An assessment of success factors for the performance of family owned small to medium sized businesses in the Zimbabwean retail sector

Lorraine Mangwandi - R123435W

A dissertation submitted in partial fulfillment of the requirements for the degree of Master of Business Administration 2015

Graduate School of Management

University of Zimbabwe

Supervisor: Dr. M. SANDADA
This dissertation is dedicated to my family and friends for enduring this long journey with me. To my loving husband, Farayi for all the support and inspiration, thank you my love. To my sister and mum, Irene, you did your best to cover up the gap in my absence I salute you. To my kids; Russell, Tawananyasha, Kundayi and Kupakwashe, you gave me the reason to work harder towards achieving this piece of work. Lastly to all my friends especially the Moyo’s thank you for all the prayers and encouragement. The achievement will come in my name but you all made it possible.
DECLARATION

I, Lorraine Mangwandi, do hereby declare that this dissertation is the result of my own investigation and research, except to the extent indicated in the Acknowledgements, References and by comments included in the body of the report, and that it has not been submitted in part or in full for any other degree to any other university.

__________________________  _____________
Student signature  Date

__________________________  _____________
Supervisor signature  Date
ACKNOWLEDGEMENTS

Firstly I would like to thank the Almighty God for seeing me through the completion of this program. This dissertation also would not have been possible without the help of so many people in so many ways. I would like to thank the whole faculty from the lecturers, administration and my fellow colleagues and also the library staff for all the assistance during the course of the programme. I would also like to express my sincere gratitude to my supervisor, Dr. M. Sandada for the guidance, suggestions and persistent help throughout this dissertation. To the members of my informal group Odette, Chengetai and Nesbert, thank you guys the journey was made more enjoyable with your contributions. Most of all, I am fully indebted to my husband, Farayi and my children for bearing with my absence, for your patience, love, understanding and encouragement. Thank you so much.
ABSTRACT

The study attempted to assess the factors that are affecting business performance of small to medium sized family owned businesses in the Zimbabwean retail sector. The intention of this study was driven by the need to have an understanding of the factors that impact on business performance hence increasing the chances of growth and survival of these businesses. The study examined four factors which included succession planning, innovation, management skills and corporate governance. A theoretical framework was drawn out and a self – administered questionnaire was designed with construct items based on the four factors above. Five hypotheses were developed to find out if these factors had an impact on business performance of small to medium sized family owned businesses in the Zimbabwean retail sector. All the hypotheses were successfully tested using the SPSS software package and all the hypotheses were accepted. For regression analysis results showed that the most significant factors affecting business performance in order of predictive power were innovation, proper management skills, succession planning and corporate governance. Recommendations that were derived from the study were both managerial and policy recommendations which included training and development, cluster formation and adoption of human resources practice to mention a few. The study also highlighted areas of future research following the limitations faced by the current study. One main area for future research being a comparative study amongst different sectors.
TABLE OF CONTENTS

DEDICATION ........................................................................................................................................ i
DECLARATION ................................................................................................................................... ii
ACKNOWLEDGEMENTS .................................................................................................................. iii
ABSTRACT .......................................................................................................................................... iv
TABLE OF CONTENTS ....................................................................................................................... v
LIST OF TABLES ............................................................................................................................... ix
LIST OF FIGURES ............................................................................................................................ x
ABBREVIATIONS .............................................................................................................................. xi

CHAPTER 1: INTRODUCTION .............................................................................................................. 1
  1.0 INTRODUCTION ......................................................................................................................... 1
  1.1 BACKGROUND OF THE STUDY ............................................................................................... 2
    1.1.1 Global Overview of Family Business ............................................................................... 2
    1.1.2 Overview of Zimbabwe Family Business Sector ............................................................. 2
  1.2 STATEMENT OF THE PROBLEM ............................................................................................. 4
  1.3 RESEARCH OBJECTIVES ......................................................................................................... 4
    1.3.1 General Objective .............................................................................................................. 4
    1.3.2 Specific Objectives ............................................................................................................ 4
  1.4 RESEARCH QUESTIONS ........................................................................................................... 5
    1.4.1 General question ................................................................................................................ 5
    1.4.2 Specific Questions ............................................................................................................. 5
  1.5 HYPOTHESES ........................................................................................................................ 6
    1.5.1 Main Hypothesis ............................................................................................................... 6
    1.5.2 Specific Hypotheses .......................................................................................................... 6
  1.6 JUSTIFICATION OF STUDY .................................................................................................... 6
  1.7 SCOPE OF THE STUDY ........................................................................................................... 8
  1.8 DISSERTATION OUTLINE ........................................................................................................ 8
  1.9 CHAPTER SUMMARY .............................................................................................................. 9

CHAPTER 2: LITERATURE REVIEW .................................................................................................. 10
  2.0 INTRODUCTION ....................................................................................................................... 10
  2.1 THEORIES OF FAMILY BUSINESS ...................................................................................... 10
    2.1.1 Systems Theory ............................................................................................................... 11
    2.1.2 Resource – Based View Theory ....................................................................................... 12
    2.1.3 Agency Theory ................................................................................................................ 14

v
5.5 AREAS OF FURTHER STUDY .............................................................................69
REFERENCES ........................................................................................................70
APPENDIX - QUESTIONNAIRE .............................................................................76
LIST OF TABLES

Table 4.1 Type of Retail Business .............................................. 45
Table 4.2 Gender of Respondents ............................................. 46
Table 4.3 Age of Respondents .................................................. 47
Table 4.4 Highest Academic Qualification ............................... 47
Table 4.5 Position of Respondent in Organization ...................... 48
Table 4.6 Response on Length of Business Existence ................. 48
Table 4.7 Response on Initial Number of employees .................. 49
Table 4.8 Response on Current Number of employees ............... 50
Table 4.9 Response on Family Involvement ............................... 50
Table 4.10 Response on Extent of Family Dependence ................. 51
Table 4.11 Overall Reliability Test ........................................... 52
Table 4.12 Reliability Statistics ............................................... 52
Table 4.13 Normality Test Statistic ........................................... 53
Table 4.14 Correlation Analysis ................................................ 53
Table 4.15 Regression Analysis ............................................... 56
Table 4.16 Gender Test Statistic .............................................. 57
Table 4.17 Length of Business Existence Test Statistic ............... 58
Table 4.18 Type of Business Test Statistic ................................. 58
# LIST OF FIGURES

<table>
<thead>
<tr>
<th>Figure</th>
<th>Description</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Figure 2.1</td>
<td>Towards the Development of Family Business</td>
<td>10</td>
</tr>
<tr>
<td>Figure 2.2</td>
<td>The Systems Theory Model of Family Businesses</td>
<td>12</td>
</tr>
<tr>
<td>Figure 2.3</td>
<td>Management Skills Pyramid</td>
<td>21</td>
</tr>
<tr>
<td>Figure 2.4</td>
<td>Conceptual Model</td>
<td>26</td>
</tr>
<tr>
<td>Figure 4.1</td>
<td>Response Rate</td>
<td>44</td>
</tr>
</tbody>
</table>
### ABBREVIATIONS

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>MSME</td>
<td>Micro Small to Medium Enterprises</td>
</tr>
<tr>
<td>SME</td>
<td>Small to Medium Enterprises</td>
</tr>
</tbody>
</table>
CHAPTER 1: INTRODUCTION

1.0 INTRODUCTION

Family businesses are the oldest form of business organization (Bienayme, 2009) and they continue to hold a key place in all economies (Nordqvist & Melin, 2010). Governments have acknowledged the impact of family owned SMEs on job creation, improvement of people’s standards of living and hence an overall impact on the economy (McCartan-Quinn & Carson, 2003). As a result of the black empowerment gospel and the rationalisation process taking place in Zimbabwe the numbers of family-owned SME businesses are bound to grow. The current stagnation and the harsh economic environment that is affecting Zimbabwe’s formal sector to create new jobs has forced people to be more enterprising. However, despite the efforts by the Zimbabwean government and other bodies to render support to the family owned SMEs through various support programs, SMEs in the country continue to weaken and die, a trend that is affecting most African countries (Fatoki & Garwe, 2010). About 75% of new family owned SMES that are started eventually fail to become established firms (Fatoki & Garwe, 2010) and most family business in the SME sector have stagnated without growing (Hove & Tarisai, 2013). This has raised questions on whether these family business owners are embracing those factors that are critical in enhancing growth and survival in their businesses.

The purpose of this study was to assess the success factors essential for the long term survival of family owned SMEs. The chapter introduces the study under research by describing the background of family businesses in the SMEs retail sector of Zimbabwe. It will also clearly bring out the statement of the problem, objectives of the research coupled with the research questions and the hypotheses. Lastly the chapter will address the scope, justification and delimitation of the study.
1.1 BACKGROUND OF THE STUDY

1.1.1 Global Overview of Family Business

Family businesses are an important part of the world’s economy and the backbone of the economic systems in most countries. In fact they make up more than 60% of all companies in Europe and Americas and account for about 50% of employment encompasses a vast range of firms of different sizes and from different sectors (Kellermans & Eddleston, 2010). They have become a predominant form of business organization around the world and they contribute extensively to global wealth creation (IFERA 2003).

For years family businesses have been overshadowed by spectacular performance of publicly owned companies (Westhead & Cowling, 1998). Their return on investment was lower than stock listed businesses and their capital turnover was insignificant compared with boom time success stories. However Miller & Le Breton- Miller, (2006), reported that multidivisional enterprises such as Michelin, Armani, Walmart, Home Depot, and E-Bay were founded by families as very small enterprises and today are still controlled by families though they have grown into world class businesses. Inevitably besides business concerns and market challenges family businesses face unique challenges due to family members’ involvement in the business (Zumilah, 2010).

1.1.2 Overview of Zimbabwe Family Business Sector

Approximately 80% of the businesses in Zimbabwe are classified as family businesses (Zumilah, 2010) and these are mainly small to medium sized. However the survival and longevity of Zimbabwean family business have become a concern. This has been attributed to by poor management practices, lack of succession planning, lack of innovative practices and issues of governance. Environmental challenges that include high taxes, harsh economic and financial problems and high global competition. The Zimbabwean economic history is full of names of entrepreneurs who once ran very successful family businesses who either died in abject poverty or are living today as examples of a typical rags to riches to rags fashion. The running of an enterprise is usually closely aligned to the personality and style of the founding entrepreneurs.
Most of the documented information on the rise and fall of family businesses has covered mainly organizations that are big in the different industrial sectors. While there are numerous examples of family owned businesses that have prospered over multiple generations, even prosperous family firms rarely survive beyond three generations (Chami, 2001). Zimbabwe’s family businesses have had a number of successes which include Econet Wireless’s Strive Masiyiwa. This family business has risen today to become a global giant that is now listed on the stock exchange and has proved itself to be a success. Thomas Meikles is another success story of a family business that’s has survived over the years for more than 100 years and currently it has emerged into a robustly venturing company with listing on the stock exchange. It has recently partnered with Pick n Pay South Africa on a 60% to 40% shareholding, a move that will make it more indomitable. Tawanda Mutyebere has risen without exception as a success story in the FMCG sector with branches increasing in Harare and outside. In the Indian community Mohammed Mussa is a reckoned family business that has become a huge empire in wholesale and retail with more than four generations having seen the business and living to its continuity.

However on a sad note, there are stories of failure that are still talked about today and are very much referenced in the business circles. The transport sector is haunted by failure of businesses such as Mverechena, Chawasarira and Mucheche Bus Services. Most of these businesses in the transport sector reduced operation and later on failed after the death of their owners. A number of research studies (Miller & Le Breton- Miller, 2006) found out that when owners or managers retire less than one third of family owned businesses are continued by the next generation. However the likes of Nyemba’s Trust Bank, G ‘n’ D shoes and recently Chanakira’s Kingdom Meikles Africa are common failure stories. These highlights represent the quite well known summary of the rise and fall of businesses in the family business sector, but there are other small to medium family businesses in different sectors including the retail sector that are rising although most of them are failing dismally and remain undocumented. But what could be contributing to this failure of family owned businesses?

One’s journey to the rural home is now faced by a different scene altogether with a lot of retail businesses standing out as white elephants a sign of death of once thriving
businesses, usually prevalent once the owner of the family business dies. If one takes a journey to their rural home growth point, to that shop where you used to grab fresh meat and bread to take home, today most of these businesses are just a talk of the past as they have failed to survive due to different factors and challenges. Some succumbed to family wrangles after death of owner whilst some faced financial challenges along the way whereas some had other factors contributing to their failure. This research will therefore focus on the small to medium sized family businesses in the retail sector so as to assess the factors that family businesses need to embrace so as to grow and survive in the long term.

1.2 STATEMENT OF THE PROBLEM

The survival and longevity of family businesses is a cause of concern if family businesses must be a major contributor to the social and economic well-being. International research has estimated that only 14% of family businesses make it beyond the third generation (Miller & Le Breton-Miller, 2006). In South Africa only one in four family businesses survived to the second generation whilst only one in ten makes it to the third generation and Zimbabwe is seemingly following the same trend (McCartan - Quinn & Carson, 2003). The lifespan of family firms is far from smooth as two thirds fail in the transition to the second generation and their growth rate is very low (Lester & Canella, 2006). It is this rate of failure of businesses in the family business SMEs sector that has become a concern and the basis of this study to bring out the factors that these businesses need to adopt in order to reverse the alarming mortality rates.

1.3 RESEARCH OBJECTIVES

1.3.1 General Objective

The general objective of the study is to assess the success factors that contribute to the performance of small to medium sized family owned businesses in the Zimbabwean retail sector.

1.3.2 Specific Objectives
1. To establish the effect of innovation on the performance of small to medium sized family owned businesses in the Zimbabwean retail sector.

2. To ascertain the impact of proper management skills on the performance of small to medium sized family owned businesses in the Zimbabwean retail sector.

3. To assess the effect of succession planning on the performance of small to medium sized family owned businesses in the Zimbabwean retail sector.

4. To analyse the influence of corporate governance and the performance of small to medium sized family owned businesses in the Zimbabwean retail sector.

5. To establish whether there are any significant differences among respondents according to type of business, length of business and gender.

6. To come up with recommendations that will aid small to medium sized family owned businesses to grow and survive in the long term.

1.4 RESEARCH QUESTIONS

1.4.1 General question

1. What are the success factors that are critical for the performance of family businesses in the Zimbabwean retail sector?

1.4.2 Specific Questions

1. Does innovation have an effect on the performance of family owned businesses in the Zimbabwean retail sector?

2. What impact does proper management skills have on the performance of family owned businesses in the Zimbabwean retail sector?

3. Is there any effect of succession planning on the performance of family businesses in the Zimbabwean retail sector?

4. Does corporate governance have an influence on the performance of family businesses in the Zimbabwean retail sector?

5. Are there any significant differences in the effect of the four success factors on the performance of small to medium sized family owned businesses in the Zimbabwean retail sector?
1.5 HYPOTHESES

1.5.1 Main Hypothesis

Innovation, proper management skills, succession planning and corporate governance have a positive influence on the success of small to medium family owned businesses in the Zimbabwean retail sector.

1.5.2 Specific Hypotheses

1. There is a positive relationship between innovation and the performance of small to medium sized family businesses in the Zimbabwean retail sector.
2. There is a positive relationship between proper management skills and the performance of small to medium sized family businesses in the Zimbabwean retail sector.
3. There is a positive relationship between succession planning and performance of small to medium sized family businesses in the Zimbabwean retail sector.
4. There is a positive relationship between corporate governance and performance of small to medium sized family businesses in the Zimbabwean retail sector.
5. There are no significant differences among respondents according to the type of business, length of business existence and gender on the success factors that affect performance of small to medium sized family owned businesses in the Zimbabwean retail sector.

1.6 JUSTIFICATION OF STUDY

Most of the research on family business that is available is less than 10 years old (Shanker and Astrachan, 2006) and the study of characteristics of family business on local business is sparse. This research is a significant contribution to the understanding of growth and survival of small to medium sized family owned businesses and will aid in management, policy making and as contribution to scholarly source in advancing the call for adoption of factors that will reverse the death or failure of most family business.
The field of family business is of interest to management researchers and writers as topic of scholarly inquiry. However the discipline has been largely ignored until the last decade. This makes the current study very essential so as to assist in management of different areas that directly influence growth and survival. According to Bird et al. (2002), literature on family businesses is not as voluminous as in other management areas. There are topics of interest that have generally received much attention such as succession (Shamaret al., 2003), corporate governance (Dino et al., 2005) and strategic management (Chrisman et al., 2005). However by engaging in more research such as the current study the complexity of family companies is addressed and family business owners are equipped with knowledge for adoption which will improve growth and survival of small to medium sized family businesses.

The current research will also aid business owners to embrace human resources management and other management practices in their businesses as the challenges of effective management of non-family and family employees is brought out in the study. Attracting qualified non family employees and fostering value – creating attitudes and behaviours among them can be the major factors in the success of failure of family businesses. This research will allow business owners to focus on issues of compensation, recruitment, training and development. The study will contribute to the expanding knowledge base of the academic world as more is known about the relationship of adopting innovation, experiencing proper succession planning, practicing corporate governance and incorporation of good management practices to the success and perpetuation of family owned businesses. This research study is viewed as a piece of this puzzle that brings together different single perspectives into a guide for success and source of knowledge and information.

It will also aid the government and the business fraternity in embracing regulations and other legal bindings that will see corporate governance structures being erected in family businesses. At the same time the government will also come up with a good knowledge base on areas of financial benefit that are lacking in the country. This will increase advocacy to increased technology, innovation and improved management practices.
1.7 SCOPE OF THE STUDY

This research will cover family businesses that are in the Zimbabwean retail sector and it will focus on the family businesses in the Harare province with snowballing as the main method of non-probability sampling being adopted.

1.8 DISSERTATION OUTLINE

Chapter 1 : Introduction

This chapter will provide a background to the area under study and will provide the objectives and hypotheses on which the study will be hinged upon. It will also give a justification of the study under research and the outline of the study.

Chapter 2 : Literature Review

This chapter will review relevant literature around the concept of family businesses. It will also look into research that has been done by other scholars in the same field and will provide a critique of the theory researched.

Chapter 3 : Methodology

This section focuses on the methods and tools that were adopted in the research study. It will bring out the research strategy, sampling methods, data credibility and the ethical issues for consideration.

Chapter 4 : Results and Discussion

Data collected is processes and analysed using descriptive and statistics. The results are presented, interpreted and discussed in the chapter.
Chapter 5 : Conclusions and Recommendations

This is the last chapter of the study and will focus on the conclusions to the study and the researcher will bring out recommendations based on the research findings and areas of future research study.

1.9 CHAPTER SUMMARY

This chapter focused on the introduction of the research topic and provided a background of the study. It brought out the problem statement and the researcher gave justification of the study under research. Research objectives, research questions and the hypotheses of the study were also clarified. The next chapter will review the literature on the research topic, theories surrounding the areas of study and will give a critical analysis of the literature on success factors leading to the long term survival of family businesses.
CHAPTER 2: LITERATURE REVIEW

2.0 INTRODUCTION

This chapter will dwell on the theoretical frameworks that underpin the study of family businesses and their long term survival. It will also review the various success factors that are viewed as critical for persistence of family owned businesses. Furthermore, family owned businesses in the small to medium enterprise sector will be discussed and a conceptual framework will be presented with the linking hypotheses derived to depict the relationships between the various success factors and performance.

2.1 THEORIES OF FAMILY BUSINESS

In an attempt to understand the intricacies of family businesses, authors have integrated concepts from organisational, business management and family systems theory (Venter & Farrington, 2009) and a number of scholars and practitioners have begun to make various contributions which are converging into conceptual models of the family business. Sharma (2004), notes that for theory building in family businesses, the initial point for achieving this crucial objective is re-examining the current theories from fields of family and organisational studies to test the extent of their validity when these two systems are intertwined as illustrated in Figure 2.1. The filtering process will ensure that the theories developed are valuable, robust and applicable to the vast majority of organisations in the world (Sharma, 2004).

![Organisational Theories](Family Firm Filter) Family Business Theories

When these two systems operate as one

Figure 2.1: Towards the Development of Family Business Theories

According to Kraiczy (2013), there are four theories that are mostly used in family research to explain the functionality and characteristics of family firms. These are Resource – based View, Agency theory, Stewardship theory and Social Capital theory. Poza (2010) also makes an analysis on theories of family businesses and identifies them as the Systems theory, Agency theory, Resource-based theory and the Stewardship theory. Although these four theories give an insight into family business features/ characteristics, the systems theory framework is most commonly used by family business intellectuals and consultants to analyse and evaluate family firms. This is because the systems theory has much to offer in explaining how the three sub systems of family business interrelate to create family business dynamics, thus adding to the body of knowledge for a deeper understanding of family businesses (Poza, 2010). On the other hand, the agency theory and the resource-based theory of the firm have recently received most of the attention in theoretical as well as the empirical family business studies (Chrisman, Chua & Litz, 2003; Habbershon, Williams, & MacMillan, 2003; Schulze, Lubatkin, & Dino, 2003). However, when comparing family firms and non-family firms in terms of performance and longevity, all the other theories become relevant and applicable although to varying extents as these theories underline the distinctiveness of family firms amongst organisational firms (Kraiczy, 2013).

2.1.1 Systems Theory

Systems theory is the theoretical approach generally applied in the academic study of family business (Poza, 2010). It remains all-encompassing in the literature today and brings out the basic foundation of family business theories. In this theory’s approach, the family business is modelled as comprising of three overlapping, interacting and interdependent sub-systems of family, management and ownership (Poza, 2010). Each subsystem is separated from the other subsystem and the general external environment within which the family business operates and it strives to maintain these boundaries.

Family businesses exhibit one of the most fundamental qualities of complex theory – the interaction of three highly mutually-dependent sub-systems as noted above. Not only are the connections or interactions between the family, management and ownership systems complex, but each of the systems is individually complex. The systems theory model
therefore suggests that a family enterprise is best understood and studied as a complex and dynamic social system in which integration is achieved through mutual alterations among subsystems (Poza, 2010). Effectively the model shows how the success of the business is based on the balancing of entrepreneurial, managerial and ownership goals (Koiranen, 2003).

The diagram below represents the family business as outlined by the systems theory. The various positions in the circles represent how a particular person is classified within the system whether he/she is a family or non-family member.

Figure 2.2: The Systems Theory Model of Family Business

Source: Poza (2010:8)

According to the illustration above, for an organisation to thrive competitively the three subsystems must be integrated so that the entire system functions in a unified way. General systems theory also suggests that to repeal the likely evolution towards entropy the three subsystems and the larger family business have to enhance their internal capabilities in order to successfully deal with increasing diversity in the environment (Poza, 2010)

2.1.2 Resource – Based View Theory

In the field of strategic management the resource-based view has been successfully used to explain long term differences in firm performance that cannot be attributed to industry
or economic conditions. It tries to explain why some firms outperform other firms. Because family firms have been described as unusually complex, dynamic and rich in intangible resources, RBV gives family business researchers an appropriate means by which to analyse family business performance (Habbershon et al., 2003). This theory asserts that firms are heterogeneous and that it is the distinctive, immoveable, inimitable and sometimes intangible bundle of resources residing in the firm that gives the firm the opportunity for a competitive advantage and superior performance with contributes to long term survival of family businesses (Chrisman, Chua, & Sharma, 2005).

Barney (1991) developed a framework that is based on two central assumptions. First firms within an industry are heterogenous regarding their resources and second these resources are not moveable across firms. Habbershon et al. (2003), suggest that a firm’s resources can be divided into four categories which are physical, human, organisation and process capital resources. These resources must possess four characteristics to generate a competitive advantage. Resources have to be valuable, they need to be rare/ unique only available to one firm, thirdly they must be inimitable and lastly non substitutable, meaning they conform to the VRIO concept. Only resources that possess all the characteristics have the potential to generate a sustainable competitive adavantage and in turn increase performance.

Habbershon et al. (2003) investigates the positive side of family involvement by integrating the resource based view of the firm with the systems theory. In this study a family business is described as an interactive system composed of individuals, family and a firm. The systemic influences generated by the interaction of the subsystems (family unit, business entity, individual family members) create an idiosyncratic pool of resources and capabilities (Chrisman et al., 2005). By invoking system theory, Habbershon et al., 2003, make an important contribution to the building of theory by defining the criteria that must be met before resources and capabilities resulting from family interactions may qualify as “familiness”. “Familiness” of the firm is defined as the summation of the resources and capabilities in a given firm which provides a potential differentiator of firm performance (Chrisman et al., 2005).
The above theoretical framework by Habbershon et al. (2003) and Chrisman et al. (2005) shows how the RBV theory can be made more applicable by replacing wealth maximisation with value maximisation as the predominate goal of a firm. It also shows how the systems theory concept contributes to an explanation of the long term survival and growth of the business as a family firm.

### 2.1.3 Agency Theory

The agency theory which in literature appears as principal-agent theory is theoretically based on divergent interests, opportunistic behaviour and assymmetric information (Greenwood, 2003). It deals with the conflict of interest between an agent, acting as the principal’s representative and the principal who delegates work to an agent. However where no conflict of interest exists there are no agency costs that arise (Jensen & Meckling, 1976). According to Greenwood (2003), the agency theory is based on two assumptions: first that the interests of principals and agents often (always) diverge and second that individuals (principals and agents) seek to advance their own interests (usually monetary) that link the agent’s compensation to measurable attainment of the principal’s goals.

Given their family involvement in firm ownership and management, family firms may significantly reduce agency costs and enhance firm performance because the goals of the firm’s principals are aligned with its agents since they are typically one and the same. High trust and shared values among families also lowers agency costs in family firms (Dyer, 2006). However on the other hand family firms with conflicts, competing goals and values, different views on distribution of ownership, compensation risks, roles and responsibilities with the family may incur significant agency costs (Chrisman, Chua, & Litz, 2004).

The agency perspective has been applied in different settings often and most sucessfully in exploring the relationship between shareholders and senior management, an “agency problem” of long interest to researchers (Greenwood, 2003). However it has also been applied by Schulze et al. (2003) to explore intra-organisational issues, addressing issues more usually examined using frameworks of organisational behaviour. Findings from
Greenwood, Schulze and others are interesting as they use the agency theory to better understand the dynamics of family firms and in doing so incorporates the notion of “altruism” which is an aspect of embeddedness. Altruism: treating people for who they are rather than what they do is often seen as the cornerstone value in family firms, but it makes it difficult or almost impossible for families to effectively monitor family members working in the firm (Schulze et al. 2003).

Although this adds a theoretically distinct set of control problems to the set of agency problems not everyone who has accepted the directional tenor of agency theory (Dyer, 2006). There are still some limitations to the theoretical scope of the agency theory for example, the theory seems to assume that principals have power (derived from legal ownership) whereas agents do not except where principals neglect to exercise that power(Greenwood, 2003). Another simplifying assumption that is questionable is that actors are motivated either entirely or at least predominantly by their self-interests. However this is repeated by other theories for example the stewardship theory and also by sociologists in particular as it treats economic exchange without any concern for the compelling force of the social content within which they occur (Westhead & Howorth, Ownership and Management Issues Associated With Family Firm Performance and Company Objectives, 2006).

2.1.4. Stewardship Theory

The limitations of the agency theory have led to consideration of other complementary theories to explore family firms performance and longevity. In particular stewardship theory which has recently gained much attention among family business researchers (Westhead & Howorth, 2006: Corbetta & Salvato, 2004).

According to the stewardship theory, people are collective self actualisers who achieve utility through organisational achievement. Values such as trust, collectivism and long term orientation lead to the altruistic behaviour of stewards(Karra, Tracey, & Phillips, 2006). This theory explicitly denies the narrow economic definition of human action and proposes that actors often identifies themselves with a company and knowingly supress personal interests to the collective (Sharma & Manikutty, 2005). Poza (2010)eludes that
the stewardship perspective claims that the founding family members view the firm as an extension of themselves and therefore view the continuing health of the enterprise as connected with their own personal being.

The idea of stewardship has been found in legal partnerships and may well reside in family firms where cultural norms may be expected to have an unusually high prominence. This shows that the economically self-interested player of agency theory may not be the best depiction of players in family firm, where normative factors might play a crucial role (Schulze et al., 2003). The stewardship theory provides greater insight (in comparison to agency theory) into ownership and management and its impact on performance in family firms (Greenwood, 2003).

However for this research the main theory underpinning the study is the agency theory which takes into account the dynamism of the involvement of management, ownership and the crucial aspect of family involvement. Agency theory brings out two family business views, one in which the family is committed and very much involved in the affairs of the business in a bid to reduce agency costs. However this is difficult when individual family members pursue personal goal or when the business is set for long term survival thereby bringing in the aspect of succession planning and involvement on non-family members in the business. This obviously raises issues of agency costs, stewardship and corporate governance which makes the agency theory central in the study of family business. However the contribution of the other theories cannot be ignored or be completely separated from this study.

2.2 FAMILY BUSINESS

There is little consensus in the family business field with respect to how to define family business. Ownership and management criteria can be used to categorize a firm as a family or not and determinants such as transfer intentions or self-description can also be taken into account. Because of the diversity of firm profiles, the definition of family businesses has proven more elusive than one may think. In a broad study of family business, Chrisman, Chua, & Sharma (2005) found 21 different definitions of family business in their review of 250 research articles (Poza, 2010). Historians and management specialists
have found definitions remarkably hard to pin down with legal, governance and financial frameworks of family firms not being universal. This has led to no consensus among scholars as to what constitutes a family business in quantitative, qualitative or historical terms.

According to Drake (2009) a more common and narrower definition runs along lines of family owning majority voting shares, the family being involved and having more than one generation currently involved in the running of the business or will be integrated in the future. Colli (2003) then defines a family business as one where a family is involved in top management positions and owns enough of the equity to be able to exert control over strategy. However in his research, Bernard (2012) cites three definitions that cover the family business field. In these definitions the family business is defined using different terminology that is referenced interchangeably in the study of family business namely, family firm, family business and family owned company. The family business is referred to as a company where voting majority lies in the hands of the directing family including the founder(s) who have intentions to pass the business to their offspring (P.I.C.G., 2008). Abouzaid (2007), then considers another dimension where he defines a family owned company as an organisation characterised by shareholders belonging to the same family and participating substantially in the management, direction and operation of the company.

The use of different definitions is a major problem in family firm research as it makes comparability of results difficult. At the same time developing a general definition is a challenge as family businesses are heterogeneous. Another reason why there are still definitional issues in family business studies is that the field itself is still relatively new and yet to be thoroughly researched, but whilst the field is in its early stages of development it is increasingly becoming empirical and more rigorous.

2.3 BUSINESS SUCCESS

Business success has been defined in many ways. Maes, Sels, & Roodhooft (2005), notes that several performance, success or survival models appear in literature. Small business success can be measured by financial and non–financial criteria although the former has been given more attention in literature. Most used performance indicators in literature
include earnings, employment and growth where growth is defined as any element of growth: growth in profit, earnings and number of employees (Peake & Marshall, 2011).

In a bid to explain success, many family business researchers have used a wide variety of factors. Owner characteristics in terms of financial, human and capital have been adopted by different researchers to explain business performance success and survival (Anderson & Miller, 2003, Baron & Markman, 2003, Stafford, Bhargava, Danes, Haynes, & Brewton, 2010, Montgomery, Johnson, & Faisal, 2005). According to Lee, Jasper, & Fitzgerald (2010) firm characteristics have also influenced business success and survival. Walker & Brown (2004) assert that financial criteria are usually considered to be the most suitable measure of business success. However because many small business owners are motivated to start a business on basis of lifestyle or personal factors which make non-financial goals alternative measures of success in the small business sector (Anderson & Miller, 2003). All businesses must be financially viable on some level in order to continue to exist. However some business have no interest in growth which implies that financial gain is not their primary or only motivation and that there must be other non-financial criteria to measure the success of these businesses.

Watson & Everett (1999) considered success or failure of a business to dependent on a number of factors. They measured success of a business by the continuance in operation or longevity of the enterprise although financial performance (profitability, sales and market share) can be used. Walsilczuk (2000), notes that small business growth and success measurement is difficult to assess and can be measured objectively or subjectively. Objective measures are often referred to as “hard” information since they are quantifiable measures that impact fulfillment of specific objectives e.g. sales or profits whereas subjective measures are “soft” and often include evaluative or trait information e.g. self evaluation on performance in relation to others.

2.4 SUCCESS FACTORS

In their research on key success factors, Ghosh, Liang, Meng, & Chan (2001) define key success factors as factors which are critical for excellent performance of the company rather than just survival which is the function of critical success factors (CSF). Because
this study is based on long term survival of family business the definition of critical success factors will therefore be adopted. In literature there are several definitions of critical success factors(Amberg, Fischl, & Wiener, 2005). For example Rockart (1979) presents one of the most frequently cited definitions using ideas from (Daniel (1961)as well as Anthony, Dearden and Vancil (1972) in defining critical success factors as those restricted areas of an organisation which ensure the successful competitive performance of the organisation as long as the areas are performing satisfactorily. Consequently the author stresses that these particular areas of activity should be constantly and carefully managed by an enterprise if the business is to survive and flourish(Amberg, Fischl, & Wiener, 2005).

In their study, Wee & Ibrahim (2012), identified a few key success factors namely management style, activities and characteristics, succession/transitional planning, and growth. Ernest and Young (2012) identified three key factors that underpin family business success namely growth and resilience, talent management and sustainability. They further split growth and resilience into sub-factors namely funding, innovation, succession planning and long term focus. Talent management encompassed managing people whilst sustainability covered incentivising and issues of social corporate responsibility.

Following a study of family businesses in the Dutch economy, Floren & Uhlaner (2010), identified corporate governance, family governance practices (family constitution, family council, family communication and code of conduct) mechanisms, ownership attitudes, shared vision of the firm, business transfer and ownership as key success factors (Floren & Uhlaner, 2010). However for the purpose of this study succession planning, corporate governance, innovation and management skills were selected as key success factors for the long term survival of small to medium sized family business in the Zimbabwean retail sector.

2.4.1 Innovation

Innovation is a broad topic and in most literature it has been used as an umbrella term. It describes both the process to generate new products as well as the new or improved
products themselves (Porter, 1990). Innovation can be defined as the adoption of an idea or behaviour—being a system, a program, a policy, a device, a product or a service that is new to the adopting organisation. Successful innovation in new products and processes is increasingly being regarded as the central issue in economic development (Porter, 1990). Innovation stimulates firm growth which occurs regardless of the condition of the larger economy (Craig & Moores, 2006) and any organisation’s ability to innovate is one of the key capabilities to being competitive and to survive in the 21st century. The classic Schumpeterian definition of innovation distinguishes five different types of innovation: new products, new methods of production, new markets and new supply sources (Schumpeter, 1934).

Understanding innovation comes from different perspectives and to understand innovation in family businesses an alternative route is to look at the facilitating factor which is the capacity to innovate. Innovation capacity or innovativeness relates to the firm’s capacity to engage in innovation and can be defined as the ability and the willpower of the organisation to introduce new processes, products or ideas in the organisation successfully (Hult, Hurley, & Knight, 2004).

2.4.2 Management skills

Management/managerial skills can be defined as the ability to make business decisions and lead subordinates within a company (Reh, 2009a). Three most common skills include human skills (ability to interact and motivate), technical skills (knowledge and proficiency in the trade), conceptual skills (ability to understand concepts, develop ideas and implement strategies). Competencies include communication ability, response behaviour and negotiation tactics (Riddle, 2010). It is therefore very essential for managers especially in family businesses to master management skills which are key to the success of their management career.

Reh (2009a) shows an illustration of the different levels of management skills and how they are related to one another. He uses the Kammy Hatne’s pyramid structure which is as shown below in Figure 2.3. The management skills pyramid shows all skills a manager should master to be successful and shows how these management skills build on each
other toward success (Manchanda, 2011). The pyramid is made up of four levels which are constructed by ten bricks and the omission of one brick results in the collapse of the whole structure. Nevertheless, to each level of management, one skill may have a more important role than another and for clarity on the effect of these skills on business performance there is need to appreciate the meaning and context of each skill.

The pyramid has basic management skills at the base of the pyramid. At the upper level there are personal and team management skills which are of paramount importance. At the summit or peak of the pyramid are leadership skills which are the highest attainable management skills. The basic level of skills is made up of management functions namely planning, organising, directing and controlling. These are the basic functions that managers must grasp so as to get the job done. Planning is essential for the smooth running and performing of daily routines and also for organising projects, tasks and teams to work efficiently and with reduced conflict. Organising is more about getting work to be done in the best way (Reh, 2009b).
Managers must be able to organise resources and people successfully and should possess the capabilities to organise themselves both in temporal and spatial dimensions. Leading/directing is usually essential for supervisory positions and this is fundamental in driving the team towards organisational goals. The last skill at this level is controlling skill and this is very important especially when unexpected factors impact negatively on the work performance and managers have to bring back things to the desired goals or objectives (Reh, 2009b).

For the success and survival of businesses managers require more than basic skills hence the need for the next level of the team management skills. At this level the manager must be able to motivate, train, coach and involve employees so as to narrow the team’s focus to the same organisational goal. The manager should ensure that the team is motivated to perform, to produce and to deliver results. Also of importance is to note that each team member’s motivational needs are different. It is also very rare for a manager to get a team where everyone is adequately trained or has no need for coaching. Employee involvement is also crucial at this stage and a basic way of getting the team engaged and committed is to inspire and admire(The Certified Accountant, 2009).

The third level of the pyramid shows two areas of personal management skills which are self management and time management skills. Self management, according to the Self management Institute, is “an organisational model wherein the traditional functions (planning, organising, directing, controlling) are pushed out to all participants in the organisation as opposed to a select few, giving every team member a sense of responsibility and commitment.”(The Certified Accountant, 2009) This goes hand in glove with time management as well(Manchanda, 2011). The highest attainable skill which transcends all the other skills and is found at the summit is the leadership skills level. This is the single skill that helps most in developing success in their management career. As
one’s skills of a leader develop there is a transformation from a manager to a leader. One saying says, ‘Leaders are not born or made – Leadership is a choice – a belief and a commitment to everything that is good and noble within you’(The Certified Accountant, 2009).

There are however other views on management skills for example, Riddle (2010) lists five sets of personal management skills a manager should acquire. These include: time management and planning skills, financial management skills, communication skills, organisational skills, continued self – development skills. Dogra (2012) has another version of management skills list which includes interpersonal skills, communication skills, decision making skills, leadership skills, technical skills, time management and conceptual skills. The two authors above seem to agree on time management and communication skills. The rest of the skills though very essential seem to be specific to management whose decisions affect specific areas of the business e.g. financial management skills and some of the skills are closely related to skills already represented in the management skills pyramid.

### 2.4.3 Succession planning

There are various definitions for succession planning as given by various authors. Succession planning involves the grooming of family members for leadership roles in the business so that specific tacit knowledge can be transferred and developed(Chirico & Nordqvist, 2010); Miller & Le Breton- Miller, 2006). It is also defined byWard (2000), as the process of preparing to hand over control of the business to others in a way that is at least disruptive to the business operation and values. This definition brings out succession planning as an on-going process aimed at transferring information and knowledge from the founder to the successor of the business. The founder grooms the successor for the continuation of the business after death or retirement of the founder. Asiado (2009) encourages at least five years before retirement showing that succession planning takes a long time and it encompasses deciding how and when management, ownership and control of the business will be transferred to succeeding owners(Sikomwe, Mhonde, Mbetu, Mavhiki, & Mapetere, 2012).
Debapriya (2009) made a comment on succession planning where he highlighted that with the increasing attrition rate of companies, it has become inevitable for organisations to consider succession planning as a survival strategy. He eludes that succession planning is highly necessary to mitigate risk and for the enhancement of quality of life of an organisation(Debapriya, 2009). However succession planning is not only there to ensure that the business continues after the death or retirement of the founder, but it is there to make the organisation continue to be competitive in its industry(Debapriya, 2009).

2.4.4 Corporate governance

Corporate governance has recently risen as one of the most important concepts developed by business and financial expertsto ensure that corporate organisations not only to survive, but also operate in the best interest of all stakeholders(Jayashree, 2006). It is an evolving field that has gained popularity in the last years following the demise of reputable companies in the United States of America, which has forced different institutions to pay close attention to corporate governance reforms (Oso & Semiu, 2012).

A good system of corporate governance ensures that directors and managers of enterprises carry out their duties within a framework of accountability and transparency. Jayashree (2006) describes corporate governance as a way of life and not a set of rules and a fundamental component of corporate governance is transparency which is enabled by a code of corporate governance that integrates a structure made up of checks and balances between main players – board of management, auditors and shareholders.

The undertaking of defining the concept of corporate governance is mammoth yet a flawless definition is essential for establishment of awareness to achieve good practices. Among the various definitions given by the OECD, the Cadbury Committee, Securities Exchange Board of India and other renowned authors and institutions, Jayashree (2006) commented that corporate governance when approached in the context of business organisation it becomes a system of ensuring that directors are accountable to shareholders for effective management of companies in the best interest of the shareholders ethically and upholding values. Corporate governance therefore hinges on complete transparency, integrity and accountability of management (Jayashree, 2006). It is apparent that corporate
governance has come to stay and it stands inevitable for the survival of business corporations. It is the cornerstone upon which corporate goals and sustainability can be achieved and any company acting otherwise does so at its own peril.

Corporate governance concept is anchored in the framework of two theories mainly the Agency theory and the Stewardship theory (Omolade & Tony, 2014). Agency theory presents governance as a contract between directors and the shareholder with directors and management seeking to maximise their own utility at the expense of the shareholders. Subsequently this gives rise to agency costs in a bid for the shareholders to ensure adequate disclosure and appropriate checks and balances (Omolade & Tony, 2014). The stewardship theory is based on the original and legal company definition in which directors have a fiduciary duty to the shareholders to act in the best interest of the company at all times and not in their own interest. In business corporate governance entails the establishment of necessary structures which include board of directors, audit, compensation, communication and ethics committees (Companies & Allied Matters Act, 1990).

2.5 CONCEPTUAL MODEL AND HYPOTHESIS DEVELOPMENT

In order to empirically test the influence of succession planning, innovation, corporate governance and management practices on the long term survival of small to medium sized family businesses a conceptual model has been developed premised on the family business literature reviewed. The conceptual framework is grounded on four major theories which are Systems theory, Agency theory, Resource-based theory and the Stewardship theory all making significant contributions which provide a solid foundation for the current study. In this conceptualised model succession planning, innovation, corporate governance and management practices are the independent variables whereas survival business success measured subjectively as longevity or survival is the dependent/outcome variable. Figure 2.4 depicts this conceptualized research model. The relationships hypothesized between the research constructs will be discussed hereafter:
Innovation and performance of small to medium family businesses

Investigating innovation in family businesses has been one of the gaps where there is limited literature despite the impact of innovation, with one of the gaps being consideration of innovation as an essential variable for the growth and survival of all firms (Cefis & Marsili, 2005). The distinctive line of argument assumed in most researches on family business survival is that innovation is the essence of firm survival. These studies postulate that those firms that are able to successfully innovate are able to establish and maintain a competitive advantage in the market (Buddelmeyer, Jensen, & Webster, 2006).

Figure 2.4: Conceptual Model
Source: Own construction
However, although this argument has some truth it is only single sided in that it ignores the reality that innovation, especially new-to-the-world innovation is subject to ultimate uncertainty. Subsequently studies of firm survival using measures of innovation based on “successful” innovation e.g new products and innovative sales inaccurately deduce a positive casual relationship between innovation and survival. However those studies hinged on this view fail to account for a simple selection preconception that those firms which successfully commercialise innovations are also more likely to survive (Cefis & Marsili, 2005). This makes the relationship between innovation and survival more complex and difficult to understand because “unsuccessful” innovation activities are not easily recognizable as well (Buddelmeyer et al., 2006).

In order to understand whether innovation does improve the likelihood of firm survival some authors argue that both upside and downside risks associated with innovative activity should be properly accounted for. This brings out another dimension that innovations are differentiated further depending on their risk profiles, that is whether the innovations are new-to-the-world (e.g. patents) or new-to-the-firm (e.g. trade marks) (Buddelmeyer et al., 2006). This is because new-to-the-world investments are inherently riskier than those in new-to-the-firm innovations and therefore the two would impact rate of firm survival differently.

Given the lack of distinction in the literature of the differences in innovations there are mixed empirical findings on the effect of innovation on family business survival. On the positive side, Cockburn & Wagner (2006) found that recent internet related IPO firms were more likely to survive if they held registered patents, after controlling for age, financial characteristics and market conditions whereas Perez & Castillejo (2004) found a positive relationship between research and development spending and survival but only for those firms in highly innovative industries. Making inference to the same data Ortega -Argiles & Moreno (2005) found that the above only held for small firms and that the dichotomous product and process innovation had positive effects on small firm survival. Other studies were more ambiguous with either no relationship, mixed or a negative relationship being found (Segarra & Callejon, 2002).
However, there were other interesting findings which include Bayus & Argarwal (2006) who found that it is only once the technological trajectory is established that being an innovative start up firm confers a higher probability of survival. This trajectory is less clear in earlier stages of development hence the disadvantage of being an independent start up firm. It has also been found that survival rates for small firms vary inversely with the level of innovation in their industry that is more innovative industries have higher neo-natal death rates than less innovative industries ceteris paribus (Lerner & Wulf, 2007). However for those firms that survive beyond the first few years, survival is positively associated with the innovative intensity of the industry. Premised on the empirical evidence above and the support of the resource based theory this study submits that:

H1: There is a positive relationship between innovation and the performance of small to medium sized family owned businesses in the Zimbabwean retail sector.

2.5.2 Management skills and performance of Small and Medium sized Family Business

Identification of key management skills in small to medium sized family businesses is a hazardous quest because of the sheer heterogeneity of the small business population. It should therefore be borne in mind that to be practical in this research one can only be suggestive rather than attempt to be definitive and unequivocal.

The key challenges to the long term survival and viability of small businesses and enterprises are lack of basic entrepreneurial and management skills, poor efficiency amongst other factors. Funding to small businesses in Ethiopia for example is as a result of financial institutions being reluctant to provide finance due to managerial inefficiency and lack of accurate information required for assessing risk of lending money to small businesses, hence survival and viability of small businesses is constantly threatened (Worku, 2009).

According to Worku (2009), businesses in which finances and resources were not managed efficiently were 5.49 times more likely to fail in comparison with businesses where finances and resources were managed efficiently. Lerner & Wulf (2007) have shown that there is a significant association between managerial efficiency of small to
medium firms and long term survival, profitability and viability. Efficient managerial and technical skills are critical for the sustained growth and development of small business and enterprises (Decron & Krishnan, 2009). Based on findings of (Lahat & Menahem (2009), and North (2005), managerial and technical skills have a significant impact on reducing production and transaction costs. As a result economic activities conducted by managers with no managerial skills lack the ability to prioritise objectives and utilise scarce resources optimally(Worku, 2009). It also stifles growth, profitability and development of the business. Therefore managerial efficiency is a key ingredient of long term survival and profitability in small businesses. Grounded on the systems and the resource based theory and in light of this argument it can therefore be hypothesised that:

H2: There is a positive relationship between management skills and the performance of small to medium sized family owned businesses in the Zimbabwean retail sector.

**2.5.3 Succession Planning and performance of Small- Medium Family Businesses**

Succession planning is a key theme in the business research literature and it is pivotal to business continuity, but it is often taken with much rigidity and indeterminately suspended. The family business succession planning literature routinely assumes two main motives on part of the leader: family business continuity across generations and family harmony(Gilding, 2010).

Although there are various cases of companies that have thrived over multiple generations, even prosperous family firms rarely survive beyond three generations(Chami, 2001). Researchers have identified succession planning as one mechanism that is likely to counteract the decreasing survival rates and lead to growth and survival in the family firm (Chrisman, Chua, & Sharma, 2003; Ward, 2000) and the succession decision regarding the Chief Executive Officer (CEO) position is one of the most contentious issues in family businesses (Bennedsen, Nielsen, Perez-Gonzalez, & Wofenzon, 2007).

Despite research recognising that succession planning process is important to growth prior work has not really studied its influence on growth across generations in privately
held family firms (Gilding, 2010). Moreover much of the existing research shows that succession planning has been ignored and most resistance comes from the first generation family firms (Sonfield & Lussier, 2004). There are however inconsistencies between prescriptive literature that urges firms to engage in succession planning and the subsequent multiple studies that have failed to show performance and survival benefits for succession planning (Diwisch, Voithofer, & Weiss, 2009).

Succession planning is also rarely depicted as a single, isolated event or decision (Brun de Pontet, Wrosch, & Gagne, 2007). Rather it involves the grooming of family business leaders for the transformation and development of definite implicit information (Chirico & Nordqvist, 2010). Many researchers have stressed on the importance of succession planning in an effort to ensure the growth and survival of family businesses (Sharma, Chrisman, & Chua, 2003a). According to Brun de Pontet et al. (2007), it’s not the actual succession event to be focused on instead succession planning is the degree to which a family has involved its members in the development and communication of the succession plan. A succession plan provides transparency to the process thereby reducing the vagueness of succession which may give rise to conflict within the family leading to possibly disbanding of the business rather than focus on growth and survival (Brun de Pontet et al., 2007).

Although succession planning helps to ensure growth and continuity of the family business there is also much variability regarding the extent to which family firm leaders plan for succession (Sharma & Rao, 2000). Without a succession plan there can be conflict regarding roles and responsibilities (Ibrahim, Soufani & Lam, 2001). The family business may lose viability, solidity and direction resulting in decline of the business (De Visscher, 2004). This conflict environment where the future of the business will be unknown results in family members and management diverting their focus from activities viable for growth and survival (West, Borrill, Dawson, Brodbeck, Shapiro, & Haward, 2003). Accordingly a lack of a clear succession plan is viewed as a central reason that family firms fail to grow and survive in the long term (Cabrera- Suarez, 2005).

In contrast, succession planning helps foster cooperation among family members particularly where there is selection of competent heirs capable of growing the business
(Ibrahim et al., 2001). It reduces power struggles and conflicts as well as legitimising the successor in the eyes of family members (Dyck, Mauws, Starke, & Mischke, 2002). Succession planning is considered as an indicator of future growth potential of the business hence first generation firms with succession plans should achieve greater firm growth than those that lack such plans (Cabrera-Suarez, 2005). Indeed it has been argued that succession planning motivates investment in business growth and survival and given these arguments and the contribution of theory mainly the systems and agency theory it can be postulated that:

H3: There is a positive relationship between succession planning and performance of small to medium sized family owned businesses in the Zimbabwean retail sector.

2.5.4 Corporate Governance and performance of Small and Medium sized Family Business

Introducing the concept of good corporate governance is vital for the continuity and sustainability of the family owned business that support economic growth. Corporate governance measures at the family and business levels provide solutions to family ownership challenges and often are indispensable to the long term success of the family business and peace in the controlling family, especially with succeeding generations. Good governance mechanism help or assist in alleviation of some of the problems that arise when family characteristics become a driving force behind company action and also increases profitability and sustainability.

Principles of good corporate governance are as useful for non–listed companies as for listed companies. In countries like Pakistan corporate governance code has been established for listed companies, however these principles can also be adopted by family owned and non–listed companies as well. Some countries including Egypt, Turkey, Belgium and Finland have developed indigenous voluntary corporate governance guide for non listed family owned companies. Most family-owned companies are private limited companies with shares being held by a few/small group therefore transferability is limited. When conflict arises in this small group the company suffers from a lack of objective analysis on the part of independent directors. However creating mechanisms
such as family constitutions and family councils can manage corporate governance apart from the family so that the business does not suffer.

For family owned business good governance makes all the difference. Those family firms with effective governance are more likely to carry out strategic and succession planning and on average they grow faster and live longer. By adopting sound corporate governance systems a number of challenges can be tackled. Governance assists in managing growth in that it puts in place the right policies to manage the relationship between owners, managers and employees which become more complex as the family firm expands. It creates a strong structure that clarifies roles, reporting lines and delegation of responsibility.

Formation of family council has been found to be a way of preserving ownership and exercise of rights of all shareholders including minority shareholders. It also serves as a platform for communication and consultation in connection with the family business. The council also plays a major role in resolving conflicts, issues concerning succession and in the selection of the Chief Executive Officer. Family constitution can also be put in place as well as this survives through the generations thereby minimising conflicts and ensuring continuity. Governance is about having agreed upon family and business “values.” Values denotes what the family stands for and how it wishes to operate under public scrutiny. A vision becomes also a necessity as it enables the erection of a governance structure with a clear strategy.

According to Bammens, Voordeckers, & Van Gils (2011), appointment of board of directors is a crucial aspect that ensures survival and performance of family businesses. The boards of family firms play a central role in deciding upon strategy and the role of board composition has the ultimate control of the direction of the business to ensure its survival as an independent entity (Gersick & Feliu, 2013; Goel, Jussila, & Ikaheimonen, 2013). The board should have a reasonable number of members which should include a balance of executive and non-executive directors to facilitate effective and objective board management. (Singh & Davidson III , 2003) state that the size and composition of the board may reflect its ability to be an efficient guide and their findings show that performance and survival are increased by smaller boards(Hermalin & Weisbach, 2003).
Appreciation of role of employees especially key management in another fundamental governance issue. Family businesses need to recognise the role and rights of its stakeholders, both through established laws or mutual agreement and encourage active cooperation to achieve operational and financial stability. Sir Cadbury in the Cadbury Report of 1992, stresses on fairness and transparency in financial, non-financial and reward systems particularly within the family as an essential tool in avoiding tensions over perceived injustices (Cadbury, 1992). Family businesses should therefore be governed in an ethical and transparent manner under effective accountability for business growth and continuity. Therefore it can be posited that practicing good governance ensures survival of family businesses and drawing for the agency and stewardship theory and prior empirical evidence, this study submits that:

H4: There is a positive relationship between corporate governance and performance of small to medium sized family owned businesses in the Zimbabwean retail sector.

2.6 CHAPTER SUMMARY

This chapter gave a detailed explanation on the theories underpinning the research study and reviewed the success factors that are essential for the long term survival of small to medium family owned business. This led to the construction of a conceptual framework depicting the influence of the above success factors on business performance. Lastly hypotheses were developed showing the relationship between the independent variables and the outcome. The next chapter will look at the research methodology the researcher will employ for this study. This will include the research philosophy, research strategies, sampling techniques and validity considerations among a few.
CHAPTER 3 : RESEARCH METHODOLOGY

3.0 INTRODUCTION

The previous chapter reviewed literature on success factors for family owned businesses and conceptualised these factors into a model that can be adopted to bring out the influence of the success factors on the survival of family owned business measured by longevity. This chapter will articulate on the research methodology adopted by the researcher. Research methodology is a blueprint for the collection, measurement and analysis of data in order to achieve the research project objectives (Collis & Hussey, 2003). This chapter will cover important aspects of research such as the research design, research philosophy, research, strategy, research methods, research instruments, population and sampling considerations and data collection methods.

3.1 RESEARCH DESIGN

Research design is defined as the strategy of the study and the complete scheme or program of the study (Coopers & Schindler, 2003). It provides an outline of the areas the research will cover and the operational implications to the final analysis of data. The research design provides a framework that specifies the relationship among variables being studied and it covers the philosophy, approach and strategies to be adopted. This section will go in depth on the research philosophy, the method, approach and strategy adopted by the researcher.
3.1.1. Research Philosophy

There are two main views of research philosophy which are positivism and phenomenology (Saunders, Lewis, & Thornhill, 2007). Both philosophies develop knowledge and theory that play an important role in management of research. (Hussey & Hussey, 1997), elude that positivism tries to find the facts or causes of social phenomena. It also works with social reality and the end result of such research are law like generalisations making it ideal for quantitative studies which require large samples and is concerned with hypotheses testing (Remenyi et al., 1998). However the phenomenological concept is focused on realising human behaviour from the applicant’s own frame of reference making it ideal for qualitative research which is concerned with generation of theories and use of small samples (Collis & Hussey, 2003).

For the purpose of this study the positivist paradigm or philosophy was adopted. This paradigm is concerned with gathering information about social facts in an objective and detailed manner (Blanche & Durreihem, 2007). It emphasises on the importance of doing things in a systematic way and obtaining observable facts.

This paradigm is ideal for the research on family business and success factors leading to survival of family businesses because it makes use of quantitative indices and is interested in discovering and confirming causal laws. Methodologies usually followed by positivists are experimental, quantitative and test hypotheses (Blance & Durreihem, 2007). Since the study has four independent variables namely succession planning, corporate governance, management skills and innovation and one outcome variable which is business success measure by longevity/survival of the business being tested under certain hypotheses, this paradigm is ideal.

3.1.2 Research Approaches: Deductive and Inductive Theories

The deductive approach involves developing a theory and hypothesis (hypotheses) on the basis of the available literature and existing findings then one designs a research strategy which will test the hypothesis (Saunders, Lewis, & Thornhill, 2007). In the inductive
approach, data is collected and from the analysis of the results of the data, a theory is then developed (Saunders, Lewis, & Thornhill, 2007).

The deductive approach is more inclined to scientific research as it includes development of a theory which is subjected to a rigorous test hence its more dominant in natural sciences researches (Collis & Hussey, 2003). It is also organised in a more consistent way as each new step follows the previous in a logical sequence and the conclusions are drawn through logical reasoning (Bryman & Bell, 2007). The deduction theory searches to explain causal relationships between variables. This made this theory applicable to the current research study because the study was anchored on hypotheses that were to be tested to bring out the causal relationships between succession planning, corporate governance, innovation and management skills against business success determined by longevity or survival of family businesses. This study also adopted the deduction theory as there was collection of quantitative data which allowed numerical statistical analysis and led to a highly structured methodology that facilitated replication of the study (Gill & Johnson, 2002).

3.1.3 Research Paradigm

This study follows a quantitative research design which is defined as a research design that involves the collection of primary data from a large sample for the purpose of generalising the results to a wider population (Zindiye, Roberts-Lombard, & Herbert, 2008). Quantitative research aims to make inferences about a specific population, grounded on the results of a representative sample of the population and there is also application of statistical analysis in quantitative research so as to quantify the data.

The current study made use of a questionnaire as a data collection method. This falls under the category of survey methods which are a component of quantitative research methods. Use of a questionnaire, which is standardised and formalised in nature with a clear scope of the study is ideal for quantitative methods unlike qualitative methods which are informal and can have an undefined scope of study. Considering analysis of data, the research applied statistical methods which are able to handle large amounts of data. This is only possible with quantitative research as qualitative research is only concerned with non
statistical methods involving small samples (De Vos, Strydom, Fouche', & Delport, 2002).

3.1.4 Research Strategies

There are a number of strategies with some distinctively belonging to deductive approach whilst some may fall under the inductive approach although allocating strategies to a single approach is simplistic (Yin, 2003). A number of authors (Bryman & Bell, 2007, Biggam, 2008) have reviewed a number of available strategies that can be considered for different studies. Strategies can be qualitative or quantitative with the latter encompassing strategies such as surveys, experiments, observation whilst the former includes case studies, focus groups, ethnography, action research, grounded theory among others. This study was best suited to a survey research strategy and the following discussion will bring out the justification for the research strategy. The survey strategy is common in business and management research and is often used for exploratory and descriptive research (Saunders et al., 2007).

The study employed the survey design approach because of the need of the researcher to collect information about all the cases in a sample that raw data had to be obtained. It is also mostly associated with deductive approach which yields amounts of data from a sizeable population in a highly economical manner (Collis & Hussey, 2003). It also allowed collection of quantitative data that was analysed quantitatively using inferential and descriptive statistics permitting generalisation of results to the whole population and comparisons between studies.

3.2 POPULATION AND SAMPLING TECHNIQUES

The study covered SMEs that are family owned and are in the retail sector of Harare, Zimbabwe adhering to the definitions of SME and family business. Harare is the capital city of Zimbabwe and is recognised as one of the ten administrative provinces in Zimbabwe.

3.2.1 Population
This is defined as the list of population elements from which the sample is drawn (Hussey & Hussey, 1997). Saunders et al. (2007) define a population as a full set of cases that need not necessarily be people. It is not always the case in practice that one can find complete lists of all the elements in the population which results in some samples being obtained from lists with some elements not found.

For the purpose of this study, the target population was small and medium sized family business in the retail sector of Harare, Zimbabwe. A number of attempts were made to obtain a database of family businesses from relevant offices and associations, however all efforts were in vain as a representative sample could not be obtained. The researcher had to resort to convenience sampling and in particular to the snowballing technique. This is a non probability sampling method that was adopted to identify probable family businesses in the retail sector who were eager to contribute. Through this exercise a list of 200 family businesses was compiled as an outcome of these efforts. In this method the probability that any particular member of the population being chosen is unkown hence each member does not have the same chance of being included in the study (Struwig & Stead, 2004). It is also ideal where it is difficult to identify members of the desired population like the case in this study.

### 3.3 SOURCES OF DATA

There are several methods that can be used to collect data for research studies. Data collection methods that can be used can be primary or secondary sources. According to Kumar (1999:105), the choice of data collection method will depend on the purpose of the study, resources available and the skills of the researcher. For the purpose of this study the questionnaire was adopted as primary data source. The researcher weighed the advantages of such a method and discovered that it had high reliability and it gave a more realistic view to the researcher (Collis & Hussey, 2003). Being original and relevant primary data’s degree of accuracy is also high.

### 3.4 DATA COLLECTION PROCEDURE

#### 3.4.1 Research Instrument
Questionnaires provide an efficient way of collecting responses from a large sample prior to quantitative analysis because each person (respondent) is asked to respond to the same set of questions hence the selection of this instrument for this study (Bell, 2005). A questionnaire with standardised questions was employed which gave the researcher confidence that all the questions were interpreted the same way by all respondents making the questionnaire more applicable to descriptive and explanatory research (Robson, 2000). In respect to this study, adopting a questionnaire enabled examination and explanation of relationships between variables in particular cause–effect relationships (Gill and Johnson, 2002).

The questionnaire was either hand delivered or emailed to respondents. For both methods an informative and well articulated cover letter was attached to the questionnaire with objectives and importance of the study well explained. Emphasis was also placed on the validity of the respondents’ contribution to the body of knowledge. According to Witmer (1999), internet / intranet mediated questionnaires especially those administered in conjunction with email offer greater control because most users read and respond to their own email at their personal computer. For hand delivery and collection questionnaires the researcher could enquire the actual respondent and respondents were unlikely to answer to please the researcher making the results more reliable (Dillman 2007).

In this research study, the researcher used closed-ended questions which are ideal for quantitative research design with a large number of respondents and requiring uniformity for numerical data capturing and quantitative analysis. According to Cooper and Schindler (2003), closed-ended questions are those questions that present the respondents with a fixed set of choices. These were ideal for such a study because they are easy to code and analyse since responses are predetermined (Cant, 2003). Standardised questions enabled the respondents to easily understand the questions therefore responding in less time and reducing non response error. Dichotomous questions allowed only two possible responses normally opposing each other, that is they generated nominal data which made coding easy. Likert scale responses enabled ordinal and interval data to be generated from the rating scale (Tustin et al., 2005). For the study, a five point Likert scale was devised ranging from 1=Strongly Agree to 5=Strongly Disagree. Using the Likert scale standardised response items made the responses easily comparable amongst respondents.
It also eliminated response bias and made coding and analysis directly from the questionnaire possible (Cant, 2003)

3.5 DATA ANALYSIS

This is a process that encompasses the reduction of accumulated data to a manageable size, developing abstracts, observing patterns and then applying statistical techniques which allows interpretation of results in accordance to the research objectives (Cooper & Schindler, 2003). Having collected data from the field the researcher subjected the data to editing, coding and then processing which forms the integral part of data analysis. Completed questionnaires were edited to guarantee accuracy and consistency of data with the questions’ intentions and they were then prearranged for easy coding. The questions in the research instrument were then coded by assigning numbers or symbols in order to categorise responses which enabled efficient analysis. The next step included processing and analysis of data and this was done using SPSS (Statistical Package for Social Sciences). This is a data processing and analysis programme especially designed for statistically analysing and performing data management tasks (Jennings, 2010). It is one of the programmes that enable the detailed analysis of large volumes of data statistically contributing to the validity of the data and making it applicable to a quantitative research study. The data was then subjected to descriptive and inferential analyses.

3.6 RESEARCH LIMITATIONS

According to Veal (2011), there are limitations for quantitative work but these do not equate to failure or problem of the research study. This particular study had Harare for its geographical setting and this was a limitation in that generalising results from this study to other areas outside Harare would be difficult. In terms of respondents’ attitude and the survey environment, the major limitations were on the busy peak season which resulted in most respondents compromising responses as they were very busy considering the festive season that is approaching. For some, availability of family business owners was also limiting as some had gone away for the annual leave and holidays which meant the time setting of the research could have been better if done at the beginning or middle of the
year. However the researcher made appointments with owners or owner managers and persuaded the gatekeepers to arrange conducive time for the survey to be carried out.

3.7 RESEARCH ETHICS AND DATA CREDIBILITY

3.7.1 Research Ethics

Ethics can be taken as the norms for conduct that distinguish between the acceptable and unacceptable. According to Cooper and Schlinder (2008:34) ethics are defined as the norms or standards of behaviour that guide moral choices about one’s behaviour and relationships with others. The researcher clearly highlighted the objectives of the study and together with the covering letter, the researcher sought access from the owner managers and or owners of the family businesses. This was in support with Robson (2002) and Sekaran (2010)’ s suggestion that a researcher should not attempt to apply any pressure on intended participants to be granted access. Gatekeepers were also treated with respect and informed of the intentions of the researcher so that there was no coercion. Upon direct contact with the respondents the researcher also took time to discusss the benefits of the study with the participants without overstating or understating. Besides the cover letter the researcher gave  brief description of the purpose and benefit of the research which put the participants at ease.

The researcher’s design did not compromise on ethical issues as well. Much work was put in ensuring that the research methodoloy was appropriate. This involved selecting an unbiased sample, use of a valid instrument and ensuring proper analysis techniques so as not to make wrong conclusions. The researcher also considered the rights of the respondents to privacy so as to protect the participants and also for retention of validity of the research (Cooper & Schindler, 2003). This included restricting access to participant’s information and revealing only with informed consent. The participants also had the right to refuse to answer any questions or to participate in the study. Data that was to be collected and processed was subjected to ethical handling by ensuring confidentiality, unbiased coding and the use of passwords on the computers that had the processed data to control access and avoid manipulation (Saunders et al., 2009).
3.7.2 Data Credibility

The validity and reliability of the collected data was depended on the structure and design of the questionnaire which aimed to reduce subjectivity (Saunders et al., 2009). According to Bryman & Bell (2007), validity is connected with accuracy and truthfulness of the findings, while reliability deals with consistency of the tool for measuring.

3.7.2.1 Validity

The researcher carried out 10 pilot tests following the advise of Fink (2003b) and this was necessary for determination of face validity. The purpose of the pilot test was to refine the questionnaire so that respondents would have no problems in responding to the questions and data responding challenges are reduced. In addition a pilot test enabled assessment of the questions, validity and reliability of data (Greene, 2008). To establish content validity the researcher sought expert advice from the supervisor and another member of the academia who had been involved in a number of family business studies. This was also important making of essential amendments with a group as close as possible to the final population in the study sample (Roberts-Lambard, 2002).

3.7.2.2 Reliability

Reliability can also be taken to mean consistency or repeatedly over time of a study (Greener, 2008) and for the purpose of this study following a quantitative design approach with a questionnaire as the research instrument internal consistency is of paramount importance. This involved correlating the responses of each questions in the questionnaire. However there are a variety of methods for calculating internal consistency of which one of the most frequently used is Cronbach’s alpha (Mitchell, 1996).

3.7.2.3 Cronbach’s Alpha Coefficient

According to De Vellis (1991), this coefficient is classically equated to internal consistency. For realiability to be acceptable it must have a Cronbach’s Alpha coefficient of greater than 0.6 (Trochim, 2004). The Cronbach’s Alpha is interpreted as a coefficient with values ranging from 0 to 1. Upon calculation of Cronbach Alpha’s reliability, values
less than 0.6 are considered poor, those within range of 0.7 are considered satisfactory and above 0.8 are good. (Sekaran, 2010). The reliability of the items was checked using Cronbach’s Alpha to ensure they were consistently measuring the same constructs (Yin, 2011).

3.8 CHAPTER SUMMARY

This chapter has examined the research methodology, with the population well defined and selection of the sample and sampling methods adopted comprehensively discussed. Additionally, the chapter observed on the data gathering techniques and the justification for choosing a questionnaire as the ideal research instrument for this study. Issues on ensuring validity and reliability were addressed and furthermore, the researcher dissected different ethical considerations and approaches that had to be adopted to ensure success of the research study. The chapter also highlights limitations to this study and the data analysis techniques that were adopted were also comprehensively explained to ensure reliability of results of the research. The next chapter will discuss on the results from the data collected. It concentrates on the feedback from the respondents to the questions as instructed in the questionnaire and applies best format on presenting the results.
CHAPTER 4 : RESULTS

4.0 INTRODUCTION

The previous chapter discussed on the research methodology applied to carry out the study. It gave a detailed discussion on the data collection methods with procedures used clearly highlighted. Furthermore it gave an account on procedures adopted to verify validity and reliability. This chapter will present on the data collected and how it was processed, analysed and interpreted by the researcher. The chapter will highlight the descriptive statistics the researcher adopted and provides basis for conclusions and recommendations.

4.1 RESPONSE RATE
Figure 4.1: Response rate

A total of 120 questionnaires were distributed by the researcher by hand or by email and out of these 78 questionnaires were successfully returned. These responses gave an overall response rate of 65% with a frequency of \( (n=78) \) which was quite remarkable considering the difficulty of getting respondents to participate voluntarily and timely in field research. The response rate was aided by personal (physical) distribution method that was adopted by the researcher. This gave a response rate that is consistent with the contribution by Dillman (2007) that questionnaires distributed either through hand delivery or internet mediated yield high response rate.

4.2 DEMOGRAPHIC CHARACTERISTICS

Statistics were obtained from the respondents indicating various demographic characteristics that included age, gender, position in organisation academic qualification, type of retail business, employee numbers and years in business existence. These were analysed in isolation and presented as below:

4.2.1 Type of Retail Business

According to the results obtained in Figure 4.2 below it is evident that most respondents are in the groceries and clothing retail business \( (n=16) \) 21%, followed by agriculture \( (n=14) \), 18%, Hardware followed closely at \( (n=13) \) 17%, followed by Pharmaceuticals at \( (n=10) \) 13% and lastly Food & Beverages \( (n=9) \) 9%.
Table 4.1: Type of Retail Business

<table>
<thead>
<tr>
<th>Type of Retail of Business</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Groceries</td>
<td>16</td>
<td>21%</td>
</tr>
<tr>
<td>Pharmaceuticals</td>
<td>10</td>
<td>13%</td>
</tr>
<tr>
<td>Agriculture</td>
<td>14</td>
<td>18%</td>
</tr>
<tr>
<td>Food &amp; Beverages</td>
<td>9</td>
<td>12%</td>
</tr>
<tr>
<td>Clothing</td>
<td>16</td>
<td>21%</td>
</tr>
<tr>
<td>Hardware</td>
<td>13</td>
<td>17%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>78</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

The results above show that most small to medium family businesses are concentrated in the clothing, groceries, agriculture and hardware sectors of retail. These are areas that require minimum capital, have low barriers to entry, few regulatory requirements and are less technical compared to the pharmaceuticals and food and beverage sectors. Most entrepreneurs are able to start groceries and clothing businesses through application of the knowledge and skill obtained over the years in their own line of work which may be related or divorced to these businesses. Zumilah (2010), points out that though family businesses have operational and functional practices similar to other businesses they have a number of challenges which limit them from venturing into highly involving technical sectors. They not only have to strive for profitability, sustainability and professionalism but also need to consider involving family members which could be lacking the necessary technical rigour (Zumilah, 2010).

4.2.2 Gender

Table 4.3 below illustrates that of the 78 respondents (n=43) 55% were males and (n=35) 45% were females.

<table>
<thead>
<tr>
<th>Gender</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>43</td>
<td>55%</td>
</tr>
<tr>
<td>Female</td>
<td>35</td>
<td>45%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>78</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

These results show that in family businesses in the SME retail sector males are more dominant which portrays the influence that African culture still has on the business platform. Most family businesses are left to be run by the males with spouses and
daughters assisting here and there. However sons usually become heirs to the family business leaving the sector male dominated. This result is consistent with a number of family businesses studies for example the study by Wee and Ibrahim (2012) on family business success factors in Malaysia. The study revealed that the activity of men in small to medium sized family businesses is 1.5 times higher than that of females where in the study 33 males against 22 females had participated in the study (Wee & Ibrahim, 2012).

4.2.3 Age of Respondents

From the results below it is evident that the 20 – 40 age group with \(n=38\) 49% has the highest number of respondents this is followed by the 40 – 60 age group that has \(n=28\) 22% then the 0 – 20 age category with \(n=12\) 15% and lastly the above 60 years category that only had \(n=6\) 8% of the respondents.

Table 4.3: Age of Respondents

<table>
<thead>
<tr>
<th>Age (Years)</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>0 - 20</td>
<td>12</td>
<td>15%</td>
</tr>
<tr>
<td>20 - 40</td>
<td>38</td>
<td>49%</td>
</tr>
<tr>
<td>40 - 60</td>
<td>22</td>
<td>28%</td>
</tr>
<tr>
<td>above 60</td>
<td>6</td>
<td>8%</td>
</tr>
<tr>
<td>Total</td>
<td>78</td>
<td>100%</td>
</tr>
</tbody>
</table>

The results in Table 4.3 depict the current business environment in Zimbabwe in which many people from school are going straight into family businesses either as successors or initial owners. The high unemployment rate in the Zimbabwean formal sector which is currently at more than 90% has led to most of the young and energetic venturing into own businesses especially in the retail sector which calls for less experience and skill with the involvement of family members reducing costs of running the business. The results are also consistent with the research done by Zoetmer and his colleagues which shows that most entrepreneur’s optimum age of operators is 25 – 35 years (Zoetmer, 2003).

4.2.4 Academic Qualifications

Table 4.4: Highest Academic Qualification

<table>
<thead>
<tr>
<th>Highest qualification</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Phd</td>
<td>3</td>
<td>4%</td>
</tr>
<tr>
<td>Masters</td>
<td>16</td>
<td>21%</td>
</tr>
</tbody>
</table>
The results on the academic qualification of the respondents revealed that the most prevalent levels of education attained by respondents were diploma and degree levels with (n=22) 28%. Masters and certificate holders levels also had a number of respondents with (n=15) 19% and (n=16) 21% respectively. The PhD category had the least number of respondents represented by (n=3) 4% of the sample. This is a true reflection of the literacy distribution curve in Zimbabwe with statistics showing that Zimbabwe has a literacy percentage of 90% (National Education Budget, 2013). The scenario together with the unemployment challenge where the unemployment rate is higher than 90% has left most people running family enterprises and advancing their qualifications to aid in the running of the businesses and at the same time preparing for any economy turnaround.

4.2.5 Position in Organisation

The results on position in the organisation were mainly skewed towards owner managers with a frequency of (n=39) representing 50% of the respondents. This was followed by Managers – Family represented by (n=25) 32% of the respondents and lastly Manager – non family taking (n=14) 18% of the sample size as shown below.

Table 4.5: Position of Respondent in Organisation

<table>
<thead>
<tr>
<th>Position in Organisation</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Owner Manager</td>
<td>39</td>
<td>50%</td>
</tr>
<tr>
<td>Manager - Family</td>
<td>25</td>
<td>32%</td>
</tr>
<tr>
<td>Manager - Non Family</td>
<td>14</td>
<td>18%</td>
</tr>
<tr>
<td>Total</td>
<td>78</td>
<td>100%</td>
</tr>
</tbody>
</table>

The results in Table 4.5 depict the extent to which family businesses are characterized by concentration of ownership and control making the owners or family managers the interface of the organisation with the overall say hence the few respondents on Manager – non family category. This is consistent with the research by Handler (2003), which shows that with the growth of business it becomes difficult to find sufficient talent within the
family hence the need to hire non family managers. However the challenge is on relinquishing control and involvement to the newly hired non family manager and most of them do not stay in the organisation for long.

4.2.6 Length of Business Existence

Table 4.6: Response on Length of business existence

<table>
<thead>
<tr>
<th>Length of Business Existence</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>0 - 5 years</td>
<td>40</td>
<td>51%</td>
</tr>
<tr>
<td>5 - 10 years</td>
<td>31</td>
<td>40%</td>
</tr>
<tr>
<td>Above 10 years</td>
<td>7</td>
<td>9%</td>
</tr>
<tr>
<td>Total</td>
<td>78</td>
<td>100%</td>
</tr>
</tbody>
</table>

As shown in the table above the businesses of the majority of respondents have been in existence for up to five years giving the 0 – 5 years category frequency of (n=40) that is 51% of the businesses in the study sample have been in existence for five years at most. This was followed by the 5 – 10 years category which had (n=31) 40% and lastly the above 10 years category with only (n=7) representing 9% of the respondents. These results bring out the challenge that most family businesses face that is issue of survival in the long term. This is consistent with the research studies by (Miller & Le Breton- Miller, 2006)which concluded that about a third of family businesses fail to survive above a decade.

4.2.7 Initial Number of Employees

Table 4.7: Response on Initial Number of Employees

<table>
<thead>
<tr>
<th>Initial Number of Employees</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>0 - 5</td>
<td>49</td>
<td>63%</td>
</tr>
<tr>
<td>6 - 10</td>
<td>22</td>
<td>28%</td>
</tr>
<tr>
<td>11 - 20</td>
<td>6</td>
<td>8%</td>
</tr>
<tr>
<td>Above 20</td>
<td>1</td>
<td>1%</td>
</tr>
<tr>
<td>Total</td>
<td>78</td>
<td>100%</td>
</tr>
</tbody>
</table>

The results of most of the respondents in the study were skewed towards 0 – 5 employees at the start of family businesses. This category showed that (n=49) 63% of the family businesses had up to five employees at business initiation followed by the 6 – 10 category with (n=22) 28% then the 11 – 20 range with (n=6) 8% and lastly the above 20 category
with only (n=1) 1% of the respondents. These results are a representative of the situation that usually prevails in most family business at initiation where there the business is mostly composed of the nucleus of the family. This is mostly the immediate family with the father and mother taking very active roles and probably the children or other closer relatives relieving them during holidays or when they retire from school.

4.2.8 Current Number of Employees

Table 4.8 Response on current number of employees

<table>
<thead>
<tr>
<th>Current Number of Employees</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>0 - 5</td>
<td>28</td>
<td>36%</td>
</tr>
<tr>
<td>6 - 10</td>
<td>24</td>
<td>31%</td>
</tr>
<tr>
<td>11 - 20</td>
<td>15</td>
<td>19%</td>
</tr>
<tr>
<td>Above 20</td>
<td>11</td>
<td>14%</td>
</tr>
<tr>
<td>Total</td>
<td>78</td>
<td>100%</td>
</tr>
</tbody>
</table>

The above results show that responses were still skewed towards the 0 – 5 employees category representing (n=28), 36% of the respondents. This was closely followed by the 6 -10 category with (n=24) 31%, then the 11 – 20 category having (n=15) 19% and lastly the above 20 employees category with (n-11) 14%. The current number of employees table shows a decrease in the number of employees in family run businesses over the years and the statistics still show that the 0 – 5 range is still more prevalent. However an increase in number of employees is expected with increase in years in business which is in consistent to the study by Handler (2003) which highlights the need for more employees as the business grows and the need for more professionalism and talent management with the survival of the business.

4.2.9 Family Involvement

Table 4.9: Response on Family Involvement

<table>
<thead>
<tr>
<th>Family Involvement</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>44</td>
<td>56%</td>
</tr>
<tr>
<td>No</td>
<td>34</td>
<td>44%</td>
</tr>
<tr>
<td>Total</td>
<td>78</td>
<td>100%</td>
</tr>
</tbody>
</table>
Table 4.9 shows that (n=44) 56% of the respondents have family members involved in the business whereas (n=34) 44% were from respondents who had no involvement of family at all. From the responses to the part b of this question which required the respondents to highlight the relationship with the family members involved, most respondents had their spouses, sons, brothers and sisters involved with a few having their in-laws in the business. This depicts how most family businesses in Zimbabwe are heavily reliant on family labour. These findings are consistent with observation by Shanker & Astrachan, (2006) that smaller family businesses rely on family labour and usually unpaid at business initiation.

4.2.10 Family Dependence Extent

Table 4.10: Response on Extent of Family Dependence

<table>
<thead>
<tr>
<th>Family Dependence Extent</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not at all</td>
<td>16</td>
<td>21%</td>
</tr>
<tr>
<td>Moderately dependent</td>
<td>29</td>
<td>37%</td>
</tr>
<tr>
<td>Very Dependent</td>
<td>33</td>
<td>42%</td>
</tr>
<tr>
<td>Total</td>
<td>78</td>
<td>100%</td>
</tr>
</tbody>
</table>

From the table above 79% of respondents confirmed that to a greater extent there is dependence on family members in the running of the business. This response is split into the very dependent category with (n=33) 42% and the moderately dependent category with (n=29), 37%. However (n=16) respondents representing 21% of the participants clearly outlined that they are not depended on family members at all.

4.3 RELIABILITY TEST

The coded sample data was tested for reliability in order to confirm the internal consistency between the variables. This was done using the Cronbach’s Alpha coefficients which ensured that the instrument’s items that were included are all measuring the same constructs. For reliability test any Cronbach’s Alpha greater than 0.6 is acceptable and recommended (Saunders et al., 2007).

Table 4.11: Overall Reliability Test

<table>
<thead>
<tr>
<th>Reliability Statistics</th>
<th>Number of Items</th>
</tr>
</thead>
</table>
Table 4.12: Reliability Statistics

<table>
<thead>
<tr>
<th>Variables</th>
<th>Number of Items</th>
<th>Cronbach's Alpha value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Innovation</td>
<td>12</td>
<td>0.737</td>
</tr>
<tr>
<td>Management Skills</td>
<td>9</td>
<td>0.738</td>
</tr>
<tr>
<td>Succession Planning</td>
<td>8</td>
<td>0.737</td>
</tr>
<tr>
<td>Corporate governance</td>
<td>6</td>
<td>0.735</td>
</tr>
<tr>
<td>Performance</td>
<td>6</td>
<td>0.730</td>
</tr>
<tr>
<td><strong>Overall Cronbach's Alpha</strong></td>
<td><strong>41</strong></td>
<td><strong>0.746</strong></td>
</tr>
</tbody>
</table>

As shown by the results in Table 4.11, the internal consistency of the overall reliability test gave a Cronbach’s Alpha coefficient of 0.746 which is greater than the acceptable benchmark of 0.6 the reliability test involved checking each variable in the study for validity confirming if the items loaded were sufficient to make the questionnaire instrument reliable. In the results shown in Table 4.12, all the variables yielded an alpha value greater than 0.6 with Innovation (0.737), Management skills (0.738), Succession planning (0.737), Corporate governance (0.735) and performance (0.730). implying that all the scales in the study are reliable and valid to the instrument.

Further checks on face and content validity were achieved by seeking advice from an academic expert in the business field which enhanced the validity of the instrument. A pilot study was also conducted with a maximum of 10 respondents to check for adequacy and reliability of the questionnaire instrument. The pilot study results aided in adjusting the items in the instrument to fully represent each variable.

### 4.4 NORMALITY TEST

Table 4.13: Normality Test Statistic

<table>
<thead>
<tr>
<th>Tests of Normality</th>
<th>Shapiro-Wilk</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Statistic</td>
</tr>
<tr>
<td>Performance Measures</td>
<td>0.741</td>
</tr>
</tbody>
</table>

This test was carried out on the sample data so as to ascertain use of parametric or non-parametric models of testing data. The sample in the study was smaller than 2000 in terms
of size hence the Shapiro Wilk (s – w) test was adopted. This is a test used to confirm whether a sample of less than 2000 fits the normal distribution(Saunders et al., 2007). According to the results from the sample in Table 4.13, a statistic value of (0.741) was achieved with a significance value of (p<0.05), indicating that the sample is not normally distributed hence non – parametric tests were then conducted.

4.5 CORRELATION ANALYSIS

Carrying out the normality test ascertained that the sample data was non – parametric hence for correlation analysis the Spearman’s rank correlation “rho” was adopted. This is a non – parametric rank based statistical test that is unevenly distributed data. Correlation takes range from -1.0 for a perfect negative relationship to +1.0 for a perfect positive relationship. The table below shows the level of association between the independent variables and performance as the dependent variable.

Table 4.14: Correlation Analysis

<table>
<thead>
<tr>
<th>Factors</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Innovation</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Management Skills</td>
<td>.319**</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Succession Planning</td>
<td>.280**</td>
<td>.439*</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Corporate Governance</td>
<td>.416**</td>
<td>.674*</td>
<td>.386**</td>
<td>1</td>
</tr>
<tr>
<td>Performance Measure</td>
<td>.557**</td>
<td>.552**</td>
<td>.524**</td>
<td>.317**</td>
</tr>
</tbody>
</table>

**. Correlation is significant at the 0.01 level (2-tailed).

4.5.1 Innovation and performance

According to the results in Table 4.14, it is evident that there is a strong positive relationship (r=0.557**, p<0.01) between innovation and performance of small to medium size family businesses. This means that the more innovative family businesses become the
more their businesses will perform and enhance chances of survival in the long term. This supports H1, which states that there is a positive relationship between innovation and performance (long term survival) of small to medium family businesses. This is consistent with Cefis & Marsili (2005), who postulated that the distinctive line of argument assumed in most research on family business survival is that innovation is essential for firm survival. Other researches also highlight that those firms that are able to successfully innovate are able to establish and maintain a competitive advantage in the market (Buddelmeyer, Jensen, & Webster, 2006).

4.5.2 Management skills and performance

The results in Table 4.14 display a strong positive relationship (r=0.552**, p<0.01). These results indicate that as small to medium family business engage more into development of management skills the more the businesses are likely to perform and grow hence survive in the long term. This is consistent with the contribution by Worku (2009), that the key challenges to the long term survival and viability of small business enterprises are lack of basic entrepreneurial and managerial skills. Other researchers also contribute by concluding that efficient managerial and technical skills are critical for the sustained growth and development of small businesses (Lahat & Menahem, 2009). This supports H2, which states that there is a positive relationship between management skills and the long term survival of small to medium sized family businesses.

4.5.3 Succession planning and performance

As shown in Table 4.14, a strong positive relationship between succession planning and performance (long term survival) (r=0.534**, p<0.01). This supports H3 which states that there is a positive relationship between succession planning and the long term survival of small to medium sized family businesses. These results explain that the more family business adopt succession planning the more it will lead to increased performance. This is supported by a number of research studies with Chrisman, Chua, & Litz (2003) bringing out that succession planning has been identified as one of the mechanisms that is likely to counteract the decreasing survival rates and lead to growth and survival in family businesses. In the same light lack of clear succession planning is viewed as a central
reason that family businesses fail to grow and survive in the long term (Cabrera- Suarez, 2005).

**4.5.4 Corporate governance and performance**

According to the results in Table 4.14, it was observed that there is a weak positive relationship ($r=0.317^{**}$, $p<0.01$) between corporate governance and the performance of small to medium sized family businesses. This means that if small to medium family businesses embrace more corporate governance mechanisms and policies they are likely to increase performance of their businesses although to a lesser extent. However though the association is weak the results support H4 which states that there is positive relationship between corporate governance and performance (long term survival of small to medium family businesses.

**4.6 REGRESSION ANALYSIS**

With results on correlation analysed, the researcher sought to do a further regression analysis as correlation analysis simply measured the association or strength of the relationship between the independent variable and the dependent variable. Regression analysis allowed the researcher to determine the predictive relationship between variables. A regression model was therefore computed to show how succession planning, management skills, innovation and corporate governance as independent variables predict performance/ survival of small to medium sized family businesses. Table 4.15 below shows the predictive power of each independent variable on family business performance.

<table>
<thead>
<tr>
<th>Independent Variables</th>
<th>Std. Error</th>
<th>Beta</th>
<th>t-value</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>(Constant)</strong></td>
<td>0.586</td>
<td>2.139</td>
<td>0.179</td>
<td>0.039</td>
</tr>
<tr>
<td>Innovation</td>
<td>0.462</td>
<td>0.221</td>
<td>1.543</td>
<td>0.013</td>
</tr>
<tr>
<td>Management Skills</td>
<td>0.675</td>
<td>0.249</td>
<td>2.266</td>
<td>0.026</td>
</tr>
<tr>
<td>Succession Planning</td>
<td>0.353</td>
<td>0.041</td>
<td>0.286</td>
<td>0.028</td>
</tr>
<tr>
<td>Corporate Governance</td>
<td>0.208</td>
<td>0.029</td>
<td>0.208</td>
<td>0.018</td>
</tr>
</tbody>
</table>

R=0.794; R Square = 0.687; Adjusted R Square = 0.591; F = 132.24. * significant at $p<0.05$

Results from the regression analysis show that the goodness of fit is satisfactory with an (Adjusted R square = 0.591). This means that the independent variables (succession
planning, innovation, management skills and corporate governance) have a 59% explanatory power of the variance in business performance/success. However, 41% of the influences of business performance in small to medium family business is explained by other factors which creates a gap for future research.

The βeta values revealed that management skills followed by innovation have more predictive power and are more significant in explaining the contributions of the factors to the performance of small to medium family businesses at (β = 0.249, p<0.05) and (β = 0.221, p<0.05) respectively. Succession planning and corporate governance though are significant and explain the contributions of the factors to business performance, their influence or predictive power is very low at (β = 0.041) and (β = 0.029).

Results for all variables in the regression model were statistically significant depicting a positive relationship to business performance therefore for this study all the hypotheses were accepted.

4.7 INFERENTIAL STATISTICS

4.7.1 Mann – Whitney U Test

This is a non-parametric test that is primarily used to test the difference between two independent variables on a continuous scale. In this study the researcher conducted the Mann-Whitney U test to establish whether there are significant differences in terms of gender across innovation, management skills, succession planning and corporate governance. It assumes independence of data and should be applied where samples are from the same distribution. For results to be statistically significant results for the Mann–Whitney U test should be above 0.05 for a given 2 tailed test.

Table 4.16: Mann – Whitney U Test: Gender Test Statistic

<table>
<thead>
<tr>
<th>Test Statistics</th>
<th>Innovation</th>
<th>Management Skills</th>
<th>Succession Planning</th>
<th>Corporate Governance</th>
<th>Performance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mann-Whitney U</td>
<td>687</td>
<td>509</td>
<td>738.5</td>
<td>.518</td>
<td>731</td>
</tr>
<tr>
<td>Wilcoxon W</td>
<td>1317</td>
<td>1.14E+03</td>
<td>1368.5</td>
<td>1.46E+03</td>
<td>1361</td>
</tr>
<tr>
<td>Z</td>
<td>-0.665</td>
<td>-2.485</td>
<td>-0.142</td>
<td>-2.373</td>
<td>-0.22</td>
</tr>
<tr>
<td>Asymp. Sig. (2-</td>
<td>0.506</td>
<td>0.413</td>
<td>0.887</td>
<td>0.318</td>
<td>0.826</td>
</tr>
</tbody>
</table>
Basing on Mann –Whitney U test as shown in Table 4.15 the results were as follows
Innovation (p-value = 0.506 > 0.05), Management skills (p-value = 0.413 >0.05),
succession planning (p-value = 0.887 > 0.05), corporate governance (p-value = 0.826 >
0.05) and performance (p-value = 0.826 > 0.05). The results show that there are no
statistically significant differences between male and female respondents in relation to
innovation, management skills, succession planning and corporate governance. Therefore
it can be concluded that according to gender one can ask from any location in Zimbabwe
and get the same results across the four independent variables and inferences can be made
on success factors for long term survival of small to medium family businesses.

4.7.2 Kruskal – Wallis Test

This is a test done to make comparison of more than two variables as long as the data is
from a continous distribution. This test is predomintantly used when data is not normally
distributed or when one is not sure of the distribution of the data. The Kruskal – Wallis
test was conducted for two variables namely length of business existence and type of
business to test whether there were statistically significant differences across all variables
in relation to type of business and length of business existence.

<table>
<thead>
<tr>
<th>Test Statistics</th>
<th>Innovation</th>
<th>Management Skills</th>
<th>Succession Planning</th>
<th>Corporate Governance</th>
<th>Performance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chi-Square</td>
<td>3.987</td>
<td>1.719</td>
<td>1.376</td>
<td>1.083</td>
<td>0.445</td>
</tr>
<tr>
<td>df</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Asymp. Sig.</td>
<td>0.136</td>
<td>0.423</td>
<td>0.503</td>
<td>0.582</td>
<td>0.801</td>
</tr>
</tbody>
</table>

Kruskal Wallis Test
Grouping Variable: Length of Business Existence

From Table 4.17 above, it was observed that the Chi- Square test was not statistically
significant with degrees of freedom of two and significant levels of Innovation (0.136),
management skills (0.423), succession planning (0.503), corporate governance (0.582) and performance (0.801) respectively. This means that according to the length of business existence there are no differences in responses that will be yielded whether from family businesses which have been operational from 0-5 years, 6-10 years or above 10 years across all the variables in the instrument.

Table 4.18: Type of Business Test Statistic

<table>
<thead>
<tr>
<th>Test Statistics</th>
<th>Innovation</th>
<th>Management Skills</th>
<th>Succession Planning</th>
<th>Corporate Governance</th>
<th>Performance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chi-Square</td>
<td>5.83</td>
<td>10.796</td>
<td>6.972</td>
<td>2.832</td>
<td>7.987</td>
</tr>
<tr>
<td>df</td>
<td>5</td>
<td>5</td>
<td>5</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>Asymp. Sig.</td>
<td>0.323</td>
<td>0.056</td>
<td>0.223</td>
<td>0.726</td>
<td>0.157</td>
</tr>
</tbody>
</table>

Kruskal Wallis Test
Grouping Variable: Type of Business

Further analysis on the type of business revealed that the Chi-Square test was statistically insignificant with degrees of freedom of five across all variables. The significant levels were innovation (0.323), succession planning (0.223), corporate governance (0.726) and performance (0.157). This means that the type of business showed no marginal effect on the responses of family business owners across all variables. However of interest was the significant level for management skills (0.056) which was quite close to the p-value. This result showed that responses on management skills are highly affected by the type of business as skills differ from one sector to another. One factor that could have contributed is the trend of having technically skilled people starting different retail family businesses but lacking on the managerial skills.

4.8 DISCUSSION OF RESULTS

4.8.1 Findings in Relation to Literature

The study sought to assess the success factors for the long term survival of small to medium sized family owned businesses in the Zimbabwe retail sector. Literature review in Chapter two reviewed comprehensively the four success factors that were chosen for this study namely innovation, management skills, succession planning and corporate governance.
From the study the findings 70% of the respondents argued that innovation positively influences the performance and hence survival of small to medium family businesses. The view of innovation’s positive impact was consistent with the findings by Bayus & Argarwal (2006) who brought out the facet that survival beyond the first few years is positively associated with the innovative intensity of the industry. The worrying issue is on the number of neo – natal deaths that are recorded in the small family businesses which calls for more innovations for survival into the second generation and beyond.

The second variable derived form literature which influences survival of family businesses in the long term was management skills which had 50 respondents. This variable was adjudged by most respondents as positively impacting survival. In support of this view by respondents Worku (2009), posited that in Ethiopia, funding to small and medium family businesses was hinged upon adoption of managerial efficiency through management skills development which enabled efficiency and provision of accurate information allowing for qualification for funding. Most family businesses lack managerial skills hence lack funding opportunities which constantly threatens the survival and viability of small family businesses. Lerner & Wulf (2007) also state that there is a significant association between management skills and efficiency of small family firms and long term survival, profitability and viability.

The third variable had 40 respondents arguing that it was essential for survival in the long term was succession planning. This variable positively impacts of business performance and this was clearly highlighted by Gilding (2010) when he presented succession planning as a key theme pivotal in business continuity. Chami (2001) also brought out that many family businesses rarely survive beyond three generations which was evident in the study. Research identified succession planning as one mechanism that counteract the decreasing survival rates leading survival family firms (Ward, 2000).

The findings of the study had 25 respondents arguing that corporate governance influences business performance and survival positively. Although it showed a weak association this factor still plays a pivotal role in business performance considering the opportunities the retail sector presents. Feedback from respondents showed that there is still a knowledge
gap on the governance policies that can be adopted by small to medium family businesses. Also the legal and economic implications of embracing corporate governance practices still remains vague with most family businesses. However this view of the positive impact of corporate governance is consistent with Jayashree (2006), who posited that firms with effective governance are more likely to carry out strategic and succession planning hence on average grow faster and live longer. Governance also assists in relationship management hence sharpening management skills and creating a sound structure that is open to innovation, therefore this variable embraces all the other variables in the study.

4.8.2 Hypotheses Testing

A conceptual framework was formulated in Chapter two with the backing of the literature review. This model was then applied to confirm whether it can predict long term business survival in family owned business by hypothesising innovation, management skills, succession planning and corporate governance to determine their influence on business performance (survival) of family businesses. Results on the hypotheses testing were as follows:

H1: There is a positive relationship between management skills and performance of small to medium sized family businesses. The hypothesis was accepted because the findings of the study indicate that innovation has a strong positive correlation with business performance measured by the long term survival of small to medium family businesses. This was consistent with Buddelmeyer et al (2006) who postulated that small firms that are able to successfully innovate will establish and maintain a competitive advantage in the market making innovation an essential variable for the survival of small firms.

H2: There is a positive relationship between management skills and performance of small to medium sized family businesses. The hypothesis is confirmed because the results suggest a strong positive correlation between management skills and business survival of small to medium family businesses. These findings were consistent with the study by North (2005) which revealed that managerial skills impact on reducing transaction and production costs which promotes growth, profitability and survival of businesses. The hypothesis was therefore accepted.
H3: There is a positive relationship between succession planning and performance of small to medium sized family businesses. Results from the respondents showed a strong correlation between succession planning and business performance (survival). This was consistent with Cabrera-Suarez (2005) who outlined that succession planning is an indicator of future growth potential of the business hence first generation family businesses with succession plans should achieve greater performance and survive than those lacking. In light of all these contributions the hypothesis was accepted.

H4: There is a positive relationship between corporate governance and performance of small to medium sized family businesses. From the findings it emerged that there is a weak positive correlation between corporate governance and business survival. This was supported by Jayashree (2006) who presented corporate governance as a cornerstone upon which corporate goals and sustainability are hinged upon. Therefore the hypothesis was accepted.

The overall outcome of the study test proved that business success factors have a 59% contributory factor to the performance and subsequent survival of family owned businesses. The fundamental question was to assess the success factors that are essential for the long term survival of small to medium sized family owned businesses. The results proved that all the four factors are statistically significant and the implication of these results is that business performance/survival is a function of these four factors which can be expressed statistically as follows:

$$\text{Business performance (survival)} = f (2.139 + (0.221 \times \text{Innovation}) + (0.249 \times \text{Management skills}) + (0.041 \times \text{Succession planning}) + (0.029 \times \text{Corporate governance})$$

4.9 CHAPTER SUMMARY

This chapter made a presentation of the results and the various analysis that were carried out by the researcher to test the hypotheses. In the SME retail sector 78 family businesses consented to participate in the study that sought to assess the success factors for the performance of small to medium sized family owned business. Factors namely innovation, management skills, succession planning and corporate governance were measured using a
CHAPTER 5: CONCLUSIONS AND RECOMMENDATIONS

5.0 INTRODUCTION

The preceding chapter covered analysis and interpretation of results comprehensively presented discussions of the results based on literature reviewed in Chapter two. In this chapter the researcher will give the conclusions and recommendations based on the
findings in Chapter four. The chapter will cover objective conclusions, hypothesis validation, limitations to the study recommendations and areas of future research studies.

5.1 CONCLUSIONS

The following conclusions were reached for this particular research study and these were concluded against each objective of the research study:

**General objective: To assess the success factors that contribute to the performance of small to medium sized family owned businesses in the Zimbabwean retail sector.**

From the regression results, the above factors were found to be having a 59% explanatory power of the variance in business success/survival in the long term. It can therefore be concluded that innovation, management skills, succession planning and corporate governance have a highly significant impact on the performance of small to medium family owned businesses. This was supported by the $\beta$eta values which were all positive although at varying degrees implying that these factors in isolation have got different predictive powers and correlation strength, but when grouped together they explain 59% of the explanatory of the variances in bringing success to family business with any other factors falling in the 41% category.

**Specific Objective 1: To establish the effect of innovation on the performance of family owned businesses in the Zimbabwean retail sector.**

The findings from the research are sufficient to conclude innovation positively impacts on business survival in the long term and that innovation highly predicts business success. Both correlation and regression analysis were used to establish the association between innovation and long term survival of family businesses. The high correlation reveal that the constructs that were used which included product design, customer feedback, development of new marketing and distribution channels were ideal for innovation were supported by many respondents in the study as critical for growth and survival and can be commended to business owners to growth and survival in the long term.
Specific Objective 2: To ascertain the impact of management skills on the performance of family owned businesses in the Zimbabwean retail sector.

There is enough evidence from the research results to conclude that adoption of management skills positively affects the performance of family owned businesses in the SME retail sector. Both correlation and regression analysis were conducted and management skills displayed a strong positive relationship. It also had high predictive power on business success when the regression model was computed. Constructs that included clarity on organisational objectives, active learning organisation, knowledge/information management, communication, delegation and talent management were supported by most respondents as being crucial in bringing out efficient management skills.

Specific Objective 3: To assess the effect of succession planning on the performance of family businesses in the Zimbabwean retail sector.

From the results analysed in Chapter four using the correlation and regression models it can be concluded that succession planning positively influences business success with a lower predictive power than innovation and management skills. This means that in the business industry one would advise business person to ensure that they embrace innovation and adopt management skills first before ensuring that issues on succession planning are dealt with. However this does not disqualify succession planning as being less important as the low predictive power could have been a result of some of the items/constructs in the questionnaire like institutionalised succession planning process and formally communicated succession planning. These proved not to be common practice with most of the respondents hence succession planning came out as a variable of lower predictive power.

Specific Objective 4: To analyse the influence of corporate governance and the performance of family businesses in the Zimbabwean retail sector.

With regard to the above objective and analysis of the results in the preceding chapter, there is sufficient evidence to reach the conclusion that corporate governance positively
impacts on business success. However results from the correlation and regression model displayed a weak positive relationship with business success. Corporate governance had the least predictive power on business success among all the independent variables. However the association being positive shows that it is still a crucial variable but could have been affected by some items included in the research instrument. Constructs like family council composition and inclusion of external professionals on the board of directors seem to be very far from the common practice in Zimbabwean SME sector hence it compromised the predictive power of the variable. However embracing other aspects of corporate governance that include conflict resolution, family protocol and use of board of directors/ advisory council will surely yield growth and lead to long term survival in family owned businesses.

Specific Objective 5: To establish whether there are any significant differences among respondents according to type of business, length of business existence and gender.

The Kruskal- Wallis and Mann – Whitney U tests were conducted to test if there are significant differences in opinions from the respondents on the success factors that contribute to the growth and long term survival of family owned SMEs in the Zimbabwean retail sector. The type of business, length of business existence and gender were selected as variables to be put under test. There was enough evidence form the tests to conclude that there are no statistically significant differences from male and female respondents. The tests also revealed that there are no significant differences among respondents who have been in business in any of the years’ category. However on the type of business it can be concluded that type of business affects management skills denoting that one is likely to get varying responses on management skills from the different types of businesses hence constructs on management skills will differ depending on the type of business.

5.2 VALIDATION OF RESEARCH HYPOTHESES
The following hypotheses were derived from the study after the conceptual framework was theorized. Below is the validation of these hypotheses basing on the analysis of the results in the preceding chapters.

H1: There is a positive relationship between innovation and performance of small to medium sized family owned businesses in the Zimbabwean retail sector. This hypothesis was accepted from the results of the study.

H2: There is a positive relationship between management skills and the performance of small to medium sized family owned businesses in the Zimbabwean retail sector. Results from the respondents revealed that there is a positive relationship between these two variables hence the hypothesis was accepted.

H3: There is a positive relationship between succession planning and the performance of small to medium sized family owned businesses in the Zimbabwean retail sector. The general view of the respondents showed a positive association between succession planning and long term survival hence the hypotheses was accepted.

H4: There is a positive relationship between corporate governance and the performance of small to medium sized family businesses in the Zimbabwean retail sector. Results from the respondents displayed a weak positive relationship between corporate governance and long term survival. However the hypothesis was accepted.

5.3 RECOMMENDATIONS

5.3.1 Policy Recommendations

5.3.1.1 Government Support

There is need for the government to support and promote researchers and academic institutions so that concrete findings from research studies such as these can be the basis of intervention. Currently not enough research is being conducted and not much information is available. There is need for factual information to be obtained from a comprehensive
and dedicated database of MSMEs. This is actually important for supporting the sector in terms of innovation, skills development and issues of corporate governance.

The government should also foster establishment of incubation centers so that businesses in the small to medium sector can interact with other bigger organization enabling them to tap strategies for success and to get exposure in term of management practices and even access to markets is one area that affects the growth and long term survival of family businesses. Organizations such as SEDCO and the Ministry of Small to Medium Enterprises can have these incubation centers specific for the different types of businesses in the retail sector hence enabling specialty skills and strategies to be embraced.

On issues of corporate governance the government needs to prepare documentation on the policy requirements for corporate governance of non-listed family businesses in the small to medium sector as most information documented pertains to listed companies. The legal fraternity also need to come into the picture to provide knowledge and legal advice as most family business owners lack clarity on issues of corporate governance and tend to approach the subject with too much contemplation.

5.3.2 Managerial Recommendations

5.3.2.1 Training and Development

Training business personnel in management skills and availing refresher courses on business management is of essence. Family business owners and their employees need to be aware of knowledge and talent management as it is a key resource for the viability of a business. It frames a common language and perception which contributes to growth and survival in the long term.

5.3.2.2 Human Resources Management

This will involve family businesses designing human resources policies and practices which is a crucial aspect in MSMEs because as they grow they begin to attract non family employees. Issues of efficient recruitment, employee development and retentions become key for family business owners. It enables the company to realize the general valuable
contribution of the employees through the knowledge and competencies brought into the organization and provides opportunities for growth and clarifies succession issues.

5.3.2.3 Appointment of a Successor

Family businesses need to identify the potential successor in family members to succeed and not only assume that it is the male heir who will take over the business. Today there are trends of increasing women taking over family firms and there is also advocacy for family businesses to groom the heir to the business and to bring someone who shows interest in the business and is best qualified to take the business to the next generation which family businesses need to adopt.

5.3.2.4 Family Governance Practices

Family businesses can adopt different corporate governance solutions which vary depending on the stage of the controlling family’s ownership. Family businesses need to adopt family governance structures with a certain degree of formalization if they are to function well. There is need for them to make effort to document depending on ownership stage with those in earlier stages stating a general family vision and mission with respect to the company. These is also need to develop a family employment policy. This should encompass family principles, defining roles, composition and functions of family governance institutions and the company’s own governance bodies such as shareholders meeting, board of directors and senior management. To these policies there is need to separate functions of ownership, control and management. Family offices should be created to clarify the boundaries between family and company’s accounts and skills and knowledge of heirs to become responsible owners.

5.3.2.5 Innovational practices

In order to grant sufficient resources and external influence family businesses need to develop investment and cooperation strategies. This can be done by adopting a number of innovative ways like investing in research and development spending. Family business can partner with other firms or get involved in informal exchange or organizing workshops.
through research organizations like SEDCO. This enables access to complementary skills and knowledge. Pursuance of diversity of skills and backgrounds in recruitment is another recommendation. Individual development plans, training and education for employees and managers keeps a constant flow of relevant information. Building a strong positive family business identity as this strengthens the competitive advantage and enhances employees’ sense of belonging to the company with increased loyalty and commitment.

5.4 RESEARCH LIMITATIONS

There are a number of limitations to the study. Firstly there was lack of a comprehensive sampling frame and lack of a comprehensive database which meant that the sample selected may have not been representative. Secondly with resources limiting the survey could not be spread around the whole country therefore study was restricted to the province of Harare. The study was also cross-sectional therefore results need to be applied with prudence in informing actions in the long term as factors that explain business success could have revolved.

5.5 AREAS OF FURTHER STUDY

The study could not have come without limitations and these brought out areas of further research. Since the study was cross-sectional there is need for further study undertaken as a longitudinal study. The study can also be undertaken in a different geographical setting as the current study covered Harare only. However this can affect generalization of results and inferring of results. A quantitative research design was employed for the study. It will be worthwhile to carry out the same study using triangulation methodology which uses both quantitative and qualitative paradigms. It would also be interesting if the study could be made into a comparative study involving different sectors or industries.
REFERENCES


APPENDIX - QUESTIONNAIRE

Dear Respondent

I am currently a Masters of Business Administration student at the University of Zimbabwe and conducting academic research on the assessment of success factors for the long term survival of small to medium family owned businesses in the Zimbabwean retail sector.
Your participation in this study is of importance and completion of this questionnaire indicates

**RESPONDENT / QUESTIONNAIRE NUMBER**

---

Your voluntary participation in this research. This questionnaire is anonymous and will be treated as strictly confidential. The results will be used purely for academic purposes and for any concerns or queries please contact me or any supervisor on details below:

**RESEARCHER NAME**
Lorraine Mangwandir
Email: mangwandili@gmail.com
+263 773 004 573

**RESEARCHER SUPERVISOR**
Dr. M. Sandada
msandada@commerce.uz.ac.zw
+263 772 363 753
### A. DEMOGRAPHIC INFORMATION:

*(Please mark the appropriate box with a tick or an X OR click once to check or uncheck a box)*

#### 1. TYPE OF RETAIL BUSINESS

<table>
<thead>
<tr>
<th>Business Type</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Groceries</td>
<td></td>
</tr>
<tr>
<td>Pharmaceuticals</td>
<td></td>
</tr>
<tr>
<td>Agriculture</td>
<td></td>
</tr>
<tr>
<td>Food &amp; Beverages</td>
<td></td>
</tr>
<tr>
<td>Clothing</td>
<td></td>
</tr>
<tr>
<td>Hardware</td>
<td></td>
</tr>
<tr>
<td>Other (Please specify)</td>
<td></td>
</tr>
</tbody>
</table>

#### 2. GENDER

<table>
<thead>
<tr>
<th>Gender</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td></td>
</tr>
<tr>
<td>Female</td>
<td></td>
</tr>
</tbody>
</table>

#### 3. AGE

<table>
<thead>
<tr>
<th>Age Group</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>0 – 20 Years</td>
<td></td>
</tr>
<tr>
<td>20 – 40 Years</td>
<td></td>
</tr>
<tr>
<td>40 – 60 Years</td>
<td></td>
</tr>
<tr>
<td>Above 60 Years</td>
<td></td>
</tr>
</tbody>
</table>

### B. BUSINESS INFORMATION

#### 4. Please indicate your highest level of academic qualification

<table>
<thead>
<tr>
<th>Qualification</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>PhD</td>
<td></td>
</tr>
<tr>
<td>Masters</td>
<td></td>
</tr>
<tr>
<td>Degree</td>
<td></td>
</tr>
<tr>
<td>Diploma</td>
<td></td>
</tr>
<tr>
<td>Certificate</td>
<td></td>
</tr>
<tr>
<td>Others (Please specify)</td>
<td></td>
</tr>
</tbody>
</table>

#### 5. Please indicate your position in the organisation

<table>
<thead>
<tr>
<th>Position</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Owner Manager</td>
<td></td>
</tr>
</tbody>
</table>
Manager – Family
Manager - Non Family
Other (Please specify)

6. How many years have the business existed?

<table>
<thead>
<tr>
<th>Years</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>0 – 5 Years</td>
<td></td>
</tr>
<tr>
<td>5 – 10 Years</td>
<td></td>
</tr>
<tr>
<td>Above 10 Years</td>
<td></td>
</tr>
</tbody>
</table>

7. How many businesses have you started? (Please specify range)

<table>
<thead>
<tr>
<th>Range</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>0 – 3</td>
<td></td>
</tr>
<tr>
<td>4 - 6</td>
<td></td>
</tr>
<tr>
<td>Above 6</td>
<td></td>
</tr>
</tbody>
</table>

8. How many employees worked for you when you started the business started? (Please tick appropriate number range)

<table>
<thead>
<tr>
<th>Number</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>0 – 5</td>
<td></td>
</tr>
<tr>
<td>6 - 10</td>
<td></td>
</tr>
<tr>
<td>11 - 20</td>
<td></td>
</tr>
<tr>
<td>Above 20</td>
<td></td>
</tr>
</tbody>
</table>

9. How many employees are currently in the business?

<table>
<thead>
<tr>
<th>Number</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>0 – 5</td>
<td></td>
</tr>
<tr>
<td>6 - 10</td>
<td></td>
</tr>
<tr>
<td>11 - 20</td>
<td></td>
</tr>
<tr>
<td>Above 20</td>
<td></td>
</tr>
</tbody>
</table>

10. Are family members involved in your business?

<table>
<thead>
<tr>
<th>Response</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>No</td>
<td></td>
</tr>
</tbody>
</table>

If yes who (please specify)

11. To what extent are you dependent on family members to run the business?

<table>
<thead>
<tr>
<th>Dependence</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Not at all</td>
<td></td>
</tr>
<tr>
<td>Moderately dependent</td>
<td></td>
</tr>
</tbody>
</table>
C. EFFECTS OF SUCCESS FACTORS ON THE LONG TERM SURVIVAL OF SMALL TO MEDIUM FAMILY OWNED BUSINESSES.

Please tick the appropriate box that specifies the extent to which you agree with the following statements. The questions are in a simple layout from Strongly Agree (1), Agree (2), Undecided (3), Disagree (4) to Strongly Disagree (5).

**INNOVATION**

<table>
<thead>
<tr>
<th></th>
<th>SA</th>
<th>A</th>
<th>UN</th>
<th>D</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>12. Managers always find ways to resource competent people to progress good ideas.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>13. Our organisation publicly celebrates the learning and effort that go into innovation even when they fail.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>14. Responsibility, authority and resources for projects is passed to staff - the manager’s an enthusiast, and to check on progress.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>15. The people who are most knowledgeable about the task or challenge make most of the resources allocation decisions</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>16. Our organisation has an internal discretionary fund or other process that can be used to resource staff to progress innovative ideas.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>17. Design of our products and outlets is continuously modified.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>18. There are employees who have had a significant impact on developing or adopting an innovation (new to the sector or organisation) in the last two years.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>19. Our organisation has achieved more innovations than other similar organisation in the last two years.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>20. Our staff can always suggest many ways to solve problems.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>21. We prefer to employ people who expand our range of experiences and perspectives, than narrow specialists or employing on family basis.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>22. Development of new distribution, marketing and promotional channels is an on-going process.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>23. Customers’ suggestions and/or complaints are handled with utmost care.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### MANAGEMENT SKILLS

<table>
<thead>
<tr>
<th></th>
<th>SA</th>
<th>A</th>
<th>UN</th>
<th>D</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>24.</td>
<td>The team is clear about the organisation’s expectations and objectives.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>25.</td>
<td>Everyone in the team knows exactly what the organisation is trying to achieve.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>26.</td>
<td>We invest time thinking about what motivates individuals and try and engage them in ways we know will motivate them.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>27.</td>
<td>Delegation is done effectively.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>28.</td>
<td>Communication and feedback in the organisation is done effectively and appropriately on a one to one basis where it is necessary and others perspective sought.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>29.</td>
<td>We have the ability to seek, store, retrieve, synthesise, use and present information in an appropriate manner.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>30.</td>
<td>Management is able to socialise at ease with people from different backgrounds especially non family members.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>31.</td>
<td>We have good leadership that manages, guides, facilitates activities to maximise success and values employees’ contribution.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>32.</td>
<td>There is active learning in the organisation with employees willing to take active roles and responsibilities for own learning.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### SUCCESSION PLANNING

<table>
<thead>
<tr>
<th></th>
<th>SA</th>
<th>A</th>
<th>UN</th>
<th>D</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>33.</td>
<td>It is importance to have ranks of promotion within the organisation.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>34.</td>
<td>There is involvement of owner- manager, business owner and immediate supervisor during promotions in the organisation</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>35.</td>
<td>The organisation has a recognised succession planning process institutionalised within the organisation.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>36.</td>
<td>Leadership have taken steps in promoting qualified individuals from internal staff whether they are family on non-family staff</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>37.</td>
<td>The succession plan for the organisation has been formally communicated and is on paper.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>38.</td>
<td>A formal succession plan will better prepare staff members for advancement/ growth within the organisation.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>39.</td>
<td>Succession planning will improve moral and give staff an improved sense of purpose, direction and belonging</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
40. Succession planning reduces conflicts which enhances business performance and survival.

**CORPORATE GOVERNANCE**

<table>
<thead>
<tr>
<th></th>
<th>SA</th>
<th>A</th>
<th>UN</th>
<th>D</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>41. There is a Board of Directors or an Advisory Board in place.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>42. There are external professionals with adequate training and experience on the Board of Directors or Advisory Board.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>43. There is a family council that is in place either formally or informally constituted.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>44. The family council is composed of family and non-family members who are non-executive to aid transparency</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>45. There is a Family Protocol which includes all principles and rules on functioning of the business with roles and responsibilities clearly distinguished.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>46. There is a conflict resolving procedure and clear procedures on issues such as remuneration, succession, governance and management of non-family members.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**D. PERFORMANCE (SURVIVAL/ LONGEVITY) MEASURES**

Please tick the appropriate box that specifies the extent to which you agree with the following statements. The questions are in a simple layout from Strongly Agree (1), Agree (2), Undecided (3), Disagree (4) to Strongly Disagree (5).

<table>
<thead>
<tr>
<th></th>
<th>SA</th>
<th>A</th>
<th>UN</th>
<th>D</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>47. The business has grown in terms of increase in number of employees over the past 5 years.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>48. There has been an increase in the number of branches opened.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>49. The existing branches’ turnovers have been increasing year after year.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>50. There has been a trend of increase in sales figures over the years</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>51. The business is operating at a profit</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>52. Quality of products and service has improved year after year.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
THANK YOU VERY MUCH FOR PARTICIPATING IN THIS SURVEY!!!!!