

The assessment of the family vision generation process in small and medium-sized family businesses

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ABSTRACT

The objective of this study was to assess the family vision generation process in small and medium-sized family businesses. Data from 489 questionnaires administered to 79 family businesses were collected and analysed. An Oblimin oblique rotation was performed on the principal components of the exploratory factor analysis. Three factors with eigenvalues greater than one were extracted, explaining 61.93% of the variance, describing the theoretical dimensions of the generation of the family vision, the commitment of the younger generation family members to family business continuity and the commitment of the senior generation family members to family business continuity. The results of this study indicate that a significant proportion of the variation in the generation of the family vision is explained by the commitment of the senior and younger generation family members to family business continuity. No practically significant differences in the mean values could be found between the three extracted factors and the demographic variables in this study. Recommendations are offered to utilise the questionnaire as a measuring instrument. Practical recommendations are suggested to ensure an effective family vision generation process in small and medium-sized family businesses.

Key words: family businesses; family vision; family business continuity; family member commitment

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Introduction

The contribution of family businesses is progressively recognised as a potential driver of economic growth and wealth creation in the world (Astrachan & Shanker 2003: 212; Basu 2004: 13; Birley, Ng & Godfrey 1999: 598; Ibrahim, Soufani & Lam 2001: 245). South Africa is no exception. According to Van der Merwe (1998: 3), family businesses have been making a positive contribution to the South African economy for the last 300 years. In 2001, Ackerman (2001: 325) pointed out that approximately 80% of businesses in South Africa could be classified as family businesses, and that these businesses comprised 60% of the companies listed on the Johannesburg Stock Exchange.

Although the field of family business, according to Klein, Astrachan and Smyrnios (2005: 321), has been regarded as a separate academic discipline since the 1990s (Bird, Welsh, Astrachan & Pistrui 2002), it only recently emerged as a topic within mainstream business research (Chrisman, Chua & Steier 2003: 441; Steier & Ward 2006: 887). Brockhaus (1996: 3) points out that relatively little research has been conducted on family-run businesses, and that South Africa is no exception in this regard. During the past decade, however, research on family businesses in South Africa has gained momentum (Van der Merwe 1998; Venter 2003), but more scientific-based research is still urgently needed. There is ample justification, against the barren background of scientific value-added research, to pursue more earnest investigations into the role of family businesses globally, as well as more specifically in the South African economy.

The lack of continuity in family businesses is a major concern because of the primary contributory role that family businesses play in the world economy (Lansberg 1999: 1). Carlock and Ward (2001: 31) advocate a parallel strategic planning process (that is, strategic business planning and strategic family planning) to ensure family business continuity. The focus of this study, however, is only on strategic family planning. The first stage of the strategic planning process is strategic thinking. The goal of this stage is to identify planning options that are appropriate for both the family and the business (Carlock & Ward 2001: 31). The family explores the core values, family business philosophies and a family vision. The outcome of this first stage in the strategic family planning process is to generate a family vision and to determine family member commitment (Carlock & Ward 2001: 31).

The generation of the family vision incorporates the important decision of the family members on whether to continue with the business as a family business in future or not (Voeller, Fairburn & Thompson 2002: 30). Lansberg (1998: 56) points out that the basic decision on whether to continue the family ownership is extremely difficult to discuss and is typically avoided. It is, however, important to

involve both active (employed by the business) and inactive family members in the vision generation process (Ward 2005: 47) to share their dreams, expectations and needs with one another (Lansberg 1999: 96).

The second stage of the strategic family planning process, namely strategy formulation, is the development of the family business continuity plan. This plan details the activities of the family and the business, as well as tactics and programmes designed to meet their goals and to support the achievement of their shared future vision. The third stage of the strategic family planning process is the implementation of the strategy stage (Carlock & Ward 2001: 31). This study focuses only on the first stage of the strategic family planning process, the generation of the family vision.

Family commitment is at the heart of the family business. The issue of who is committed to keeping the business in the family is probably one of the most important questions facing the individual family members (Carlock & Ward 2001: 51). The senior generation family member owner-managers will therefore need to involve family members of the younger generation who are committed to the vision of the family business as a legacy for future generations (Jaffe 1991: 138).

Scientifically based research on the assessment of the process to generate the family vision in family businesses in order to ensure business continuity is lacking. Most research focused on the management succession process to ensure business continuity (Venter 2003). The objective of this study was therefore to develop a measuring instrument to assess the perceptions of family members in the first stage of the strategic family planning process in family businesses, namely the process to generate the family vision. This study could therefore make an important contribution to the body of knowledge on the first stage of the strategic family planning process, namely the generation of the family vision in small and medium-sized family businesses.

Objectives of the study

The primary objective of this study was to develop a measuring instrument to assess the family vision generation process in small and medium-sized family businesses. In order to address the primary objective, the following secondary objectives were formulated:

- To obtain insight into relevant literature on the generation of the family vision in family businesses
- To identify the items that could measure the generation of the family vision in family businesses
- To validate the measurement questionnaire by means of statistical analysis

- To study the impact of the commitment of the senior and younger generation family members to family business continuity on the family vision generation process
- To examine the relationship between the extracted factors and the demographic data by means of effect sizes
- To offer recommendations to utilise the questionnaire as a measuring instrument
- To suggest practical recommendations to ensure an effective family vision generation process in family businesses.

Defining small and medium-sized family businesses

In the study of family businesses, one of the first tasks is to determine what is meant by the term 'family business'. Neubauer and Lank (1998: 3) are concerned that there is no consensus on the definition of family businesses in research, or among consulting communities, journalists and the general public. According to Sharma (2004: 3), numerous attempts have been made to articulate conceptual and operational definitions of family firms. Various researchers have reviewed existing definitions, attempted to consolidate the thoughts and conceptualised other definitions of family businesses (Bork 1993: 24; Brockhaus 1994: 30; Chrisman, Chua & Sharma 2005: 556; Chua, Chrisman & Sharma 1999: 19; Goodman & Dreux IV 1997: 1; Habbershon, Williams & MacMillan 2003: 451; Handler 1990: 37; Lea 1991: 5; Litz 1995: 71; Neubauer & Lank 1998: 5).

For the purposes of this study, the definition of Ibrahim & Ellis (2004: 5) was adopted. The authors defined a family business as follows: at least 51% of the business is owned by a single family; moreover, at least two family members are involved in the management or operational activities in the business; and the transfer of leadership to next generation family members is anticipated.

The South African National Small Business Act (Act No. 102 of 1996) and National Small Business Amendment Bill (Bill No. 26926 of 2004: 2) classify micro, very small, small and medium-sized businesses as businesses that employ less than 200 full-time equivalent paid employees.

The focus of this study was small and medium-sized family businesses, as defined.

Operationalisation of constructs

The family vision of the business

Family businesses develop strategic planning processes in the same organic way that other businesses do (Ward 2005: 38). The vision of the family business is first

embodied in the founder of the business and formed from perceptions about the relationship between the family and the business. Included and balanced in this vision are the perceived needs and capabilities of both the family and the business (Ward 2005: 39). Emens and Wolper (2000: 11) confirm this notion and point out that in many family businesses, the original owner has a clear idea, vision or dream of what the business should be or do, including his or her vision regarding the continuity of the business as a family business in the future (Voeller et al. 2002: 30).

A new best practice paradigm is, however, taking shape in family businesses today. This involves parallel business and family strategic planning (Ward 2005: 44; Carlock & Ward 2001: 31). Parallel strategic planning lays out a sequenced framework of planning processes that unify family and business planning and assure the alignment of family and business strategy. The first stage in the strategic family planning process involves the family exploring its business philosophy and core values. According to Ward (2005: 47), this is done through family meetings, not business meetings, and the process should provide for the active involvement of all family members, whether they are active or inactive in the business. The objective of the first stage of the strategic family planning process is thus to generate a family vision, which can express both a consensus of a family view to management and a commitment among family members to remain active and engaged (Carlock & Ward 2001; Ward 2005: 47). The generation of the family vision also incorporates the important decision of the family members whether to continue with the business as a family business in the future or not (Voeller et al. 2002: 30).

Without a clear vision of the future role of the family in the business, it is doubtful that continuity of the family business can be sustained (Lansberg 1998: 57). It is the family vision that determines what will eventually be accomplished and what motivates family members to achieve their goals (Ward 1987: 145). Lansberg (1998: 57) further states that a family vision requires much more than being able to imagine various future alternatives; it involves getting the family to define the hopes and dreams that they share for the business. Lansberg (1999: 96) adds that the most productive way to define a feasible destination is to undertake the often difficult task of unearthing, articulating and sharing individual needs, fears and dreams in order to decide whether or not it makes sense to further pursue the dream. Families must therefore learn to talk openly about their needs, fears and dreams. It is, according to Lansberg (1999: 96), crucial for families to clearly envision their future role in the family business, and members of the senior and younger generation of the family must agree on why it is significant to be in the business and why it is an activity worth perpetuating (Lansberg 1998: 57). Sharing their personal dreams, fears and needs with one another will also provide the family members with the feeling that

they have control over their destiny, and they will thus be more able to support and encourage one another (Leach & Bogod 1999: 40; Shanker 2000: 14; Ward 2004: 20–22). The involvement of all the family members in the process to generate the family vision could ensure an aligned commitment to family business continuity.

For the purposes of this study, the process of generating the family vision incorporates open and honest communication about the vision, as well as the discussion and acknowledgement of the shared dreams, needs and personal missions of all family members (including the inactive family members). The construct, labelled ‘generation of the family vision’, will be considered as the dependent variable in this study, and other constructs that may have an influence on it will be investigated.

Commitment of family members to business continuity

Carlock and Ward (2001: 54) stress that the commitment of the family to business continuity is a priority discussion for the family, as it supports the development of the shared future vision and the family business continuity plan (also refer to Miller & Le Breton-Miller 2005: 37, 38). Aligned family commitment usually requires a series of meetings including a complete discussion of critical issues that the family will face regarding core values, family business philosophy and the family vision (Carlock & Ward 2001: 54; Ward 2004: 20–22). The family commitment plan clarifies the family’s expectations of, and obligations to, the business (Carlock & Ward 2001: 54).

Without the commitment of the family to business continuity, there can be no parallel planning process. If the family cannot develop a shared commitment, then it is time to sell or liquidate the family business (Carlock & Ward 2001: 51). Carlock and Ward (2001: 51) further state that assessing the family’s commitment to the business and its willingness to work together is necessary for family harmony and individual satisfaction.

The development and implementation of a continuity plan require many types of commitment from every imaginable constituent in a family business (Cohn 1992: 60). Future successors need to commit to investing huge amounts of time, energy and passion in the family business. Owners and successors need to commit to a mutually agreeable strategic vision and business plan to implement common goals (Ward 2004: 17–22).

In this study, a distinction was made between the commitment of the senior generation family members (parents) and the commitment of the younger generation family members (children) to family business continuity. The two constructs,

labelled as ‘commitment of the senior generation family members to family business continuity’ and ‘commitment of the younger generation family members to family business continuity’, will be considered as independent variables that may have an influence on the process of generating the family vision in family businesses.

The construct, ‘commitment of the senior generation family members to family business continuity’, includes the commitment of the senior generation to family business continuity; the communication with respect to deciding on the continuity of the business as a family business in the future to all family members; the confidence of the senior generation family members in the ability of the younger generation family members to successfully manage the family business in the future; and the possible threats by the senior generation family members to discontinue the family business in the future (Emens & Wolper 2000: 110).

The construct, ‘commitment of the younger generation family members to family business continuity’, includes the commitment of the younger generation family members to the continuity of the family business; the aspiration of the younger generation family members to take over the family business in the future; and the willingness of the younger generation family members to make significant sacrifices to make the family business a success (Emens & Wolper 2000: 110).

The focus of this study was on the first stage of the parallel strategic planning process as described by Carlock and Ward (2001), namely generating a family vision and assessing the commitment of the family members to family business continuity. Strategic business planning was thus excluded from this study.

Research methodology

Development of the measuring instrument

The literature review provided valuable insight into the identification of issues regarding the generation of a family vision in family businesses. Based on the literature review, four latent constructs that could be used to assess the family vision generation process were identified. These were ‘a clear future vision of the family in the business’, ‘acknowledgement of individual needs and dreams of family members’, ‘commitment of the senior generation family members to family business continuity’ and ‘commitment of the younger generation family members to family business continuity’. A comprehensive questionnaire was designed to evaluate these constructs.

The questionnaire was developed in three phases, namely: the items to measure each latent construct were formulated after a comprehensive literature review; the questionnaire was then tested at a single family business; and the questionnaire

was piloted in nine family businesses and completed by 71 family members. The questionnaire was refined after each phase, followed by the drafting of an adapted version of the questionnaire.

The third version of the questionnaire (which was used in this study) assessed the four latent constructs with 16 statements (items) on the basis of a seven-point Likert-type scale ranging from Strongly Disagree (1) to Strongly Agree (7).

Demographic information was collected, including the distinction between active and inactive family members, as well as an indication of the generation of respondents (senior or younger generation) and their gender, marital status and age classification. Information on the structure of the participating family businesses, including the size classification and turnover of the business, was also collected.

According to Bless and Higson-Smith (1995: 130), it is important that researchers evaluate the measures or instruments that they use. This can be done by evaluating, among others things, the reliability and construct validity of measures (Page & Meyer 2000: 84).

Study population

The target population of this study was small and medium-sized family businesses in South Africa. Numerous attempts were made to secure a database of family businesses in South Africa, but to no avail. It was therefore decided to use a convenience sample, applying the snowball sampling technique, to identify the family businesses that participated in this study (Page & Meyer 2000: 100). These data should be considered as having been generated from a small study population for which statistical inference and p-values are not relevant (Ellis & Steyn 2003: 51).

To generate a preliminary list of family businesses, well-known business people were contacted in various regions in South Africa. These business people then acted as informants and identified potential family businesses for inclusion in the sample. The latter then identified a further set of family businesses. These referrals were contacted telephonically to confirm that they match the definition of small and medium-sized family businesses used in this study (Ibrahim & Ellis 2004: 5; National Small Business Act 1996; National Small Business Amendment Bill 2004: 2) and to gauge their willingness to participate in the study. A list of 185 family businesses willing to participate in the study was compiled as a result of these efforts.

Data collection

The techniques for distributing and collecting the completed questionnaires included the following steps: distribution of questionnaires by post, e-mail or facsimile, personal delivery of questionnaires, followed up by telephone calls, telephone

interviews or structured interviews (Bless & Higson-Smith 1995: 112; Du Plooy 1995: 109–124; Neuman 1997: 251–263). Throughout the data collection process, a major challenge was to persuade all the family members of a particular family, including the active and inactive family members, to complete the questionnaire.

Each questionnaire was sent with a covering letter that guaranteed the confidentiality of the responses, as well as a return-paid envelope in order to make it as easy as possible for respondents to take part in the research.

The questionnaire was administered at 117 small to medium-sized family businesses, and a total of 646 family members completed the questionnaires. Because the objective of this study was to assess the commitment of both the senior and younger generation family members with respect to family business continuity, only businesses where family members of the senior and younger generation were active in the business were included in this study. The 117 businesses were therefore narrowed down to 79 businesses with 489 participating family members.

Statistical analysis

The data collected were statistically analysed using Statistica (Statsoft 2006) and SPSS (SPSS 2005). Construct validity of the questionnaire was assessed by means of an exploratory factor analysis and by calculating Cronbach alpha coefficients. The relationship between the extracted factors, that is, ‘generation of the family vision’, ‘commitment of the younger generation family members to family business continuity’ and ‘commitment of the senior generation family members to family business continuity’, was explored by means of paired tests. The relationship between the extracted factors and the demographic data was examined by means of effect sizes.

To address the objectives of this study, the following propositions were formulated:

- P^{1a}:** The measuring instrument has acceptable construct validity.
- P^{1b}:** The measuring instrument has acceptable reliability.
- P²:** The variation in the construct generation of the family vision can be explained by the commitment of the senior and younger generation family members to family business continuity.
- P^{3a}:** There is a relationship between the extracted factors – that is, ‘generation of the family vision’, ‘commitment of the younger generation family members to family business continuity’ and ‘commitment of the senior generation family members to family business continuity’ – and the involvement in the business of the participating family members (active and inactive) in this study.

- P^{3b}:** There is a relationship between the extracted factors – ‘generation of the family vision’, ‘commitment of the younger generation family members to family business continuity’ and ‘commitment of the senior generation family members to family business continuity’ – and the gender of the participating family members in this study.
- P^{3c}:** There is a relationship between the extracted factors – ‘generation of the family vision’, ‘commitment of the younger generation family members to family business continuity’ and ‘commitment of the senior generation family members to family business continuity’ – and the generation (senior and younger generation) of the participating family members in this study
- P^{3d}:** There is a relationship between the extracted factors – ‘generation of the family vision’, ‘commitment of the younger generation family members to family business continuity’ and ‘commitment of the senior generation family members to family business continuity’ – and the family members (children and children-in-law) of the younger generation of the participating family members in this study

Results and discussion

Demographic information

Table 1 shows that 489 family members participated in this study, including 59% active family members (family members employed by the family business) and 41% inactive family members. A total of 33% of these family members were from the senior generation, 44% from the younger generation, 21% in-laws (in particular the spouses of the younger generation family members) and 2% other family members (such as uncles, cousins or nieces).

The majority of the family members were under the age of 40 years (57%), 12% between the ages of 40 and 49 years, and 31% over the age of 50 years. A total of 79% of the respondents were married. Furthermore, an approximately equal distribution between male and female respondents was evident (52% male and 48% female).

A total of 16% of the 79 family businesses that participated in this study could be categorised as micro and very small businesses in the South African context (with 10 employees or fewer) and 61% small businesses (between 11 and 50 permanent employees). The rest (23%) could be categorised as medium-sized businesses (between 51 and 200 employees).

Although family businesses from all provinces in South Africa took part in this study, owing to the convenience sampling technique, this sample cannot be con-

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Table 1: Demographic information of the sample

Factor	Frequency	Percentage (%)
Gender (n = 489)		
Male	252	52
Female	237	48
Involvement (n = 489)		
Active (employed by the business)	288	59
Inactive (not employed by the business)	201	41
Generation (n = 489)		
In-laws (younger generation)	103	21
Senior generation (parents)	161	33
Younger generation (offspring)	216	44
Other (e.g. uncles, aunts, cousins)	9	2
Age category (years) (n = 489)		
Younger than 29	128	26
30–39	153	31
40–49	58	12
50–59	91	19
Older than 60	59	12
Business size (permanent employees) (n = 79)		
1–10 (micro and very small business)	13	16
11–50 (small business)	48	61
51–200 (medium-sized business)	18	23

considered representative of all micro, small and medium-sized family businesses in South Africa.

Construct validity of the measuring instrument

To assess the discriminant validity of the 16 items measuring the process to generate the family vision in family businesses, an exploratory factor analysis was conducted

using the computer programme SPSS (SPSS 2005). In this study, there was theoretical justification for believing that the factor measuring the generation of the family vision in the business would correlate with the commitment of the younger and senior generation family members to business continuity, and therefore an Oblimin oblique rotation was performed on the principal components of the exploratory factor analysis, as suggested by Field (2005: 636). The correlation matrix for these three constructs indicate correlations of 0.212, 0.307 and 0.359 respectively between the three constructs (Ellis & Steyn 2003: 53), confirming that an oblique rotation should have been used (Field 2005: 636). The relatively-low correlations between the three constructs, furthermore, indicated a lack of multicollinearity (Field 2005: 174, 175).

Kaiser's criterion was used to determine the number of factors to be extracted, namely to retain factors with eigenvalues greater than one (Field 2005: 735). All 16 items demonstrated sufficient discriminant validity by loading to a sufficient extent, and none of the items were thus deleted. The pattern matrix of the 16 items is provided in Table 2. Factor loadings greater than 0.40 were considered significant.

Three factors with eigenvalues greater than one, explaining 61.93% of the variance before rotation, were extracted in the exploratory factor analysis. After rotation, these factors could be identified as the theoretical dimensions of 'generation of the family vision', 'commitment of the younger generation family members to family business continuity' and 'commitment of the senior generation family members to family business continuity'. When factors are correlated, sums of squares of loadings cannot be added to obtain a total variance explained for the rotated factors as in the case of uncorrelated factors (SPSS 2005). The Kaiser-Meyer-Olkin measure of sampling adequacy of 0.907 indicates that patterns of correlations are compact, and that factor analysis should yield reliable factors (Field 2005: 640).

After rotation, one of the items loaded on to more than one factor (with values greater than 0.40), for instance, the item 'The senior generation family members have communicated to the family their intentions to keep or sell the family business', loaded on both the factors 'generation of the family vision' and 'commitment of the senior generation family members to family business continuity'. Rather than deleting the item, it was decided to classify it under the factor that yielded the highest factor loading. The classification of the particular item under the factor 'commitment of the senior generation family members to family business continuity' also has the highest interpretation value and, furthermore, makes sense in practice.

Factor one, labelled generation of the family vision, comprised eight items and accounted for 39.74% of the variance. The factor incorporates the latent constructs 'a clear future vision of the family in the business' and 'acknowledgement of individual

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Table 2: Pattern matrix of Oblimin rotated-principal component factor analysis¹

Item	Factor 1 ² Family vision	Factor 2 Younger generation commitment	Factor 3 Senior generation commitment
All family members are familiar with the future vision of the family in the business.	0.834	0.027	0.032
The inactive family members know what the active family members' plans with the family business are.	0.813	0.025	-0.059
The family creates opportunities for individual family members to share their dreams, fears and needs with one another.	0.787	-0.040	0.069
All family members know what is planned for the family business.	0.778	0.012	0.076
The family members often discuss the future role and involvement of the family in the family business.	0.775	0.103	-0.058
The challenges of the family business and future plans are discussed openly by the family.	0.741	-0.055	0.125
The family (active as well as inactive family members) agrees on what they want from the family business.	0.734	0.115	-0.026
The inactive family members have opportunities to share their expectations of the family business with other family members.	0.679	0.015	-0.034
The younger generation family members are committed to the continuation of the business as a family business in the future.	-0.013	0.816	0.089
The younger generation family members are committed to the continuity of the family business.	.0073	0.788	0.022
The younger generation family members have a strong desire to take over the family business in the future.	-0.0060	0.786	0.101
The younger generation family members are willing to make significant sacrifices to make the family business a success.	.0219	0.662	-0.097
The senior generation family members are committed to the continuation of the business as a family business in the future.	0.040	0.167	0.739
The senior generation family members would like the younger generation family members to take over the family business from them in the future.	-0.209	0.353	0.707
The senior generation family members never threaten to stop the family business in the future.	0.248	-0.161	0.610
The senior generation family members have communicated to the family their intentions to keep or sell the family business.	0.450	-0.057	0.512
Rotation sums of squared loadings	6.359	2.464	1.086

1. Loadings greater than 0.40 were considered significant
2. The three extracted factors were labelled as follows:
 - Factor 1: Generation of the family vision ('Family vision')
 - Factor 2: Commitment of the younger generation family members to family business continuity ('Younger generation commitment')
 - Factor 3: Commitment of the senior generation family members to family business continuity ('Senior generation commitment')

needs and dreams of family members'. The following items loaded on to this factor: 'All family members are familiar with the future vision of the family in the business'; 'The inactive family members know what the active family members' plans with the family business are'; 'The family creates opportunities for individual family members to share their dreams, fears and needs with one another'; 'All family members know what is planned for the family business'; 'The family members often discuss the future role and involvement of the family in the family business'; 'The challenges of the family business and future plans are discussed openly by the family'; 'The family (active as well as inactive family members) agrees on what they want from the family business'; and 'The inactive family members have opportunities to share their expectations of the family business with other family members'.

The second factor, labelled 'commitment of the younger generation family members to family business continuity', comprised four items and accounted for 15.40% of the variance. The factor incorporates the latent construct 'commitment of the younger generation family members'. The items with a significant loading were: 'The younger generation family members are committed to the continuation of the business as a family business in the future'; 'The younger generation family members are committed to the continuity of the family business'; 'The younger generation family members have a strong desire to take over the family business in the future'; and 'The younger generation family members are willing to make significant sacrifices to make the family business a success'.

The third factor, labelled 'commitment of the senior generation family members to family business continuity', comprised four items and accounted for 6.79% of the variance. This factor captured the latent construct 'commitment of the senior generation family members'. The following items loaded on to this factor: 'The senior generation family members are committed to the continuation of the business as a family business in the future'; 'The senior generation family members would like the younger generation family members to take over the family business from them in the future'; 'The senior generation family members never threaten to stop the family business in the future'; and 'The senior generation family members have communicated to the family their intentions to keep or sell the family business'.

The exploratory factor analysis, together with the interpretability of the factors, provides some evidence of construct validity, indicating that Proposition 1a (P^{1a}) can be accepted.

Reliability of the questionnaire

In order to assess the internal consistency between the items in the measuring instrument, Cronbach alpha coefficients were calculated (Page & Meyer 2000: 292).

The Cronbach alpha coefficient is based on the average correlation of variables within a test (SAS Institute 2005: 295). The greater the Cronbach alpha coefficient is, the more reliable the scale. Nunnally and Bernstein (1994: 265) suggest that for acceptable reliability, the Cronbach alpha coefficient should be greater than 0.7.

The responses of all 489 participants were used to determine the reliability of the extracted factors (see Table 3).

Table 3: Reliability of the factors measuring the process to generate the family vision

Factor	Cronbach alpha
Generation of the family vision	0.913
Commitment of the younger generation family members to family business continuity	0.803
Commitment of the senior generation family members to family business continuity	0.719

The results in Table 3 suggest that the questionnaire used in this study to measure the process to generate the family vision has acceptable reliability, with no single factor measured with a Cronbach alpha value below the customary cut-off value of 0.70 suggested for internal consistency (Nunnally & Bernstein 1994: 265). Proposition 1 (P^{1b}) can therefore be accepted.

The impact of the commitment of the family members to family business continuity on the family vision generation process

Factor scores for each participant were computed as the average of all items contributing to the relevant factor, automatically replacing missing values by mean substitution.

The scores of family members belonging to a specific family can be considered to be dependent on that family's situation. As independence of data is one of the assumptions of linear regression, the average counts for each of the 79 families were taken as data points in a multiple regression analysis. The results of the multiple regression analysis for the impact of the commitment of the senior and younger generation family members to family business continuity on the generation of the family vision are given in Table 4 (Field 2005: 156). A normal probability plot on the residuals of this fit confirmed the assumption of normality.

Table 4: Multiple regression results: Impact of the commitment of the younger and senior generation family members to family business continuity on the generation of the family vision

	Beta	SE of Beta	B	SE of B	t-value	p-level
Intercept			-0.99	0.75	-1.32	0.1904
Younger generation commitment	0.14	0.10	0.17	0.13	1.38	0.1720
Senior generation commitment	0.56	0.10	0.79	0.15	5.42	0.0000

R²=0.42

Table 3 indicates that, in practice, 42% of the variation in the generation of the family vision is explained by the commitment of the senior and younger generation to family business continuity. The positive regression coefficients indicate that the generation of the family vision in the study population is improved by the commitment of the senior and younger generation family members to family business continuity. The contribution of the commitment of the younger generation family members to family business continuity, in addition to the commitment of the senior generation family members to family business continuity, is not statistically significant for the prediction that family businesses generate a family vision. However, on its own, the commitment of the younger generation family members to family business continuity explains 19% of the variance in the generation of the family vision. The commitment of the senior generation family members to family business continuity, on its own, explains 40% of the variance in the generation of the family vision. This is also an indication of the practically significant relationship between the commitment of the younger generation family members to family business continuity and the commitment of the senior generation family members to family business continuity, given by a Pearson correlation coefficient of 0.53. Proposition 2 (P²) can therefore be accepted.

Relationships between the extracted factors and demographic data

Statistical significance tests have the tendency to yield small p-values (indication of significance) as the size of the data set increases. The effect size, however, is independent of sample size and is a measure of practical significance (Ellis & Steyn 2003: 51). In this study, effect sizes (d-values) were calculated between the mean values to examine the relationship between the extracted factors, that is, ‘generation

of the family vision', 'commitment of the younger generation family members to family business continuity' and 'commitment of the senior generation family members to family business continuity' (refer to Table 2) and the demographic variables of involvement in the business, gender and generation. The effect sizes are shown in Table 5.

For the purposes of this study, the demographic data were classified according to the following categories:

- Family involvement in business: active (family members employed by the business); inactive (family members not employed by the business)
- Gender: male; female
- Generation: senior generation family members (parents); younger generation family members (children)
- Younger generation: children; children-in-law (married to a member of the younger generation family members).

In-laws are individuals who have the distinction of being married to a member of a family that owns a family business (Rawls 1999: 271). For the purposes of this analysis, only in-laws who were married to a family member of the younger generation (children) were included. This included both categories of children-in-law, namely those who are actively employed and those who are passively involved (in that they are only involved as spouses, but are therefore important roleplayers in the normal family dynamics).

A natural way to comment on practical significance is to use the standardised difference between the means of two populations, that is, the difference between the

two means divided by the estimate for standard deviation, $d = \frac{|\bar{x}_{diff}|}{s_{diff}}$, where $|\bar{x}_{diff}|$

is the difference between the average scores of active and inactive family members without taking the sign into consideration and, s_{diff} is the standard deviation of the difference.

Effect sizes (d) were interpreted, according to Cohen's guidelines, as follows: small effect ($d = 0.2$), medium effect ($d = 0.5$) and large effect ($d = 0.8$). Results with medium effects can be regarded as visible effects and with $d \geq 0.8$ as practically significant, since it is the result of a difference with a large effect (Ellis & Steyn 2003: 51–53; Field 2005: 32; Thompson 2001: 80–93).

Table 5 shows the relationship between factors and demographic variables, with mean (\bar{x}), standard deviation (SD) and effect sizes (d).

Based on Cohen's guidelines, none of the variables 'family involvement' (active and inactive), 'gender' (male and female), 'generation' (senior and younger

generation) and ‘younger generation’ (children and children-in-law) had a practically significant effect on any of the three extracted factors, namely ‘generation of the family vision’, ‘commitment of the younger generation family members to family business continuity’ and ‘commitment of the senior generation family members to family business continuity’.

Table 5: Relationship between extracted factors and demographic variables

		Factor 1 Family vision				Factor 2 Younger generation commitment				Factor 3 Senior generation commitment			
Classification		\bar{x}	s	p	d	\bar{x}	s	p	d	\bar{x}	s	p	d
Involvement	Active	4.53	1.11	0.023	0.22	5.47	0.97	0.423	0.10	5.80	0.83	0.014	0.27
	Inactive	4.26	1.23			5.37	1.03			5.54	0.95		
Gender	Male	4.57	1.10	0.072	0.16	5.49	0.96	0.256	0.10	5.79	0.79	0.098	0.16
	Female	4.38	1.21			5.39	0.98			5.65	0.89		
Generation	Senior	4.89	1.11	<0.001	0.59	5.43	1.14	0.870	-0.02	6.01	0.75	<0.001	0.53
	Younger	4.23	1.11			5.45	0.85			5.55	0.86		
Younger generation	Offspring	4.39	1.09	0.009	0.44	5.47	0.88	0.649	0.07	5.65	0.93	0.019	0.37
	In-laws	3.78	1.39			5.39	1.18			5.22	1.17		

The variables ‘family involvement’ in the business (active and inactive) had a small effect on the constructs ‘generation of the family vision’ and ‘commitment of the senior generation family members to business continuity’ ($d = 0.22$ and $d = 0.27$ respectively). The results indicate that, although the average scores for active members are higher than those for inactive members, this could not be regarded as

a practically significant difference between the perceptions of active and inactive family members regarding the generation of the family vision and the commitment of the senior generation family members to family business continuity. Proposition 3a (P^{3a}) can therefore not be accepted.

The variables, male and female, had a very small effect on the three extracted factors, indicating that Proposition 3b (P^{3b}) cannot be accepted.

The variables ‘generation’ of the family members (senior or younger generation) have a medium effect on the constructs ‘generation of the family vision’ ($d = 0.59$) and ‘commitment of the senior generation family members to business continuity’ ($d = 0.53$). The results indicate that the senior generation family members are visibly more positive about the process for generating the family vision, in direct comparison with the younger generation family members, although this is not a practically significant result. The reason for this might be that the younger generation family members do not always have a clear view of the future role of the family in the business, or that the family has not discussed the issue during family forums. The younger generation might, furthermore, have the perception that the family does not acknowledge their individual dreams, needs and expectations of the business. The results also indicate that there is a gap between the perceptions of the senior and younger generations regarding the commitment of the senior generation family members to business continuity. Proposition 3c (P^{3c}) can thus be accepted.

The variables, family members of the ‘younger generation’ (children and children-in-law), have a small to medium effect on the constructs ‘generation of the family vision’ ($d = 0.44$) and ‘commitment of the senior generation family members to business continuity’ ($d = 0.37$). The results indicate that, although the average scores for the children are higher than for the children-in-law, this could not be regarded as a practically significant difference between the perceptions of the children and children-in-law of the younger generation regarding the generation of the family vision and the commitment of the senior generation to family business continuity. Proposition 3d (P^{3d}) can therefore not be accepted. However, the results indicate that the children are more positive regarding the process for generating the family vision and the commitment of the senior generation to business continuity, in direct comparison with the children-in-law. The reason for this might be that the children are more often present during discussions about the vision of the family in the business, while children-in-law often feel remote or excluded from the planning and decision-making processes in the business. The general trend that children-in-law often felt remote or excluded from discussions and decisions about family matters, which could lead to their more negative perceptions as assessed by the measuring instrument in this study, is confirmed in literature (Aronoff, Astrachan, Mendoza & Ward 1997: 22; Rawls 1999: 271–283).

Conclusion

Literature has shown that parallel business and family strategic planning is crucial to ensure family business continuity (Carlock & Ward 2001; Ward 2005: 44). In this study, the very important first stage of the strategic family planning process, namely the generation of the family vision, was explored.

The primary objective of this study was to develop a measuring instrument to measure the family vision generation process in small and medium-sized family businesses. This study reports some evidence of construct validity of the measuring instrument. Three factors describing the theoretical dimensions of the ‘generation of the family vision’, ‘commitment of the younger generation family members to family business continuity’ and ‘commitment of the senior generation family members to family business continuity’ were extracted. As the Cronbach alpha coefficients of the three factors exceed 0.70, it can be concluded that there is acceptable internal consistency between the items within the factors. It can therefore be concluded that the measuring instrument used in this study is reliable.

The practically significant impact of the independent construct of the ‘commitment of the senior generation family members to family business continuity’ on the dependent construct of ‘generation of the family vision’ indicates that the process of generating the family vision is related to the commitment of the senior generation family members to family business continuity. In this study, no practically significant impact of the independent construct of the ‘commitment of the younger generation family members to family business continuity’ on the dependent construct of ‘generation of the family vision’ could be found. The correlation matrix for these three constructs indicates correlations of 0.212, 0.307 and 0.359 respectively between the three constructs (Ellis & Steyn 2003: 53), confirming that an oblique rotation should have been used (Field 2005: 636). The relatively low correlations between the three constructs (with reference to the correlation matrix) indicate a lack of multicollinearity.

No practically significant relationship could be found between the extracted factors, ‘generation of the family vision’, ‘commitment of the younger generation family members to business continuity’ and ‘commitment of the senior generation family members to business continuity’, and the demographic factors of family involvement (active and inactive), gender (male and female), the generation of the family members (senior or younger) and the younger generation family members (children and children-in-law).

Based on Thompson’s argument (Thompson 2001) not to use Cohen’s guidelines in an overly rigid manner to interpret the differences in means between variables, it could therefore be concluded that the study provides some evidence that the senior

generation family members are more positive about the process of generating the family vision in direct comparison with the younger generation family members. It could also be concluded that the children or offspring are more positive about the vision generation process than the younger generation of in-laws, although this was proved to a lesser extent in this research. More empirical research is needed to confirm these differences and to establish norms for future interpretation.

It is recommended that more advanced statistical procedures for scale validation, such as structural equation modelling, should be utilised to further develop the questionnaire.

Recommendations to utilise the questionnaire

This study confirms the important role that the generation of a family vision plays in ensuring family business continuity. The proposed measuring instrument can be used to assess the family vision generation process in family businesses. It is, however, important to involve all the family members, including the inactive members and in-laws, in the diagnosis. It is recommended that the responses should be kept confidential in order to encourage honesty and open-heartedness, which are critical to determining the underlying attitudes of individual family members on the various items investigated.

A benefit for family businesses when undergoing the diagnosis is that all family members can obtain a personal advantage from the diagnosis, especially the inactive members and in-laws who often feel left out of the activities of the business. Such opportunities are important for their sense of acceptance within the family and for building mutual trust and respect.

By completing the questionnaire, all family members are given the opportunity to air their opinions about the vision generation process as well as their individual dreams, needs and expectations of the family business, which otherwise are often ignored or simply not discussed at family forums, but are very important for the current and future success of the business. The measuring instrument could also ignite a new interest in and consciousness of the family dynamics and the future role of the family in the family business. An invigorating alignment of interests to the benefit of the whole family and the business could emerge.

Practical recommendations to ensure an effective family vision generation process

This study underlines the fact that urgent attention should be given to the generation of an aligned family vision to ensure family business continuity. Family forums can

play a vital role in the process. Many people find discussing the involvement and future role of the family in the business around a table to be a daunting prospect. The majority of business families avoid discussions about the individual dreams, fears and needs of family members, as they feel it may result in conflict, assuming that ignoring the issue will preserve the family relationships. Usually the opposite happens, as it often results in major differences of opinion and a lack of trust, which tend to become more difficult to resolve in the long term. Generating a family vision among all the family members during a family forum should therefore be encouraged.

The family forum usually meets for one or two days at a family gathering in relaxed surroundings, away from day-to-day work and home activities. All the adult family members – including active and non-active members and children-in-law – constitute the family forum. The forum should be held at a place where everyone is on an equal footing. It would be unwise, for instance, to hold the meeting at the home of a dominant family member.

Where family members live far apart, the family forum could meet during a school holiday or over a weekend. Every effort should be made to find a time that will suit everyone. However, the difficult task of finding a suitable date should not be used as an excuse not to convene a meeting.

At the family forum meeting, ample time should be set aside for formal discussions and feedback sessions, but social activities should also be catered for. The aim of a family forum should also be to improve communication between active and non-active family members. Non-active members should therefore be encouraged to have their say. It is also important to involve in-laws in the family forums. The family should realise that the family forum is there for all family members. It is not a forum where the active members may impose their opinions upon non-active members or in-laws.

The generation of the family vision is, furthermore, a dynamic process. The family vision should be formulated and written down, communicated to all the family members, regularly revisited and adapted to the fast-changing family and business environment. The vision should form the basis for an aligned commitment to family business continuity by all family members and the drafting of the formal family business continuity plan.

Limitations and recommendations for future research

The study attempted to make a contribution to the body of knowledge during the first stage of the strategic family planning process in small and medium-sized

family businesses. This study on the assessment of the generation of the family vision in family businesses can be regarded as a small step towards enhancing our understanding of the process.

Although family businesses from all provinces in South Africa took part in this study, this sample cannot be considered to be representative of all small and medium-sized family businesses in South Africa due to the convenience sampling technique used. Care should therefore be exercised in the interpretation and utilisation of the results, and the findings cannot be more widely generalised.

In this study, the exploratory factor analysis of the measuring instrument to assess the family vision generation process provides some evidence of construct validity, but further research is needed before the questionnaire can be utilised to diagnose the process for generating the family vision in small and medium-sized family businesses. It is recommended that more advanced statistical procedures for scale validation, such as structural equation modelling, should be utilised in the further development of the questionnaire. Supplementary research on the use of this measuring instrument is also necessary to refine its norms.

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