation of this study was the sampling method used. The non-probability sampling technique of criterion sampling was used, which is not ideal for quantitative surveys. Given that there is no complete list of family businesses in South Africa, the researcher was compelled to use this sampling technique. Although non-probability sampling is not suitable for undertaking inferential statistics, its use was justified by making use of the composite scores calculated for the various constructs when undertaking the statistical analysis. However, as the sampling technique was not random, the results of this study cannot be generalised to the whole population of NGFMs in South Africa. Researchers in the field of family businesses should collaborate and develop a regularly-updated list of family businesses in the country.



This will allow for future research on family businesses to make use of probability sampling and draw random samples. Making use of random samples will allow researchers to undertake studies where the results can be generalised to the whole population under consideration.

A further limitation of this study was that the majority of family businesses associated with the respondents surveyed were based in the Eastern Cape. Although businesses from other provinces were surveyed, the unequal distribution of respondents from all nine provinces in South Africa further inhibits the ability to generalise the results to the entire South African family business population. Therefore, future research should attempt to solicit responses from a sample that is more representative of family businesses in each province. The majority of the family businesses associated with the respondents who participated in this study were first generation family businesses. The possibility exists that many of the respondents did not perceive the business as a family business. Future researchers should attempt to select a sample of respondents associated with second and third generation family businesses, where the status of their parent's business as a family business is known to them.

## **8.6 CONCLUDING REMARKS**

In light of the significant role family businesses play in the South African economy, investigating aspects that influence their longevity is of great importance. The value of NGFMs in ensuring this longevity is specifically highlighted. Although many factors influence the intentions of NGFMs to join the family business, the purpose of the current study was to contribute to a better understanding of the influence of parents on their children's intentions to join the family business. The findings of this study provide these insights in that several of the parental influences investigated do indeed increase the intention of NGFMs to join the family business. It is anticipated that these findings encourage parents who own family businesses, to take note of how they influence their children's decision of whether to join them in the family business, and ultimately to contribute to its possible long-term survival and success.

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## ANNEXURE A – QUESTIONNAIRE



Summerstrand South Campus  
Department of Business Management  
February 2018 –April 2018

Dear respondent (potential next-generation family business member)

**The Business Management students at the Nelson Mandela University have been instructed to complete the following assignment:**

**Topic:** The influence of parents on their children's intentions to join their family business

**The aim:** To gain greater insights into the influence that parents have on their children's career decision to join their family business

Research shows that a small percentage of next-generation family business members (NGFMs) are inclined to join their family's businesses. Given the high levels of unemployment among the youth and the importance of family businesses to the South African economy, investigating the factors that influence children's intentions to join their family's businesses is of great importance. Literature suggests that parents have the greatest influence on the career choices and intentions of their children. Against this background, the purpose of this research project is to investigate the influence of parents on their children's intentions to join their family business.

Students as fieldworkers are required to gather the necessary information from potential next-generation family business members (NGFMs) over the age of 18 years. For the purpose of this assignment, a *family business* is a business where **at least two family members** work in the business and the family owns **more than a 50 per cent** share in the business. *Potential NGFM* are individuals (children) who have the potential to join (work in) such a family business that is owned by their family members. Examples of family businesses that potential NGFMs could join include, amongst others, the NGFM's father and mother own and/or work together in their own family business or only one of NGFM's parents own/are actively involved in the family business (possibly with another family member).

It would be greatly appreciated if **you as a potential NGFM** could respond to the following questions so as to assist in the completion of this project. You are not obliged to take part in this research. You may withdraw from the survey at any time without any penalty. Your participation is completely voluntary, however it would be greatly appreciated if you could respond to the questions that follow so as to assist the students to complete their assignment. The questionnaire should take approximately 15-20 minutes to complete. There are no right or wrong answers. Only your **honesty** and the **perceptions** you hold are important.

**Participation will be anonymous and all information will be treated in the strictest confidence.** The results of the survey will be used for publication purposes only and your identity and personal information will be kept completely confidential at all times. The final publications will not include any identifying information. By completing this survey you will be providing **implicit consent** to participate in this study. Please feel free to contact us with regards to any queries you might have or if you are interested in the results of the study. Your participation in the study will be most appreciated.

Yours sincerely

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## A GENERAL INFORMATION

To answer the following questions, please mark your selection with an 'X' in the right-hand column.

- 1.1 A family business is a business where **at least two family members** work in the business and the family owns **more than a 50%** share in the business.

- 1.1.1 Please indicate who owns and/or is actively involved in the family business.

Father	1	Mother	2	Both father and mother	3	Neither*	4
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- 1.1.2 If **neither\*** your mother or father owns the family business, but are actively involved (worked) in a family business owned by members, please indicate who does own the family business (e.g. my grandfather and/or his brother own the family business).

- 1.2 Please indicate which generation started your father's/mother's family business.

First generation	My father/mother started the business	1
Second generation	My grandfather/grandmother started the business	2
Third generation	My great-grandfather/grandmother started the business	3
Other, please specify .....		4

- 1.3 Please indicate how long your father/mother has/have been the current owner(s) of the family business.

Less than 5 years		1
5-10 years		2
11-15 years		3
16-20 years		4
More than 20 years		5
Other, please specify .....		6

- 1.4 Please estimate how many how many full-time employees are currently employed in your father's/mother's family business.

Less than 5 employees		1
5-10 employees		2
11-20 employees		3
21-50 employees		4
51-100 employees		5
More than 100 employees		6
Other, please specify .....		7

- 1.5 Identify the nature of the industry in which your father's/mother's family business operates. You may select more than one industry.

Retailer and/or Wholesaler		1
Manufacturer		2
Service industry		3
Other, please specify .....		4

- 2 Please indicate your gender.

Male		1
Female		2



- 3 Please indicate to which age category you belong (for statistical purposes only).

18-20		1
21 – 25		2
26 – 29		3
30 - 35		4
35 +		5

- 4 Please indicate to which population group you belong (for statistical purposes only).

Asian		1
Black		2
Coloured		3
White		4
Not willing to say		5

- 5 Do you have a tertiary (post-matric) qualification?

Yes		1
No		2

- 6 Please indicate what you are currently doing.

Studying (full time/part-time)		1
Undertaking a gap year		2
Job-hunting		3
Working for a business other than my family business		4
Working in our family business		5
Other, please specify.....		6

- 7 Please indicate (with an 'X') the extent to which **you agree or disagree with the following statements**. The columns are graded from 1 to 5. The number 1 denotes strong **disagreement** with the statement, and at the other end of the scale, 5 denotes strong **agreement** with the statement.

		Extent of agreement				
		Strongly disagree	Disagree	Neutral	Agree	Strongly agree
1	There are lots of job opportunities out there for me.	1	2	3	4	5
2	I am confident that I will find the job I want.	1	2	3	4	5
3	I believe there is a job that interests me available.	1	2	3	4	5

## B **PARENTAL INFLUENCES ON NEXT GENERATION FAMILY MEMBER'S INTENTION TO JOIN THE FAMILY BUSINESS**

Below are several statements relating to factors that influence children's decisions to join their parent(s)'s family business. If **ONLY ONE** of your parents owns/is actively involved in their family business, please answer the questions below in terms of **the parent who owns/is actively involved in the family business**.

If **BOTH** parents own/are actively involved in their family business, please choose the parent who **influences you the most** with regard to the family business.

Please mark with an 'X' which parent you have chosen to refer to when answering the questions below. You must answer the questions below with only **one of your parents in mind (as described above)**.

Mother	Father
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Please indicate (with an 'X') the extent to which **you agree or disagree with each statement**. The columns are graded from 1 to 5. The number 1 denotes strong **disagreement** with the statement, and at the other end of the scale, 5 denotes strong **agreement** with the statement.

	I am referring to my _____ (indicate mother or father) when answering the questions below.	Extent of agreement				
		Strongly disagree	Disagree	Neutral	Agree	Strongly agree
1	My father/mother is strict.	1	2	3	4	5
2	My father/mother has a pleasant physical working environment in the family business.	1	2	3	4	5
3	My father/mother regularly talks to me about joining the family business.	1	2	3	4	5
4	Working in our family business will provide me with a pleasant physical working environment.	1	2	3	4	5
5	I would prefer to work in our family business rather than for someone else.	1	2	3	4	5
6	It is my father's/mother's expressed wish that I join the family business.	1	2	3	4	5
7	The career plans I have for myself are similar to the plans my father/mother has for me.	1	2	3	4	5
8	The income my father/mother earns from the family business provides him/her with financial security.	1	2	3	4	5
9	Working in our family business will secure my financial future.	1	2	3	4	5
10	It is my father's/mother's dream for me to join the family business.	1	2	3	4	5
11	Working in our family business will require specialised knowledge and skills from me.	1	2	3	4	5
12	I will make every effort to join our family business in the future.	1	2	3	4	5
13	My father/mother and I respect each other.	1	2	3	4	5
14	My father/mother enjoys working in the family business.	1	2	3	4	5
15	I can depend on my father/mother for help.	1	2	3	4	5
16	I relate well to my father/mother.	1	2	3	4	5
17	I believe I have the necessary skills to work in our family business.	1	2	3	4	5
18	My father/mother finds it financially rewarding working in the family business.	1	2	3	4	5
19	I want to pursue a career in our family business.	1	2	3	4	5
20	I am confident that I will be able to cope with difficulties that arise when working in our family business.	1	2	3	4	5
21	Working in our family business will be financially rewarding.	1	2	3	4	5
22	My father/mother regularly told me stories about the family business when I was growing up.	1	2	3	4	5
23	My father/mother directs my behaviour.	1	2	3	4	5
24	I will join our family business if the opportunity presents itself.	1	2	3	4	5
25	Working in our family business will require me to work after-hours.	1	2	3	4	5
26	Working in the family business gives my mother/father purpose.	1	2	3	4	5
27	My father/mother expects me to join the family business.	1	2	3	4	5
28	I believe I can make a success of working in our family business.	1	2	3	4	5

	I am referring to my _____ (indicate mother or father) when answering the questions below.	Extent of agreement				
		Strongly disagree	Disagree	Neutral	Agree	Strongly agree
29	Working in the family business requires my father/mother to work after-hours.	1	2	3	4	5
30	My father/mother regularly took me to the family business when I was younger.	1	2	3	4	5
31	The income my father/mother earns from the family business will ensure that he/she has enough money to retire one day.	1	2	3	4	5
32	I intend to join our family business in the future.	1	2	3	4	5
33	I believe I have what it takes to work in our family business.	1	2	3	4	5
34	The income my father/mother earns from the family business ensures that he/she has a regular income.	1	2	3	4	5
35	My father/mother involves me in discussions about the family business.	1	2	3	4	5
36	My career goal is to join our family business	1	2	3	4	5
37	I will enjoy working in the family business.	1	2	3	4	5
38	My father/mother is assisting me to develop the skills necessary to work in the family business.	1	2	3	4	5
39	Working in the family business will allow me to increase my personal wealth.	1	2	3	4	5
40	I share the same attitudes as my father/mother.	1	2	3	4	5
41	Working in the family business will ensure I have a regular income.	1	2	3	4	5
42	I want to follow in my father's/mother's career footsteps.	1	2	3	4	5
43	Working in the family business requires my father/mother to have in-depth knowledge and expertise.	1	2	3	4	5
44	I am confident that I will be able to deal efficiently with unexpected events that arise when working in our family business.	1	2	3	4	5
45	My father/mother has shown me various aspects of the family business.	1	2	3	4	5
46	I am confident that I will be able to solve problems that arise when working in our family business.	1	2	3	4	5
47	Working in our family business will require me to work closely with other people.	1	2	3	4	5
48	My father/mother believes that I am capable of running the family business in the future.	1	2	3	4	5
49	My father/mother makes all the decisions for me.	1	2	3	4	5
50	My father/mother and I appreciate each other.	1	2	3	4	5
51	My father/mother is satisfied working in the family business.	1	2	3	4	5
52	My father/mother experiences his/her involvement in the family business as fulfilling.	1	2	3	4	5
53	My father/mother supports me financially to develop the skills that I will need to work in the family business.	1	2	3	4	5
54	My father's/mother's career goal for me is that I join the family business.	1	2	3	4	5
55	My father/mother and I get on well.	1	2	3	4	5

	I am referring to my _____ (indicate mother or father) when answering the questions below.	Extent of agreement				
		Strongly disagree	Disagree	Neutral	Agree	Strongly agree
56	My father/mother is in firm control of our family household.	1	2	3	4	5
57	I have the same career interests as my father/mother.	1	2	3	4	5
58	I share the same beliefs as my father/mother.	1	2	3	4	5
59	My father/mother has a meaningful career in the family business.	1	2	3	4	5
60	I can have a meaningful career in the family business.	1	2	3	4	5
61	When my father/mother tells me to do something, I do it.	1	2	3	4	5
62	Working in the family business allows my father/mother to grow professionally.	1	2	3	4	5
63	I can turn to my father/mother for guidance.	1	2	3	4	5
64	My father/mother and I regularly spend time together.	1	2	3	4	5
65	My father/mother expects unquestioned obedience.	1	2	3	4	5
66	Working in the family business requires my father/mother to work closely with other people.	1	2	3	4	5
67	My father/mother and I openly communicate with each other.	1	2	3	4	5
68	Working in the family business requires my father/mother to have specialised knowledge and skills.	1	2	3	4	5
69	The responsibility of the family business rests with my father/mother.	1	2	3	4	5
70	My father/mother experiences his/her involvement in the family business as rewarding.	1	2	3	4	5
71	Working in our family business will allow me to grow professionally.	1	2	3	4	5
72	My father/mother has allowed me to be involved in the family business from a young age.	1	2	3	4	5
73	My father/mother and I trust each other.	1	2	3	4	5
74	I want the same career for myself as my father/mother has.	1	2	3	4	5
75	The income my father/mother earns from the family business allows him/her to increase his/her personal wealth.	1	2	3	4	5
76	I am determined to join our family business in the future.	1	2	3	4	5
77	Working in the family business allows my father/mother to work independently.	1	2	3	4	5
78	Working in our family business will enable me to continue developing my skills and abilities.	1	2	3	4	5

## ANNEXURE B – TURNITIN REPORT

ORIGINALITY REPORT			
<b>21</b> %	<b>14</b> %	<b>14</b> %	<b>8</b> %
SIMILARITY INDEX	INTERNET SOURCES	PUBLICATIONS	STUDENT PAPERS
PRIMARY SOURCES			
<b>1</b>	<b>www.saibw.co.za</b> Internet Source		<b>1</b> %
<b>2</b>	<b>Submitted to Eiffel Corporation</b> Student Paper		<b>1</b> %
<b>3</b>	<b>dspace.nwu.ac.za</b> Internet Source		<b>1</b> %
<b>4</b>	<b>jyx.jyu.fi</b> Internet Source		<b>1</b> %
<b>5</b>	<b>Submitted to Nelson Mandela Metropolitan University</b> Student Paper		<b>1</b> %
<b>6</b>	<b>Harms, Henrik. "Review of Family Business Definitions: Cluster Approach and Implications of Heterogeneous Application for Family Business Research", International Journal of Financial Studies, 2014.</b> Publication		<b>1</b> %
<b>7</b>	<b>www.alexandria.unisg.ch</b> Internet Source		<b>1</b> %

## ANNEXURE C – ETHICS CLEARANCE



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Chairperson: Research Ethics Committee (Human)  
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Ref: [H18-BES-BMA-002 / Approval]

15 March 2018

Prof S Farrington  
Faculty of BES  
South Campus

Dear Prof Farrington

### PARENTAL INFLUENCES ON THE NEXT GENERATION'S INTENTION TO JOIN THE FAMILY BUSINESS

PRP: Prof S Farrington  
PI: Ms S Saunders

Your above-entitled application served at the Research Ethics Committee (Human) for approval.

The ethics clearance reference number is H18-BES-BMA-002 and is valid for three years. Please inform the REC-H, via your faculty representative, if any changes (particularly in the methodology) occur during this time. An annual affirmation to the effect that the protocols in use are still those for which approval was granted, will be required from you. You will be reminded timeously of this responsibility, and will receive the necessary documentation well in advance of any deadline.

We wish you well with the project.

Yours sincerely

A handwritten signature in black ink, appearing to read 'C Cilliers'.

Prof C Cilliers  
Chairperson: Research Ethics Committee (Human)

Cc: Department of Research Capacity Development  
Faculty Officer: BES