

**THE INFLUENCE OF ENTREPRENEURIAL ORIENTATION ON  
TRANSGENERATIONAL POTENTIAL IN INDIGENOUS AFRICAN FAMILY  
BUSINESSES IN ZIMBABWE**

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AND  
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THE INFLUENCE OF ENTREPRENEURIAL ORIENTATION ON  
TRANSGENERATIONAL POTENTIAL IN INDIGENOUS AFRICAN FAMILY  
BUSINESSES IN ZIMBABWE

BY

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**&**

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## **DECLARATION**

I, Donald Borerwe (214110753) and Sibusisiwe R Nyoni (220588295), hereby declare that the treatise, “The influence of entrepreneurial orientation on transgenerational success in indigenous African family businesses in Zimbabwe”, for the degree Bachelors Commerce Honours, is our own work and that it has not previously been submitted for assessment or completion of any postgraduate qualification to another university or for another qualification, and that all the sources I have used or quoted have been indicated and acknowledged as complete references.

Donald Borerwe (214110753)

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Port Elizabeth

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## **ABSTRACT**

Despite the important contribution of family businesses globally and on the African continent, there are numerous challenges that influence their long term survival and success. One such challenge is the absence of having an entrepreneurial orientation (EO) in the business. Due to the high failure rate of indigenous family-owned businesses, as well as the fact that little is known about EO and its influence on transgenerational potential and success in these businesses, the purpose of this study was to investigate whether the five dimensions of entrepreneurial orientation (EO), namely risk-taking, competitive aggressiveness, autonomy, innovativeness and proactiveness, are displayed among two indigenous African family businesses in Zimbabwe. In addition the study explored whether evidence of EO will increase these businesses' EO and in turn increase their transgenerational potential and success or not.

In this study the research methodology guidelines of the STEP framework were followed by implementing an interpretivistic research paradigm and a qualitative research methodology. Therefore, since much still remains to be discovered in terms of EO in indigenous African-owned family businesses, a descriptive, multi-case study was the type of research method used. The non-probability purposive sampling was used to identify the sample according the specified STEP criteria. The sample size in this study consisted of two indigenous African-owned family businesses operating in Harare, Zimbabwe. The STEP interview schedule, which consisted of semi-structured questions, was the research instrument used to collect the relevant data from five participants (one family member and one non-family member in the first business) while in the second business two family members and one non-family member participated. After data collection, conventional content analysis was used to analyse and interpret the data.

The findings are of value to the participating family businesses, through emphasising the evidence of EO in these businesses and to what extent EO increase their

transgenerational potential. Based on the findings, Westview College is more entrepreneurially orientated than Harare Plastics. Westview College shows all five dimensions of EO in their business operations to some extent while Harare Plastics exhibits only three of the dimensions of EO, namely innovativeness, competitive aggressiveness and proactiveness.

Westview College takes more risk than Harare Plastics who seem to be risk-averse, whilst Harare Plastics seems more innovative through their unique designs of new plastic products. Employees at Westview College are encouraged to be creative in doing their work and they are given freedom to make decisions, whereas at Harare Plastics, employees can only make suggestions during meetings but do not necessarily get freedom to act on those decisions. Both businesses portray a proactive nature, as well as competitive aggressiveness when competing in the market, which shows their intention to grow and gain greater market share. From the results presented it can therefore be concluded that both these businesses are entrepreneurially orientated and that EO increased their transgenerational potential.

Recommendations for Harare Plastics are that the business should allow autonomy in the workplace and consider taking more moderate risks as it will enhance business success and transgenerational potential even further. Westview College on the other hand should continue taking risks, as well being a step ahead of its competitors so as to gain greater market share and increase transgenerational potential

**KEYWORDS:** Family businesses; Transgenerational success; Entrepreneurial Orientation; Succession; STEP project.

## **CHAPTER ONE**

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

#### **1.1 INTRODUCTION AND BACKGROUND OF STUDY**

Approximately 30% of family businesses survive beyond the second generation and about 10% make it to the third, which is a threat as it may lead to the collapse of many businesses in the future if there is no continuity (Stalk & Foley 2012:90). This poses a great challenge to the world economy because over 70% of all existing businesses are family owned (Poza 2014:7). Furthermore, family businesses in some countries employ 80% of the total workforce, which is an indicator that they play a vital role in the economic environment as the greatest contributor to most country's gross domestic product (GDP) and employment (Danner 2018:1). Across the world family businesses are well known and are increasingly becoming popular because they contribute to the livelihood of not only the concerned families but of many others.

Family businesses are also a major contributor to economic stability in South Africa as suggested by Visser and Chiloane-Tsoka (2014:427). Van der Merwe, Venter and Farrington (2012:85) are of the opinion that family businesses are different from non-family businesses due to their management structure. In family businesses management is dominated by the owning family which can be considered as a threat by some researchers (Van de Merwe *et al.* 2012:85). According to Hatten (2012:9) a family business is an establishment where two or more members of the same family own the majority share and control the business. Owning the dominating share means the family has overall power to control decisions and the direction the business is taking.

Family businesses are long term establishments and one way of achieving transgenerational continuity is by encouraging businesses to be entrepreneurial. Entrepreneurial Orientation (EO) has to do with behaviours that sustain the business in the long-run. Covin and Wales (2011:690) consider EO as an organisation's opportunity seeking behaviour for market exploitation, its wide ability towards achieving new things. Therefore, for a business to be successful and survive EO

must be employed as the economic environment keeps evolving, businesses too must adapt to the new environment (Edmond & Wiklund 2010:15).

EO has five key dimensions which are: autonomy, competitive aggressiveness risk-taking, innovativeness and proactiveness. Autonomy refers to the independent action of an individual to bringing forth an idea and carrying it through to completion (Dworkin 2015:23). Perez-Luno and Wiklund (2011:562) define innovativeness as new ideas, experiments and processes that may result in new products and services. Risk-taking refers to engaging in activities which have uncertain outcomes (Lechner & Gudmundson 2014:32). Proactiveness is being the first mover in the market by making decisions before the competition does (Lechner & Gudmundson 2014:32). Competitiveness aggressiveness refers to the effort of the business to outperform its competitors (Lechner & Gudmundson 2014:32).

All businesses need EO to ensure survival till the next generation takes over (Van de Merwe *et al.* 2012:81). Every business has a set of unique resources and capabilities commonly referred to as familiness (Gorge & Marino 2011:35). Edmond and Wiklund (2010:157) suggest that families that maximise on their capabilities become more successful than those that do not. The world keeps evolving, businesses must also be innovative and design new models that are realistic and relevant to take the business to the next level. Family businesses are generally conservative and if they maintain the same approach they can only survive in the short-run but for those who want to survive longer they must be willing to take some risks (Miller 2011:1065). Miller (2011:1065) suggest that proactiveness is a pre-requisite if a business is to survive and autonomy as no business must give in to internal and external constraints.

## **1.2 PROBLEM STATEMENT**

Despite the importance of family businesses, they still face a high failure rate (Stalk & Foley 2012:90). This is an indicator that there is something that family businesses are not doing well, and it hinders them to survive till the next generation. The collapse of family businesses can be a result of nepotism, greed, and lack of management skills as well as lack of a proper succession plan (Visser & Chiloane-

Tsoka 2014:427). However, the lack of EO in family businesses may be a cause of collapse of the businesses and have a negative impact on the business success in the long run as suggested by Van de Merwe *et al.* (2012:85).

Furthermore, there is lack of adequate information and literature in EO of indigenous African family businesses. Additionally, while studies have been done on EO and family businesses little is said about indigenous African family businesses and the role EO plays in these businesses. The study is filling a gap where literature on EO in indigenous African family businesses in Zimbabwe is incomplete.

### **1.3 RESEARCH OBJECTIVES**

#### **1.3.1 Primary objective**

The primary objective of this study is to explore the existence of entrepreneurial orientation among two indigenous African family businesses in Zimbabwe and whether being entrepreneurially orientated will enhance their transgenerational potential.

#### **1.3.2 Secondary objectives**

The secondary research objectives are in place to give effect to the primary objectives of the study. The following secondary research objectives have been formulated.

- SO<sup>1</sup> To investigate the influence of autonomy on the entrepreneurial orientation among indigenous African family businesses in Zimbabwe.
- SO<sup>2</sup> To investigate the influence of innovativeness on entrepreneurial orientation among indigenous African family businesses in Zimbabwe.
- SO<sup>3</sup> To investigate the influence of risk-taking on the entrepreneurial orientation among indigenous African family businesses in Zimbabwe.
- SO<sup>4</sup> To investigate the influence of proactiveness on the entrepreneurial orientation among indigenous African family businesses in Zimbabwe.



- SO<sup>5</sup> To investigate the influence of competitiveness aggressiveness on the entrepreneurial orientation among indigenous African family businesses in Zimbabwe.
- SO<sup>6</sup> To investigate the relationship between the existence of entrepreneurial orientation and transgenerational potential among indigenous African family businesses in Zimbabwe.

### **1.3.3 Methodological objectives**

In order to achieve the above-mentioned primary objectives, the following methodological objectives have been identified.

- MO<sup>1</sup> To undertake a theoretical investigation into the nature and importance of family businesses and the nature and importance of entrepreneurial orientation and its five dimensions among family businesses in Zimbabwe.
- MO<sup>2</sup> To determine the appropriate research methodology to be used in conducting the study.
- MO<sup>3</sup> To modify the STEP interview guide to explore the existence of entrepreneurial orientation among indigenous African family businesses in Zimbabwe.
- MO<sup>4</sup> To source primary data from a sample of two indigenous African family businesses in Zimbabwe using the STEP interview guide.
- MO<sup>5</sup> To provide conclusions and recommendations based on the findings of the research that could assist indigenous African family businesses in Zimbabwe to adopt an entrepreneurial orientation to increase the transgenerational potential and success of their businesses.

### **1.3.4 Research questions**

Based on the problem statement, primary, secondary, methodological objectives of this study the following research questions are posed.

- RQ<sup>1</sup> Does autonomy have an influence on the entrepreneurial orientation among indigenous African family businesses in Zimbabwe?
- RQ<sup>2</sup> Does innovativeness have an influence on the entrepreneurial orientation among indigenous African family businesses in Zimbabwe?

- RQ<sup>3</sup> Does risk-taking have an influence on the entrepreneurial orientation among indigenous African family businesses in Zimbabwe?
- RQ<sup>4</sup> Does proactiveness have an influence on the entrepreneurial orientation among indigenous African family businesses in Zimbabwe?
- RQ<sup>5</sup> Does competitiveness aggressiveness have an influence on the entrepreneurial orientation among indigenous African family businesses in Zimbabwe?
- RQ<sup>6</sup> Does EO have an influence on transgenerational potential among indigenous African family businesses in Zimbabwe?

## **1.4 RESEARCH DESIGN AND METHODOLOGY**

According to Naidoo (2011:47) a research is an investigation into the nature and civilization to authenticate and improve on the existing information by coming up with new conclusions.

### **1.4.1 Literature review**

Secondary data analysis is the utilisation of information that has previously been gathered for other empirical studies (Johnston 2014:619). Furthermore, Johnston (2014:620) suggests that secondary data is readily available for all researchers even those with limited resources. The literature review will focus on EO among indigenous African family owned businesses. The internet and the Nelson Mandela University Library will be used to collect data.

### **1.4.2 Empirical investigation (Primary research)**

The primary objective is to explore the influence of EO among two indigenous African family owned businesses in Zimbabwe. The research design, methodology, method, data collection and analysis will be discussed as the main apparatuses of the primary research of this study.

#### **1.4.2.1 Research design and methodology**

A research design is a plan of work that exists to answer the research questions. According to Van Wyk (2012:5) a research design is a strategy used to get relevant answers for the initial research questions.

There are two types of research methodologies commonly known as the qualitative and the quantitative research methods. Quantitative research is characterised by large samples and has a structured data collection process (Struwig & Stead 2013:16). On the other hand, Struwig and Stead (2013:16) state that qualitative research is characterised by interpretations of participant's thoughts and feelings. For the purpose of this study a qualitative research methodology will be adopted because the research will be purposeful, targeting only a small sample in this case its family businesses.

Considering that little is known concerning EO and indigenous African family owned businesses, an exploratory and descriptive study within a qualitative research method was used. The reason behind the choice of this method is its flexibility in the application of theories (Struwig & Stead 2013:34). Additionally, the qualitative research develops clarifications on social phenomenon's as mentioned by Struwig and Stead (2013:35). A case study is an in-depth search that explores a contemporary fact within its context (Harling 2012:1).

#### **1.4.2.2 Population, sampling and data collection**

A research population is cluster of people who share similar characteristics (Quinlan, Babin, Carr, Griffin & Zikmund 2015:169). For the purpose of this study the research population comprises of indigenous African family businesses in Zimbabwe. Conversely, due to the researcher's inability to interview all the indigenous African family businesses in Zimbabwe, a sample will be selected. Quinlan *et al.* (2015:169) defines a sample as a subset of the larger population.

In this study, non-probability purposive sampling will be implemented to identify two indigenous African family businesses with at least two generations involved in

ownership or management. Researchers will use their own judgement to identify business that qualify for the study. Data will be collected through interviews guided by the STEP project (Babson College 2005:1). There is a standard criterion to be met in the implementation of the STEP project. Interviews must be held with key members of the business these include the controlling owners and independent employees.

#### **1.4.2.3 Design of the interview guide**

The STEP project (Babson College 2005:1) will be used as a guideline in conducting interviews and it will assist the researchers to draw up relevant questions to the study topic. The focus will be on indigenous African family businesses where history of the business and EO will be discussed as well as the influence of EO on transgenerational success. The interview guide follows a sequence with themes used by Tyamko and Jijana (2017:8) such as:

- History of the family and the family business.
- The decision making of the business.
- The most influential characters in the business.
- The value, mission and objectives of the business.
- The strength of EO in the business.
- The extent to which EO is practised and its relationship with trans-generational success.

#### **1.4.2.4 Data analysis**

Quinlan *et al.* (2015: 395) suggest that data analysis is the process of interpreting data and drawing inferences from it. The data gathered will be analytically coded then the content will be conventionally analysed so that a logical conclusion is made and a phenomenon for possible further research be created.

## **1.5 SCOPE AND DERMACATION OF THE STUDY**

The study involves collecting data from two indigenous African family businesses situated in the capital city of Zimbabwe (Harare). One family member from the first generation will be interviewed in one business whereas in the second business two family members from the first generation will be interviewed. To conclude the interviews a non-family member in each business will also be interviewed. The participants will be interviewed according to the guiding principles and procedures of the STEP interview guide (Babson College 2005:1).

## **1.6 CONTRIBUTION OF THE STUDY**

Available literature focuses on the five elements of EO in family businesses. However, there is little or no literature regarding the subject in indigenous African family businesses in Zimbabwe. This study intends to add on the knowledge that currently exists on indigenous African family businesses and also offers recommendations on how family businesses in Zimbabwe can use the dimensions of EO to increase the transgenerational potential of their businesses.

## **1.7 DEFINITION OF KEY CONCEPTS**

With the study focusing on EO and its five elements in indigenous African family businesses. Clear definition of these terms are presented below.

### **1.7.1 Family businesses**

For the purpose of this study family businesses refers to a business where two or more family members own a majority share in the business and are actively involved in its the day to day running. Babson College (2005:1) the founders of the STEP project, define a family business as a business that thrives to attain stability and development by passing on entrepreneurial approaches and skills to the next generation to enable them to create new sources of prosperity.

### **1.7.2 Indigenous African family business**

In this study an indigenous African family business refers to a business owned by two or more black family members who were previously disadvantaged and left out from the economic majority, where two or more family members own a majority share in the business and are actively involved in its day-to-day running.

### **1.7.3 Entrepreneurial orientation**

In this study EO refers to behaviours and decisions that result in increased market share. There are five dimensions of EO which are autonomy, risk-taking, competitive aggressiveness, innovation and proactiveness.

### **1.7.4 Risk-taking**

In this study risk-taking refers to engaging into the unknown in anticipation of positive results.

### **1.7.5 Competitive aggressiveness**

For the purpose of this study competitive aggressiveness refers to working very hard to outperform competitors in every way possible.

### **1.7.6 Autonomy**

In this study refers to the consistency that the business has in taking up all its ideas and visions till completion without giving up.

### **1.7.7 Innovativeness**

For the purpose of this study innovativeness refers to new ideas and experiments that lead to new products and services.

### **1.7.8 Proactiveness**

In this study pro activeness refers to anticipation of future complications, needs and changes.

### **1.7.9 Transgenerational potential**

For the purpose of this study transgenerational success refers to continuous passing on of entrepreneurial skills across generations.

## **1.8 STRUCTURE OF THE STUDY**

**Chapter one** will outline the background and introduction to the study and present the purpose and objectives. Thereafter the problem statement will be discussed and further assist in the formulation of objectives and research questions. The chapter will covers the research design and methodology followed by scope and demarcation of the study, contribution of the study, definition of the key terms and overview of the study.

**Chapter two** will focus mainly on the critical analysis and review of literature on indigenous African family businesses and its unique characteristics as well as the differences between family and non-family businesses. This chapter will provide a definition and characteristics of indigenous family businesses in Zimbabwe, emphasize on their importance and outline the challenges they face. EO will be defined and its key elements to develop an understanding of the nature of family businesses. To conclude the chapter the importance of EO in family businesses will be discussed as well as transgenerational potential.

**Chapter three** will explore the research design and methodology used in the study. An outline of paradigms that impact research will be given and emphasis made on the qualitative approach. The research methods employed in the qualitative study will be discussed whereby the population under study, sampling technique will be outlined. Methods of data collection and interpretation will be highlighted. For the purpose of this study semi-structured interviews using an interview guide will be

used to collect primary data and the questions will be extracted from the STEP interview guide. Data analysis will be discussed followed by an outline of the research trustworthiness and research ethics and their relevance to the study. The names of the participants will be changed to endorse anonymity and confidentiality.

**Chapter four** will present the empirical findings of the study from the two indigenous family owned family businesses in Harare, Zimbabwe. The five elements of EO will be investigated in the two-family businesses, as well as determining whether displaying these dimensions will increase the businesses' transgenerational potential or not. A profile of the participants who will be part of the study from the two-family businesses (Harare Plastics and Westview College) will be created. The history of the businesses will be provided, and the external mediating factors of the businesses will be outlined. For the purpose of addressing the primary objective, the five dimensions of EO, and its influence on transgenerational potential on each family business will be discussed respectively.

**Chapter five** will present the empirical results on the two indigenous family owned businesses as well as the recommendations. EO and the key elements within the businesses will be discussed and compared with findings of previous research on this topic. Transgenerational potential in the family businesses will be outlined and limitations of the study will be identified and discussed. To conclude the chapter, contribution of the study and further research areas will be elaborated on.

## **1.9 STUDY TIME FRAME**

The research will be carried out during the 2019 academic year.



## **CHAPTER TWO**

### **CONTEXTUALISING ENTREPRENEURIAL ORIENTATION IN INDIGENOUS AFRICAN FAMILY BUSINESSES**

#### **2.1 INTRODUCTION**

The primary objective of the study is to investigate the influence of entrepreneurial orientation (EO) on transgenerational success in indigenous African family businesses. Chapter one provided the introduction and background, as well as the problem statement and research questions to the study.

Chapter two will commence by first contextualising the nature and importance of family businesses in general and indigenous African family businesses (IAFBs) in particular. Thereafter the nature and importance of EO in general and in family businesses in particular will be contextualised. This chapter will evaluate previous research on EO and family businesses with the main focus being indigenous African family businesses. Furthermore, five dimensions of EO, namely autonomy, proactiveness, competitive aggressiveness, risk-taking and innovativeness, will be elaborated on.

#### **2.2 CONTEXTUALISING INDIGENOUS AFRICAN FAMILY BUSINESSES**

##### **2.2.1 Defining family businesses**

Family businesses are considered the oldest form of businesses as they date back and the oldest form where farms (Debarliev & Janeska-Iliev 2015:11). Some authors however are of the opinion that it is difficult to define family businesses due to their diverse nature (Dumbu 2018:39). A family business is one that is owned and managed by a family (Van de Merwe *et al.* 2012:85). A family business is characterised by the family's participation in forming strategic goals for the business, participating in key decision making, the family having control of the business and the resources of the family are most often also invested into the business (Dumbu 2018:39).

A family business can also be defined as a business that is owned and controlled by many family members. Therefore, from the definitions it is clear that for a business to be considered a family business, family must have majority ownership (Devins & Jones 2016:4). For the purpose of this study a family businesses is defined as a business where two or more family members own a majority share in the business and are actively involved in the day – to- day running of the business. To give an even better understanding of the nature of family businesses, the next section will focus on the unique characteristics of these businesses.

### **2.2.2 Unique characteristics of family businesses**

Hussain (2017:1) emphasises that a family business is a collaboration between two separate but connected systems which are family and the business itself with uncertain margins and diverse rules. For the consistent survival of family businesses, the concerned families in this case are the managers of the business must see to it that there is a healthy balance between the two systems. If there is any form of discrepancy it may result in conflicts which may impact negatively on the business (Hussain 2017:1).

In a family business members have dual roles as they serve as employees at the same time they are family (Memili, Chang, Kellermans & Welsh 2015:144). Ayranci (2014:89) suggests that family members sometimes get special treatment in the business and some even resent employees who are not part of the family. Non-family members bring balance to the family business as they are not biased and influence independent perceptions as suggested by Molly (2017:1).

The resources of a family business are usually provided by family and the needs of the family are usually prioritised by the business (Basco & Rodriguez 2009:85). Family businesses are characterised by owners who have a number of roles within the business and the family i.e. grandfather or sibling (Dumbu 2018:39). Family businesses comprise of a working environment that is informal, and workers are familiar with each other through being related to each other as they are family, as compared to non-family businesses where a formal structure is adopted and is a bit more strict (Boer & Lora 2009:9).

Employment criteria is another factor that makes family businesses unique as some family members are not employed on merit but simply inherit their place in the business (Darioly and Riggio 2014:2). Furthermore, a question is posed that evaluates if the family members do qualify to be part of the business and if they possess the relevant know how about the business (Ramandani & Hoy 2015:17). Combs (2010:3) states that methods of compensation in a family business are distinct. Braidford, Houston Allinson and Stone (2014:33) suggest that in a family business profits are distributed among family members who participate in the business and extends even to those who are not actively involved in the business. Salaries on the other hand are equated to the industry pay rates (Molly 2017:2).

Moreover, Jaffe (2010:2) indicates that family businesses are unique because in their existence they prioritise estate planning which is concerned with the transfer of ownership of the impending generation. Tax remuneration is emphasized in family businesses as it impacts positively on the business (Vincencova, Hondikonva & Horak 2015:303).

### **2.2.3 Differences between family and non-family businesses**

Having established that family businesses are unique, it is important to highlight the differences between family and non-family businesses. Differences have been summarised in Table 2.1.

From Table 2.1 it is clear that transgenerational continuity marks the difference between family businesses and non-family businesses. Family businesses have a long term forecast where the owner intends to have his offspring take over at some point as indicated by Suess- Reyes (2017:750). According to Baskin (2016:3) strategic planning is a pre-requisite in a family business as it makes even the inconsistency between the family and the business. Therefore, family needs and business needs must be put into consideration so that all parties are content. These differences listed above affect family businesses across the world and some may even be applicable in indigenous African family businesses.

**Table 2.1: Differences between family and non-family businesses**

	<b>Family businesses</b>	<b>Non- family businesses</b>
Axis of the business	Family influences the operations.	Managers or owners influence the operations.
Control	Business and family sphere (informal)	Business sphere (formal)
Assets	Financial, social and cultural	Financial
Business climate	Familiness, trust, cohesion, involvement, commitment, engagement, enthusiasm and informality	Business goal orientation, formality, contractual agreements and distance
Management style	Value–driven and emotional goal alignment	Facts and figure driven, rational and agency control mechanisms
Allocation of profits	Reinvestment into the business	Distribution among shareholders and owners
Main objective	To increase family income and family satisfaction	Economic profit
Time horizons	Unlimited time prospects by family members	Managers have limited or short time prospects
Accountability	Management is answerable to the family and to themselves	Managers are answerable to investors and all stakeholders
Decision making	Compacted decision making	Involving and group-based decision making
Personal gain	Personal gain results in businesses progression, achievement, employment creation and family prosperity creation	Personal gain results in improvement, elevation and increased reward

(Sources: Ramandani & Hoy 2015:5; Mullins & Scholar 2016:24-43)

#### **2.2.4 Definition and characteristics of IAFBs in Zimbabwe**

There is no commonly known definition of the word indigenous as it means different things to different people but in a Zimbabwean context it has to do with black people who were previously deprived and excluded from the economic mainstream (Chetcuti 2018:1; Warikandwa & Osode 2017:1). However, the introduction of the Indigenisation and Economic Empowerment Act of 2008 was a new chapter to Zimbabwe's economic world as indigenous Africans could now own up to 51% of any private companies (Warikandwa & Osode 2017:2). Additionally, Chetcuti (2018:1)

suggests that this economic emancipation was a step in the right direction although raising adequate capital remained a challenge to many businesses.

An indigenous African family business in Zimbabwe is characterised by owners who want to be responsible for all the leadership tasks at the beginning of the venture right up to when the business is too big for them to manage alone without the special expertise needed to manage large businesses. Key positions in family businesses are given to the spouses and children of founders of the business (Hlabati 2012:1). These family businesses are also characterised by lack of continuity once the owner dies. In the less developed areas, the blame for the collapse of a family business is put on witchcraft (Hlabati 2012:1).

Indigenous African family businesses in Zimbabwe are mostly located in rural areas and in growth points (Dumbu 2018:1). The major challenge of family businesses in Zimbabwe is the issue of succession. There is a lack of balancing parenting and monitoring, lack of appropriateness and preparedness of the successor and dysfunctional conflicts in the families (Dumbu 2018:42).

According to Seedat (2017:1) family businesses are able to withstand any pressures they encounter as they easily adapt to corporate pressures. Therefore, such trends are common in Zimbabwe where family businesses have survived despite the economic pressures they have encountered. On the same note political circumstances affect businesses and family businesses are not an exception but they survive because of their resilient nature in the market (Seedat 2017:1).

For the purpose of this study an IAFB is defined as a business owned by two or more black people who are family members who were previously disadvantaged and left out from the economic majority but now are the majority shareholders.

### **2.2.5 Importance of family businesses**

Venter and Farrington (2009:139) highlight that family businesses are the economic drivers of development as they are estimated to between 65% and 90% of the business in the world. Family businesses are the biggest global employers who

according to existing statistics employ over 50% of the world's population as indicated by Venter and Farrington (2009:142). Family businesses are key in most economies as they provide employment opportunities, contribute to the gross domestic product of economies and improve the standards of living (Devins & Jones 2016:4). Not much is said about family business statistics in Zimbabwe. However, in South Africa studies indicated over 60% of South Africa's wealth was generated from family businesses. This is a sign of the value of family businesses in an African context (Mooney 2011:1).

Family business continue to prosper in a competitive economy and the owners must make the most out of such circumstances (Leybag 2018:1). Machek and Votavova (2015:168) and Leybag (2018:1) are of the same opinion that family businesses raise a sense of stability which results in prolonged existence. Stability does not only mean consistency in revenue but also has to do with consistency in income and can lead to higher chances of retaining employees (Machek and Votavova 2015:168). In addition to this stability of family businesses opens a way of efficient delivery of policies as mentioned by Leybag (2018:1). Family businesses have a long-term outlook, when other businesses think of the present, they think years, and this is supported by the vision and the long-term goals (Leybag 2018:1).

The involvement of the youths in the family business is an indicator that business have a long-term perspective and that the family businesses share knowledge and equip the next generation to run the business (Leybag 2018:1). In addition, Machek and Votavova (2015:168) suggest that family businesses enjoy a positive name that is built on excellence and practice. Trust and authenticity highlighted by Leybag (2018:1) make family businesses stand out because family members have deeper ties among themselves and understand each other and they do not have to develop relationships from scratch (Athwal 2014:1).

Athwal (2014:1) mentions that family members are committed to finance the business to ensure its sustainability. Commitment of family members in the business can be measured by the level of loyalty, accountability, dedication and belief in the business (Athwal 2014:1; Leybag 2018:1). Family businesses are flexible and adaptable as suggested by Leybag (2018:1). The approach used to administer family

businesses is informal and one can adopt multiple roles without complaining of doing something that is out of their job description (Athwal 2014:1). Prior (2012:12) is also of the opinion that decision making is quick in family businesses.

#### **2.2.6 Challenges facing family businesses**

In as much as family businesses are the greatest contributor to most countries GDP and employment as highlighted by Danner (2018:1) they still face challenges for example in 2015, South Africa was among the top ten countries reporting the highest levels of economic crime and Zambia and Kenya also featured in the top ten list (Brink 2016:19). In South Africa only 25% of family businesses survive to the second generation whilst in Zimbabwe 10% make it to the third generation (Sandada & Mangwandi 2015:1).

According to Debarliev and Janeska-Iliev (2015:11) family businesses are short lived because some are not professionally managed and may eventually collapse unlike non-family businesses who tend to last longer. Family businesses are usually not open to accept or welcome new investors because they want to retain power and remain as the dominant owners and have the greatest decision-making power (Debarliev & Janeska-Iliev 2015:11). Therefore, the resource pool of family businesses is limited unlike that of other forms of business as indicated by Debarliev and Janeska-Iliev (2015:12) who state that the few resources are a result of closed policies. In as much as family business are a major contributor to worldwide economies, they face a high risk of losing resources and the business itself if a family crisis emerges (Debarliev & Janeska-Iliev 2015:12).

According to Athwal (2014:3) conflicts affect family businesses and they come in different forms. Additionally, Leybag (2018:2) elaborates on the different forms of conflicts namely conflicts between spouses, between family members and non-family members employed in the business and between parents and children. A lack of interest and enthusiasm to take over by the second generation can be a challenge to a family business as the owners may find it difficult to appoint a successor (Athwal 2014:3). Furthermore, some businesses do not have a proper succession plan in

place and have unclear structures of the internal hierarchy which makes it difficult to function in the long-run as mentioned by Athwal (2014:3).

Athwal (2014:3) suggest that nepotism is a challenge in family businesses as a result of failure by managers to draw the line by clearly defining roles, objectives specifying the qualification criteria. Federer (2015:4) mentions that family businesses lack openness as they find it difficult to employ non-family members, even if it does happen, they have little or no say in the day to day running of the business. Autocratic leadership behaviour employed by management can be a challenge in the business as holding onto systems may not be ideal (Indemun 2013:65). For example, the owner might be of the belief that the first son is the one who must succeed him regardless of his interest in the business. Furthermore, Indemun (2013:65) implies that poor management may eventually result in poor performance as employees become too comfortable in the work place. Mixed interest is also a challenge in family businesses as employees might fail to separate work issues from family matters (Ravan 2018:63). In a family business the owners are willing to drawback progress in order to gain control as stated by Kenyon-Rouvinez (2017:4).

Another challenge that arises within family businesses highlighted by Klee (2014:30) is the lack of EO, which means that businesses lack proactiveness, autonomy, innovativeness, competitiveness and risk-taking ability. Karpacz (2016:268) suggests that a business that lacks autonomy suffers loss as a result of unmotivated staff. Furthermore, to employees autonomy means freedom, control and independence and this reflects positively on their functionality (Karpacz 2016:268). Therefore, the lack of autonomy may in the long run affect the growth of family businesses.

Innovativeness is considered as the driving force of success and creation of new standards (Ionescu & Dimitru 2015:99). A family business that lacks this attribute may be short-lived because no consumer would want to stick with a business that retains the old way of doing things whilst times are changing, and new things are happening. Therefore, Ionescu and Dimitru (2015:99) state some family business fail to make it to the next generation because they lack innovation which is an entrepreneurial behaviour. Ionescu and Dimitru (2015:99) highlight that businesses



which are not innovative may eventually lose out on the market share as being innovative gives them an upper hand in the market.

The lack of proactiveness has a negative impact even for family businesses as it shows that they are never prepared for future circumstances as suggested by Crystal (2015:1). Family businesses that overlook being proactive may fail to recognise inconsistencies that need adjustment resulting in chaos (Crystal 2015:1). Failure to take risks is one of the reasons why family businesses do not grow and survive till the next generation (Debarliev & Janeska-Iliev 2015:11). Non-exploitation of opportunities does not impact positively on the business as stated by Lechner and Gudmundson (2014:32). Businesses that do not take risks have slower growth as compared to the ones that maximise on all opportunities at their disposal (Debarliev & Janeska-Iliev 2015:11). Muhonen (2017:10) suggests that for business to survive it has to be forceful in the marketplace so as to retain and expand the existing clientele. Therefore, growth and profitability is slow in business that lack EO as compared to businesses that employ EO (Debarliev & Janeska-Iliev 2015:11).

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## **2.3 CONTEXTUALISING ENTREPRENEURIAL ORIENTATION**

### **2.3.1 Defining entrepreneurial orientation**

In this ever changing technological and business environment, businesses need to restructure and take risks (Naldi, Nordqvist, Sjöberg & Wiklund 2007:36) and therefore entrepreneurial orientation is likely to be adopted in order to remain competitive. McGuinness (2008:8) outlines the difference between entrepreneurship and EO. Entrepreneurship is the behaviour of individuals that is associated with new entry in the market whereas EO is concerned with plans and verdicts that lead to new entry in the market (McGuinness 2008:8). Dada and Fogg (2015:89) suggest that EO classifies businesses that get the most out of new opportunities and those that do not.

Entrepreneurial orientation is a concept in which businesses have a nature and culture of taking business risks in order to survive and to grow as a business (Casillas & Moreno 2010:273). According to Charupongsopon and Puriwat

(2017:151) entrepreneurial orientation refers to the procedures, practices and decision-making activities that lead to new entry as characterised by one, or more of the following dimensions: a propensity to act autonomously, a willingness to innovate and take risks, and a tendency to be aggressive toward competitors and proactive relative to marketplace opportunities. Covin and Slevin (2009:222) mention that EO is a combination of managerial thoughts, decisions and strategic tendencies.

According to Lechner and Gudmundson (2014:38) there are five dimensions of entrepreneurial orientation. These are autonomy, innovativeness, risk-taking, proactiveness and competitive aggressiveness. In this study EO refers to behaviours and decisions that result in increased market share. The five dimensions of EO which are proactiveness, competitive aggressiveness, autonomy, innovation and risk-taking will be discussed in the sections to follow and contextualise to family businesses.

### **2.3.2 Dimensions of entrepreneurial orientation**

#### **2.3.2.1 Autonomy**

Autonomy refers to individuals or teams being able to structure their own work and working freely until the completion of tasks (Lechner & Gudmundson 2014:38). This creates an environment of innovative and entrepreneurial behaviour as individuals are free to experiment and generate new methods work (Casillas & Morena 2010:270). A higher level of productivity is achieved when those who hold managerial positions are awarded more autonomy by the owners of the business (Dawson 2012:7). For the purpose of this study autonomy refers to the consistency that the business has in taking up all its ideas and visions till completion without giving up.

Hooyman, Wulf and Lewthwaite (2014:197) further elaborated on the benefits of the use of autonomy in businesses. The findings of their research stated how an autonomy-supportive environment had a positive impact on employees mastering concepts/techniques and it gives them confidence to thrive and succeed to the best of their abilities. It also results in further engagement with tasks at hand. On the other

hand, Botti, Orfali and Iyengar (2009:343) state that it is not every individual who is successful when it comes to an autonomous environment, some have a preference for information and guidance.

Autonomy can be categorised into internal and external autonomy. External autonomy stems from external stakeholders such as shareholders and customers while internal autonomy stems from the encouragement of individuals to work however so they feel is right (Klee 2014:47). Musa *et al.* (2014:252) also make mention of two types of autonomy, namely autocratic and generative autonomy. Autocratic autonomy refers to a person with a senior position being awarded with autonomy and his/her chain of command then have to follow his/her orders. Generative autonomy refers to lower level workers taking entrepreneurial actions.

According to Lumpkin, Coglisier and Schneider (2009:50) there are two other types of autonomy besides the ones mentioned above. Structural autonomy is defined similarly to the definition of autonomy above. It refers to the extent to which individuals can make their own decisions at the work place. The second type of autonomy is strategic autonomy which refers to the extent to which individuals can make decisions outside the business.

In the context of family businesses, there is a relationship between autonomy and the length of existence of a family business. The longer the existence of a family business, the lower the level of autonomy, which is limited by management. One of the reasons why autonomy decreases with time with family businesses is because of the use of a participative management style and the use of an inclusive decision-making process (Zwellweger & Sieger 2012:69). Another reason why autonomy may decrease over time could be the closed approach employed by family businesses, whereby none family members are not given any form of power.

#### **2.3.2.2 Innovativeness**

Innovativeness as a dimension of EO refers to the extent to which a business is incorporating new methods and ideas resulting in new products and services (Lechner & Gudmundson 2014:38). Innovativeness can also be defined as the extent

to which a business can support and incorporate new ideas and creative processes. Innovativeness can take form of a research or engineering venture in an effort of creating new technologies (Musa, Ghani & Ahmad 2014:249). According to Siraj, Issac and Danja (2016:1142) they concluded in the findings of their research that entrepreneurial orientation is a major predictor of business innovation. Innovativeness can also be defined from two perspectives. These are the business perspective and the customer perspective. With regards to the business perspective, it refers to the potential discontinuity a product can generate in a business's technological and marketing processes. When it comes to the customer perspective, it refers to the rate at which customers have to alter their behaviour patterns when introduced to a new product (McNally, Covusgil & Calantone 2010:992).

According to Plano (2018:1) innovativeness is encouraged when a business is characterised by a creative environment, starting by encouraging employees to design their work area. The encouragement of employees in the business to work hard and play hard through for example having music playing in the background in order to spark creativity (Plano 2018:1). In addition, Plano (2018:1) mention that brainstorming is another process which encourages innovativeness as people come up with creative solutions collectively. Rewarding employees through a committee which acknowledges and encourages employees to be creative and innovative at the work place. The benefits of innovativeness are improved productivity, passion for work, engagement/interaction, problem solving and finally improved staff morale (Plano 2018:1).

There are four types of innovativeness, namely product, process, marketing and organisational innovativeness (Lwamba, Bwisa & Sakwa 2013:90). Innovativeness can come in the form of the development of a new product, the enhancement of an existing product and the addition of a new feature to an existing product (Baer 2017:1). Innovativeness leads to the introduction of new products. There is as a matter of fact, a drawback of being first to the market as entrepreneurs are most likely to make critical mistakes during this phase. There is also a threat of followers who can improve the product and enjoy the success of the new innovation (Anamalay 2014:21).

Process innovativeness is characterised by a business adopting new and improved ways of operating. This is achieved through changes in the equipment and technology for manufacturing, improvements in software solutions that are used by the business in the delivery system and lastly, the use of enhanced equipment to sell the products (Baer 2017:1). Businesses need to source information on how to better/innovate their processes. This information can be sourced internally from employees and research and development department of the business. This process is referred to as closed process innovativeness. Another source of information externally from competitors or even suppliers. This type of sourcing of information is called open innovation (Gomez, Salazar & Vargas 2016:809).

Organisational innovativeness can also be linked to efficiency, whereby a business uses less to produce more. This type of innovativeness is characterised by businesses finding means to reduce business costs i.e. administrative and operation costs (Koren, Prester, Buchmeister & Palcic 2016:390). For the purpose of this study innovativeness refers to new ideas and experiments that lead to new products and services.

Innovativeness is key when it comes to the success of family businesses. It enables family businesses to be competitive as we are living an ever changing technological environment (Lwamba, Bwisa & Sakwa 2013:90). However, similar to risk-taking, family businesses are less innovative as compared to non-family businesses. The major reason for this is because a major requisite for innovation is risk which is not predominant in family businesses (Surdej 2016:40).

### **2.3.2.3 Risk-taking**

According to Lechner and Gudmundson (2014:38) risk-taking is characterised by venturing into the unknown, committing large portions of assets and borrowing heavily. Risk-taking is about a business's tendency to make investment and strategic action on uncertain issues (Musa *et al.* 2014:251). Out of the five dimensions of entrepreneurial orientation, risk-taking is front in line as it plays a fundamental role in business success and has the highest impact. Risk-taking also refers to the moves taken by a business during times of uncertainty (Sharma & Dave 2011:50).

In order to be successful in risk-taking, a business needs to be strong at the identification of sources of risk (Vonortas & Kim 2011:1). Furthermore, Vonortas and Kim (2011:1) state that family businesses are faced with risks from the very beginning of their entrepreneurial ventures. There is a market risk, meaning whether there is demand for their products and services (Vonortas & Kim 2011:1). Additionally, Vonortas and Kim (2011:1) elaborate on operational risk which involves the identification of any loop holes in the internal processes of the business from turning inputs into outputs. Moreover, Vonortas and Kim (2011:1) mention that financial risks are common in most businesses such as inability to pay back loans or customers failing to pay their credits. Lastly, growth risk, some businesses expand out of hand and the owners lack the financial means to sustain this growth (Vonortas & Kim 2011:1).

According Anamalay (2014:24) there are two aspects of risk-taking. The first one is “sinking the boat risk” which is characterised by businesses that implement concepts incorrectly through bad timing, through pursuing mature markets and incorrect pricing methods. The second aspect of risk is missing “the boat risk” which is characterised by businesses not implementing concepts in time due to perhaps long developmental timeframes which give competitors an opportunity to be the first movers. Besides these two aspects of risk, there is also diversifiable and systematic risk. The diversifiable risk can be outsourced. Systematic risk is a risk which is mandatory and is a risk which affects majority of businesses for example changes in taxation clauses (Vonortas & Kim 2011:1). For the purpose of this study risk-taking refers to engaging into the unknown in anticipation of positive results.

Risk-taking is important for family businesses in order to be competitive. However, family businesses do take risks but at a lower rate as compared to non-family businesses (Naldi *et al.* 2007:36). Gottardo and Moisello (2017:171) further explain why family businesses take fewer risks. This is because family businesses are often more concerned about their long-term survival than their profitability. The transfer of their successful business to future generations is top priority. The business is viewed as a long-term investment and the main aim is the continual control of business control by the same family over time and therefore risky strategies are avoided (Gottardo & Moisello 2017:171).

#### **2.3.2.4 Proactiveness**

Proactiveness is a process of anticipating internal and external factors that might impact the businesses in future (Lechner & Gudmundson 2014:38). According to Sharma and Dave (2011:47) proactive businesses are indeed leaders and not followers as they foresee the future.

This dimension of EO enables businesses to be more prepared for the future and enables contingency plans to be formulated (Rankin 2015:1). The saving of time and money is also achieved, as when the events occur the business is well equipped, and no last-minute plans are needed which can be time consuming and costly too as suggested by Rankin (2015:1). It gives the business a peace of mind knowing that they are ready to face the future and its problematic events. Being proactive gives the business clearer directions for the future and it enables the business to adjust its own strategies accordingly in preparation for the future (Rankin 2015:1).

Proactive businesses regularly scan the market environment in search of new opportunities and by doing so they become pioneers to new products and benefit from first-mover status (Anamalay 2014:23). Not only is proactiveness about anticipating internal and external factors that might impact the business, it is also about determining future requirements by searching for new opportunities. Proactiveness is about how a business links itself to marketing opportunities (Musa *et al.* 2014:250).

For the purpose of this study proactiveness refers to the anticipation of future complications, needs and changes. When it comes to proactiveness in family businesses, it is similar to autonomy in that proactiveness is influenced by the length of existence of the family business. The older the business, the less the levels of proactiveness adopted due to trust issues and division among family (De Masses, Chirico, Kotler & Naldi 2014:36). The reason behind high levels of proactiveness at the beginning of the business for family businesses is due to the excitement of starting a business and everyone in the family being on the same page (De Masses *et al.* 2014:38). The other reasons for the high levels of proactiveness in the beginning of the family business venture is due to high entrepreneurial ambition,

business growth, common destiny and a prevailing stewardship behaviour. These conditions or characteristics at the start of the venture influence high levels of proactiveness (De Masses *et al.* 2014:38).

### **2.3.2.5 Competitive aggressiveness**

According to Lechner and Gudmundson (2014:38) competitive aggressiveness refers to the intensity of a business to outperform competitors, ambitious market share goal-setting or aggressive actions such as price cutting. It is also characterised by the way in which businesses/competitors interact with each other (Muhonen 2017:11). Competitive aggressiveness is unique in that as businesses compete with each other, new competitive methods are discovered such as new and innovative marketing efforts (Klee 2014:51). Competitive aggressiveness is defined as the means to which a business challenges its competitors to better its position in the market and perform better than its competitors (Muhonen 2017:11). For the purpose of this study competitive aggressiveness refers to working very hard to outperform competitors in every way possible.

Bourbita (2015:5) states how this dimension of EO comes in the form of a competitive attack. There are four dimensions of competitive attack. The first one is the attack volume which refers to the total number of competitive actions in an attack (Bourbita 2015:5). Secondly Bourbita (2015:5) mentions the attack duration which refers to the time between when these attacks started to when they ended. The longer the duration of competitive actions the more the business is perceived to be a competitive aggressive one. The third dimension of a competitive attack is the attack complexity which is characterised by the level to which competitive actions comprise of various types of actions (Bourbita 2015:5). The last dimension highlighted by Bourbita (2015:5) is the attack unpredictability comprises of businesses that constantly change the sequence of their competitive actions to the point competitors are unable to anticipate their rivals moves.

Signs of competitive aggressiveness can be noticed when a business alters its product and spends a large sum of money to compete with a leading competitor and when a business benchmarks leading competitors (Musa *et al.* 2014: 253). Being



competitive with each other as businesses is seen as a good thing as it enables businesses to grow and improve their market position. Businesses also make use of competitive actions in order to defend their advantages and market position (Muhonen 2017:11). However, in the midst of competing with each other, businesses can shift their attention from achieving their own success to focusing on preventing the success of their competitors. This may result in reduced profits as well as the business missing the bigger picture (Muhonen 2017:11).

In family businesses, as the business expands from generation to generation, a good reputation may be established. Family business owners are more likely to maintain the good reputation and image than to be competitor aggressive with none family businesses as this may ruin their image (Sorenson, Yu, Brigham & Lumpkin 2013: 104). In general, for instance during intense competition, unethical practices may be adopted in order to stay ahead. This may chase customers who are ethically orientated, away.

## **2.4 THE IMPORTANCE OF ENTREPRENEURIAL ORIENTATION IN FAMILY BUSINESSES**

Adopting entrepreneurial orientation increases the chances of success in business growth and profitability. Some businesses consider EO as a key strategic element as stated by Haung, Yuan Wang, Chen and Yien (2011:3049). Smith and Jambalingam (2018:1) mention that EO has a significant impact on customer retention and business effectiveness. Moreover, business have to decide if they want to be reliant on existing systems and variables or be free to implement different ways of doing things as suggested by Sobrin and Rosid (2015:713). The formal and the informal state of a business are positively related to EO and can influence the business as elaborated by Sobrin and Rosid (2015:713). Haung *et.al* (2011:3049) mention that EO is an important element in strategic management as noted by the increase in the research over the past two decades.

Family businesses that are willing to adopt entrepreneurial orientation are more likely to discover gaps in the market and be the first to meet their needs commonly known as competitive advantage (Zainol, Wan Daud & Muhammad 2012:146). Usman and

Mat (2017:36) consider EO as a driver of outcomes in family businesses through the way it equips employees to be efficient in doing their everyday work. Additionally Furthermore, family businesses are considered entrepreneurial when they consistently show entrepreneurial actions that eventually become the businesses characteristics (Covin & Wales 2019:4). Family businesses employ EO as measure of determining sustainability and prolonged existence as a result of innovativeness, risk- taking capacity and proactiveness (Wales 2016:5). For a family business to be considered entrepreneurial, decisions have to be made if they want to retain old methods or they come up with new ways of doing things (Sobrin & Rosid 2015:713).

A family business that is considered as entrepreneurial is one that is not conservative in its approach, and this impacts positively on the business (Zahra 2018: 220). Furthermore, taking risk is important in family businesses as it fosters growth and may result in new ventures as cited by Zahra (2018:220). Agamy (2017:1) suggests that the world is increasingly becoming competitive and family businesses need to adapt and be entrepreneurial by competing aggressively in the market and this also impacts positively on the growth of family businesses. As a result of the long-term orientation goals of family businesses it is important that they transform the businesses by competing for a greater market share. Therefore, it is vital for family businesses to employ EO as it impacts positively on their survival.

According to Kallmuenzer, Strobl and Peters (2018:857) EO also affects the profitability of family businesses. Family-related interest influences the importance of EO as family members thrive to prolong the survival of the business (Kallmuenzer *et al.* 2018:860). An example of such cases is usually observed when one member of the family is loyal to the business and is willing to go to extreme lengths to ensure its survival and reputation of the family name. Such behaviours are influenced by the urge to ensure longevity of the business.

## **2.5 TRANSGENERATIONAL POTENTIAL**

Transgenerational potential is defined by Williams, Zorn and Crook (2013:1) as, “*a process that occurs over time and that starts long before leadership is officially transferred to the next generation.*” Family business owners need to plan ahead of

time and train their successors well in advance in order for transgenerational progression to be successful (Williams *et al.* 2013:1). Factors that influence high transgenerational potential success include the increase in entrepreneurial orientation dimensions as well as the increase in familiness (the resources and capabilities of the family business (Habbershon *et al.* 2010:9).

However, in this study only the relationship between EO and transgenerational potential be investigated. It is evident that high transgenerational potential is influenced by the entrepreneurial orientation dimensions (Habbershon, Nordqvist & Zwellweger 2010:9). According to Collis (2012:249) family businesses can only effectively transcend the ownership and control of the business from one generation to the next within the same family by familiarising with and increasing entrepreneurial characteristics. Moreover, Sorenson (2015:1) states that family businesses that do not portray entrepreneurial elements and values struggle to efficiently contest in the business environment.

## **2.6 SUMMARY**

The purpose of this study is to determine the influence of Entrepreneurial Orientation (EO) in indigenous African family businesses in Zimbabwe. This chapter discussed the unique characteristics of family businesses and their importance both globally and in Zimbabwe. The strengths and the challenges that family business encounter were also highlighted.

EO was discussed in detail and its relationship with indigenous African businesses is outlined. Furthermore, the five dimensions of EO which are autonomy, competitive aggressiveness, proactiveness, risk-taking and innovativeness were expanded on, and linked to family businesses. IAFBs were contextualised and their relationship with EO was outlined. The next chapter will discuss the research methodology used in this study.

## **CHAPTER THREE**

### **RESEARCH DESIGN AND METHODOLOGY**

#### **3.1 INTRODUCTION**

The success of any research is dependent on the use of a proper methodology to explore a phenomenon. Clough and Nutbrown (2012:5) posit that research is the investigation of a topic for a purpose which is usually aimed at solving an existing problem. The existing problem highlighted in the previous chapters is the knowledge gap on IAFBs and the role of EO on transgenerational success in IAFBs in Zimbabwe.

The preceding chapter gave a review of the existing literature on IAFBs, nature and importance of EO for long term business success. Chapter three explains the research design, methodology, data collection and analysis methods employed in this study. Research precisions and ethical considerations conclude the discussions in this chapter.

#### **3.2 RESEARCH DESIGN**

A research design is a strategy and layout of a study to acquire answers to the research questions and includes different elements which are collection of data, measurement of data and analysis of data as suggested by Blumberg, Cooper and Schindler (2011:147). According to Akthar (2016:68) in designing a research design priority must be given to the kind of evidence that will sensibly respond to the research questions. In addition, Akthar (2016:68) considers a research design as a “glue” that binds all elements of the project together. A good research design is necessary as it makes it easy to carry out all research processes and acquire all relevant information at a minimal cost and time (Akthar 2016:71). Moreover Akhtar (2016:71) mentions that good research is characterised by simple, measurable, attainable and relevant objectives.

Quinlan *et al.* (2015:143) mentions two main types of research methodologies namely quantitative and qualitative. However, Doyle, Brady and Bryne (2009:176)

suggest a third type of methodology inclusive of both qualitative and quantitative research methodologies. The three types of research methodologies as well as the types of methods that could be used in each, are further explained below.

### **3.3 RESEARCH METHODOLOGIES**

According to Rajasekar, Philominathan and Chinnathambi (2013:5) a research methodology has to do with processes that researchers employ to gain knowledge or information. Therefore, we can simply consider methodology as a research work plan. Additionally, Quinlan *et al.* (2015:399) defines methodology as an outline of how research was carried out.

#### **3.3.1 Quantitative research**

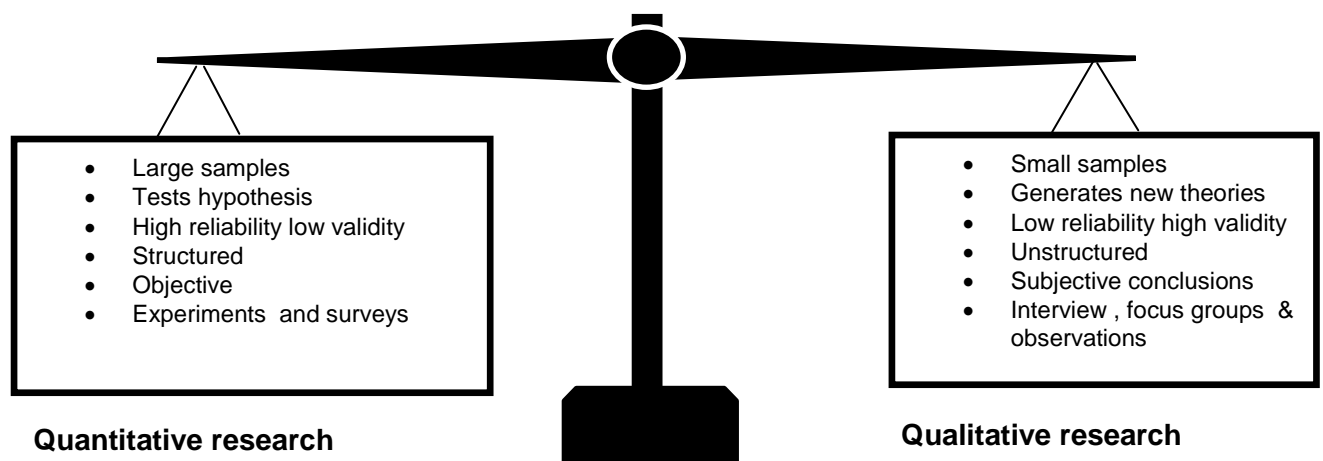
Quinlan *et al.* (2015:399) define quantitative research as a collection of data using statistical methods. Rahman (2017:102) however, defines quantitative data as an attempt to answer questions such as “how many”, “how much” and “to what extent”. Quantitative research breaks down the public sphere into smaller components commonly known as variables to attain accurate outcomes (Rahman 2017:105). Additionally, Rahman (2017:105) suggests that variables are presented in numerical form and the relationship between them and other components can be established. According to Quinlan *et al.* (2015:400) survey research is a quantitative method approach used to study large populations and dispersed samples. The success of the survey relies on the accuracy of the responses that the respondents give to survey questions in comparison to their actions (Avedian 2014:3). Correlational research is concerned with establishing the relationship between two or more variables within the same population or vice versa (Curtis, Comiskey & Dempsey 2016:23). Quinlan *et al.* (2015:395) accords that correlational research measures the link between two variables.

#### **3.3.2 Qualitative research**

Qualitative research on the other hand is one that does not rely on numerical measurements but is concerned with unearthing deep meanings and new

understandings (Quinlan *et al.* 2015:399). This type of research intends to understand aspects of social life and make use of words to analyse or capture the feelings, attitudes and perceptions of the participants as suggested by Yilmaz (2013:315). Moreover, qualitative data is usually presented in a less formal way unlike quantitative data (Klee 2014:83). Rahman (2017:103) views qualitative research as approach that deals with multiple truths and outlines the experiences of people in particular settings. Additionally, Collins and Hussey (2014:50) outline the differences between quantitative and qualitative research methodologies as shown in Figure3.1 below.

**Figure 3.1: Comparison of quantitative and qualitative research**



**(Source: Collins & Hussey 2014:50)**

### **3.3.3 Mixed methods research**

Mixed method research methodology is inclusive of both qualitative and quantitative research designs although some researchers may struggle to link the two as they may not know how they correlate (Doyle, Brady & Byrne 2009:176). McKim (2017:213) states that mixed methods are increasingly becoming popular among researchers due to the combined strengths both methods.

### **3.3.4 Research approaches**

It is important that research approaches adopted in the study be discussed. The different approaches which are explanatory, exploratory, descriptive and experimental will be explained below

#### **3.3.4.1 Explanatory research**

This type of research approach focuses on explaining the elements of a study in detail for example if previous studies on the same topic were not done in depth (Yousaf 2019:1). The explanatory approach helps us to understand the problem than before to make informed conclusions and possibly further research areas although it does not give answers to the research questions (Yousaf 2019:1).

#### **3.3.4.2 Exploratory research**

Unlike the explanatory approach, the exploratory approach is concerned with addressing subjects where little is known about them and there is a high level of uncertainty in the outcome (Van Wyk 2012:9). Quinlan *et al.* (2015:27) also mention that this is a commonly used approach.

#### **3.3.4.3 Descriptive research**

According to Nassaji (2015:129) descriptive approach focuses on “what happened” than “how” and “why” it happened. Additionally, Van Wyk (2012:10) states that descriptive research is structured and provides usable and exact representation of variables relevant to the research questions and objectives

#### **3.3.4.4 Experimental research**

Experimental research has to do with investigating the relationship between a dependent variable and an independent variable (Quinlan *et al.* 2015:146). On the other hand, Collins and Hussey (2014:60) state that this type of research is used to decide the cause- and- effect relationships.

### **3.3.5 Research methodology and approach used for this study**

Since not much is known about EO in IAFBs in Zimbabwe the qualitative research methodology was used because it gives in-depth understanding and information on the research problem and how Zimbabwean IAFBs perform EO in their businesses. Moreover, as a result of inadequate information on the subject of the study the exploratory and descriptive approaches were adopted.

It is important to discuss the qualitative research methods adopted as/because it offers a chance to develop specific insights. The different methods which are grounded theory, phenomenological, case study, ethnographical will be explained below.

## **3.4 QUALITATIVE RESEARCH METHODS**

### **3.4.1 Grounded theory**

According to Quinlan *et al.* (2015:396) grounded theory is concerned with developing philosophies from data. In an attempt to develop a theory, the researcher asks himself or herself rhetoric questions repeatedly on the existing records or information to try and get more understanding and explanation of the participant's responses (Quinlan *et al.* 2015:396).

### **3.4.2 Phenomenological**

Phenomenological research is a type of qualitative data which focuses on the lived experiences from the perspective of those with first-hand experience or those currently undergoing the experience (Quinlan *et al.* 2015:398). This simply means the best tellers of the story are those who are part of it. Finlay (2012:175) suggests that phenomenological research comes as a result of the researcher's inquisitiveness that eventually turns into objectives and research questions.



### **3.4.3 Case study**

Sammut-Bonnici and McGee (2015:1) mention that a case study is a detailed review of a situation concerning subjects such as industries, organisations and markets. Quinlan *et al.* (2015:394) describe a case study as an in-depth study of a single incident or event. One of the shortcomings of a single case study is the failure to bring out common behaviour unlike in multiple case studies as explained by Sammut-Bonnici and McGee (2015:2).

### **3.4.4 Ethnographical**

Ethnography is a qualitative method that is concerned with the study of cultures and beliefs of small societies observed over a period of time (Naidoo 2012:1). Furthermore, Collins and Hussey (2014:65) mention that this type of research can either be a complete or incomplete description of the group.

### **3.4.5 Qualitative research method used for this study**

Since there is little information about EO in IAFBs in Zimbabwe a multiple case study method was employed. The reason why this type of method was selected was so that more data is collected on IAFBs in Zimbabwe which was going to be difficult using a single case study. The case study method gives in-depth information on the events and the behaviours of the business. Adopting a multiple case study made it possible to compare the results of the two businesses and how entrepreneurial they are before making conclusions.

In the next section population, sample and sampling techniques used in this study will be discussed in the following section.

## **3.5 POPULATION AND SAMPLING (EMPIRICAL INVESTIGATION)**

### **3.5.1 Population**

A population is defined as every person that could possibly participate in the research (Quinlan *et al.* 2015:398). For the purpose of this study the population is all IAFBs in Zimbabwe that meet the specified criteria. The criteria used to identify people to participate in the research include elements from the STEP project by Babson (2005:1) which are:

- Participants must belong to the family business.
- The family owns the majority share (50% and above).
- The second generation must also be part of the business.
- The business must be considering passing on to the next generation.

Due to the inability of the researchers to interview all IAFBs in Zimbabwe there was need to identify the working population known as a sampling frame (Robbins 2009:84).

### **3.5.2 Sampling frame**

Quinlan *et al.* (2015:399) suggests that a sampling frame is a list of elements where a sample can be drawn from. Furthermore, the purpose of this sub group of population is to establish significant outcomes (Dahlberg & McCaig 2010:173). For the purpose of this study the sampling frame is two IAFBs in Zimbabwe who meet the STEP criteria.

### **3.5.3 Sample**

A sample is a section or part of the population and it represents the predefined population (Quinlan *et al.* 2015:399). Additionally, Sharma (2017:749) suggests that sampling is cheap and serves a lot of time unlike the case of going through the whole population. For the purpose of this study a sample is two IAFBs in Zimbabwe who meet the STEP criteria and are considering passing on the business to the next generation. The two types of sampling techniques will be discussed next.

### **3.5.3.1 Probability sampling**

Showkat and Parveen (2017:1) define a probability sample as a sample whereby equal chances of being picked to participate are equal. This type of sampling reduces the chances of bias in selecting participants as highlighted by Showkat and Parveen (2017:1). Different types of probability sampling exist, and these are systematic sampling, stratified random sampling, cluster sampling and simple random sampling (Showkat & Parveen 2017:2).

Systematic sampling requires the researcher to know a lot of information about the population so that the “nth” number from the list of possible respondents is identified (Showkat & Parveen 2017:3). Stratified random sampling on the other hand is concerned with dividing the population into small similar groups known as the strata and samples are drawn from there (Showkat & Parveen 2017:3).

Showkat and Parveen (2017:4) suggest that a cluster sample is an efficient way of dividing population into clusters where the sample will be picked from. Random selection is done to pick participants from the clusters (Klee 2014:93). Simple random sampling is a method that focuses on giving every element an equal chance to be picked randomly as part of the study (Quinlan et al. 2015:400). An example of simple random sampling is tossing a coin or throwing a dice (Showkat & Parveen 2017:4).

### **3.5.3.2 Non-probability sampling**

Unlike probability sampling, non-probability sampling is more of judgment done by the researcher in selecting the sample (Showkat & Parveen 2017:6). Quinlan *et al.* state that this type of sampling does not rely on random sampling. Some shortcomings of this method are that the selected sample does not accurately represent the population and there may be bias in the process (Showkat & Parveen 2017:6).

According to Alvi (2016:29) convenience sampling is when a researcher chooses the accessible and easy to find participants without going far to find them which makes it

cheap and quick. Quota sampling is when a population is divided into groups determined by their known characteristics at the researcher's discretion (Quinlan *et al.* 2015:32). Alvi (2016:32) distinguishes between the two categories of quota sampling which are proportionate sampling and non-proportionate sampling.

Snowball sampling is when the researcher identifies the first participant and this participant will nominate or recommend the second participant hence a chain is formed until the completion of the research (Alvi 2016:33). Purposive sampling on the other hand is whereby the researcher picks participants through his or her discretion bearing in mind the purpose of the study as mentioned by Alvi (2016:30).

### **3.5.3.3 Sampling technique used in this study**

In this study a non-probability purposive sampling was used to identify IAFBs in Zimbabwe who meet the STEP criteria. Once the businesses have been sampled, the collection of data then begins. Data collection will be discussed in the next section.

## **3.6 DATA COLLECTION**

Kabir (2016:202) mentions that data collection is the process of bringing together and sorting information on variables of interest so that after being analysed it can be used to answer research questions. Data collection has two categories which are primary and secondary data collection.

### **3.6.1 Secondary data collection (Literature Review)**

This type of data collection has to do with previously collected data by other researchers as their primary purpose and it's related to the past (Ajayi 2017:1). The motivation behind collection of secondary data is to get a better understanding of primary data (Klee 2014:96). There are two sources of data which are the internal and external sources suggested by Klee (2014:96). For the purpose of this study the external sources of data were mainly utilised.

### **3.6.2 Primary data collection (Empirical Investigation)**

According to Collins and Hussey (2014:196) primary data collection is data collected by the researcher for their own personal studies. As this study employed a qualitative research methodology, the qualitative data collection methods which are interviews, focus groups and observation will be explained below.

#### **3.6.2.1 Interviews**

An interview is a list of questions designed by the researcher for the participants to answer (Quinlan *et al.* 2015:396). Blumberg *et al.* (2011:265) distinguishes between structured and unstructured interviews, whereby structured interviews are dominated by pre-set questions whereas the unstructured interviews are flexible with no prior set questions. Moreover, semi- structured interviews exist, and such interviews are less much structured and usually start with the structured questions before the unstructured ones as stated by Blumberg *et al.* (2011:264).

#### **3.6.2.2 Focus groups**

Blumberg *et al.* (2011:269) defines a focus group as a panel of about 6-10 people who have a facilitator to guide them in group meetings and influence their ideologies in specific topics. In focus groups participants behaviours can be assessed during the meeting resulting in conclusive data analysis (Blumberg *et al.* 2011:270).

#### **3.6.2.3 Observation**

The process whereby researchers perceive something with behaviour or setting of the participants and register it as significant for the study is known as observation (Quinlan *et al.* 2015:398). Observation differs from other methods as it gives first-hand information for the researcher unlike relying on reports from other people and it works in cases where words may fail to describe what transpired (Blumberg *et al.* 2011:275).

#### **3.6.2.4 Primary data collection used for this study**

In this study, the semi-structured interviews using an interview guide was used to collect primary data and the questions were extracted from the STEP interview guide. The reason for choosing this method was to make the participants give unlimited responses to the questions resulting in in-depth knowledge.

#### **3.6.3 Interview Guide**

For the purpose of this study a particular section of the STEP interview guide was employed and adjusted for the purpose of this study. The first section of the interview guide contains questions on the background and structure of the family business. The second section of the guide focused on the elements of EO which are risk-taking, autonomy, innovativeness, proactiveness and competitive aggressiveness and their effect on transgenerational success. The purpose of the STEP schedule used was to acquire new information and ideas to the topic of study. The following STEP themes suggested by Tyamko and Jijana (2017:8) were used:

- History of the family and the business;
- Decision making of the business;
- Most influential characters in the business;
- Value, mission and objectives of the business;
- Strength of EO which measures elements such as risk-taking, proactiveness, innovativeness, autonomy and competitive aggressiveness in the business and
- Extent to which EO is practised and its relationship with transgenerational success.

#### **3.6.4 Execution of interviews**

Interviews were conducted in accordance to the requirements of the STEP project (Babson College 2005:1). The interviews followed a structure whereby one family member from the first generation will be interviewed in one business whereas in the second business two family members from the first generation will be interviewed. To

conclude the interviews a non-family member in each business will also be interviewed.

### **3.6.5 DATA ANALYSIS**

According to Quinlan *et al.* (2015:395) data analysis is the process of interpreting data and drawing inferences from it. On the other hand, Blumberg *et al.* (2011:490) consider data analysis as editing and scaling down data to a comprehensible and convenient size so that a conclusion can be made. The data collected was coded therefore, coding and how it was employed will be discussed in the next section.

#### **3.6.5.1 Coding**

Coding is defined as identifying and organising themes from the collected data so that it makes sense (Cope 2010:281). In as much as it may be a complex process it has to be done as it fulfils its purpose of scaling down amounts of data (Cope 2010:281). Two types of coding exist, and these are descriptive codes and analytic codes mentioned by Cope (2010:281). Descriptive codes often answer questions such as “who, what, when and how” and have to do with obvious themes such as gender as suggested by Cope (2010:283). Analytical codes on the other hand are themes that the researcher is interested in resulting in them digging deeper on the context of actions (Cope 2010:283).

#### **3.6.5.2 Content analysis**

According to Klee (2014:106) content analysis is the processing of available information and it includes translation and summarising. Three types of content analysis exist namely conventional content analysis, directed content analysis and summative content analysis (Hsieh & Shannon 2005:1279). Conventional content analysis is used when little is known about the phenomena whilst directed analysis focuses on existing theories of the phenomena and the possibility of further research and lastly summative content analysis is comprehending the words and language used by participants in the study (Klee 2014:106).

### **3.6.5.3 Coding and content analysis used in this study**

For the purpose of this study analytical coding was used as it allowed us to interpret the collected data. To put all the collected data together there was need to make use of existing theories of the phenomena and a possibility of further research hence the conventional content analysis was used.

## **3.7 RESEARCH TRUSTWORTHINESS**

Cypress (2017:253) suggests that all research that is carried out must be valid and reliable in every possible way and this must not be done at the end of the study but throughout the whole investigation so that the study is deemed valid. Korstjens and Moser (2018:120) suggest five ways of measuring trustworthiness namely credibility, transferability, dependability, authenticity and verifiability to be explained in the following discussion.

### **3.7.1 Credibility**

According to Korstjens and Moser (2018:121) credibility is the true and correct research outcomes from the information drawn from the original data by participants. Information must not be distorted and there are three measures to ascertain credibility and these are persistent observation, member check and triangulation (Korstjens & Moser 2018:121). For this study credibility was ensured through recording all interviews and storing them.

### **3.7.2 Transferability**

Secondly transferability has to do with conveying research data or making use of it in a different setting from the original one (Korstjens & Moser 2018:120). The use of STEP criteria in Zimbabwe can be used as a comparison with similar studies done under the STEP criteria in other countries.



### **3.7.3 Dependability**

Dependability is the solidity of the research findings over a period of time and the extent to which researchers are able to comprehend and interpret data accurately so that conclusions are made is known as authenticity (Korstjens & Moser 2018:121). Dependability was achieved through making use of the STEP project criteria and creating a distinctive methodology in Chapter one.

### **3.7.4 Authenticity**

According to Korstjens and Moser (2018:121) authenticity has to do with being genuine and real without any traces of untruth and plagiarism. In this study authenticity was ensured through listening to the recording more than once and reading through the transcribed data more than once.

### **3.7.5 Verifiability**

Additionally, Korstjens and Moser (2018:120) highlight that when data is collected it must be free of bias and researchers' imaginations and this process is known as verifiability. As a measure to ensure verifiability, the recorded interview were stored in case need arises to refer to them in future.

## **3.8 ETHICAL CONSIDERATIONS**

Quinlan *et al.* (2015:41) mentions that ethics are philosophies that direct the behaviour of an individual or group. Ethics in business research have increasingly become popular as such they provide guidance to researchers as they carry out the investigation (Quinlan *et al.* 2015:41). The main advantage of incorporating ethics in research is that no one is affected by the negative results of the research (Blumberg *et al.* 2011:115). However, Klee (2014:106) highlights numerous ethical considerations which are informed consent, data protection and anonymity and confidentiality. As a measure of upholding ethical standards of the NMU, the researchers applied for ethical clearance from the Faculty of Business and Economic Sciences' RTI Committee before the commencement of research.

### **3.8.1 Informed consent**

The act of fully sharing the research design with the intended participants before asking for approval to go ahead and carry out the study is known as informed consent (Blumberg *et al.* 2011:116). After the participants have acquired relevant know how about the research design the decision to participate is entirely up to them as suggested by Boeijie (2010:45). On the same note Blumberg *et al.* (2011:116) states that when possible participants are children consent forms have to be signed. To ensure that in this study there was informed consent participants were requested to be part of the interviews through a formal letter.

### **3.8.2 Data protection**

In most countries worldwide, people have a right to privacy with regards to personal information (Blumberg *et al.* 2011:118). Boeijie (2010:45) also mentions that the researcher must never disclose participant's information or collected data to other people or the general public. Non-disclosure agreements are one way of making sure that participant's data is kept private (Blumberg *et al.* 2011:119). To ensure that collected data is kept private, data was stored in computers with passwords and only those with permission can access them. Another way of ensuring privacy is to use fictitious names for the participants and the family businesses not disclosing any information or details of the participants or their family matters.

### **3.8.3 Anonymity and Confidentiality**

According to Quinlan *et al.* (2015:395) confidentiality is “non-disclosure” of information by the researcher. The researcher's responsibility is to make sure that data gathered is utilised for the intended purpose (Collins & Hussey 2014:32). Names of the participants must be kept in confidence (Blumberg *et al.* 2011:118). To ensure anonymity, the names of the businesses who participated in the study were changed and participants ensured of confidentiality.

### **3.9 SUMMARY**

Chapter three outlined the research design and methodology to be employed in this study. Research design was discussed, and the qualitative paradigm was selected as the chosen methodology. This was followed by a description of the population, sampling frames, sample and sampling methods. Data collection methods were discussed followed by data analysis. Research rigor and ethical considerations concluded the discussions of the chapter.

In the next chapter, (chapter four) information collected and gathered during the interviews will be scrutinised and presented before conclusions can be made.

## **CHAPTER FOUR**

### **FINDINGS OF THE EMPIRICAL RESEARCH**

#### **4.1 INTRODUCTION**

Chapter Three outlined the research design and the qualitative methodology used in this study. In this chapter the empirical findings of the study are presented. Data was generated by conducting five semi-structured interviews from two family businesses operating in Zimbabwe. A renowned educational college and a plastic production company both served as the two cases which the data was gathered from. The aforementioned entities met the criteria set in this study as black-owned family businesses situated in the capital city of Zimbabwe, Harare. In one business the founder, spouse and non-family member were interviewed, while in the second business it was only the founder and the non-family member who were interviewed. Due to unforeseen reasons the intended second-generation family members in both businesses could not be interviewed.

The chapter commences by outlining the participant's profiles followed by the history and the background of their businesses. Considerations on the external factors that influence the two businesses are discussed, followed by the five dimensions of EO and their impact in the business. Dimensions of EO evident in these businesses, namely risk-taking, autonomy, competitive aggressiveness, innovativeness and proactiveness, are also elaborated on. The chapter concludes by discussing each of the businesses' transgenerational potential.

#### **4.2 PROFILE OF PARTICIPANTS**

To gain more understanding on the participant's views, it is important to outline their profiles. In the two businesses interviewed, namely Harare Plastics and Westview College, a total of five people participated, which meant two and three participants were interviewed respectively. Table 4.1 shows the participant's details, it outlines the relations of the participants, position of the participants, shareholder status of the participants, length of employment and the generation the participant belongs to.

**Table 4.1: Profile of the participants**

<b>Participant</b>	Harare Plastics- Toni Moyo	Harare Plastics- Lawrence Midzi	Westview College- Patrick Matchaba- hove	Westview College- Maria Matchaba-hove	Westview College- Ruth Sithole
<b>Family/non family member</b>	Family member	Non- family member	Family member	Family member	Non- family member
<b>Kinship relationship and generation.</b>	Founder 1 <sup>st</sup> generation	n/a	Founder 1 <sup>st</sup> generation	Founder generation 1 <sup>st</sup>	n/a
<b>Position in the business</b>	Director	Manager	Director	Principal/director	Senior teacher
<b>Shareholder</b>	Yes	No	Yes	Yes	No
<b>Length of employment</b>	24	24	3	3	3

(Source: Researchers' own creation)

### 4.3 THE HISTORY

This section offers an understanding on the history of the two businesses, as well as how the businesses started giving insight to the challenges they encountered in setting up. Appreciation of the founder's background will assist in assessing the transgenerational potential of both the businesses.

#### 4.3.1 Overview of the founders

##### Harare Plastics

The plastic production company was founded by Toni in 1995 in Harare, Zimbabwe and has been in existence since then. To enhance the start-up capital, Toni applied for funding from a local bank to finance the business. The production company at the start had two founding directors, namely Toni and Mavis Moyo.

*“We put in the project and it was approved so we actually got funding from the bank”*  
(Toni).

*“...my wife is a director, she is a founding director so she has quite a lot of influence on it. I am more on the operational side, and she is more on the administration side”*  
(Toni).

## **Westview College**

The idea of this family business was conceived approximately twenty five years ago by Patrick and Maria Matchaba-hove in Harare, Zimbabwe. Patrick graduated from the University of Zimbabwe, had some work experience in the mining industry, as well as in accounting, but he had a passion for starting an education company. Maria on the other hand had experience in education and has worked both in private and public Colleges as a teacher.

*“I came to be working for a mining company. My wife kept on teaching; she is a career teacher she has been teaching all her life in different places, private Colleges, government institutions, rural, she has been all over”* (Patrick).

### **4.3.2 The history of the business**

#### **Harare Plastics**

Toni started his business back in 1995 and then the business had only 2 production machines running but a few months later they were 4 machines running. The business started off with small orders and with time increased their production capacity. In 1996 Harare Plastics was renting out a small space that eventually became too small and they later acquired their own space where they operated from which was large enough to accommodate all their operations. The business has grown and increased the number of machines to 7.

*“Okay, basically we started in 1995, I remember we had four machines that had come, but by then I remember we had two main machines that we were running – this machine on this side, but by then it did not run, but a few months later it was*

*running, we were running a squeeze bottle, open running – we did not have any enclosures for it. So then we got into another machine the one litre that was 1996” (Lawrence).*

*“Yes, so we started with very small orders here and there, but through the years we began to shift from that side” (Lawrence).*

*“We have got three blowers; we have got three injection and one big injection and blow machine, so it is seven machines” (Lawrence).*

*“So this is our place as a company, that other side we were renting, and when you find people are renting their own place, at least there are some development that is happening so we ended up now having almost seven machines and we are going to add on another three machines” (Toni).*

The values of Harare Plastics include the following: continuous improvement as in technology, dedication, skills development and customer service. Their vision is to be the leading producer of high quality, specific packaging solutions for African food, beverage, cosmetics, pharmaceutical suppliers and vendors. Their mission is to manufacture the highest quality jars, bottles and containers for products in the FMCG category.

## **Westview College**

The business was established in 2016 in Harare, Zimbabwe in the leafy suburb called Mount Pleasant. They started off at a small scale only offering extra lessons in 2016 but eventually in 2017, they began to offer full time classes. They initially started off with a single student in 2016 who was dyslexic. During the long period from the time of business idea generation in 1995 to the establishment in 2016, the couple took the time to plan and to get more experience in the education industry.

*“I think it was the right time to start our own business and since we had been cultivating this idea for a long time thinking about it and putting systems in place - it wasn't like an overnight thing to just say ‘let's do business’” ( Maria).*

The values of Westview College include the following: student centeredness, commitment, respect, excellence, accountability and diversity. Their vision is to ensure that students are well prepared for life after College. Their mission is to teach, deliver, facilitate and provide program and services leading to certificates and career skills needed for success in academia and or at the workplace.

*“the mission is mainly that children need to be equipped both academically and vocationally, their spirits need to be given a chance to realize what they really are fully, to accept and appreciate themselves and be independent thinkers and go out there and be the best that they can be” (Ruth).*

#### **4.4 EXTERNAL MEDIATING FACTORS**

The STEP framework highlights external factors that affect the management of the family business which are, amongst others, the environment, the industry, family involvement and the family life stage. The external factors will be discussed below and evaluated based on the interviews done in the two businesses.

##### **4.4.1 The environment**

Businesses do not operate in isolation but they belong to an environment which supplies or offers resources. Therefore it is important to consider the role that the environment plays in the running of businesses. Gupta (2013:38) suggests that businesses tend to follow environmental trends, which means what happens in the environment affects the business.

##### **Harare Plastics**

The political and economic instability in Zimbabwe has made it difficult for businesses to operate “normally” and it has affected the availability of resources especially raw materials such as the Expanded Polystyrene needed to make plastic products and meeting the set production times. This situation has also made it difficult for businesses to plan ahead.



*“Everything counts. I mean look at economic situation, a lot of times we want to grow up and we are actually growing up and the country pulls us down, and so it goes on! You know we get up again and we start to build up, and the country pulls us down. So basically I would say the most influential would be the economic situation of the country – that’s the most influential” (Toni).*

*“...We really don’t know, sometimes it gets impossible to plan, but previously it was possible to plan, and when we can be allowed to plan in a good environment, the business will go up. Ja, we are coping by simply... what do we say – hand to mouth” (Toni).*

*“Right now the challenge in Zimbabwe is the political situation, it is what has got us where we are now, if the policy’s do well, with peace and everything I think there is stability again and at the same time to have a better presence outside of our setup otherwise we look forward to better times especially when we got in today things started moving but where we are again right now again, hopefully the politicians will find each other the moment they find each other and start talking we will know we are moving forward as a country” (Lawrence).*

*“Normally we stop, we survive on our stockpile that we have as time moves again, daily we get power then we restock, so we can continue although we are really failing to meet the demand we try and do what we can with what is available” (Lawrence).*

## **Westview College**

The most influential environmental factors which the participants pointed out as challenges facing the business were political and mostly economic issues such as unemployment, the weak Zimbabwean currency and a weak economy as a whole.

*“Our major challenge is if you look at the macroeconomic fundamentals which are the major challenges the country is facing, the issue of currency is quite a major one right now and the levels of employment” (Patrick).*

*“I think it is mostly economic that is influential, especially in this thing, it is very tough on businesses, this changing currency, you don’t even know how to use this. At first we struggled hey, because you send invoices and then you have a lot of adjustments to do” (Maria).*

*“...we don’t feel it is as staff, like I was saying I have never missed a salary or anything so they obviously manage it well, so the economy of the country is bad like now, it’s really totally bad and I am sure like at this point there will come a time probably we want this or that from work but sometimes it becomes a bit difficult because of the economic situation so especially the economy situation it effects every business this one included” (Ruth).*

#### **4.4.2 The industry**

The type of industry that a business belongs to, greatly influences the performance of the business as suggested by Chirico and Sirmon (2010:4).

##### **Harare Plastics**

The plastic manufacturing industry in Zimbabwe is highly competitive and there a major players such as Megapak Zimbabwe who have been in the industry for a longer time. It is evident from Toni’s statement that there are a number of plastic businesses and to survive they have to be competitive.

*“Well obviously we want to be... we are not alone in this business so we also strategize, we want to be the best in the industry, and we would want to grow and go outside Zimbabwe, to market our products outside Zimbabwe” (Toni).*

The scarcity of resources within the industry makes it difficult for business to compete on a fair basis. All businesses do not own the same type of machines therefore it becomes a difficult to compete with companies who have more resources available to them.

*“Within the limits of our resources let me say: we don’t just go out and say ‘okay we don’t want that competitor, we don’t want that competitor.’ In certain areas we are saying ‘is it really worth our while?’ So we actually don’t go to compete but there are actually so many areas where we could actually go out to compete, but we have chosen to stick to a niche of the market. The Plastics industry is very broad” (Toni).*

The fact that Harare Plastics makes their moulds outside the country may be due to the lack of adequate resources in Zimbabwe. Therefore in as much industry sometimes scarcity of resources, Harare Plastics has external relations with other countries who can assist in terms of resources.

*“We make our moulds outside of the country, China and Taiwan and they have been influential as far as stability, we had very bad times as a company especially 2007/8 so if they didn’t steer well again we would have gone down but again because of their stance where we are, even if we face another bleak future we know it is with them again and we know we have been there before so we don’t fear because we have been there before and we know we will survive” (Lawrence).*

## **Westview College**

This sector of business in Zimbabwe is highly regulated by the government hence it is difficult for new businesses to break into this sector due to the high barriers of entry such as adequate paperwork. Business in the education sector are not usually driven by sales but by the results of the students and changing their lives by equipping them with skills and knowledge for life.

*“our overall objective will be maximised in terms of retaining investment in terms of our goal, it is not just a monetary goal but we feel satisfaction when we contribute to the education of the nation and overall we don’t want to be in this place we want to go far beyond.” (Patrick).*

*“Okay, they are not sales orientated, money is good, but we are results driven. That is our orientation.” (Maria).*

*“We want to be a brand that is known out there we want to have as many students as we can and change the lives of so many people out there and their understanding of education” (Ruth).*

#### **4.4.3 Family involvement**

According to Dumbu (2018:39) a family business is one where the family is involved in the formulation of strategic goals, decision-making and the allocation and control of resources. Involvement may also include holding the majority shares in the company’s management.

##### **Harare Plastics**

Harare Plastics was started by first generation founder and his wife, who are still actively involved in the day-to-day running of the business. The couple has three sons Itai, Kudakwashe and Shingirai. Itai the first son worked in the business before travelling overseas to further his studies at the same time create contacts for Harare Plastics because he is still involved in the business. Kudakwashe and Shingirai are not fully involved in the business although they make suggestions where need be. Harare Plastics considers itself as a family business as because of the succession they envision taking place.

*“No resources! (laughs) With ideas – ja – our children do play some part in helping here and there with ideas. But as far as resources are concerned, no – nothing else” (Toni).*

*“Itai my fist son is the one who is involved in the business and is working towards getting us new contracts in America, his brothers are not involved as they pursued other avenues but still make suggestions in the business once in a while” (Toni).*

*“I would say we have got their son Itai he is very close up and is part of us he is in America” (Lawrence).*

*but he has been very active, he was once a worker here, but we once used to work together on the machines before he went to America but he has been very active up till now especially on the development special development side on IT right now we have got a SABSA website which is well explained and user friendly and he is the one that is running that website” (Lawrence).*

## **Westview College**

The business was founded, owned and managed by Patrick and Maria Matchabahove. Patrick handles the business administration side of the business whilst his wife handles the education or the administrative side of the business. The rest are professionals who work for them by teaching at the College. The couple has three children. Two sons are overseas in Canada and in the UK and a daughter who is studying at their College. Nyasha, the couple’s first son recently relocated to UK to study further although he is still involved in the business whilst Ngoni the second son is based in Canada where he works.

*“Okay so it is mainly a couple who are running the College, the Matchabahove’s. Patrick is the director and Maria is the principal and that is generally it” (Ruth).*

The couple contributes to the business with their expertise and are not paid to do so. They also use their personal resources to keep the business afloat. With the current state of the Zimbabwean economy, many companies are failing to pay their employees but despite these difficulties the couple has been able to still pay their employees.

*“Like right now I don’t draw a salary but I do the background management of the business and I don’t earn anything from it. We are still in the process of funding the business” (Patrick).*

### **4.4.4 Family life stage**

Klee (2014:140) distinguishes between family involvement and the family life stage. Family involvement is the role the family plays in the business and family life stage is

the number of generations involved in the business. For the purpose of this study the 1<sup>st</sup> generation is still fully involved in the day-to-day operations of the businesses whilst the second generation does participate but not yet on a full-time basis.

### **Harare Plastics**

The company is still managed by the first generation founder and his spouse although the son in America is involved in the development of Harare Plastics. The setting up of the business's website was Itai's brainchild. After realising that business was not doing too well due to the economic situation, Itai relocated to America but is still involved in the business.

*“ I would say we have got their son Itai he is very close up and is part of us he is in America but he has been very active, he was once a worker here, but we once used to work together on the machines before he went to America but he has been very active up till now especially on the development special development side on IT right now we have got a SABSA website which is well explained and user friendly and he is the one that is running that website” (Lawrence).*

### **Westview College**

The business is still administered by the founders whilst the decision-making process is inclusive, whereby everyone in the business regardless of their position is allowed to bring suggestions to the table. The two directors of the business have meetings with the teachers and the minutes of these meetings are recorded. They value the input from their teachers as they are the most important assets to the business. They meetings are scheduled for the evenings so that classes are not disrupted and during these meetings strategies on how best to deliver lessons and improve on the results that learners produce at the end of the year are discussed. Unlike most Colleges in Zimbabwe, this College gets input from students at times when it comes to decision-making.

*“for example we also have students and we also discuss and it's amazing how you pick up the ideas from your own students, so you engage them and you discuss*

*what effects them and so forth and things like sports things like trips, things like those things and if they look forward and they are excited to do those things”* (Patrick).

#### **4.5 ENTREPRENEURIAL ORIENTATION**

Covin and Wales (2011:690) describe EO as an organisation’s opportunity seeking behaviour for market exploitation and its wide ability towards achieving new things. Furthermore, Van de Merwe *et al.* (2012:81) suggest that for business to survive till the next generation they ought to have EO. Therefore, EO influences the long-term performance of family businesses.

##### **Harare Plastics**

The founder of Harare Plastics possesses an entrepreneurial mind-set as demonstrated by his vision to expand the plastic production business beyond the borders of Zimbabwe. The business’s ability to create its own new designs of plastic containers also displays an entrepreneurial mind-set. The intention to be the leaders in the market through their pricing strategies displays that they are an entrepreneurial business.

*“...we are not alone in this business so we also strategize, we want to be the best in the industry, and we would want to grow and go outside Zimbabwe, to market our products outside Zimbabwe”* (Toni).

*“We have markets to reach out, we have suppliers to deal with – everything you know, that a business is supposed to do, we do!”* (Toni)

*“Even in price setting, which is what our customers look for, we want to be the leaders. We never want to follow”* (Toni).

The company’s intention to expand to other countries portrays their entrepreneurial nature. Tapping into new markets and expanding to other counties in Southern Africa is an initiative that shows Harare Plastic’s proactiveness and aggressiveness in the market.

*“For example you know, when it comes to doing things – IT for instance – I think we are miles ahead of a lot of companies. We want to do things fast, we want to serve our customers fast so we are looking for systems that will produce results very fast. When it comes to choice of machines we also choose machines that give us fast output” (Lawrence).*

*“If we had no disturbance right now Zimbabwe would be far, we are talking about bringing in all these machines and all those things, even growing the business outside of the country, selling we want to sell to earn foreign currency, so that is Itai’s strength, to say if we carry on selling in Zimbabwe we won’t make it, we have to start getting outside, but hopefully we have these initiatives that are being done by the country to have an open market especially for Southern Africa then its fast to get into Tanzania its fast to get into Botswana if government does that quickly then very soon we might get into the business that side, we have done business before in Botswana but we want to open other markets that will help us” (Lawrence).*

## **Westview College**

The founders and owners of this family business have an entrepreneurial orientation in the sense that they left their jobs in mining and teaching and took the financial risk of starting their own business in the current deteriorating economic conditions in Zimbabwe.

*“Well I believe we are in the sense that where you have investment or cash, it has alternative uses but this kind of investment which we put here, it has got opportunity costs, so for us to make this investment and this decision we believe that we can get a return over and above what we can get elsewhere, well that is the basis” (Patrick).*

Zimbabweans value education, and despite the tough economic conditions, parents will ensure that they pay fees for education while sacrificing other. The founders of this family business have identified that no matter what happens, parents will make a plan to pay fees.



*“when you look at someone taking the risk to run a College with only one student and just say no I won’t give up. Right now we are not at a very impressive enrolment but the College is still running and I think that is starting to pay more because that is taking a risk because you don’t know and with this environment.” (Ruth).*

#### **4.5.1 Risk-taking**

Lechner and Gudmundson (2014:38) describe risk-taking as an act of venturing into the unknown, committing large portions of assets and borrowing heavily. Additionally, Gottardo and Moisello (2017:171) highlight that family businesses usually take fewer risks because they are conscious of their long term survival more than profits.

#### **Harare Plastics**

The founder indicated that they are not risk takers but prefer certainty at all times by doing market research before going into a market or selling a product. Taking risks seems like an unsecure stance because there is a probability of things not going as initially planned. The reluctance or fear of taking risks comes is a result of limited resources. Businesses fear to invest the few resources they have in events or products that are highly uncertain.

*“Our market research produces a certain degree of certainty and so we actually want to go where we know if we produce this product, it’s bound to sell” (Toni).*

*“We are not those risk takers, to go in to uncharted territory!” (Toni)*

*“You look at where best to invest your money. Risk takers usually have surplus moneys and they want to put it and then see or wait for results. We don’t have resources to experiment.” (Toni)*

*“We want something where there is a high degree of certainty” (Lawrence)*

## Westview College

In contrast to Harare Plastics, the founders of Westview College see themselves very much as risk takers. They have invested their resources where the outcome is very much uncertain and where the returns on investment are slow.

*“We are risk takers, we are very much risk takers because to be ready to come up with this business was a risk in itself.” (Maria).*

*“when you look at someone taking the risk to run a College with only one student and just say no I won’t give up. Right now we are not at a very impressive enrolment but the College is still running and I think that is starting to pay more because that is taking a risk because you don’t know and with this environment.” (Ruth).*

*“On a scale of one to ten, ten being strong and one being weak?” (Interviewer).  
“Nine out of ten.” (Ruth).*

*“ We offer foreign based programmes and they are quite expensive and due to the current economic situation students may fail to take up the programmes but that doesn’t allude you from making plans because the situation is not going to be like what it is, what it is now it will change in the future.” (Patrick).*

Table 4.2 presents evidence about risk-taking (or not) in Harare Plastics and Westview College, as well as strategies and outcomes of taking risk in these businesses.

**Table 4.2: Evidence concerning risk-taking**

### **Evidence Harare Plastics**

- The owners do not see themselves as risk-takers.

*“We are not those risk takers, to go in to uncharted territory!” (Toni).*

*“We want something where there is a high degree of certainty” (Lawrence).*

## **Evidence Westview College**

*"We are risk takers, we are very much risk takers because to be ready to come up with this business was a risk in itself." (Maria).*

*"when you look at someone taking the risk to run a College with only one student and just say no I won't give up. Right now we are not at a very impressive enrolment but the College is still running and I think that is starting to pay more because that is taking a risk because you don't know and with this environment." (Ruth).*

*"On a scale of one to ten, ten being strong and one being weak?" (Interviewer).*

*"Nine out of ten." (Ruth).*

*" We offer foreign based programmes and they are quite expensive and due to the current economic situation students may fail to take up the programmes but that doesn't allude you from making plans because the situation is not going to be like what it is, what it is now it will change in the future." (Patrick).*

## **Strategies adopted**

- Offering expensive programmes - this strategy may be risky as there is a possibility of a low number of students registering, especially considering the economic situation in the country).
- Continuing operations in difficult economic conditions is risky as it has an impact on the profitability and the liquidity of the business.

## **Outcomes**

- Increased market share.
- Increase in profits as the number of those who register for the expensive foreign programmes increase.

#### 4.5.2 Competitive aggressiveness

Competitive aggressiveness is when a business challenges its competitors to better its position in the market (Muhonen 2017:11). In the same light it is important for businesses not to forget their initial purpose which is profit maximisation and focus only on their competitors but must attend to both the elements equally as suggested by Muhonen (2017:11).

##### Harare Plastics

Toni was asked if he considers the business as competitive and from his responses it is clear that Harare Plastics is competitive aggressive.

*“Let others be the judge of that! (laughter) Ja, but we think we are very competitive and we actually push for competitiveness. I think basically we could be somewhere around 8 – 8 or 9 or 10” (Toni).*

Lawrence considers the business as competitive aggressive because of the feedback they have been getting from customers who prefer their containers than those of their competitors.

*“ I remember National Foods they bought a company and they were not worried about the price but what they said is there is no other container that is like yours in the market as far as packaging is concerned so that his how we have been leading” (Lawrence).*

*“Firstly we always make sure that we are stocked with raw materials because in such time we have to be stocked, then two the pricing policy, so at least at the end of the day the pricing is good so that it attracts customers, then the third thing I have said is we tend to deal with quality and that is one of the greatest things that we have, we want to make sure it is quality if you get into the shops try and look at our products you will see the strength” (Lawrence).*

*“Another strength we have over other competitors especially is interacting again with the players that are in plastic globally, we went to a business symposium with our team in South Africa, they are trying to reserve energy, the nationalisation is happening, there are some other developments happening in Plastics and you have to be ahead then we try to be ahead when it comes to new raw materials and things we make sure that we are in touch with our supplier to make sure that we are at least we are on point there”*(Lawrence).

## **Westview College**

This family business has formed partnerships and associations with competitors rather than competing with them head-on. Within that association, committees have been formed in order to share information. However, the family business is competitive aggressive despite partnering up with competitors.

*“It depends on how you are looking at it, being isolated and not knowing what is happening on the market does not benefit you but you and being in an association makes you docile. In terms of competitiveness we are very aggressive, if you go to Facebook you will find us there, we are heavy there to try and project ourselves in terms of who we are and what are we trying to do and we have done quite a number of promotions on Star FM on Radio”* (Patrick).

*“Our key business or our key objectives are quite different from what we have in the locals in terms of what we offer; so we find that we offer a different package from what they are offering. I would say for example they are basically more into the sciences. So that is the main differentiation: we are basically more into skills – not that we are not teaching the same, we are – but our strength is mainly in skills. Their strength is mainly on sciences – not that they don’t teach skills, but we are emphasising skills. So I am saying that so far we are complementing each other at the end of the day”* (Maria).

Table 4.3 presents evidence about competitive aggressiveness in Harare Plastics and Westview College as well as strategies and outcomes of being competitive.

**Table 4.3: Evidence concerning competitive aggressiveness**

**Evidence Harare Plastics**

*“Let others be the judge of that! (laughter) Ja, but we think we are very competitive and we actually push for competitiveness. I think basically we could be somewhere around 8 – 8 or 9 or 10” (Toni).*

*“I remember National Foods they bought a company and they were not worried about the price but what they said is there is no other container that is like yours in the market as far as packaging is concerned so that his how we have been leading” (Lawrence).*

**Strategy adopted**

- Distinct nature of products offered.

**Outcome**

- Maintained market share.

**Evidence Westview College**

*“It depends on how you are looking at it, being isolated and not knowing what is happening on the market does not benefit you but you and being in an association makes you docile. In terms of competitiveness we are very aggressive, if you go to Facebook you will find us there, we are heavy there to try and project ourselves in terms of who we are and what are we trying to do and we have done quite a number of promotions on Star FM on Radio” (Patrick).*

*“Our key business or our key objectives are quite different from what we have in the locals in terms of what we offer; so we find that we offer a different package from what they are offering. I would say for example they are basically more into the sciences. So that is the main differentiation: we are basically more into skills – not that we are not teaching the same, we are – but our strength is mainly in skills. Their*

*strength is mainly on sciences – not that they don't teach skills, but we are emphasising skills. So I am saying that so far we are complementing each other at the end of the day" (Maria).*

#### **Strategies adopted**

- Having a sound understanding of the current market trends, through joining associations, using information from these groups to their advantage and to compete.
- Emphasis on skills development (which makes a College different from its competitors who offer similar subjects).

#### **Outcome**

- Increased brand awareness.
- Gaining of more market share.

#### **4.5.3 Autonomy**

Autonomy refers to the ability of individuals or teams to structure their own work and fulfil it freely till the completion of the set tasks (Lechner & Gudmundson 2014:38). Additionally Casillas and Morena (2010:270) indicate that employees need freedom to generate new ideas and experiment new things or even design new methods of work.

#### **Harare Plastics**

Toni mentions that employees can share new ideas during formal meetings before they carry them out or implement them somewhere. This means that before employees do anything new they must first communicate to management. Lawrence on the other hand indicates that employees do get a chance to make suggestions in the business and ideas are approved by management. The evidence below indicates that Harare Plastics is not autonomous.

*“If they have something to contribute, they contribute it during our common meetings. So that they do, but we encourage them to think and to bring ideas in for discussion, not to implement outside of the organisation. Ja, no we give them freedom to think and to bring to the table” (Toni).*

*“Yes it is part of the business, I remember that much, if you suggest things are taken and approved but it is coming from the guys not from the top, we saw it was global and we advised it to move forward”(Lawrence).*

## **Westview College**

The founders of the family business encourage autonomy in their business. Employees namely the teachers, are given the opportunity to be creative and introduce new ways of teaching as long as they complete the syllabus on time. However there are measures in place to ensure the teachers are on track such as the principle (Maria) who monitors progress. The principal monitors progress through checking if teachers are following the syllabus and delivering relevant content to the students.

*“So if you kill that creativity you kill the motivation of the teacher, so yes, we allow them that creativity.” (Maria).*

*“So on a scale of one to ten how would you rate the level of autonomy in the business, ten being strong and one being weak?” (Interviewer) “I would say six point five.” (Patrick).*

Table 4.4 presents evidence about autonomy in Harare Plastics and Westview College as well as strategies and outcomes of adopting autonomy.

**Table 4.4: Evidence concerning autonomy**

### **Evidence from Harare Plastics**

- The is no evidence in this regard as employees only get a platform to share



ideas during meetings but that does not necessarily translate to freedom or autonomy.

### **Evidence Westview College**

*“So if you kill that creativity you kill the motivation of the teacher, so yes, we allow them that creativity.” (Maria).*

### **Strategies adopted**

- Allowing employees to be creative in the way they deliver lessons.

### **Outcomes**

- Motivated employees.
- Discovery of new and improved ways of teaching and learning.

#### **4.5.4 Innovativeness**

Family businesses need to adopt innovation to keep up with the ever-changing market and conditions (Lwamba *et al.* 2013:90). Moreover, Musa *et al.* (2014:249) consider innovativeness as an effort put towards creating new technologies.

### **Harare Plastics**

The founder Toni considers the business as very innovative as seen by them being pioneers of many inventions within the industry in Zimbabwe.

*“I think we are very innovative, I think we are – as I say, within resources: we have lots of ideas, some of them we cannot even implement just because of resources. Ja, but we are very innovative, we are first in a lot of ways within our industry” (Toni).*

*“In fact within Zimbabwe we are first with a lot of things” (Toni).*

*“We want to do things fast, we want to serve our customers fast so we are looking for systems that will produce results very fast. When it comes to choice of machines we also choose machines that give us fast output, so we are ...” (Toni)*

*“Well basically to change and to react to customers as quickly as possible. We are not trying to create something that we.... We are not trying to create something that involves only customers; we listen to customers and we actually discuss with our customers, and then we move” (Toni).*

Lawrence views the business as innovative and even suggests that at Harare Plastics they “move with the times”. They use their innovations in the business also to enhance their competitiveness.

*“We have got three hundred and seventy five guys in the market but we are the only company that has these types of components, other companies have tried but they have failed to come up with it” (Lawrence).*

*“... The machines we have expanded and each and every time we try to streamline we have to move with the times because as they come to the end of their lifespan you have to move with the times” (Lawrence).*

## **Westview College**

Westview College is innovative in the fact that they offer a wide range of diverse subjects such as culinary arts, fashion and fabrics as well as agricultural courses which other Colleges do not offer. Lessons are not delivered in the traditional methods but teachers are encouraged to be creative in the way they deliver lessons. Teachers are encouraged to be creative in their lesson delivery and think of new ways that can enhance students understanding, thus being innovative.

*“Well we are quite innovative in terms of our delivery of lessons in the classrooms and overall let me say our delivery of our objectives.” (Patrick).*

*“That chart there shows that we have partnered with that exam board it is for professional courses, so this institution is open not only for high school academics but also professional courses, it is LCCI they are a professional body, they are an admission board, so we partnered with them, so I think that is innovative, we are keeping our options open you see that we are also open for professional courses, you can come in and register” (Ruth).*

Table 4.5 presents evidence about innovativeness in Harare Plastics and Westview College, as well as strategies and outcomes of being innovative.

**Table 4.5: Evidence concerning innovativeness**

**Evidence Harare Plastics**

*“We want to do things fast, we want to serve our customers fast so we are looking for systems that will produce results very fast. When it comes to choice of machines we also choose machines that give us fast output, so we are ...” (Toni).*

*“We have got three hundred and seventy five guys in the market but we are the only company that has these types of components, other companies have tried but they have failed to come up with it” (Lawrence).*

**Strategies adopted**

- Making unique containers that other companies cannot produce.
- The business’s information technology (IT) setup and website.

**Outcome**

- Industry leader.
- Increased market share.

**Evidence Westview College**

*“Well we are quite innovative in terms of our delivery of lessons in the classrooms and overall let me say our delivery of our objectives.” (Patrick).*

*“That chart there shows that we have partnered with that exam board it is for professional courses, so this institution is open not only for high school academics but also professional courses, it is LCCI they are a professional body, they are an admission board, so we partnered with them, so I think that is innovative, we are keeping our options open you see that we are also open for professional courses, you can come in and register” (Ruth).*

### **Strategies adopted**

- New methods of delivering lessons.
- Partnering with LCCI (London Chamber of Commerce & Industry).
- Offering diverse programs is not very common in colleges in Zimbabwe.

### **Outcome**

- Increase in the number of students registering as a result of the diverse courses on offer.
- Adopting new methods of teaching gives students an opportunity to comprehend the lessons better than they did before.

### **4.5.5 Proactiveness**

According to Sharma and Dave (2011:47), proactiveness refers to being industry leaders and not followers and this can be achieved by anticipating how the future will unfold.

### **Harare Plastics**

The business displays proactiveness through planning for the future as seen in the owners' action of stocking raw materials and expanding outside Zimbabwe so as to get foreign currency. Considering that the manufacturing industry is faced with scarcity of resources as a result of the economy, Harare Plastics seem to have taken a proactive stance of stocking raw materials to avoid manufacturing disruptions in

the future. Looking for foreign currency is to safeguard the company's future seeing there are other raw materials they need to be imported to Zimbabwe from China and Taiwan.

*“ Firstly we always make sure that we are stocked with raw materials because it takes such time we have to be stocked, then two the pricing policy, so at least at the end of the day the pricing is good so that it attracts customers” (Lawrence). “*

*We make our moulds outside of the country, China and Taiwan” (Lawrence).*

*“If we carry on selling in Zimbabwe we won't make it, we have to start getting outside, and hopefully get foreign currency” (Lawrence).*

*“We are most of the time in fact the leaders. So we are very proactive, we look at the market, we look at what the market is asking us to do, we listen to our market and we have to go ahead and do it. So ja, we are very proactive” (Toni).*

## **Westview College**

The two directors of the family business consider the business as proactive. The proactive nature of the business is displayed in the business models that Westview College delivers, which has led to competitors copying and adopting them. Lastly, the encouragement of initiatives at the workplace is a major sign of proactiveness.

*“Well I don't know the wait and see, but if you have an initiative you put it to the board to think about it. So it all depends on the type of initiative. Sometimes it is something that you say 'Wow! Let's go for this!' Sometimes if it has financial or other implications we need to sit down and look at those. But definitely we take seriously any initiatives.” (Maria).*

*“others are now copying from us our competitor down the road now has also started to introduce some of those things so we don't copy them.” (Patrick).*

*“I don't really think to be honest with you I don't think they have the reactivity type of mentality of I am going to do this because of, I think it is proactively.” (Ruth).*

Table 4.6 presents evidence about proactiveness in Harare Plastics and Westview College, as well as strategies and outcomes of being proactive.

**Table 4.6: Evidence concerning proactiveness**

**Evidence Harare Plastics**

*Firstly we always make sure that we are stocked with raw materials because it takes such time we have to be stocked, then two the pricing policy, so at least at the end of the day the pricing is good so that it attracts customers” (Lawrence).*

*We make our moulds outside of the country, China and Taiwan” (Lawrence).*

*“If we carry on selling in Zimbabwe we won’t make it, we have to start getting outside, and hopefully get foreign currency” (Lawrence).*

*“We are most of the time in fact the leaders. So we are very proactive, we look at the market, we look at what the market is asking us to do, we listen to our market and we have to go ahead and do it. So ja, we are very proactive” (Toni).*

**Strategies adopted**

- Stocking raw materials for future purposes so that they are not affected by scarcity of raw materials within the manufacturing industry.
- Expanding beyond the borders of Zimbabwe to find new opportunities and get foreign currency.

**Outcomes**

- Efficient production despite the challenges of scarcity that affect other companies.
- Increased market shared.
- Availability of Harare Plastics products on the market despite the economic challenges that the industry is facing.

### **Evidence Westview College**

*"I don't really think to be honest with you I don't think they have the reactivity type of mentality of I am going to do this because of, I think it is proactively." (Ruth).*

*"others are now copying from us our competitor down the road now has also started to introduce some of those things so we don't copy them." (Patrick).*

*"if you go to Facebook you will find us there, we are heavy there to try and project ourselves in terms of who we are and what are we trying to do and we have done quite a number of promotions on Star FM on Radio, flyers we also do and there was College expo about three or four weeks ago." (Ruth).*

### **Strategies adopted**

- Thinking and acting ahead of competitors.
- Expansion and diversification in the number of subjects offered.
- Intense marketing as noted in the businesses' utilisation of available media platforms.
- Hiring of fully qualified teachers as compared to other colleges that employ teachers who do not have adequate qualifications.

### **Outcomes**

- Increase in the number of students who register with the College.
- The College is becoming more popular and the brand is growing as a result the intense marketing approach they adopted.
- Hiring professional teachers results in improvement in results and grades that students get.

## **4.6 TRANSGENERATIONAL POTENTIAL**

Transgenerational entrepreneurship measures the extent to which the EO elements, namely proactiveness, risk-taking, competitive aggressiveness, innovativeness and autonomy influence the continuity, value added and sustainability of the business across generations (Habbershon, Nordqvist and Zwellweger (2010:1). Transgenerational potential is defined by Williams, Zorn and Crook (2013:1) as “*a process that occurs over time and that starts long before leadership is officially transferred to the next generation.*” Family business owners need to plan ahead of time and train their successors well in advance in order for transgenerational succession to be successful (Williams *et al.* 2013:1).

High transgenerational potential is influenced by the entrepreneurial orientation dimensions (Habbershon, Nordqvist & Zwellweger 2010:9). According to Collis (2012:249) family businesses can only effectively transcend the ownership and control of the business from one generation to the next within the same family by familiarising with and increasing entrepreneurial characteristics. Moreover, Sorenson (2015:1) states that family businesses that do not portray entrepreneurial elements and values struggle to efficiently contest in the business environment.

Consequently it can be noted that transgenerational potential is positively related to the elements of EO. For example if the business increases the level of innovativeness it will result to greater transgenerational potential. Therefore, if any there is positive change in the elements of EO the greater the transgenerational potential as suggested by Habbershon *et al.* (2010:9). In the case of Harare Plastics and Westview College the study focused on the elements of EO rather than familiness and the results show that the two business increased their transgenerational potential as a result of the evidence of the EO dimensions in these businesses.

### **Harare Plastics**

Toni, the founder of the business, has plans to hand over the running of the business to Itai, his son, and states that he has openly communicated to his children that Harare Plastics is their inheritance. The transition of power to the new generation will not only happen to the founders handing over to their children but also in the whole



business. Hiring of new managers to replace old ones is a sign that the founders consider the future of the business as vital.

*“They are there. We have told them openly, I mean they need the inheritance, so ja” (Toni).*

*“It’s all – the whole management team. Even in the factory, the older people have since left, and we are now into looking for young people, because we believe young people are the future. We are getting old as the owners of the business. We would like to see some young managers coming in” (Toni).*

*“Itai my son to is set to take over the business and has been recently involved. There is assurance that the future plans for his takeover are all set” (Toni).*

*“As far as I am saying at least we have Itai who is coming in and at any time Mr Moyo says the rest is taken care of, so as far as succession it has at least been taken care of, unless Itai says he doesn’t want it, then the future will be different but as far as the future is involved it is taken care of” (Lawrence).*

## **Westview College**

The couple has three children as discussed in the history of the business. Nyasha, the eldest based in UK, has shown interest in the business and occasionally works at Westview College whenever he is in Zimbabwe. Maria mentions that although the children are involved in the business “*they are not yet there*” which means they still need for them to be more involved. Ruth mentions that Nyasha has a higher chance to come back and be part of the business fulltime in the future.

*“we would really love one of our kids to take over but you have to see that there is interest to take over; but at the moment we are keen and hoping that one of them would love to pursue it. They do have interest, we have had some inputs, but they are not yet there.” (Maria).*

*‘I see they have got a son who actually takes an interest in the business he is studying because I have seen him typing at College he has probably been taking an interest in the running of the business, he comes here but now he is in the UK at College, so chances can be high.’ (Ruth)*

#### **4.7 DISCUSSION OF RESULTS**

Based on the results, Westview College is more entrepreneurially orientated compared to Harare Plastics in that this family business display all five dimensions of EO in their business operations to some extent. On the other hand, Harare Plastics exhibits only three of the dimensions of EO, namely innovativeness, competitive aggressiveness and proactiveness. Westview College takes more risk than Harare Plastics who seem to be risk-averse whilst Harare Plastics seems more innovative through their unique designs of new plastic products. Employees at Westview College are encouraged to be creative in doing their work and they are given freedom to make decisions whilst at Harare Plastics, employees can only make suggestions during meetings but do not necessarily get freedom to act on those decisions. Both companies portray their proactive nature as well as aggressiveness when competing in the market, which shows their intention to grow and gain greater market share, thus they are entrepreneurially oriented. Therefore, since transgenerational potential is positively related to EO, both Harare Plastics and Westview College have shown elements of EO which means they have increased their transgenerational potential.

##### **Harare Plastics**

Toni's step to get a loan and start up his business, strive and see it grow to a point where he is considering expanding as far as Southern Africa, shows the ability to withstand pressure from competitors and still stand out as the best. However, the reluctance to take more risk or invest in uncertain outcomes is not doing them any justice as high risk yields high return. A business can grow as much the level of risk they are willing to take. The encouragement of employees to contribute during meetings does not demonstrate autonomy. Harare Plastics' competitive aggressiveness nature is realised through the production of distinct products that cannot be competed with thus no one can duplicate their products. Stocking up raw

materials displays the business's proactive nature whilst the fast and efficient production displays the company's innovative nature. The business displays three elements of EO and these will contribute to the increase in transgenerational potential to a certain extent.

### **Westview College**

Westview College is noticeably content about the way they do business. To them adding value to children in terms of education means more than any return on an investment. The freedom granted to teachers to come up with new and creative ways of teaching confirms the high levels of autonomy. The business shows high level of risk-taking as shown by their willingness to pay salaries and keep the College going in an unfavourable economic environment. Additionally, the building of expensive science labs is a risk initiative because the founders are not certain on the return they will make from this venture. The proactive nature of the business is displayed in the business models that Westview College delivers and has seen many copying and adapting them. Innovativeness is exhibited through the business ability to utilise the little resources available in a harsh economy to get maximum output. Considering that this business displayed all the five elements of EO, this means there will be an increase in transgenerational potential of Westview College.

Both businesses seem to be thriving in the unfavourable economic environment through the use of the different dimensions of EO. Zimbabwe Harare Plastics and Westview College both intend to pass on the ownership and management of the business to the second generation for and they have started doing so by involving their sons to participate in the businesses respectively.

## **4.8 SUMMARY**

Chapter four was based on the findings of the empirical research of two black owned family businesses in Harare Zimbabwe namely Westview College and Harare Plastics. The history, decision making, transgenerational potential, entrepreneurial orientation as well as the five dimensions of EO based on these two companies were

explained and discussed. These dimensions are innovativeness, proactiveness, risk-taking, competitive aggressiveness and autonomy.

The next chapter is a summary of the study whereby conclusions are articulated and the overall contribution of the study is highlighted. Thereafter, the limitations of the study are discussed and recommendations given regarding to possible similar future studies.

## **CHAPTER FIVE**

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

#### **5.1 INTRODUCTION**

Chapter four presented the empirical findings of the study and illustrated to what extent the five dimensions of EO was displayed in the two indigenous Zimbabwean family businesses and how EO could enhance these business's transgenerational potential. In Chapter five, the final chapter an overview of the study, a summary of the findings, as well as the proposed recommendations to the family businesses will be provided. In addition, the objectives of the study and the relevant chapters in which they were achieved is tabled. In conclusion the practical contributions of the study will be emphasised together with the limitations, as well as suggestions for further research.

#### **5.2 OVERVIEW OF THE STUDY**

Chapter one provided the background to the topic under study. The introduction was followed by the problem statement and the purpose of the study, as well as the research objectives and research questions. The purpose of the study was to explore the existence or evidence of the five dimensions of entrepreneurial orientation (EO) among two indigenous African family businesses in Zimbabwe and whether it increased their transgenerational potential or not. Due to the high failure rate of indigenous family-owned businesses as a result of the lack of EO it was important to conduct an exploratory study on this matter.

To address the primary objective of the study, secondary objectives were formulated to investigate if the two indigenous African owned businesses displayed the five elements of EO which are risk-taking, competitive aggressiveness, autonomy, innovativeness and proactiveness. In order to address the primary and secondary objectives the following methodological objectives were created.

MO<sup>1</sup> To undertake a theoretical investigation into the nature and importance of family businesses and the nature and importance of entrepreneurial orientation and its five dimensions among family businesses in Zimbabwe.

- MO<sup>2</sup> To determine the appropriate research methodology to be used in conducting the study.
- MO<sup>3</sup> To modify the STEP interview guide to explore the existence of entrepreneurial orientation among indigenous African family businesses in Zimbabwe.
- MO<sup>4</sup> To source primary data from a sample of two indigenous African family businesses in Zimbabwe using the STEP interview guide.
- MO<sup>5</sup> To provide conclusions and recommendations based on the findings of the research that could assist indigenous African family businesses in Zimbabwe to adopt an entrepreneurial orientation to increase the longevity and transgenerational success businesses.

Chapter one also gave an outline of the research design and methodology followed by scope and demarcation of the study, contribution of the study, definition of the key terms and overview of the study.

Chapter two focused mainly on the critical analysis and review of literature on indigenous African family businesses and its unique characteristics as well as the differences between family and non-family businesses. This chapter provided a definition and characteristics of indigenous family businesses in Zimbabwe, emphasized on their importance and outlined the challenges they face. EO was defined and its key elements to develop an understanding of the nature of family businesses. To conclude the chapter the importance of EO in family businesses was discussed as well as transgenerational potential.

In this study indigenous African family business refers to a business owned by two or more black people who are family members who were previously disadvantaged and left out from the economic majority but where two or more family members own a majority share in the business and are actively involved in its the day-to-day running of the business. These businesses thrives to attain stability and development by passing on entrepreneurial approaches and skills to the next generation to enable them to create new sources of prosperity (Babson College 2005:1).

According to Charupongsopon and Puriwat (2017:151) entrepreneurial orientation refers to the procedures, practices and decision-making activities that lead to new entry as characterised by one, or more of the following dimensions: a propensity to act autonomously, a willingness to innovate and take risks, and a tendency to be aggressive toward competitors and proactive relative to marketplace opportunities. In this study EO referred to behaviours and decisions that result in increased market share and include its five dimensions namely risk-taking, innovativeness, competitive aggressiveness, autonomy and proactiveness.

Chapter three explored the research design and methodology used in the study. An outline of paradigms that impact research was given and emphasis was made on the qualitative approach. The research methods employed in the qualitative study were discussed whereby the population under study, sampling technique were outlined. Methods of data collection and interpretation were highlighted. For the purpose of this study semi-structured interviews using an interview guide was used to collect primary data and the questions were extracted from the STEP interview guide. Data analysis was discussed followed by an outline of the research trustworthiness and research ethics and their relevance to the study. The names of the participants were changed to endorse anonymity and confidentiality

In Chapter four the empirical findings of the study from the two indigenous family owned family businesses in Harare, Zimbabwe, were presented. The five elements of EO were investigated in the two family businesses, as well as whether displaying these dimensions would increase these businesses' transgenerational potential or not. A profile of the participants who were part of the study from the two family businesses (Harare Plastics and Westview College) was created. The history of the businesses was provided and the external mediating factors of the businesses were outlined. For the purpose of addressing the primary objective, the five dimensions of EO, and its influence on transgenerational potential on each family business was discussed respectively.

In this concluding chapter the empirical results on the two indigenous family owned businesses are discussed in Section 5.3 as well as the recommendations. EO and the key elements within the businesses are discussed and compared with findings of

previous research on this topic. Transgenerational potential in the family businesses was outlined and limitations of the study were identified and discussed. To conclude the chapter, contribution of the study and further research areas are elaborated on. The overview of the study outlines the accomplishment of both primary and secondary objectives. Table 5.1 below summarises in which chapter(s) each of the study objectives are achieved.

**Table 5.1: Study objectives achieved and relevant chapter(s)**

OBJECTIVE	RELEVANT CHAPTER(S)
<b>The primary objective</b> of this study is to explore the existence of entrepreneurial orientation among two indigenous African family businesses in Zimbabwe and whether being entrepreneurially orientated will enhance their transgenerational potential.	<b>Chapters one to five</b>
SO <sup>1</sup> To investigate the influence of autonomy on the entrepreneurial orientation among indigenous African family businesses in Zimbabwe.	<b>Chapter four</b>
SO <sup>2</sup> To investigate the influence of innovativeness on entrepreneurial orientation among indigenous African family businesses in Zimbabwe.	<b>Chapter four</b>
SO <sup>3</sup> To investigate the influence of risk-taking on the entrepreneurial orientation among indigenous African family businesses in Zimbabwe.	<b>Chapter four</b>
SO <sup>4</sup> To investigate the influence of proactiveness on the entrepreneurial orientation among indigenous African family businesses in Zimbabwe.	<b>Chapter four</b>
SO <sup>5</sup> To investigate the influence of competitiveness aggressiveness on the entrepreneurial orientation among indigenous African family businesses in Zimbabwe.	<b>Chapter four</b>
SO <sup>6</sup> To investigate the relationship between the existence of entrepreneurial orientation and transgenerational	<b>Chapter four</b>



	potential among indigenous African family businesses in Zimbabwe.	
MO <sup>1</sup>	To undertake a theoretical investigation into the nature and importance of family businesses and the nature and importance of entrepreneurial orientation and its five dimensions among family businesses in Zimbabwe.	<b>Chapter two</b>
MO <sup>2</sup>	To determine the appropriate research methodology to be used in conducting the study.	<b>Chapter three</b>
MO <sup>3</sup>	To modify the STEP interview guide to explore the existence of entrepreneurial orientation among indigenous African family businesses in Zimbabwe.	<b>Chapter three Annexure A</b>
MO <sup>4</sup>	To source primary data from a sample of two indigenous African family businesses in Zimbabwe.	<b>Chapter 4</b>
MO <sup>5</sup>	To provide conclusions and recommendations based on the findings of the research that could assist indigenous African family businesses in Zimbabwe to adopt an entrepreneurial orientation to increase the transgenerational potential and success of their businesses.	<b>Chapter five</b>

**(Source: researchers own construction).**

### **5.3 SUMMARY INTERPRETATION OF THE EMPIRICAL RESULTS AND RECOMMENDATIONS**

The following section provides a summary and an interpretation of the empirical findings, as well as recommendations regarding these findings. This section will begin by outlining the external mediating factors, followed by entrepreneurial orientation and the five dimensions.

#### **5.3.1 External mediating factors**

Four external mediating factors that could influence the transgenerational potential of family businesses were investigated in this study, namely: the environment, the

industry, family involvement and family life stage (STEP Academic Information Packet 2013). Each of these four factors will be discussed in the section to follow.

#### **5.3.1.1 The environment**

According to Gupta (2013:38) businesses tend to follow environmental trends, which means what happens in the environment affects the business. Outcomes relating to the respective environments in which the two family businesses operate in are discussed below.

##### **Harare Plastics**

The economic and political instability in Zimbabwe has a significant impact in this industry as it has affected a lot of things such as planning and has resulted in low profitability. Extreme load shedding has affected production schedules and businesses have to find ways of surviving in such circumstances to try and utilise available resource and maximise output in every way possible.

##### **Westview College**

The family business operates in an environment that is student centred environment and highly regulated by the government. In Zimbabwe, the education sector has barriers of entry which includes enormous paperwork required before a school or College is registered. The government puts these measures so as to protect the students by ensuring that they get proper education.

#### **5.3.1.2 The industry**

Chirico and Sirmon (2010:4) suggest that the longevity of family businesses is influenced by the industry the business belongs to. Outcomes relating to the respective industries in which the two family businesses operate in are discussed below.

## **Harare Plastics**

The participants interviewed at Harare Plastics expressed that the plastic manufacturing industry is highly competitive. The competition in this industry is resource driven, which means businesses with more resources have more advantage over those with less resources. Businesses with more machinery can produce more products at a faster rate than those with less machines. Therefore, new entrants are not much of a threat because of minimal resources.

## **Westview College**

The participants in this family business indicated that this type of business is not sales oriented but more result oriented. Participants were of the same opinion that competition is not intense because of the high barriers of entry and regulations. The fact that Westview College belongs to an association where they meet other businesses in the similar industry to share ideas. This is an indication that in as much as they desire to gain greater market share they co-exist with other businesses.

### **5.3.1.3 Family involvement**

According to Dumbu (2018:39) in a family business the family is involved in the formation of strategic goals, decision making, allocation and control of resources unlike in any other form of business. From Table 4.1 in Chapter four it is evident that the two indigenous African owned family businesses studied are entirely owned by family members of the first generation, while the second generation is partially involved in the business. Taking into account the definition of a family business, this level of family involvement is expected.

### **5.3.1.4 Family life stage**

Both the indigenous African owned family businesses interviewed in this study have a hands on first generation while the second generation assists here and there so as to learn more about the businesses. The importance of generational diversity in the

workplace is that it gives each generation a chance to learn from each other, young learning from the old and vice versa as suggested by Lewis and Wescott (2017:7)

### **Harare Plastics**

In this family business the founder has been in business for over two decades and holds experience in the manufacturing industry. The founder is risk –averse because he is concerned about the long-term survival of the business. The son (second generation) is involved in the business as seen in his attempt to expand the business outside Zimbabwe and the setting up of the company's website.

### **Westview College**

In this family business the founder I still fully involved in the business with spouse. The first generation displays all the elements of EO which are proactiveness, innovativeness, competitive aggressiveness, autonomy and risk-taking. The second generation does assist in the business once in a while although the founder prefers them to do more in the business.

## **5.4 ENTREPRENURIAL ORIENTATION**

Chapter two highlighted the five dimensions of entrepreneurial orientation which are innovativeness, autonomy, proactiveness, risk-taking and competitive aggressiveness. This section highlights the findings of these five dimensions in the two black owned family businesses and then further compared to the findings of previous research. The recommendations for our two family businesses are then highlighted as well.

### **5.4.1 Risk-taking**

According to Lechner and Gudmundson (2014:38) risk-taking is characterised by venturing into the unknown, committing large portions of assets and borrowing heavily. Risk-taking is about a business's tendency to make investment and strategic action on uncertain issues (Musa *et al.* 2014:251). Previous studies prove that family

businesses are more risk averse as compared to other types of businesses. Gottardo and Moisello (2017:171) state that the reason why family businesses are risk averse is because they are often more concerned about their long term survival than prioritising profitability. As seen from the empirical results Harare Plastics is risk averse while Westview College takes moderate risk.

### **Harare Plastics**

The family business is risk averse the current owners conduct market research to produce a certain degree of certainty in order to enter markets where their products will sell. The founder also mentioned that risk takers usually have surplus money, however for them they do not have the surplus resources to experiment. The family business prefers operating with a high degree of certainty.

**The following recommendations regarding risk-taking have been highlighted for Harare Plastics family business:**

Despite the success of the business, it should consider taking risks in order to take the business to next level of business success. The lack of surplus resources might be because of a lack of risk-taking. Diversifying into new markets could be an option for the business seeing they have been focused on one thing for quite some time.

### **Westview College**

The business takes moderate risk. They have invested their resources were the outcome is very much uncertain and were the returns on investment is slow. Continuing operations in difficult economic conditions is risky as it has an impact on the profitability and the liquidity of the business.

**The following recommendations regarding risk-taking have been highlighted for Westview College:**

This business should continue taking risks. The establishment of another branch could be another step in the right direction in risk-taking given the success of the

business through previous risk-taking initiatives.

#### **5.4.2 Competitive aggressiveness**

According to Lechner and Gudmundson (2014:38) competitive aggressiveness refers to the intensity of a business to outperform competitors, ambitious market share goal-setting or aggressive actions such as price cutting. It is also characterised by the way in which businesses/competitors interact with each other (Muhonen 2017:11). Additionally, Sorenson *et al.* (2013:104) suggests that family businesses are not aggressive as far as competition is concerned but pursue a good reputation which positively affects longevity. In this study both Harare Plastics and Westview College displayed competitive aggressiveness.

##### **Harare Plastics**

The family business is very much competitive, especially according to the founder when requested to rate his businesses' competitive aggressiveness. As a business, they make sure that they are stocked with raw materials because in the difficult economic situation they have to be stocked and ready to compete.

**The following recommendations regarding competitive aggressiveness have been highlighted for Harare Plastics family business:**

The business should continue being competitive aggressive as they can be dethroned as the market leader if they are not. The business should benchmark market leaders in other countries outside of Zimbabwe and try and implement some the best practices observed.

##### **Westview College**

This family business can be regarded as competitive aggressive as they strategically partner with competitors in associations as means to gather information which is then used to compete with competitors.

**The following recommendations regarding competitive aggressiveness have been highlighted for Westview College:**

The business should continue being competitive aggressive but through other means. For example, assigning employees to attend the open days of other colleges to gather more information. Klee (2014:51) mentions that competitive aggressiveness stimulates innovative ways of competing within a market place by providing new creative and innovative marketing efforts.

### **5.4.3 Autonomy**

Autonomy refers to individuals or teams being able to structure their own work and working freely until the completion of tasks (Lechner & Gudmundson 2014:38). This creates an environment of innovative and entrepreneurial behaviour as individuals are free to experiment and generate new methods work (Casillas & Morena 2010:270). Previous studies reveal that the longer a family business exists, the lower the autonomy and this can be a result of limitations by management as mentioned by Zwellweger and Sieger (2012:69). The empirical results show that Harare Plastics does not display autonomy and this could be as a result of the years the business has been in existence. Westview College on the other hand displays high levels of autonomy, this maybe because the business has been in existence for a few years.

### **Harare Plastics**

The business does not give employees freedom to make decisions, experiment and generate new work methods, but only allows them to communicate ideas they have during meetings. Employees are encouraged to think and to bring ideas in for discussion, and not to implement them outside of the organisation.

**The following recommendations regarding autonomy have been highlighted for Harare Plastics family business:**

The business should allow for autonomy at the work place as it boosts creativity and employee morale and motivation. Allowing employees to design and come up with new and improved products could be a start.

### **Westview College**

When it comes to autonomy, this family business affords high levels of autonomy to employees. They believe that if you kill that creativity you kill the motivation of the teacher, so therefore they allow them that creativity. They however monitor at a distance to ensure employees are on track.

### **The following recommendations regarding autonomy have been highlighted for Westview College:**

The business should continue with their autonomous work environment to keep the prevalent atmosphere of creativity and motivation alive.

### **5.4.4 Innovativeness**

Innovativeness as a dimension of EO refers to the extent to which a business is incorporating new methods and ideas resulting in new products and services (Lechner & Gudmundson 2014:38). Innovativeness can also be defined as the extent to which a business can support and incorporate new ideas and creative processes. Innovativeness can take form of a research or engineering venture in an effort of creating new technologies (Musa *et al.* 2014:249). Family businesses are generally less innovative as compared to non-family businesses because a major requisition for innovativeness is risk which is not predominant in family businesses (Surdej 2016:40). Both Harare Plastics and Westview College display high levels of innovativeness.

### **Harare Plastics**

The business has high a level of innovativeness. They have lots of ideas, some of which they cannot implement yet because of a lack of resources. They have three



hundred and seventy five competitors in the market but they are the only business that has a certain types of components which are hard for competitors to imitate.

**The following recommendations regarding innovativeness have been highlighted for Harare Plastics family business:**

The business should continue being innovative by obtaining the resources needed for the multiple ideas they have. A joint venture with one of its competitors with the required resources can be a start. Lastly the business could consider diversifying into other segments.

### **Westview College**

The family business is very much innovative. They are innovative in terms of the delivery of lessons in the classrooms and overall in terms of delivery of their objectives.

**The following recommendations regarding autonomy have been highlighted for Westview College:**

The business should continue being innovative by observing the delivery of lessons of some of the world's best colleges.

### **5.4.5 Proactiveness**

Proactiveness is a process of anticipating internal and external factors that might impact the businesses in future (Lechner & Gudmundson 2014:38). According to Sharma and Dave (2011:47) proactive businesses are indeed leaders and not followers as they foresee the future. Previous studies make known that the older the family businesses the lower the level of proactiveness and this may be as a result of trust issues and division among family members as suggested by De Masses *et al.* (2014:36). Furthermore, high levels of proactiveness in family businesses at the beginning of the business for family businesses is influenced by the excitement of starting a business and everyone in the family being on the same page, business

growth, common destiny and a prevailing stewardship behaviour (De Masses *et al.* 2014:38). Both businesses in the study display proactiveness.

### **Harare Plastics**

The business is very proactive as it shows signs of anticipating internal and external factors that might impact the business by stocking up on raw materials. Due to the currency setbacks, the business is looking to expand outside of Zimbabwe to earn foreign currency to operate efficiently. The local currency only works in Zimbabwe and thus the foreign currency earned will be used to trade with other companies outside of Zimbabwe.

**The following recommendations regarding proactiveness have been highlighted for Harare Plastics family business:**

The business should continue being proactive. Another way they can enter foreign markets is through an establishment of an overseas sales branch which will handle sales distribution, warehousing and promotion.

### **Westview College**

The business is also proactive and they do not consider themselves as the reactive type of business. They think and act ahead of competitors and as mentioned in chapter four, some of the competitors actually copy them.

**The following recommendations regarding proactiveness have been highlighted for Westview College:**

The business has been successful in being proactive as competitors actually copy the business. The establishment of a research and development committee could further assist the college in being more proactive.

## 5.5 TRANSGENERATIONAL POTENTIAL

Transgenerational potential is defined by Williams, Zorn and Crook (2013:1) as, “*a process that occurs over time and that starts long before leadership is officially transferred to the next generation.*” Family business owners need to plan ahead of time and train their successors well in advance in order for transgenerational progression to be successful (Williams *et al.* 2013:1). Factors that influence high transgenerational potential success include the increase in entrepreneurial orientation dimensions as well as the increase in familiness (the resources and capabilities of the family business (Habbershon *et al.* 2010:9). However, in this study only the relationship between EO and transgenerational potential was investigated.

### Harare Plastics

Harare Plastics is currently being managed and owned by the founder and his wife, who are still actively involved in the day-to-day running of the business. Harare Plastics considers itself as a family business because of the succession they envision taking place. Itai the first son has shown interest in the business and has even worked in the business before travelling overseas to further his studies. He is likely to be the successor of the business whilst Kudakwashe and Shingirai are not fully involved in the business although they make suggestions where need be. Harare Plastics displayed three elements of EO and these contributed to the increase in transgenerational potential to a certain extent.

### Westview College

The business is currently owned and managed by Patrick and Maria Matchaba-hove, the founders of the business. Of the couple's three children, one son Nyasha has shown an interest in taking over the business. Nyasha, the couple's first son recently relocated to UK to study further although he is still involved in the business. At the moment their receptionist is filling in on roles Nyasha normally does like the librarian post. The tasks performed by Nyasha are then delegated to other employees who help out with the tasks where they can. In conclusion, the founders of the business state that they would really love one of their children to take over.

The business displayed all the five elements of EO, this led to an increase in transgenerational potential of Westview College.

## **5.6 LIMITATIONS TO THE STUDY AND SUGGESTIONS FOR FUTURE RESEARCH**

As with all research, there are some limitations to this study that should be highlighted. These limitations should be considered when interpreting the findings of the study. From these limitations various suggestions or opportunities for future research are also indicated. The use of the case study methodology is possibly a limitation of this research. The case study methodology is partly biased because it is influenced by the way the researcher collects, analyses, and interprets the data. Although chapter three indicated that research must be carried out in ethical conditions, one cannot rule out bias or misinterpretation of data. A recommendation for future research could be to develop valid and reliable scales to measure how much EO affects the transgenerational potential of family business.

The findings of this study are based on data collected from only two successful and multigenerational indigenous African-owned family businesses operating in the manufacturing industry and the education sector in Zimbabwe. The findings of this study cannot, therefore, be generalised to all family businesses in all industries in Zimbabwe. Obtaining data from a wider range of family businesses would increase the robustness of the data and provide different perceptions regarding entrepreneurial orientation and its influence on transgenerational potential of family businesses. This would encompass findings beyond the boundaries of this study.

Another limitation of this study is that only five interviews were conducted among the participating family businesses. Only one non-family employee was interviewed from each family business and no second-generation family member was interviewed in both businesses. Not interviewing the second-generation members meant that we could not get more information and richer data to add to the findings and possible contribute to future research. While this study focuses on entrepreneurial orientation of the STEP research framework, it does so in isolation from the family resource pools aspects, which also contributes to transgenerational potential.

## **5.7 CONTRIBUTION AND MANAGERIAL IMPLICATIONS**

Despite the limitations, the study intended to add on the existing literature by focusing on the influence of EO on transgenerational potential in a developing country context. The study also emphasized the comparisons between existing literature and practical evidence concerning EO among family businesses and its influence on transgenerational potential. The empirical results suggest that practical evidence is similar to most previous research findings recorded with only a few differences identified. The findings of the study can also be of value to the participating family businesses and other indigenous African owned family businesses because they can adopt the recommendations and improve where necessary.

## **5.8 CONCLUDING REMARKS**

At the end of the study, the researchers gained more insight on family businesses as well as EO and more specifically the elements of EO which are innovativeness, risk-taking, proactiveness, competitive aggressiveness and autonomy. The study also emphasised the importance of the elements of EO on transgenerational potential and it also established that if these elements are not displayed, it may impact negatively on the transgenerational potential of the business.

The researchers writing skills and research capacity were developed throughout the study. The study equipped the researchers with competences to adequately carry out research through application of relevant methods and techniques, as well as analysing and summarising data.

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## ANNEXURE A - TURNITIN REPORT

### ORIGINALITY REPORT

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% <b>19</b>	% <b>9</b>	% <b>4</b>	% <b>18</b>
SIMILARITY INDEX	INTERNET SOURCES	PUBLICATIONS	STUDENT PAPERS

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### PRIMARY SOURCES

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<b>1</b>	Submitted to Nelson Mandela Metropolitan University Student Paper	% <b>6</b>
<b>2</b>	repository.nwu.ac.za Internet Source	% <b>1</b>
<b>3</b>	Submitted to Mancosa Student Paper	% <b>1</b>
<b>4</b>	dspace.nwu.ac.za	% <b>1</b>

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## ANNEXURE B – ETHICAL FORMS

### NELSON MANDELA UNIVERSITY

#### FACULTY OF BUSINESS AND ECONOMIC SCIENCES

#### ETHICS CLEARANCE FOR TREATISES / DISSERTATIONS / THESES

Instructions:

- Should be completed by study leader and student
- Must be signed off by student, study leader and HoD
- **Please note that by following this Proforma ethics route, the study will NOT be allocated an ethics clearance number**

FACULTY: BUSINESS AND ECONOMIC SCIENCES

SCHOOL / DEPARTMENT: BUSINESS MANAGEMENT

I, (surname and initials of study leader) \_\_\_\_\_

the study leader for (surname and initials of candidates) NYONI S.R AND

BORERWE D. (student numbers) 5220586295 and 5214110753

candidates for the degree of BCOMHONS (BUSINESS MANAGEMENT)

with a treatise entitled (full title of treatise):

THE INFLUENCE OF ENTREPRENEURIAL ORIENTATION ON  
INDIGENOUS AFRICAN FAMILY BUSINESSES IN ZIMBABWE

considered the following ethics criteria (please tick the appropriate block):

		YES	NO
1.	Is there any risk of harm, embarrassment of offence, however slight or temporary, to the participant, third parties or to the communities at large?		✓
2.	Is the study based on a research population defined as 'vulnerable' in terms of age, physical characteristics and/or disease status?		✓
2.1	Are subjects/participants/respondents of your study:		
2.1.1	Children under the age of 18?		✓
2.1.2	NMMU staff?		✓
2.1.3	NMMU students?		✓
2.1.4	The elderly/persons over the age of 60?		✓

		YES	NO
2.1.5	A sample from an institution (e.g. hospital/school)?		✓
2.1.6	Handicapped (e.g. mentally or physically)?		✓
3.	Does the data that will be collected require consent of an institutional authority for this study? (An institutional authority refers to an organisation that is established by government to protect vulnerable people)		✓
3.1	Are you intending to access participant data from an existing, stored repository (e.g. school, institutional or university records)?		✓
4.	Will the participant's privacy, anonymity or confidentiality be compromised?		✓
4.1	Are you administering a questionnaire/survey that:		✓
4.1.1	Collects sensitive/identifiable data from participants?		✓
4.1.2	Does not guarantee the anonymity of the participant?		✓
4.1.3	Does not guarantee the confidentiality of the participant and the data?		✓
4.1.4	Will offer an incentive to respondents to participate, i.e. a lucky draw or any other prize?		✓
4.1.5	Will create doubt whether sample control measures are in place?		✓
4.1.5	Will be distributed electronically via email (and requesting an email response)?		✓
	Note: <ul style="list-style-type: none"> <li>• If your questionnaire <b>DOES NOT</b> request respondents' identification, is distributed electronically and you request respondents to return it <i>manually</i> (print out and deliver/mail); <b>AND</b> respondent anonymity can be guaranteed, your answer will be NO.</li> <li>• If your questionnaire <b>DOES NOT</b> request respondents' identification, is <i>distributed via an email link and works through a web response system (e.g. the university survey system)</i>; <b>AND</b> respondent anonymity can be guaranteed, your answer will be NO.</li> </ul>		
5.	Do you wish to publish an article from this study and submit to an accredited Journal?	✓	

Please note that if **ANY** of the questions above have been answered in the affirmative (**YES**) the student will need to complete the full ethics clearance form (REC-H application) and submit it with the relevant documentation to the Faculty RECH (Ethics) representative.

and hereby certify that the student has given his/her research ethical consideration and full ethics approval is not required.

Study leader (s)

DATE

HEAD OF DEPARTMENT

DATE

STUDENT

DATE

STUDENT

DATE



## **ANNEXURE C**

### **ADJUSTED STEP INTERVIEW GUIDE USED IN THIS STUDY**

#### **(History of the family and the business.)**

##### **Question 1. Describe the historical development of your business?**

*The answer should cover, if relevant, the following areas:*

The entrepreneurial process when the firm was founded i.e. who, how?

Did the governance just follow the life stage: founder, siblings, cousins?

The number of years in existence as a business?

How the business overcame the economic challenges in Zimbabwe from 2008 till present?

Information on the leadership succession i.e. chair, CEO..?

##### **Question 2. Describe the family members' role and involvement in the business?**

*The answer should cover, if relevant, the following areas:*

Information on the number of family members working in the business, in leadership/management?

Who are the family members and non-family actors who have been most influential and what roles they played and why it was significant?

Family contribution to the business with regards to resources and capabilities?

Information on the ownership involvement, i.e. the number and constellation of shareholder family members and or branches and changes in this over time?

Were there any downsides to their leadership?

#### **(Decision making of the business.)**

##### **Question 3. Describe the decision making process in your business?**

*The answer should cover, if relevant, the following areas:*

Whether it is compacted or involving?

**Question 4. Who are the most influential characters in your business?**

*The answer should cover, if relevant, the following areas:*

Key environmental factors that made a difference in what you are today?

Character of the political and economic situation at regional and national level?

Demographic and social trends?

The cultural forces i.e. the role of ethnicity for the development of the business?

**Question 5. Describe the value, mission and objectives of the business?**

*The answer should cover, if relevant, the following areas:*

How are the family's goals determined?

What is being done to ensure goals are being achieved?

Any possible hindrances?

Do you consider these goals entrepreneurial?

Do your goals lead your family to transgenerational wealth creation?

**(Entrepreneurial orientation)**

**Question 6. Would you describe the owner-family as an entrepreneurial? Why or why not?**

*The answer should cover, if relevant, the following areas:*

The main attributes that you think makes the family entrepreneurial?

The main attributes that you think are lacking for it to be entrepreneurial?

**Question 7. Would you describe the business unit and practices you are involved in as entrepreneurial? Why or why not?**

*The answer should cover, if relevant, the following areas:*

The main attributes that you think makes the business entrepreneurial?

The main attributes that you think are lacking for it to be entrepreneurial?

The entrepreneurial capabilities of top managers/leaders in the firm?

**Question 8. With regards to autonomy, to what extent are individuals and teams in your business given freedom to be creative, to push for new ideas and to change current ways of doing things in order to come up with new initiatives/strategic actions? (i.e. to introduce new product, new service, new processes, renewal actions, or opening new markets and launch new ventures).**

*The answer should cover, if relevant, the following areas:*

Commitment and support for new ideas, experimentation, and creative processes that may result in new initiatives?

**Question 9. With regards to proactiveness, do you generally take initiatives/strategic actions ahead of your competitors proactively or do you prefer to wait and see?**

*The answer should cover, if relevant, the following areas:*

Are there resources and capabilities that you have or lack that makes this posture/approach your chosen strategy?

**Question 10. With regards to competitive aggressiveness, do you generally take new initiatives/strategic actions that directly and intensively challenge the existing positions held by your competitors?**

*The answer should cover, if relevant, the following areas:*

What are the actions the business is taking to compete with competitors?

What are some of the reasons they are not competitive aggressive?

**Question 11. With regards to innovativeness, to what extent would you describe the organization as innovative and generating new ideas, experimentation and creative processes that may or may not result in new initiatives/strategic actions?**

*The answer should cover, if relevant, the following areas:*

If they are being innovative, are they being innovative in their processes or through products and services?

Reasons for not being innovative i.e. to keep the tradition?

What innovation means to them?

**Question 12. With regards to risk taking, do you generally take new initiatives/strategic actions and invest where the outcome is highly uncertain, or do you prefer to invest where less resource is at stake and you fairly know the result?**

*The answer should cover, if relevant, the following areas:*

On a scale of one to ten, with one being weak and ten being strong, rate your business when it comes to risk taking?

Are they resources and capabilities that you have or lack that makes this posture/approach your chosen strategy?

Why risk is avoided in case of a low rating?

**Question 13. The extent to which EO is practised and its relationship with transgenerational success?**

*The answer should cover, if relevant, the following areas:*

Describe the number of entrepreneurial initiatives over the last three years (e.g. specific innovations, new products, new markets, renewal initiatives, new businesses)?

**Question 14 . What are the most important goals outcomes to the ownership and management of the business?**

*The answer should cover, if relevant, the following areas:*

how the sales have evolved over the years?

Has your company reached above – or below industry average cash flows?

Have you paid dividends to non-family shareholders?