

COPRENEURSHIPS IN SOUTH AFRICAN SMALL AND MEDIUM-SIZED FAMILY BUSINESSES

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**COPRENEURSHIPS IN SOUTH AFRICAN SMALL AND
MEDIUM-SIZED FAMILY BUSINESSES**

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I hereby declare that this dissertation submitted is my own independent work and has not been previously submitted by me for a degree at any other university.

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ABSTRACT

Taking cognisance of the increasingly important role that copreneurial businesses play in national economies, the unique challenges that they face, and the lack of research attention given to such spousal teams, the purpose of this study was to contribute to the more effective functioning of copreneurships in South Africa by identifying the factors that impact on their success. Consequently, the primary objective of this study was to investigate the factors that influence the *Perceived success* of copreneurships in South Africa, as well as the conditions required for the effective and harmonious functioning of such spousal partnerships.

This study seeks to incorporate previous findings and studies on team effectiveness and spousal relationships into a comprehensive conceptual model. After conducting a comprehensive literature study, as well as examining the different teamwork models proposed and the study by Farrington (2009), it became clear that successful teams have validated their proficiency with regard to two types of factors, namely, *relational-based* and *organisational-based* factors. Within these two categories of factors, 14 independent variables were identified and hypothesised to influence the measures of effectiveness of copreneurships, namely the dependent variable *Perceived success*; and the intervening variable *Financial performance*.

All of the factors in this study were clearly defined and operationalised. Reliable and valid items sourced from Farrington's (2009) measuring instrument, as well as several measuring instruments used in other studies, were used in the operationalisation of these factors. In addition, several items were self-generated from secondary sources. Respondents were identified using the convenience snowball sampling technique, and a structured questionnaire was made available to them. The data gathered from the 380 usable questionnaires was subjected to various statistical analyses. The validity and reliability of the measuring instrument was confirmed by means of an exploratory factor analysis, and Cronbach-alpha coefficients were calculated for this purpose.

The original intervening variable *Financial performance* could not be confirmed as originally intended in the conceptual model. Instead, *Financial performance* split into

two separate variables which were named *Financial performance* and *Growth performance*. The original dependent variable *Perceived success* was confirmed by the factor analyses. The relational- and organisational-based factors could not be confirmed as originally intended in the conceptual model. Instead, seven new relational- and seven new organisational-based factors emerged, and where necessary these factors were renamed.

The primary statistical procedure used to test the significance of the relationships hypothesised between the independent and dependent variables in this study, was Structural Equation Modelling (SEM). Owing to the sample-size restrictions, the conceptual model could not be subjected to SEM as a whole. Instead, seven submodels were identified and subjected to further analysis.

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

- *Spousal relationship*
- *Commitment to spouse*
- *Equal status*
- *Commitment to the business*
- *Emotional attachment*
- *Non-family involvement*
- *Personal needs alignment*
- *Leadership*
- *Competencies*
- *Internal context*

In order to investigate the influence of the various demographic variables on the intervening and dependent variables, an Analysis of Variance (ANOVA), Multiple Linear Regression analysis and t-tests were performed. How leadership occurs in a copreneurial business, the tenure of the business, the location of the business, the status of the copreneurship, the level of spousal involvement in the business and the

number of employees were found to have an influence on the intervening and dependent variables of this study.

By empirically investigating copreneurships, this study has added to the limited amount of family business literature on these complex partnerships. By way of the conceptual models developed in this study a significant contribution has been made towards understanding the factors influencing the success of copreneurships. As a result, this study presents recommendations and suggestions to assist couples in managing their copreneurships in such a way as to nurture their marriage relationships and at the same time enhance the performance of their businesses.

KEYWORDS:

Copreneurship, Copreneur, Husband-and-wife business, Spousal team.

TABLE OF CONTENTS

	PAGE
ACKNOWLEDGEMENTS AND DECLARATION	iii
ABSTRACT	iv
TABLE OF CONTENTS	vii

CHAPTER 1

INTRODUCTION, PROBLEM STATEMENT AND DEMARCATION OF THE STUDY

1.1	INTRODUCTION AND BACKGROUND TO THE STUDY	1
1.2	PROBLEM STATEMENT	4
1.3	PURPOSE OF THE STUDY	4
1.4	RESEARCH OBJECTIVES	4
1.4.1	PRIMARY RESEARCH OBJECTIVE	4
1.4.2	SECONDARY RESEARCH OBJECTIVES	5
1.5	PROPOSED CONCEPTUAL MODEL AND HYPOTHESES	5
1.5.1	RESEARCH HYPOTHESES	7
1.6	RESEARCH METHODOLOGY	9
1.6.1	SECONDARY RESEARCH	9
1.6.2	PRIMARY RESEARCH	9
1.7	SCOPE AND DEMARCATION OF THE STUDY	12
1.8	CONTRIBUTION OF THE STUDY	12
1.9	DEFINITION OF CONCEPTS	13
1.9.1	SMALL AND MEDIUM-SIZED BUSINESS (ENTERPRISE)	13
1.9.2	FAMILY BUSINESS	13
1.9.3	COPRENEURSHIP	13
1.10	STRUCTURE OF THE STUDY	14

CHAPTER 2

SMALL AND MEDIUM-SIZED COPRENEURIAL BUSINESSES

2.1	INTRODUCTION	16
2.2	CONTEXTUALISING SMALL AND MEDIUM-SIZED BUSINESSES	16

2.3	THE IMPORTANCE OF SMALL AND MEDIUM-SIZED BUSINESSES	18
2.4	CHALLENGES FACING SMALL AND MEDIUM-SIZED BUSINESSES	21
2.5	CONTEXTUALISING FAMILY BUSINESSES	23
2.6	THE IMPORTANCE OF FAMILY BUSINESSES	24
2.7	CHALLENGES FACING SMALL AND MEDIUM-SIZED FAMILY BUSINESSES	26
2.8	CONTEXTUALISING COPRENEURSHIPS	29
2.9	THE RISE OF SMALL AND MEDIUM-SIZED COPRENEURSHIPS	32
2.10	THE ADVANTAGES OF COPRENEURSHIPS	35
2.11	THE CHALLENGES OF COPRENEURSHIP	39
2.12	SUMMARY	42

CHAPTER 3

FACTORS INFLUENCING THE SUCCESS OF COPRENEURIAL BUSINESSES

3.1	INTRODUCTION	44
3.2	THE NATURE AND VALUE OF TEAMWORK	44
3.2.1	STAGES OF TEAM DEVELOPMENT	46
3.2.1.1	Forming	47
3.2.1.2	Storming	47
3.2.1.3	Norming	48
3.2.1.4	Performing	48
3.3	COPRENEURSHIPS AS SPOUSAL TEAMS	48
3.4	ATTRIBUTES OF AND REQUIREMENTS FOR EFFECTIVE SPOUSAL TEAMS	50
3.4.1	SPOUSAL RELATIONSHIP	53
3.4.2	RESPECT AND TRUST	55
3.4.3	FAIRNESS	59
3.4.3.1	The nature and importance of fairness in copreneurships	59
3.4.3.2	Traditional sex-roles	60
3.4.4	OPEN COMMUNICATION	62
3.4.5	BALANCE BETWEEN WORK AND FAMILY	65

3.4.5.1	The nature and importance of a balance between work and family	65
3.4.5.2	Work-family conflict	68
3.4.6	FAMILY HARMONY	70
3.4.7	COMMITMENT TO THE BUSINESS	71
3.4.8	NON-FAMILY INVOLVEMENT	73
3.4.9	SHARED DREAM	77
3.4.10	LEADERSHIP AND PLANNING	78
3.4.10.1	Qualities of leadership	79
3.4.10.2	Leadership responsibilities	80
3.4.10.3	Leadership in copreneurships	81
3.4.10.4	Decision-making	82
3.4.10.5	Leadership styles	83
3.4.10.6	Planning	86
3.4.11	COMPLEMENTARY SKILLS	88
3.4.12	DIVISION OF LABOUR	89
3.4.12.1	Work responsibilities	91
3.4.12.2	Household responsibilities	92
3.4.13	INTERNAL CONTEXT	93
3.4.14	GOVERNANCE	94
3.5	SUMMARY	97

CHAPTER 4

A CONCEPTUAL MODEL OF FACTORS THAT INFLUENCE THE SUCCESS OF COPRENEURIAL BUSINESSES

4.1	INTRODUCTION	99
4.2	CONCEPTUAL MODEL	99
4.3	PERCEIVED SUCCESS	102
4.3.1	DEPENDENT VARIABLE: PERCEIVED SUCCESS	102
4.3.2	INTERVENING VARIABLE: FINANCIAL PERFORMANCE	103
4.4	INDEPENDENT VARIABLES: RELATIONAL-BASED FACTORS INFLUENCING COPRENEURIAL BUSINESSES	104
4.4.1	SPOUSAL RELATIONSHIP	104
4.4.2	RESPECT AND TRUST	107
4.4.3	FAIRNESS	108

4.4.4	OPEN COMMUNICATION	110
4.4.5	BALANCE BETWEEN WORK AND FAMILY	111
4.4.6	FAMILY HARMONY	114
4.4.7	COMMITMENT TO THE BUSINESS	115
4.4.8	NON-FAMILY INVOLVEMENT	117
4.5	INDEPENDENT VARIABLES: ORGANISATIONAL-BASED FACTORS INFLUENCING COPRENEURIAL BUSINESSES	119
4.5.1	SHARED DREAM	119
4.5.2	LEADERSHIP AND PLANNING	121
4.5.3	COMPLEMENTARY SKILLS	122
4.5.4	DIVISION OF LABOUR	123
4.5.5	INTERNAL CONTEXT	125
4.5.6	GOVERNANCE	126
4.6	SUMMARY	127

CHAPTER 5

RESEARCH METHODOLOGY

5.1	INTRODUCTION	128
5.2	QUANTITATIVE TESTING AND ANALYSES	128
5.2.1	POPULATION STUDIED	128
5.2.2	SAMPLING UNIT AND SAMPLING METHOD	129
5.2.3	METHOD OF DATA COLLECTION	130
5.2.3.1	Instrument development	131
5.2.3.2	Qualifying questions	132
5.2.3.3	Scale development and operationalisation	133
5.2.4	ADMINISTRATION OF QUESTIONNAIRES	136
5.2.5	SAMPLE SIZE AND RESPONSE RATE	137
5.2.6	MISSING DATA	138
5.2.7	DEMOGRAPHIC INFORMATION	139
5.2.8	METHOD OF DATA ANALYSIS	143
5.2.8.1	Reliability of the measuring instrument	144
5.2.8.2	Validity of the measuring instrument	145
5.2.8.3	Effect of demographic variables	146

5.2.8.4	Structural Equation Modelling	147
(a)	Steps/stages in Structural Equation Modelling	148
5.3	SUMMARY	153

CHAPTER 6

EMPIRICAL RESULTS

6.1	INTRODUCTION	155
6.2	VALIDITY OF THE MEASURING INSTRUMENT	155
6.3	RELIABILITY OF THE MEASURING INSTRUMENT	158
6.4	FACTORS INFLUENCING THE PERCEIVED SUCCESS OF A COPRENEURSHIP	158
6.4.1	SUBMODEL: OUTCOMES	158
6.4.1.1	Perceived success	159
6.4.1.2	Financial performance	160
6.4.1.3	Growth performance	161
6.4.2	SUBMODEL: RELATIONAL-BASED FACTORS	162
6.4.2.1	Spousal relationship	163
6.4.2.2	Non-family involvement	165
6.4.2.3	Fairness at home	165
6.4.2.4	Commitment to the business	166
6.4.2.5	Commitment to spouse	167
6.4.2.6	Equal status	168
6.4.2.7	Emotional attachment	169
6.4.3	SUBMODEL: ORGANISATIONAL-BASED FACTORS	170
6.4.3.1	Shared dream	171
6.4.3.2	Internal context	171
6.4.3.3	Leadership	172
6.4.3.4	Personal needs alignment	173
6.4.3.5	Division of labour	174
6.4.3.6	Complementary skills	175
6.4.3.7	Competencies	176
6.5	REVISED CONCEPTUAL MODELS	176
6.6	EMPIRICAL RESULTS OF STRUCTURAL EQUATION MODELLING ANALYSES	181

6.6.1	SUBMODEL 1: OUTCOMES	184
6.6.1.1	Revised conceptual model and path diagrams	184
6.6.1.2	Structural and measurement model	184
6.6.1.3	Measurement and structural model estimation	185
6.6.1.4	Evaluating the goodness-of-fit indices for the structural model	186
6.6.2	SUBMODEL 2: RELATIONAL-BASED FACTORS AND FINANCIAL PERFORMANCE	187
6.6.2.1	Revised conceptual model and path diagrams	187
6.6.2.2	Structural and measurement models	188
6.6.2.3	Measurement and structural model estimation	188
6.6.2.4	Evaluating the goodness-of-fit indices	191
6.6.3	SUBMODEL 3: RELATIONAL-BASED FACTORS AND GROWTH PERFORMANCE	191
6.6.3.1	Revised conceptual model and path diagrams	191
6.6.3.2	Structural and measurement models	192
6.6.3.3	Measurement and structural model estimation	193
6.6.3.4	Evaluating the goodness-of-fit indices	195
6.6.4	SUBMODEL 4: RELATIONAL-BASED FACTORS AND PERCEIVED SUCCESS	195
6.6.4.1	Revised conceptual model and path diagrams	195
6.6.4.2	Structural and measurement models	196
6.6.4.3	Measurement and structural model estimation	197
6.6.4.4	Evaluating the goodness-of-fit indices	199
6.6.5	SUBMODEL 5: ORGANISATIONAL-BASED FACTORS AND FINANCIAL PERFORMANCE	199
6.6.5.1	Revised conceptual model and path diagrams	199
6.6.5.2	Structural and measurement models	200
6.6.5.3	Measurement and structural model estimation	201
6.6.5.4	Evaluating the goodness-of-fit indices	203
6.6.6	SUBMODEL 6: ORGANISATIONAL-BASED FACTORS AND GROWTH PERFORMANCE	203
6.6.6.1	Revised conceptual model and path diagrams	203
6.6.6.2	Structural and measurement models	204
6.6.6.3	Measurement and structural model estimation	205

6.6.6.4	Evaluating the goodness-of-fit indices	207
6.6.7	SUBMODEL 7: ORGANISATIONAL-BASED FACTORS AND PERCEIVED SUCCESS	207
6.6.7.1	Revised conceptual model and path diagrams	208
6.6.7.2	Structural and measurement models	208
6.6.7.3	Measurement and structural model estimation	209
6.6.7.4	Evaluating the goodness-of-fit indices	211
6.7	DISCUSSION OF SIGNIFICANT RELATIONSHIPS IDENTIFIED BY SEM	211
6.7.1	FINANCIAL AND GROWTH PERFORMANCE	213
6.7.2	SPOUSAL RELATIONSHIP	213
6.7.3	NON-FAMILY INVOLVEMENT	214
6.7.4	FAIRNESS AT HOME	215
6.7.5	COMMITMENT TO THE BUSINESS	216
6.7.6	COMMITMENT TO SPOUSE	216
6.7.7	EQUAL STATUS	217
6.7.8	EMOTIONAL ATTACHMENT	218
6.7.9	SHARED DREAM	218
6.7.10	INTERNAL CONTEXT	219
6.7.11	LEADERSHIP	220
6.7.12	PERSONAL NEEDS ALIGNMENT	220
6.7.13	DIVISION OF LABOUR	221
6.7.14	COMPLEMENTARY SKILLS	222
6.7.15	COMPETENCIES	222
6.8	AN ANALYSIS OF THE INFLUENCE OF DEMOGRAPHIC DATA	223
6.8.1	RESULTS OF THE ANALYSIS OF VARIANCE (ANOVA)	224
6.8.2	RESULTS OF THE MULTIPLE LINEAR REGRESSION ANALYSIS (MLR)	226
6.8.3	RESULTS OF THE T-TESTS	228
6.8.4	EVALUATION OF THE HYPOTHESES RELATING TO THE DEMOGRAPHIC VARIABLES	230
6.9	SUMMARY	232

CHAPTER 7

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

7.1	INTRODUCTION	234
7.2	OVERVIEW OF THE RESEARCH	234
7.3	INTERPRETATIONS OF THE EMPIRICAL RESULTS AND RECOMMENDATIONS	238
7.3.1	SPOUSAL RELATIONSHIP	238
7.3.2	COMMITMENT TO SPOUSE	239
7.3.3	EQUAL STATUS	240
7.3.4	COMMITMENT TO THE BUSINESS	241
7.3.5	EMOTIONAL ATTACHMENT	241
7.3.6	NON-FAMILY INVOLVEMENT	242
7.3.7	PERSONAL NEEDS ALIGNMENT	243
7.3.8	LEADERSHIP	244
7.3.9	COMPETENCIES	244
7.3.10	INTERNAL CONTEXT	245
7.3.11	DEMOGRAPHIC VARIABLES	246
7.4	CONTRIBUTIONS OF THE STUDY	247
7.5	LIMITATIONS OF THE STUDY AND RECOMMENDATIONS FOR FUTURE RESEARCH	248
7.6	CONCLUDING REMARKS	249
	REFERENCES	251
	ANNEXURE A: ENGLISH QUESTIONNAIRE	272
	ANNEXURE B: RESPONDENT DEMOGRAPHICS	282

LIST OF FIGURES

FIGURE	PAGE
Figure 1.1: Proposed conceptual model: Factors influencing the Perceived success of copreneurships	6
Figure 4.1: Proposed conceptual model: Factors influencing the Perceived success of copreneurships	101
Figure 6.1: Revised conceptual model: Factors influencing the Perceived success of copreneurships	178
Figure 6.2: Path diagram of structural relationships: Revised model	184
Figure 6.3: Structural model estimation	186
Figure 6.4: Path diagram of structural relationships: Revised model	187
Figure 6.5: Structural model estimation	190
Figure 6.6: Path diagram of structural relationships: Revised model	192
Figure 6.7: Structural model estimation	194
Figure 6.8: Path diagram of structural relationships: Revised model	196
Figure 6.9: Structural model estimation	198
Figure 6.10: Path diagram of structural relationships: Revised model	200
Figure 6.11: Structural model estimation	202
Figure 6.12: Path diagram of structural relationships: Revised model	204
Figure 6.13: Structural model estimation	206
Figure 6.14: Path diagram of structural relationships: Revised model	208
Figure 6.15: Structural model estimation	210
Figure 6.16: Summary of significant relationships in the structural models	212
Figure 7.1: Summary of the significant relationships influencing the Financial performance, Growth performance and Perceived success of copreneurships	237

LIST OF TABLES

TABLE	PAGE
Table 2.1: Quantitative criteria used for classifying small and medium-sized businesses in South Africa	17
Table 3.1: Team stages and their implications for communication	50
Table 3.2: Evidence supporting the inclusion of the various relational- and organisational-based factors in the present study	53
Table 4.1: Relationships and theoretical support	100
Table 5.1: Operationalisation of the dependent, intervening and independent variables influencing the Perceived success of copreneurships	134
Table 5.2: Response rate	138
Table 5.3: Demographic information pertaining to the respondents as individuals	139
Table 5.4: Demographic information pertaining to the copreneurial business	140
Table 5.5: Demographic information pertaining to the family and the marriage	142
Table 5.6: Steps in Structural Equation Modelling	148
Table 6.1: Factor structure – Outcomes	159
Table 6.2: Factor 1 – Perceived success (PSUCCESS)	160
Table 6.3: Factor 2 – Financial performance (FINPERF)	161
Table 6.4: Factor 3 – Growth performance (GROPERF)	161
Table 6.5: Factor structure – Relational-based factors	163
Table 6.6: Factor 1 – Spousal relationship (SPOUSE)	164
Table 6.7: Factor 2 – Non-family involvement (NONFAM)	165
Table 6.8: Factor 3 – Fairness at home (FAIRNESS)	166
Table 6.9: Factor 4 – Commitment to the business (COMIT-BUS)	167
Table 6.10: Factor 5 – Commitment to spouse (COMIT-SP)	168
Table 6.11: Factor 6 – Equal status (STATUS)	169
Table 6.12: Factor 7 – Emotional attachment (EMOTION)	169
Table 6.13: Factor structure – Organisational-based factors	170

Table 6.14:	Factor 1 – Shared dream (SHARE)	171
Table 6.15:	Factor 2 – Internal context (CONTEXT)	172
Table 6.16:	Factor 3 – Leadership (LEADER)	173
Table 6.17:	Factor 4 – Personal needs alignment (NEEDS)	174
Table 6.18:	Factor 5 – Division of labour (DIVISION)	174
Table 6.19:	Factor 6 – Complementary skills (CSKILLS)	175
Table 6.20:	Factor 7 – Competencies (COMPETENCE)	176
Table 6.21:	Summary of revised hypotheses to be tested in the structural model	179
Table 6.22:	Criteria for Goodness-of-fit indices	183
Table 6.23:	Definition of structural and measurement model	185
Table 6.24:	Goodness-of-fit indices for the structural model	186
Table 6.25:	Definition of structural and measurement model	188
Table 6.26:	Goodness-of-fit indices for the structural model	191
Table 6.27:	Definition of structural and measurement model	193
Table 6.28:	Goodness-of-fit indices for the structural model	195
Table 6.29:	Definition of structural and measurement model	197
Table 6.30:	Goodness-of-fit indices for the structural model	199
Table 6.31:	Definition of structural and measurement model	200
Table 6.32:	Goodness-of-fit indices for the structural model	203
Table 6.33:	Definition of structural and measurement model	205
Table 6.34:	Goodness-of-fit indices for the structural model	207
Table 6.35:	Definition of structural and measurement model	209
Table 6.36:	Goodness-of-fit indices for the structural model	211
Table 6.37:	Influence of nominally scaled demographic variables on Financial performance	224
Table 6.38:	Influence of nominally scaled demographic variables on Growth performance	225
Table 6.39:	Influence of nominally scaled demographic variables on Perceived success	225
Table 6.40:	Influence of the ordinally scaled demographic variables on Financial performance	226
Table 6.41:	Influence of the ordinally scaled demographic variables on Growth performance	227

Table 6.42: Influence of the ordinally scaled demographic variables on Perceived success	228
Table 6.43: Influence of Gender, Location of the business, Status of the copreneurship and Involvement in the business on Financial performance, Growth performance and Perceived success	229

CHAPTER 1

INTRODUCTION, PROBLEM STATEMENT AND DEMARCATION OF THE STUDY

1.1 INTRODUCTION AND BACKGROUND TO THE STUDY

As a result of their ability to create employment and economic wealth, small and medium-sized businesses (SMEs) are globally recognised for their importance (Nieman 2006:38). As the number of SMEs increases, so does the interest in these businesses. Possible reasons for this growing interest are that SMEs generate the majority of new private employment and are largely favoured by the public. The growing trend towards self-employment has also made small business an attractive opportunity for aspiring entrepreneurs (Megginson, Byrd & Megginson 2003:4). It is estimated that approximately 80% to 90% of all SMEs in South Africa are family-owned or controlled (Proudly trading since 1743 2009; Venter 2003:32-34), therefore the importance of family-owned SMEs to the social and economic welfare of South Africa should not be underestimated.

Family businesses are rapidly becoming the dominant form of business enterprise in both developed and developing countries. These businesses are amongst the largest contributors to employment and wealth in almost every country (Neubauer & Lank 1998:11). Family businesses represent substantial economic entities within the macro economy, whilst also providing significant resources to the micro economy, namely the family, with the most important of these resources being the household income (Muske & Fitzgerald 2006:194). The social and economic impact that family businesses have is increasingly being recognised, and the number of such businesses is expected to continue rising in the future (Nieman 2006:38; Venter 2003:32-34). The importance of these small and medium-sized family businesses is thus clear for all countries, including South Africa.

However, despite their increasing numbers and the importance of SMEs, many of these businesses fail. Megginson *et al.* (2003:15) suggest that a lack of capital, poor business knowledge and management, insufficient planning, and inexperience may be responsible for the high failure rates. Small businesses that are family owned face

additional challenges. Nieman (2006:41), for example, attributes family business failure to factors such as conflict between family members, nepotism, tradition, a paternalistic/autocratic culture existing in the business, improper handover to the next generation, a lack of leadership, and ineffective communication. As family businesses are significant contributors to the social and economic welfare of any economy, their lack of longevity is reason for concern.

According to Nieman (2006:40) and Hugo (1996:8), a mere 30% of all family businesses progress to the second generation, and only 10% to the third. Smaller family businesses are expected to survive for only five to 10 years. The high failure rate of family businesses adds to the negative social and economic growth in South Africa. When a family business goes into liquidation, it is a loss not only to the proprietary family, but also to the employees of the business and the surrounding community. This loss occurs because the economic welfare of these individuals may be dependent on the survival of the business (Nieman 2006:41). Family business survival is a universal problem that is independent of cultural context or the economic/business environment. The factors that contribute to the high failure rate of family businesses originate from the complexity of such forms of business organisations. This complexity occurs as a result of the family dimension being added to the common governance roles found in any business, namely that of the owner, management and employees. The number of roles that need to be managed is significantly complicated by this complexity, and may lead to conflict and ultimately the failure of the business (Nieman 2006:41; Rwigema & Venter 2004:483; Van Duijn et al. 2007:12).

One type of family business that is increasingly evident is that of spouses venturing into business together. Barnett and Barnett (1988) refer to such spouses as “copreneurs” as a result of them sharing joint ownership, commitment and responsibility of a business. A factor contributing to the increase in copreneurships is the desire of husband and wife teams to achieve a degree of business equality between them. These couples are ensuring that both spouses are recognised equally in their businesses (Nieman 2006:43). As a result, copreneurships have important implications for the economy and marital stability of any country (Tompson & Tompson 2000:11). An entirely new set of challenges and problems are created for

family businesses when ownership is shared, therefore they merit much work to understand what makes copreneurships work.

Apart from facing the same challenges as other family businesses, the decision to venture into business with a spouse can present many additional challenges for a couple's relationship, their family and the business. Copreneurial couples are faced with the challenge of pursuing two simultaneous life goals, making contradictory demands on the couple. The first goal entails nurturing a business that should be both profitable and successful. This goal requires that the couple, as business owners, be persistent, single-minded, hard-working and ambitious. The second goal entails having a successful and loving marriage. This goal requires the couple to spend time together, offer each other mutual support, and make time to focus on each other and building their relationship (Tompson & Tompson 2000:2). It is clear from the requirements of each goal that the intertwining of the marriage and business relationships has contradictory requirements which may cause conflict and be detrimental to both the business and the marital relationship. Similarly, starting and running a small business requires copious amounts of attention and dedication to make the business a success and ensure its survival. This often causes the business activities to encroach upon the time that copreneurs should be dedicating to the family and to each other as husband and wife. Conflicts between work and family may arise if the copreneurs do not succeed in achieving and maintaining a balance and boundary between work and family life (Tompson & Tompson 2000:7).

Fitzgerald and Muske (2002:2) note that little attention has been given to copreneurs in existing family business literature. This lack of information has also been observed by Tompson and Tompson (2000). The studies that have been conducted on copreneurs have been based on small convenience samples and are mostly anecdotal in nature (Muske & Fitzgerald 2006:193). Several articles on copreneurs have been published but these have been based on single case studies and were not research oriented (Marshack 1993:356).

Given the unique challenges faced by copreneurial businesses and the lack of research attention given to such businesses, the question arises how these businesses can improve their chances of success. In order to increase the likelihood

of family business survival and success, it is required that greater insights be gained into the factors influencing the success of copreneurships.

1.2 PROBLEM STATEMENT

The growing importance of copreneurial businesses and their importance to national economies is evident. These businesses, however, face a unique set of challenges because of the overlap between the marriage and business relationship. Very little research attention has been given to these types of family business, and consequently little is known of the conditions necessary for a successful business relationship between married couples.

This study aims to expand on the limited information that currently exists regarding copreneurships, by investigating the factors that impact on their harmonious functioning and success. It is hoped that by recognising these factors, existing and prospective copreneurs may improve their chances of success in both their business and their marriage.

1.3 PURPOSE OF THE STUDY

The purpose of this study is twofold: firstly, to contribute to the more effective functioning of copreneurships in South African small and medium-sized family businesses by identifying the factors that impact on their success; and secondly, to expand the existing body of knowledge on family businesses in South Africa and abroad.

1.4 RESEARCH OBJECTIVES

1.4.1 PRIMARY RESEARCH OBJECTIVE

The primary objective of this study is to investigate the factors that influence the *Perceived success* of copreneurships in South Africa, as well as the conditions required for the effective and harmonious functioning of such spousal partnerships. It is possible that different copreneurs will attribute their successes to different factors,

depending on each copreneur's personal experience. It is for this reason that the primary objective of this study is to identify and empirically investigate the factors influencing copreneurial success in South Africa.

1.4.2 SECONDARY RESEARCH OBJECTIVES

To help achieve the primary objective of this study, the following secondary objectives have been formulated:

- a) To undertake a detailed theoretical investigation into:
 - The nature and importance of copreneurships in South African family businesses; as well as
 - The effectiveness of copreneurships and the conditions under which they succeed.
- b) To generate a conceptual model of the factors that affect the *Perceived success* of copreneurships.
- c) To undertake an empirical investigation to test the proposed conceptual model and to investigate the possible relationships between the dependent variable, namely the *Perceived success* of copreneurships, and the various independent variables (or factors influencing the *Perceived success* of a copreneurship) identified during the theoretical investigation.
- d) To put forward recommendations based on the empirical results of this study in order to assist copreneurships to function more effectively and cohesively.

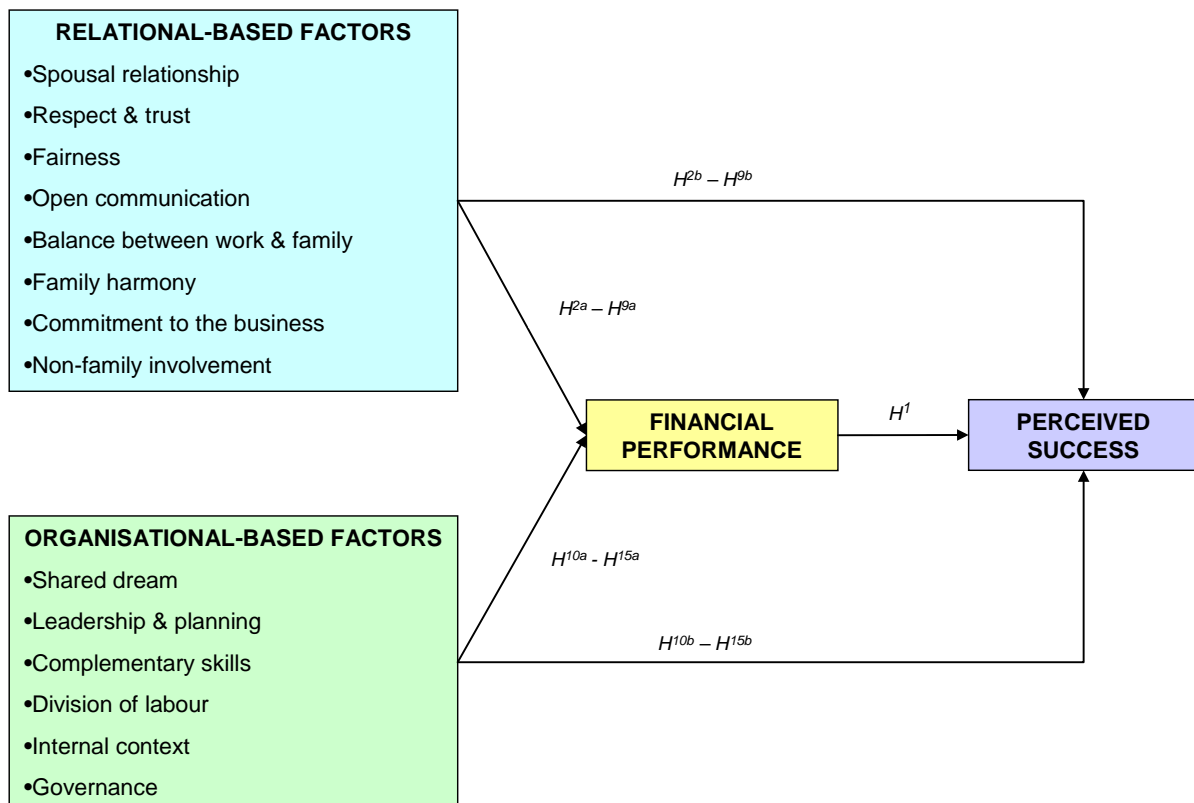
1.5 PROPOSED CONCEPTUAL MODEL AND HYPOTHESES

The initial literature study identified two sets of factors that influence the success of copreneurships, namely relational-based factors and operational-based factors. These factors have been utilised to develop the following conceptual model, illustrated in Figure 1.1.

Figure 1.1 illustrates the impact that the relational-based factors (*Spousal relationship, Respect and trust, Fairness, Open communication, Balance between work and family, Family harmony, Commitment to the business* and *Non-family*

involvement) and the organisational-based factors (*Shared dream, Leadership and planning, Complementary skills, Division of labour, Internal context and Governance*) as independent variables, have on the dependent variable *Perceived success*. In addition, it is hypothesised that *Financial performance* acts as an intervening or moderating variable between the independent variables and *Perceived success*. *Perceived success* of a copreneurship refers to the degree to which copreneurs consider their ongoing involvement in the copreneurship to be satisfying as well as beneficial to their family, marriage and personal development.

Figure 1.1: Proposed conceptual model: Factors influencing the Perceived success of copreneurships



1.5.1 RESEARCH HYPOTHESES

The following directional hypotheses have been formulated to test the relationships proposed in the conceptual model, depicted in Figure 1.1:

- H¹: There is a positive relationship between the Financial performance of the copreneurship and the Perceived success of the copreneurship.*
- H^{2a}: There is a positive relationship between Spousal relationship and the Financial performance of the copreneurship.*
- H^{2b}: There is a positive relationship between Spousal relationship and the Perceived success of the copreneurship.*
- H^{3a}: There is a positive relationship between Respect and trust and the Financial performance of the copreneurship.*
- H^{3b}: There is a positive relationship between Respect and trust and the Perceived success of the copreneurship.*
- H^{4a}: There is a positive relationship between Fairness and the Financial performance of the copreneurship.*
- H^{4b}: There is a positive relationship between Fairness and the Perceived success of the copreneurship.*
- H^{5a}: There is a positive relationship between Open communication and the Financial performance of the copreneurship.*
- H^{5b}: There is a positive relationship between Open communication and the Perceived success of the copreneurship.*
- H^{6a}: There is a positive relationship between Balance between work and family and the Financial performance of the copreneurship.*
- H^{6b}: There is a positive relationship between Balance between work and family and the Perceived success of the copreneurship.*
- H^{7a}: There is a positive relationship between Family harmony and the Financial performance of the copreneurship.*
- H^{7b}: There is a positive relationship between Family harmony and the Perceived success of the copreneurship.*
- H^{8a}: There is a positive relationship between Commitment to the business and the Financial performance of the copreneurship.*

- H^{8b}: There is a positive relationship between Commitment to the business and the Perceived success of the copreneurship.*
- H^{9a}: There is a positive relationship between Non-family involvement and the Financial performance of the copreneurship.*
- H^{9b}: There is a positive relationship between Non-family involvement and the Perceived success of the copreneurship.*
- H^{10a}: There is a positive relationship between Shared dream and the Financial performance of the copreneurship.*
- H^{10b}: There is a positive relationship between Shared dream and the Perceived success of the copreneurship.*
- H^{11a}: There is a positive relationship between Leadership and planning and the Financial performance of the copreneurship.*
- H^{11b}: There is a positive relationship between Leadership and planning and the Perceived success of the copreneurship.*
- H^{12a}: There is a positive relationship between Complementary skills and the Financial performance of the copreneurship.*
- H^{12b}: There is a positive relationship between Complementary skills and the Perceived success of the copreneurship.*
- H^{13a}: There is a positive relationship between Division of labour and the Financial performance of the copreneurship.*
- H^{13b}: There is a positive relationship between Division of labour and the Perceived success of the copreneurship.*
- H^{14a}: There is a positive relationship between Internal context and the Financial performance of the copreneurship.*
- H^{14b}: There is a positive relationship between Internal context and the Perceived success of the copreneurship.*
- H^{15a}: There is a positive relationship between Governance and the Financial performance of the copreneurship.*
- H^{15b}: There is a positive relationship between Governance and the Perceived success of the copreneurship.*

1.6 RESEARCH METHODOLOGY

This study aims to identify those factors that influence the success of small and medium-sized copreneurial family businesses. This will be achieved by surveying the inherent participants in the success of such businesses, namely the founding (owner-manager) spouse and the other spouse (co-owner and/or manager). Primary and secondary research will be undertaken to achieve the objectives of this research.

1.6.1 SECONDARY RESEARCH

A complete literature search will be conducted in order to identify as many factors as possible that could influence the success of small and medium-sized copreneurships in South Africa. International and national data searches are to be carried out by the Library of the Nelson Mandela Metropolitan University and to date include: Google searches and leading journals such as the Family Business Review and Entrepreneurship theory and Practice. Data will also be sourced by looking at teamwork and small business literature.

The inter-library loan facilities at the Nelson Mandela Metropolitan University will be used to access data from other international and national libraries. As far as can be established, this is the first study of this nature on copreneurs to be undertaken in South Africa.

1.6.2 PRIMARY RESEARCH

The secondary research will form the foundation for the development of a comprehensive conceptual model that will identify those factors that may have an influence on the success of copreneurships. The research paradigm to be implemented for the purpose of this study is a positivistic research paradigm. The reasons for implementing the positivistic paradigm relate to its primary concern being the establishment of the causes and the facts behind phenomena. It is also associated with a research instrument that is precise, specific and quantitative (Coetzer 2008:48).

The conceptual model will be tested by means of an extensive empirical study. The respondents for this study are to be selected using two non-probability sampling techniques, namely convenience sampling and snowball sampling. Convenience sampling involves obtaining those units or people that are most conveniently available for use in the sample (Zikmund 2003:380). A database of the initial respondents will be established using convenience sampling by contacting known copreneurial couples and conducting Internet searches. Snowball sampling is a type of non-probability sampling in which the initial respondents for a study are selected using probability sampling techniques, and additional respondents are acquired using information provided by the initial respondents (Zikmund 2003:384). Snowball sampling will be implemented to identify additional respondents, using information gathered from the initial respondents. The copreneurial businesses obtained from the convenience sampling will be known as the *primary sampling units*. The copreneurs themselves (husband and wife) will be referred to as the *secondary sampling units* (Zikmund 2003:375). Databases from previous family business studies (Farrington 2009; Venter 2003) will also be utilised to locate additional respondents.

In order to operationalise the dependent and independent variables, a measuring instrument will have to be constructed. In this study, the measuring instrument will consist of both reliable and valid items sourced mainly from Farrington's (2009) study on Sibling Partnerships and other tested measuring instruments employed in similar research. Some of the items will also be self-generated, based on the literature examined. The statements of the measuring instrument will be phrased using a 7-point Likert-type scale.

An exploratory factor analysis will be performed on all of the items in the measuring instrument. Factor analysis enables one to identify those unique factors in the data. The software programme SPSS 15 for Windows will be used to assess the discriminant validity of the instrument used to measure the constructs incorporated in the conceptual model. The factor-analysability of the data will be established using Bartlett's Test of Sphericity. A Principal Component Analysis with a Varimax Rotation is to be specified as the extraction and rotation method in instances where the factors are not expected to correlate, whereas in instances where the factors are expected to correlate, Principal Axis Factoring with an Oblimin (Oblimin with Kaiser normalisation)

Rotation will be specified as the extraction and rotation method. A factor loading of >0.40 will deem a scale to be valid (Hair, Black, Babin, Anderson & Tatham 2006). No restriction will be specified on the number of factors. Kaiser's rule of Eigenvalues of greater than one will be implemented to determine the number of factors (Green, Tull & Albaum 1988:577). The type of reliability estimate or coefficient of internal consistency to be implemented to assess the internal consistency of the measuring instrument in this study, is the Cronbach Alpha. A Cronbach-alpha coefficient of greater than 0.70 will be used to indicate a factor which is reliable (Nunnally & Bernstein 1994).

In order to evaluate the relationships among the variables in the proposed model, Structural Equation Modelling (SEM) will be used. Structural Equation Modelling is a multivariate technique that merges features of Multiple Regression and factor analysis, to estimate a series of interconnected dependence relationships simultaneously (Hair *et al.* 2006:711). The relationships among those factors that will emerge as having an influence on the *Perceived success* of copreneurships in small and medium-sized family businesses will be tested using the computer programme LISREL 8.8 (Jöreskog & Sörbom 2006). The reason behind this testing will be to determine overall fit of the proposed conceptual model of the factors that influence the *Perceived success* of copreneurships to the data that will be collected from the empirical research. The degree to which the model is fitting will then be measured using the following fit indices: the Satorra-Bentler scaled Chi-square (χ^2), the normed Chi-square, the Root Mean Square Error of Approximation (RMSEA), as well as the 90% confidence interval for RMSEA. In the event of a model containing missing values, the Full Information Maximum Likelihood Chi-square will be used instead of the Satorra-Bentler Scaled Chi-square (Farrington 2009).

The primary focus of this study is to measure the influence of certain factors on the *Perceived success* of copreneurships. The influence of numerous single-item demographic variables will also be calculated. Analysis of Variance (ANOVA), Multiple Regression analyses and t-tests will be performed for this purpose. The influence that the demographic variables will have on the dependent variables will be measured in each case.

1.7 SCOPE AND DEMARCATION OF THE STUDY

This study will focus on South African small and medium-sized family businesses in which a husband and wife are both actively involved in its management and/or decision-making, and where both have considerable influence over the decision-making in their business.

The empirical research of this study will be targeted at small and medium-sized copreneurial businesses in South Africa for two reasons: firstly, the increasingly important role of the small business sector in creating jobs and distributing wealth; and secondly, most family businesses, including copreneurial businesses being found in this sector.

1.8 CONTRIBUTION OF THE STUDY

According to Megginson et al. (2003:4), this is an interesting time to be studying small businesses, and particularly family businesses such as copreneurships. In South Africa, SMEs have become an important target for policy makers because of the role that these businesses can play in creating new jobs, promoting the economic development of local communities, and providing opportunities for aspiring entrepreneurs. The South African government is also increasingly involved in efforts to support and encourage SMEs (Nieman 2006:12).

This study aims to expand the theoretical and empirical body of family business literature by focusing specifically on copreneurship, a largely neglected division. This is to be achieved by means of a multifactor and multidimensional analysis, as well as building on the findings of previous research. The use of Structural Equation Modelling (SEM), an advanced statistical technique, and a relatively large sample size will further add to this field of family business research which has largely been characterised by studies conducted on small convenience samples and single case studies. This study endeavours to contribute to the body of knowledge on small and medium-sized family businesses in South Africa by identifying the most significant factors that influence the success of copreneurships.

The model developed from the primary and secondary research will illustrate those factors that are crucial to the successful functioning of a copreneurship. This model has the potential to aid copreneurs in being more competent in their operational and governance decision-making.

This research presents an opportunity to make substantial improvements to the management of family businesses in general and copreneurships in particular. These improvements will hopefully improve the productivity and quality of worklife for the millions of South Africans involved in these businesses. The failure rate of both small and medium-sized family businesses and the marriage relationships involved could be drastically reduced.

1.9 DEFINITION OF CONCEPTS

The focus of this research is on copreneurships in small and medium-sized family businesses. Clear definitions of these terms are presented.

1.9.1 SMALL AND MEDIUM-SIZED BUSINESS (ENTERPRISE)

Small and medium-sized (family) businesses will, for the purpose of this study, include those businesses that are *independently owned and managed* and employ *fewer than 200 employees*.

1.9.2 FAMILY BUSINESS

For the purpose of this study, a *family business* is one that is owned by members of the same family to shape and/or pursue the formal or implicit vision of the business (which employs fewer than 200 workers).

1.9.3 COPRENEURSHIP

For the purpose of this study, a *copreneurship* refers to a husband-and-wife team (or life-partners) who share the ownership and/or management of a business, which includes sharing the responsibility for all the activities within that business. The

husband and wife (or life-partners) must both be actively involved in the management and/or decision-making of the business, and both have considerable influence over decision-making in the business. In terms of this definition, the spouses need not share ownership of the business in order to qualify as copreneurs.

1.10 STRUCTURE OF THE STUDY

The structure of the research will be as follows:

Chapter 1 will introduce the research by providing a background of the subject under investigation. This introduction will then follow on to the problem statement, the purpose of the study, and the research objectives. A conceptual model will be proposed, and this model will form the basis for the generation of several research questions and hypotheses. The secondary and primary research will also be introduced by way of this chapter. In addition, the scope and demarcation of the field of study will be described, and previous research on copreneurs will be highlighted. The chapter will be concluded with definitions of the most important terms used in the study as well as an overview of the study's structure.

Chapter 2 will provide an overview of the nature and importance of small and medium-sized family businesses. Considering that copreneurships exist within two contextual fields, namely small and medium-sized business and family businesses, the nature and importance of each of these fields needs to be discussed. Small and medium-sized businesses will first be defined and the most important contributions of these businesses will be highlighted. This will then be followed by a definition of family businesses and reasons for their importance. A definition of copreneurships will then follow, as well as reasons for the growth and importance of this complex family-business type. The advantages and disadvantages of copreneurship will also be discussed in this chapter.

Chapter 3 will focus on copreneurships as husband-and-wife teams. Consequently, teamwork literature will be consulted in order to identify the most important requirements and conditions necessary for effective teamwork. This will form the foundation for a critical assessment of the family and of teamwork factors that may

influence the *Perceived success* of copreneurships. The factors investigated will be categorised as *relational-based* and *organisational-based* factors, and will be discussed in detail.

Chapter 4 will be based on the factors investigated in Chapter 3, which will form the basis for the conceptual model presented in this chapter. This conceptual model will be proposed to improve the chances of copreneurial success. This chapter will investigate the dependent variable of the model, namely the *Perceived success* of a copreneurship, and will elaborate on the influence that the factors identified could have on the *Perceived success* of copreneurships.

Chapter 5 will explain and motivate the research methodology to be implemented in this study by elaborating on the sample frame, measuring instrument, method of primary data collection, and the strategies that are to be implemented in administering the measuring instrument. The data analyses and statistical techniques used will also be described.

Chapter 6 will report the empirical results of the reliability and validity analyses of the measuring instrument that is to be used for the purpose of the study. The results of the empirical assessment of the influence of the various relational- and organisational-based factors on the dependent variables of the study will then follow. In addition, the influence of particular demographic variables on the dependent variables will be explained.

Chapter 7 will be the final chapter of the study and will consequently present the summary, conclusions and recommendations of the research. The contributions and possible shortcomings of the study will be discussed as well as any recommendations for future research.

CHAPTER 2

SMALL AND MEDIUM-SIZED COPRENEURIAL BUSINESSES

2.1 INTRODUCTION

The focus of this study is on copreneurships in small and medium-sized family businesses. Like other family businesses, copreneurships play an important social and economic role in South Africa and throughout the rest of the world. Copreneurships exist within two interrelated contextual fields of study, namely small and medium-sized businesses, and family businesses. It is important that the nature and importance of each of these fields be discussed and understood in this chapter, before an understanding of the distinctive nature of copreneurships can be reached.

Firstly, small and medium-sized businesses are defined, and reasons for their importance and the unique challenges that they face are highlighted. A discussion on the nature and importance of small and medium-sized family businesses will then follow. Finally, the nature of copreneurships and the advantages and challenges associated with this complex family business form, are discussed.

2.2 CONTEXTUALISING SMALL AND MEDIUM-SIZED BUSINESSES

It is possible to identify small businesses by utilising quantitative and qualitative criteria (Bosch, Tait & Venter 2006:647; Du Toit, Erasmus & Strydom 2007:49). Quantitative criteria are those variables that can be measured, such as annual sales volumes, the number of employees and the value of a business or business's assets. Qualitative criteria are those variables that are more difficult to measure, such as the nature of the business activities and the organisational structure. Small businesses normally adopt a less complex form of business ownership, such as a sole proprietorship or close corporation (Bosch *et al.* 2006:647). Another distinguishing factor for the identification of a small business is the management structure of the business. In a small business, the owner usually manages the business, implementing a relatively informal and personal management style. The owner/manager is also usually involved in the daily running of the business and

decisions regarding it (Burns & Dewhurst 1996:648; Burns 2001:9). Table 2.1 below highlights certain quantitative criteria used to categorise small and medium-sized businesses in South Africa.

Table 2.1: Quantitative criteria used for classifying small and medium-sized businesses in South Africa

Industry in accordance with the Standard Industrial Classification	Size/Class	Total full-time equivalent of paid employees Less than:	Annual sales turnover Less than:	Total gross assets value (excl. fixed property) Less than:
Agriculture	Very small	10	R 0.50m	R 0.50m
	Small	50	R 3m	R 3m
	Medium	100	R 5m	R 5m
Manufacturing	Very small	20	R 5m	R 2m
	Small	50	R 13m	R 5m
	Medium	200	R 51m	R 19m
Retail, motor industry and repair services	Very small	20	R 4m	R 0.50m
	Small	50	R 19m	R 3m
	Medium	200	R 39m	R 6m
Wholesale trade, commercial agents and allied services	Very small	20	R 6m	R 0.60m
	Small	50	R 32m	R 5m
	Medium	200	R 64m	R 10m
Finance and business services	Very small	20	R 3m	R 0.50m
	Small	50	R 13m	R 3m
	Medium	200	R 26m	R 5m

(Source: Adapted from Bosch *et al.* 2006:648)

Du Toit *et al.* (2007:49) define South African small and medium-sized businesses (SMEs) as being enterprises that employ fewer than 200 employees, and have an annual turnover of less than R 64 million and capital assets of less than R 10 million, as well as having direct managerial involvement by the owners of the business. As it is often difficult to obtain data concerning the exact turnover or capital assets of many SMEs, the criteria used for defining a SME in this study will focus on the number of employees and qualitative criteria. For the purpose of this study, *small and medium-sized (family) businesses* will include those businesses that are *independently owned and managed*, and employ *fewer than 200 employees*.

The focus of this study is on small and medium-sized family businesses in South Africa, specifically copreneurships. Cox, Moore and Van Auken (1984:24) contend that small businesses provide married couples who want to work together, with the

opportunity to do so. In fact, the combination of living and working together has become such a common occurrence that the term “mom and pop store” has become a catch-phrase.

2.3 THE IMPORTANCE OF SMALL AND MEDIUM-SIZED BUSINESSES

As a result of their ability to create employment and economic wealth, small and medium-sized businesses (SMEs) are globally recognised for their importance (Nieman 2006:38). As the number of SMEs increase, so does the interest in these businesses. Possible reasons for this growing interest are that SMEs generate the majority of new private employment, promote entrepreneurship, and create job opportunities and economic welfare in South Africa (Erwin 2002). The growing trend towards self-employment has also made small businesses an attractive opportunity for aspiring entrepreneurs (Bosch *et al.* 2006:649; Megginson *et al.* 2003:4; Nieman 2006:12).

Small and medium-sized businesses are vitally important to the South African economy. The impact that SMEs have on the South African economy is most evident in two areas, namely their contribution to gross domestic product (GDP) and their contribution to employment. According to Gwanya (2007), SMEs contributed 32.7% to the South African GDP and 44% of the private-sector employment in South Africa in 2007. These contributions are significant, and the importance of these businesses cannot be underestimated.

SMEs are important providers of employment and thus serve the growing population in South Africa by combating high unemployment levels (Bosch *et al.* 2006:649; Du Toit *et al.* 2007:50; Megginson *et al.* 2003:5). Small firms have a greater capacity for job creation as they are more labour-intensive than larger firms, who are more likely to make use of new technologies to attain efficiencies and economies of scale. In recent years, many larger firms that were focused on mass production have relocated large parts of their manufacturing capacities to countries that have the appropriate factors of production to suit their processes. This relocation has led to the exportation of jobs (Kroon 1998:30; Murphy 1996:9). SMEs create job opportunities for unskilled and untrained workers, as well as commanding large portions of the

labour force located in remote and rural areas, where large enterprises are not warranted (Kroon 1998:30). SMEs are also able to provide a lower average cost of job creation than in the larger business sectors (Bosch et al. 2006:649; Nieman 2006:12). Small enterprises often experience better labour relations than large enterprises as the relationships between the employer and employees are more informal and personal. It is therefore clear that the employment and job creation of the SME sector is valuable to the socio-economic development of rural areas, as well as ensuring that a healthy equilibrium of growth in both urban and rural areas is maintained (Kroon 1998:30).

SMEs play an important socio-economic role by contributing to the development of communities. They are able to provide an extensive variety and high standard of personal service and products specifically for the communities in which they operate, whereas their larger counterparts may have difficulty fragmenting to suit the needs, tastes and preferences of these consumers (Du Toit et al. 2007:50; Kroon 1998:33; Megginson et al. 2003:12). SMEs are also keen to give back to the community, as the owners of SMEs are in the position to serve on the boards of local governments, welfare, culture and social institutions (Kroon 1998:33). As a result of their ability to take action in response to local needs, SMEs provide an element of local control (Murphy 1996:5).

According to Murphy (1996:5), SMEs create opportunities for social inequalities to be redressed by serving as an expression of meritocracy and opportunity. This means that individuals are generally appointed on the basis of demonstrated talent and ability, instead of wealth, family ties, class privilege, friends, seniority, popularity or other determinants of social position and political power.

SMEs encourage markets to become more competitive (Bosch et al. 2006:649; Du Toit et al. 2007:49; Nieman 2006:12) by making a significant contribution to healthy price competition and keeping larger firms competitive (Megginson et al. 2003:14). Because there are so many of these businesses, they are able to offset oligopolistic and monopolistic price setting by big industries (Kroon 1998:31). They also assist the nation's economy in branching out and making opportunities available in response to a variety of market conditions. The incidence of SMEs in an economy serves as

evidence of its competitive policies, which are anti-monopoly. Similarly, SMEs provide an alternative in circumstances where an overdependence on large enterprises maintained by international investors, denies provincial economies their independence (Murphy 1996:5).

According to Nieman (2006:12) and Megginson et al. (2003:13), the small size and simplicity of SMEs allow for these businesses to achieve greater flexibility and adapt more rapidly to changes in demand and production techniques, than their larger counterparts. The communication channels utilised in small businesses are often short and efficient, with fewer rules and regulations, allowing for quick decision-making. SMEs are also often prepared and able to make exceptions for customers, providing a more personalised service (Du Toit et al. 2007:49).

SMEs have more autonomy and initiative to recognise their goals and become the innovators of new products, designs and methods, than their larger counterparts. They serve their own interests, are motivated, and do their utmost to improve by continuously adding to the development of new consumer goods and forging paths to new fields of development. Many of these innovations are developed of necessity owing to a lack of capital, manpower and equipment (Kroon 1998:31-32). Therefore, SMEs play a very important role in technical and other innovation (Bosch et al. 2006:650; Du Toit et al. 2007:49; Megginson et al. 2003:12; Nieman 2006:12) by promoting the use of new technologies and absorbing technological innovation (Murphy 1996:5). Innovation is also encouraged and satisfied as a result of SMEs catering to niche markets (Murphy 1996:5).

All enterprises are mutually dependent. Many large, mass-producing manufacturers depend on SMEs to act as suppliers, and distribute their products and services (Du Toit et al. 2007:50; Kroon 1998:31). By subcontracting to SMEs it is possible for production processes to become more flexible (Bosch et al. 2006:650; Nieman 2006:12). SMEs are also able to extract more output per unit of capital than larger businesses, thereby promoting higher productivity levels (Murphy 1996:5).

2.4 CHALLENGES FACING SMALL AND MEDIUM-SIZED BUSINESSES

Despite the importance of SMEs, these businesses are threatened by challenges that are unique to their small size (Kroon 1998:27). Unlike their larger counterparts, SMEs may not have separate departments and ample bargaining power with their suppliers, to deal with the problems that arise in the business. Problems are often handled by a single person, who cannot possibly be a jack-of-all-trades (Kroon 1998:35).

The economic environment presents many challenges to SMEs (Van Eeden, Viviers & Venter 2003:15), often in the form of downsizing and credit limitations (Kroon 1998:35). When credit limitations are enforced during periods of recession, the credit of SMEs is often the first to be restricted. Financial institutions will more than likely restrict risky and poorly capitalised SMEs first, as well as raising the interest rates payable by these businesses, because of the high risk involved. A business that suffers from a lack of capital has a diminished chance of survival, particularly during recessions (Kroon 1998:35). According to Megginson et al. (2003:15) and Murphy (1996:22), the greatest problem facing small businesses is a lack of capital. A business without adequate financing cannot purchase and maintain facilities, appoint and remunerate competent employees, or produce and market its products.

Adhering to government regulations, as well as coping with interference from the government and other regulatory bodies, may prove challenging to SMEs (Bosch et al. 2006:664; Megginson et al. 2003:16; Van Eeden et al. 2003:15). In order to comply with government regulations, SME owners are required to complete large amounts of paperwork, which may be difficult for them. Many small-business managers and owners are also simply unaware of the necessary regulations, or are too inexperienced to be able to complete the paperwork correctly (Megginson et al. 2003:16).

Inadequate management is a common problem experienced by small businesses (Bosch et al. 2006:664; Kroon 1998:37; Murphy 1996:22; Van Eeden et al. 2003:15). Many small-business managers and owners have poor management skills, restricted business knowledge and experience, and are unable to plan effectively. Consequently, information about features such as the purchases, sales and

operating costs of the business are often lacking. This will result in uninformed decision-making, as knowledge of these features is critical to the decision-making process. Ineffective planning entails an inability to lay down proper goals, budgets and guidelines for the business to achieve its objectives. If the management of a small business is uninformed and unable to plan effectively, it will be impossible to establish effective control of the business (Kroon 1998:37). Most small-business owners are the managers of their businesses or rely on a single individual to run the business for them (Megginson et al. 2003:16).

Many small-business owners do not have the necessary marketing expertise to effectively market their business and its products (Kroon 1998:38). This may result in the selection of a business location that is unsuitable, an inability to conduct market research and identify the target market, resulting in the production of poor quality products and services (Van Eeden et al. 2003:15). Small business owners are often so involved in the daily running of the business that they fail to adequately provide for advertising and promotions (Kroon 1998:38).

Human Resource issues often arise in small businesses owing to an inability to acquire workers with adequate skills, training and expertise. This may be due to the remote location of the business, or small businesses' inability to offer the same benefits, security and promotional opportunities as larger businesses (Kroon 1998:38; Van Eeden et al. 2003:15). Failure to hire employees with the necessary skills and expertise may result in low productivity, low morale and other labour-related problems (Van Eeden et al. 2003:15).

Numerous other issues such as changes in market patterns, consumer behaviour, preferences and demands, demographics and political changes (Kroon 1998:35-36; Van Eeden et al. 2003:15) have an effect on small businesses in South Africa. These issues, however, fall outside the scope of this study.

2.5 CONTEXTUALISING FAMILY BUSINESSES

A family business consists of two parts, namely a family and a business. The family and the business are essentially separate systems, each with its own members, goals and values that overlap in the family business (Longenecker, Moore & Petty 2003:168; Rwigema & Venter 2004:476). The main purpose of a family is to care for and develop its members, whereas the main purpose of a business is to produce and distribute goods and/or services. A family's main goal is to ensure that each family member is fully developed, as well as providing equal opportunities and rewards for each member of the family. The main goal of a business is to survive, generate goods or services, and become profitable (Burns 2001:359; Longenecker *et al.* 2003:168). Therefore, family businesses are a unique business type as they allow for the simultaneous coexistence of both family and business relationships (Muske, Fitzgerald & Kim 2002:3). As a result family businesses are no longer being regarded as single systems or two separate systems, but rather as two overlapping, interdependent systems (Muske *et al.* 2002:3; Rwigema & Venter 2004:477). These two systems provide resources to and make demands on one another, utilising resources in either system as a response to a need or disruption within the opposite system (Muske & Fitzgerald 2006:195). Specific emotional issues relating to an ordinary family and factual issues relating to the business are also presented by these two systems. The successful combination and management of these parts may prove to be quite difficult (Maas & Diederichs 2007:5).

According to Maas and Diederichs (2007:4), a family business is a business that is owned and directly influenced by members of the same family, who share the intention of creating wealth for future generations. Similarly, Longenecker *et al.* (2003:167) define a family business as being one in which two or more members of the same family share ownership of a business or work together within a business. Zimmerer and Scarborough (2002:19) state that family businesses comprise two or more family members that financially control the business. Van Duijn, Breunese and Malindz (2007:11) also define a family business as being a business that is owned, controlled and operated by members of one or several families.

It is important to note that family members may be involved in the family business to varying degrees, ranging from being an employee, shareholder or member of the board of directors to full-time management of the business. It is also possible for family members to serve on the board of directors, thereby controlling the strategic direction of the business, but not being actively involved in the day-to-day running of the business. In this case, the business will still be a family business under the control of a specific family (Maas & Diederichs 2007:4).

For the purpose of this study, a *family business* is one that is owned by members of the same family, to shape and/or pursue the formal or implicit vision of the business (which employs fewer than 200 workers).

2.6 THE IMPORTANCE OF FAMILY BUSINESSES

Family businesses are rapidly becoming the dominant form of business enterprise in both developed and developing countries (Muske et al. 2002:4; Neubauer & Lank 1998:11). Family businesses represent substantial economic entities within the macro economy, while also providing significant resources to the micro economy, namely the family, the most important of these resources being the household income (Muske & Fitzgerald 2006:194). The social and economic impact that family businesses have is increasingly being recognised, and the number of such businesses is expected to continue rising in the future (Nieman 2006:38; Rwigema & Venter 2004:475; Venter 2003:32-34).

To date, the South African government does not have a reliable database concerning family businesses, but estimates have shown that family-owned businesses are the leading form of business in South Africa, comprising 80% of South African businesses and 60% of all the companies listed on the JSE (Maas & Diederichs 2007:4; Rwigema & Venter 2004:475; Van Duijn et al. 2007:11-12). Family businesses are also considered to be the pillar of strength behind the global economy as “they represent between 67% and 90% of all of the world’s businesses” (O’Connor, Hamouda, McKeon, Henry & Johnston 2006; Rwigema & Venter 2004:474). Several of the world’s most influential and successful businesses are family-owned and operated, many of them becoming household names. Policy

makers are now starting to fully understand and appreciate the important role that family businesses play in creating employment, business start-ups, and the economic development of local communities (O'Connor et al. 2006).

These businesses are amongst the largest contributors to employment and wealth in almost every country, including South Africa (Maas & Diederichs 2007:3; Neubauer & Lank 1998:11; Rwigema & Venter 2004:474). Family businesses play an important role in economic growth and employment creation in South Africa, as they are responsible for creating jobs for unemployed and often unskilled workers (Van Duijn et al. 2007:11-12). This view is supported by Maas and Diederichs (2007:8) and Muske and Fitzgerald (2006:194), who note that family businesses also offer important job opportunities for other family members. Taking South Africa's high unemployment levels into consideration, the establishment and management of successful family businesses will assist families in providing job opportunities for their members, and build wealth over generations. It is estimated that approximately 80-90% of all SMEs in South Africa are family-owned or controlled (Proudly trading since 1743 2009; Venter 2003:32-34), therefore the importance of family-owned SMEs to the social and economic welfare of South Africa cannot be underestimated.

Family businesses are also important at a community level. Successful and stable family businesses provide work for the community, thereby encouraging greater stability in the community. The family bond that exists between family members results in individuals being more likely to assist one another in times of difficulty, providing an example of working together communally (Maas & Diederichs 2007:4).

Family businesses are generally run according to the beliefs, values and shared vision of the members involved. As a result, these businesses have a clearly defined business identity, and experience a sense of success owing to the mission of the business. Family businesses are also able to concentrate on what they do best, thereby developing competencies that are difficult to beat (Vallejo 2009:136).

If the development of family businesses is hastened in South Africa, a positive impact on factors such as sustainable wealth creation over numerous generations and the reduction of crime and unemployment can be expected (Maas & Diederichs 2007:4).

2.7 CHALLENGES FACING SMALL AND MEDIUM-SIZED FAMILY BUSINESSES

Despite their increasing numbers and the importance of family-owned SMEs, many of these businesses fail. According to Nieman (2006:40) and Hugo (1996:8), a mere 30% of all family businesses progress to the second generation, and only 10% to the third. Smaller family businesses are expected to survive for only five to 10 years. Megginson et al. (2003:15) suggest that a lack of capital, poor business knowledge and management, insufficient planning, and inexperience may be responsible for the high failure rates of small businesses in general. Small businesses that are family-owned face additional challenges. Nieman (2006:41), for example, attributes family business failure to factors such as conflict between family members, nepotism, tradition, a paternalistic/autocratic culture existing in the business, improper handover to the next generation, a lack of leadership, and ineffective communication. As family businesses are significant contributors to the social and economic welfare of any economy, their lack of longevity is reason for concern.

The high failure rate of family businesses adds to the negative social and economic growth in South Africa. When a family business goes into liquidation, it is a loss not only to the proprietary family, but also to the employees of the business and the surrounding community. This loss occurs because the economic welfare of these individuals may be dependent on the survival of the business (Nieman 2006:41).

Family business survival is a universal problem that is independent of cultural context or the economic/business environment. The factors that contribute to the high failure rate of family businesses originate from the complexity of such forms of business organisations. This complexity occurs as a result of the family dimension being added to the common governance roles found in any business, namely those of the owner, management and employees. The number of roles that need to be managed is significantly complicated by this situation, and may lead to conflict and ultimately the failure of the business (Nieman 2006:41; Rwigema & Venter 2004:483; Van Duijn et al. 2007:12).

According to Van Eeden and Venter (2007:8), one of the biggest threats to the growth, success and survival of any family business is the complexity of family relationships. Van Duijn et al. (2007:12) add that family problems and emotions may impinge on the business. Inappropriate management of family relationships is a weakness of family businesses (Rwigema & Venter 2004:487) and the management of the family business is often more focused on managing family relationships than any other part of the business (Van Eeden & Venter 2007:8).

It may prove difficult for family members to decide whether the family or the business should take priority. Families involved in a family business are usually familiar with having to make small sacrifices for the sake of the business. Situations may arise, however, where the interests of the family and the business collide, forcing the family members to decide which will take priority (Longenecker et al. 2003:169). Many families choose the family over the business, insisting that their loyalty first and foremost rests with the family. If the business is to survive, however, its interests cannot be unjustifiably compromised to suit the needs of the family (Longenecker et al. 2003:170).

Ineffective communication is another significant challenge faced by many family businesses. Often family members do not have the ability, knowledge or self-confidence to articulate their feelings and desires, in addition to the intimidating difficulties that are sometimes encountered by the family business. It is common for family members who are involved in the family business to communicate indirectly with those family members who are not involved. This may have a negative influence on the value of the family relationships (Rwigema & Venter 2004:486). In addition, Van Duijn et al. (2007:12) state that communication problems may be exacerbated by role confusion, emotions, political divisions or other relationship problems.

Family businesses are often very informal in nature, lacking clear policies and procedures for family members. There may be no written strategy, long-term plan or exit strategy for the business (Rwigema & Venter 2004:487; Van Duijn et al. 2007:13). For example, retirement and estate planning need to be undertaken to cover the needs of older members when leaving the business (Van Duijn et al.

2007:13). However, Rwigema and Venter (2004:487) note that poor estate planning and invalid wills are a common problem in family businesses.

It may prove difficult for family members to manage the transition of the business from one generation to the next, as it involves the most important changes in the relationship between the family and the business. Each generation will be faced with its own unique set of challenges and problems that may threaten the goal of continuing the business. The succession process and the change of leadership within the business is often a source of conflict (Rwigema & Venter 2004:486). Similarly, many family businesses do not have proper succession plans in place, which may lead to political conflicts and divisions in the family and also the business (Van Duijn et al. 2007:13). It is also possible that family members may not be interested in taking over the business (Rwigema & Venter 2004:487).

The skills possessed in family businesses are often the products of history, resulting in their becoming obsolete when major technological advancements are made and changes in the marketplace occur (Rwigema & Venter 2004:483). Similarly, there may be a lack of talent and skills within the business if family members have been hired on the basis of their relation to the business owners rather than their capabilities. It may prove difficult to dismiss such individuals because of their family involvement. If the family business management is incompetent and does not possess the necessary skills, the business may experience a high turnover in non-family employees (Van Duijn et al. 2007:12).

Family businesses are often run according to tradition, which may lead to their members becoming resistant to change. This resistance may cause members to be reluctant or incapable of managing the disruptions and multiple commercial risks linked to change (Rwigema & Venter 2004:486; Van Duijn et al. 2007:13). Similarly, a paternalistic or autocratic culture may exist in a family business. This means that control is centralised, and is influenced by tradition rather than good management practices. A family business that is characterised by such a culture can potentially be at a disadvantage, as a family matriarch or patriarch focused on building status for him/herself can adversely affect the capital resources of the business (Rwigema & Venter 2004:486; Van Duijn et al. 2007:13).

Several other challenges may arise. These challenges have the greatest influence on family businesses, namely (Rwigema & Venter 2004:487; Van Duijn et al. 2007:12-13):

- Family members may develop tunnel vision because of a lack of outside opinions and diversity on how to operate the business;
- Compensation problems may arise for family members;
- The owners may have no knowledge of the worth of the business and the factors that make it valuable or decrease its value;
- Family members may have different visions and goals for the business, or entirely lack a vision and entrepreneurship;
- The business may struggle to grow because of a lack of capital and new investment;
- The family identification, loyalty and time may decline;
- Effective internal supervision amongst family members may be lacking;
- There may be an emigration of the next generation of owners/managers;
- The business may be lacking in governance methods; and
- The members may be unable to cope with the natural evolution of the business.

A family business involves the interlinking of the financial affairs of the business with the personal financial affairs of the family. The power relationships, blood ties, emotional bonds and inheritance issues of the family are also directly linked to the business. If family members do not succeed in understanding the precise features of a family business, constant problems may arise and opportunities may be missed. Family members who fail to acknowledge the distinctive characteristics of their business may experience harsh and lasting consequences within the business (Rwigema & Venter 2004:475).

2.8 CONTEXTUALISING COPRENEURSHIPS

Barnett and Barnett (1988) were the first authors to coin the term “copreneur”. According to their definition, copreneurs are husband-and-wife teams that share joint ownership, commitment and responsibility regarding a business. Similarly, Hollander and Elman (1988) held that copreneurs are couples who are married or in a

marriage-like relationship and jointly own and manage a business or share the ownership, responsibility, risk and management of the business. Fitzgerald and Muske (2002) note an additional requirement in defining copreneurships, namely that both spouses must be major decision-makers in the business, but not necessarily be co-owners. Three other requirements are listed by them, namely that one of the spouses must be in a marriage or marriage-like relationship with the family business manager, the spouse must work in the business, and this participation must be acknowledged by the business manager. Maas and Diederichs (2007:42) define copreneurs simply as husbands and wives who start up and/or manage a business together. All of these definitions denote the existence of a marriage or marriage-like relationship and involvement by both spouses in the business as being important requirements for a copreneurship.

In contrast, Tompson and Tompson (2000:4) take a different approach in their definition of copreneurship. The existence of a legal marriage between the couple is not considered to be a prerequisite for their classification as copreneurs. According to them, three main requirements are important to be classified as copreneurs, namely: that the couple must jointly own more than 50% of the business; both individuals must contribute labour to and receive a salary from the business; and the business must be the primary vocation of both individuals. Therefore, the two most important factors are the ownership structure of the business and the labour contributions of the husband and wife (Tompson & Tompson 2000:3).

As is evident from the preceding discussion, no single definition exists to describe the nature of a copreneurship. Many authors have formulated their own definitions, most of which have been based on similar characteristics and prerequisites. The main focus of these definitions has been on the business, rather than on the family involvement.

Based on a comparison of these definitions, the primary characteristics used by researchers to define copreneurs include, amongst others (Fitzgerald & Muske 2002:3):

- Ownership;
- Commitment;
- Responsibility;
- The sharing of risk and/or management;
- Intertwined worlds;
- Egalitarian relationships;
- Running a business together and/or sharing an entrepreneurial venture;
- Having defined areas of work;
- Being a partner; and
- Working a minimum number of hours per week in the business.

The inconsistencies that exist among the various definitions of a copreneurship can create problems for researchers who wish to identify copreneurs in large samples, where numerous types of family business structures exist (Fitzgerald & Muske 2002:3).

For the purpose of this study, *copreneurs* refer to husband-and-wife teams (or life-partners) who share the ownership and/or management of a business, which includes sharing the responsibility for all the activities within that business. The husband and wife (or life-partners) must both be actively involved in the management and/or decision-making of the business, and must both have considerable influence over decision-making in the business. In terms of this definition, the spouses need not share ownership of the business in order to qualify as copreneurs. A similar approach regarding the ownership structure of the business has been adopted by Fitzgerald and Muske (2002) in their study on copreneurs. The present study will focus on copreneurs who operate small and medium-sized businesses employing fewer than 200 workers.

2.9 THE RISE OF SMALL AND MEDIUM-SIZED COPRENEURSHIPS

Despite the difficulties imposed on couples working together, copreneurship has shown tremendous growth in recent years, both in South Africa and throughout the rest of the world (Marshack 1993:355; Tompson & Tompson 2000:11; Venter, Farrington & Sharp 2008:4). Government organisations have yet to collect data relating specifically to copreneurs. However, as a subset of family business and self-employment, there are signals that copreneurships are on the rise, as a range of indicators signal a rise in family-owned businesses and self-employment (Stewart-Gross & Gross 2007:7). Muske et al. (2002:2) state that copreneurs embody over 30% of family businesses, and are growing fast. Similarly, copreneurships have been receiving increased attention in small and family business literature as a result of it becoming a more common form of business management and ownership structure for husbands and wives (Duff 2005:60; Rutherford, Muse & Oswald 2006:322; Venter et al. 2008:4).

According to Stewart-Gross and Gross (2007:8), self-employment is becoming an increasingly attractive alternative for many couples who would rather own their own business than work as corporate executives. These individuals possess the necessary experience to start their own business, and no longer aspire to work for large corporate companies (Duff 2005:61). Many couples view copreneurship as offering as much of a chance of success as the conventional corporate ladder (Stewart-Gross & Gross 2007:8). Copreneurship presents these couples with the opportunity to be independent and in control of their own careers, as well as escaping from the frustration of their previous employment (O'Connor et al. 2006). Similarly, couples are relishing the opportunity to manage their work and family responsibilities more effectively and with more flexibility than they would otherwise have if they were salaried employees in the corporate world (Smith 2000:284; Stewart-Gross & Gross 2007:6). Desire to achieve, an ambition to increase wealth, and a wish to gain independence are also leading more couples to enter into copreneurships (Millman & Martin 2007:234; O'Connor et al. 2006).

Over the last decade, people have become increasingly conscious of the impact that the frenzied lifestyle of business in the 1980s and 1990s has had on them and their

families. This has resulted in many of these individuals placing more of an emphasis on sustaining a balance between business and family commitments (Maas & Diederichs 2007:42). This view is supported by Jaffe (1990:153), who states that individuals' aspiration to gain control over their lives and define their working conditions, is a driving force not only behind entrepreneurship, but also behind copreneurship. Similarly, Duff (2005:62) is of the opinion that copreneurship is becoming more popular as couples are driven by a desire to excel in their careers and preserve a balance in their lives, and are seeking to do so with someone that they love and trust. Charles (2006:16) notes that successful copreneurs have become business partners out of a desire build something together, to spend more time and share more experiences together, and to have all efforts go towards common goals.

Another major contributing factor to the increase in copreneurships is corporate downsizing (Charles 2008; Jaffe 1990:151; Maas & Diederichs 2007:42; O'Connor et al. 2006; Smith 2000:284; Stewart-Gross & Gross 2007:5; Venter et al. 2008:4). Many large businesses in South Africa have had to downsize their non-core processes in an attempt to achieve more of a competitive advantage. New technological developments have led to these businesses becoming less dependent on human resources. This has resulted in there now being a large number of retrenched individuals, as well as a reservoir of freelance work that can be taken on by individuals with their own businesses (Maas & Diederichs 2007:42). In addition, Stewart-Gross and Gross (2007:8) note that downsizing has not only affected those individuals that have been retrenched, but also the mindsets of their children. Many university graduates have directly observed the downsizing and outsourcing of their parents by large corporations, thereby motivating them to start their own businesses.

Developments in legislation over recent years have emphasised the importance of equality of the sexes in the workplace. Women are now being perceived as equal contributors to the business world, and not merely as homemakers (Maas & Diederichs 2007:42; Stewart-Gross & Gross 2007:5). Similarly, the growing numbers of working and career-oriented women has led to an increase in the number of women starting their own businesses and forging partnerships with their husbands (Charles 2008; Fitzgerald & Muske 2002:2).

The growth of copreneurships has also been fuelled by the sudden increase in franchising (Brown 1989; Roha & Blum 1990; Smith 2000:284). Franchising now provides an attractive option for couples who are risk-averse and have little business experience. Franchising provides such couples with a structured and secure means of owning their own business, as the successful parent company is there to offer support (Smith 2000:284). Another reason for franchising becoming such a popular option for prospective copreneurs is the fact that the standards of the franchise are set by the franchisor, thereby minimising the likelihood of conflict arising between the spouses concerning the establishment of standards for their business (Williams 2008:94).

Attention has been given in the media to successful copreneurial couples. This serves as a source of inspiration and motivation for aspiring copreneurs (Brown 1989). The growth and transformation of the world economy from being production-focused to one focused on service and information has also played a major role in encouraging and facilitating the growing trend of copreneurship (Fitzgerald & Muske 2002:2; O'Connor *et al.* 2006). The major technological advancements over the last decade have made it considerably easier for copreneurs, and have created many more opportunities for them, to start their own businesses (Charles 2008; Fitzgerald & Muske 2002:2).

According to Stewart-Gross and Gross (2007:9), many individuals are now delaying retirement until much later in life, as they have become focused on “what’s next?” or “let’s move onto the next stage in life.” Self-employment in the form of a copreneurship may provide them with the opportunity to transition into the so-called “second-half” of their lives. These individuals may decide to become self-employed because they have the opportunity to have flexible hours and wages instead of resigning themselves to a retired lifestyle. People who are nearing retirement may also simply wish to try something new (Stewart-Gross & Gross 2007:6). This view is supported by Cox *et al.* (1984:25), who identified a desire to evade retirement as one of the primary reasons for couples entering into business together.

Charles (2006:2) and Smith (2000) acknowledge that it is difficult to estimate the precise number of copreneurial businesses, but suggest that these businesses are

representative of a rapidly growing section of the business population, as well as becoming a major division of entrepreneurship and family business.

2.10 THE ADVANTAGES OF COPRENEURSHIPS

Working together presents numerous advantages as well as disadvantages for married couples (Cox *et al.* 1984:25). Many of the existing studies on copreneurs have included detailed discussions regarding the potential advantages and disadvantages of spouses working together (Muske & Fitzgerald 2006:195), most of which have remained the same over time, and as a result have been repeated by numerous authors.

One of the most important benefits of a copreneurship as identified by numerous authors, both in theory and anecdotally (Charles 2006:59; Duff 2005:61; Maas & Diederichs 2007:45; Millman & Martin 2007; Newton 2002:72; Roha & Blum 1990), is the increased flexibility it affords spouses. Copreneurs can be more flexible regarding business and family activities such as working hours, child-rearing and career development (Maas & Diederichs 2007:45). Copreneurs are in the unique position to plan their business arrangements to suit the needs of the home, family and children (Charles 2006:173; Millman & Martin 2007). Smith (2000:285) reports that the copreneurs in her study considered having a business partner with an intimate understanding of the needs of the family to be a major advantage of copreneurship, as certain activities (such as bringing the children to work) can be incorporated into the work day. Similarly, Charles (2006:59) states that one of the spouses can take time off from the business and still feel secure with the knowledge that a trusted partner is overseeing the business. The copreneurs acknowledged that they would not have this kind of flexibility in the corporate sector (Smith 2000:285).

Copreneurs are in a unique position as they have the opportunity to gain control and satisfaction in both the work and family domains of their lives (Charles 2006:166; Muske & Fitzgerald 2006:195) as they examine family values, nurture family relationships, enhance their level of intimacy and include human concerns in the business (Venter *et al.* 2008:4). This view is supported by Stewart-Gross and Gross (2007:3) who state that spouses can fully combine their work and personal lives

through copreneurship. These elements should theoretically improve the profitability and success of the copreneurial business. The optimum blend of work and family that copreneurs are capable of achieving has been described as being utopian (Muske & Fitzgerald 2006:195).

Copreneurial couples have the power to make uninhibited decisions regarding their personal lives and business without having to be accountable to anyone else (Muske & Fitzgerald 2006:195). Similarly, Charles (2006:166) states that as copreneurs, spouses can experience "time freedom". In other words, they are free to take time off from the business, either together or separately. Copreneurs have the opportunity to spend time with each other and their family, as well as the freedom to make their commitment to each other profound, meaningful and lifelong. It is this level of freedom that attracts many couples to establish their own businesses (Muske & Fitzgerald 2006:195).

A copreneurship provides spouses with the opportunity to spend more time together, creating memories and sharing enjoyment over time (Maas & Diederichs 2007:45). Sharing a business as life-partners gives copreneurs more to discuss and experience, as they can celebrate the achievement of goals and solve problems together (Charles 2006:27). Copreneurs are in the position to learn things about one another that they would otherwise be unable to see, as regular life-partners are normally only able to spend a few hours per week in each other's company. Significantly increasing their time together and communicating more can raise their personal and business relationships to new levels (Charles 2006:99). In other words, copreneurs are able to share more of their lives with each other (Longenecker et al. 2003:175). Similarly, copreneurships are beneficial to spouses who share high dependency needs and can improve their sense of intimacy (Cox et al. 1984:25) as spouses are constantly in contact with each other (Maas & Diederichs 2007:45).

The marriage relationships of copreneurs could be strengthened as a result of the spouses working together (It's a family affair 2006; Maas & Diederichs 2007:45; Stewart-Gross & Gross 2007:6). Stewart-Gross and Gross (2007:6) report that the respondents in their study felt that their copreneurship promoted greater respect, as well as a better understanding and appreciation, for each other. Similarly, Smith

(2000:286) reports that the copreneurs in her study considered their self-employment to be supportive of a friendly work environment characterised by teamwork and a family atmosphere promoted by the copreneurship.

Fitzgerald and Muske (2002:2) are of the opinion that a unique team is created when husbands and wives work together as team members, and share the same goals, dreams and ideals. The spouses share a vision and work together towards a sound financial future, in an environment filled with mutual love and support (MacDonald 2001). Charles (2006:1-2) is of the opinion that as copreneurs, spouses will experience personal and professional growth. The values and commitment they share will foster a synergy that will improve the business and make it more successful because of their togetherness. In other words, the family as well as the business stand to prosper as a result of the true team effort and shared vision existing between the husband and wife (Marshack 1993:359).

Couples who start a business together do so out of a desire to run that business with a known and trusted person (Charles 2006:146; Muske & Fitzgerald 2006:195). Copreneurs know that their partner is trustworthy, reliable and a good decision-maker, or else they would not be in a committed relationship. As copreneurs are working together towards a shared vision, they can be sure that their spouse will do his/her best at all times (Charles 2006:146). According to Tischler (2005:46) and Tompson and Tompson (2000:5), trust is one of the main benefits of copreneurship. If copreneurs trust each other completely, it will benefit the business as a whole. The trust that is established as part of the marital relationship places the couple in a position that unmarried business partners may never achieve. Copreneurs have constant access to trustworthy people that they can talk to in times of difficulty (Maas & Diederichs 2007:45) and are better equipped to be understanding and empathetic towards each other's work troubles (Tompson & Tompson 2000:6-7). In addition, building a business with a partner who is known means that the spouses already have knowledge and an understanding of each other's skills and strengths, and how they will contribute to their work style (Charles 2006:73).

Copreneurs have better communication skills and are able to communicate more effectively than their unmarried counterparts (Tompson & Tompson 2000:5).

According to Cox et al. (1984:25), the spouses' ability to communicate will improve as a result of their living and working relationships being combined. This view is supported by Foley and Powell (1997:42), who state that the communication and interactions between spouses will increase as a result of working together, and thereby improve their marital happiness.

Copreneurs may share complementary skills, expert knowledge or experience that, if combined, will result in the business being more effective. By living together, the couple will be in the position to enjoy certain tax, child-care and work-related benefits and savings. Owning and operating their own business places them in a better position to deal with downturns in the market and corporate layoffs (MacDonald 2001). Copreneurs also take pride in their business and place more time and effort into it because it is their own. They tend to treasure, cultivate and protect the business more than unmarried business partners would (Tompson & Tompson 2000:6-7).

Copreneurship enables couples to make positive contributions to their communities, in the form of civic, charitable or educational projects. Copreneurs have the freedom and support and actively give back to their communities, which ultimately leads to increased support from their customers (Charles 2006:174).

Operating a business together as spouses has presented new models for life partnerships and families, as it has transformed the shape of the business world as a whole, and will continue to do so. One of the ways in which it is doing so, is by accelerating the approval of women in the upper levels of corporations, and creating prospects for the empowerment of women. Copreneurship has helped prove that it is possible for women to be successful corporate executives, while also having families (Charles 2006:173).

Copreneurship enables couples to be more sympathetic to the needs of their employees in terms of family responsibilities, as there is an inherent respect for the realities of the family and personal life in most copreneurial businesses. Family concerns are taken seriously and are not ignored as they would otherwise be in large corporate businesses (Charles 2006:173). Smith (2000:286) also finds that the

“family-friendly” work culture exhibited by copreneurs promotes an intimate knowledge of their staff members’ personal circumstances, permitting a greater level of consideration for the needs of others. As such, copreneurs are able to make their workplace an extension of their family (Charles 2006:173-174).

Copreneurship enables couples to build a legacy, and to make positive changes in the business world. By becoming copreneurs, couples are able not only to build a successful business that is supportive of family values, but also to make a positive social impact on the community (Charles 2006:174).

The consequence of combining the personal and business relationships of copreneurs may therefore be a more successful business, because it can be swiftly established and engender a greater commitment, and because two heads are always better than one (Marshack 1998:57).

2.11 THE CHALLENGES OF COPRENEURSHIP

Although there are many advantages to copreneurship, it is important to note that as is often the case with other business forms, there are also certain challenges associated with copreneurship (Sleeping with the boss 2008:68). These challenges are unique as copreneurs attempt to combine loving, intimate personal lives with business lives that are centred on the bottom line (Cole & Johnson 2007:185). Founding a business with any partner can be risky, but the risks are greatly increased when that partner is a spouse (MacDonald 2001). Being partners at home and in the business is not only twice as challenging, but is also far more complex than being partners in only one of these areas. Copreneurship can therefore either be a wonderful experience for couples or their worst nightmare (Stewart-Gross & Gross 2007:3).

The business relationship within a copreneurship may create tension in the marriage (Stewart-Gross & Gross 2007:29). In a copreneurship, there is no reprieve from the stressors of the business. Consequently, the business may always be the topic of conversation between the spouses, even at night and on weekends (Stewart-Gross & Gross 2007:29). Maas and Diederichs (2007:45) note that pressures stemming from

the copreneurial business can at times overtake the romance in the marriage, as well as causing the spouses to exhibit behaviour that is less relaxed than it previously was in the family home. Spouses may be left wondering whether their partner is the same person that they married (Maas & Diederichs 2007:45). This view is supported by Narine (1990) and Longenecker et al. (2003:175), who noted that the inseparable and complex intertwining of marriage and profession may result in spouses being overworked and burnt-out, and neglectful of their personal and family needs (Fitzgerald & Muske 2002:2).

Starting and running a business together will demand major sacrifices by both the spouses and their family, as copreneurs will be forced to sacrifice time with each other and with their family (Charles 2006:57). Separating business from personal time is therefore a major challenge faced by all copreneurs. Many copreneurs find it difficult to obtain time for relaxation, particularly if the business is run from home. Similarly, some spouses may experience a home office as stifling (Stewart-Gross & Gross 2007:29-31). Stewart-Gross and Gross (2007:13) state that the spouses in their study felt that one of the major advantages of working away from the home was the decompression time allowed for during the commute home. Spouses operating from home miss out on this decompression time, and stress is therefore allowed to build.

Financing the business from a single source may result in its cash-flow being restricted (Stewart-Gross & Gross 2007:29). Similarly, it may be risky to restrict the family's income to being generated from a single source (Maas & Diederichs 2007:46; Stewart-Gross & Gross 2007:31). This lack of financial security and increased financial risk can be very stressful to copreneurs (Stewart-Gross & Gross 2007:6).

If the business should fail, the stability of the family and its resources could become endangered. The family business may also fail to provide a continuous flow of income, particularly during the start-up phase of the business. It is for this reason that many couples elect that one of the spouses start the business while the other continues employment in another business, thus providing a steady stream of income

until the business is financially secure for both spouses to be working full-time in the family business (Maas & Diederichs 2007:46).

A copreneurship may lead to one of the spouses, particularly the male spouse, experiencing a loss of identity and individualism as a result of the shared decision-making in the business. Similarly, if the work roles are divided in a strongly male-dominated way, the female spouse may be left feeling that her abilities and contributions have been reduced (Maas & Diederichs 2007:46). On the other hand, copreneurs may experience their customers having difficulty accepting the female spouse as one of the bosses of the business because of preconceived notions of the man always being the boss (Newton 2002:70).

One of the biggest problems experienced by copreneurs is the difficulty in keeping work-related problems separate from the spouses' personal lives (Cox et al. 1984:24; Stewart-Gross & Gross 2007:29; Tompson & Tompson 2000:5), as the work and personal lives of copreneurs are no longer separate (Stewart-Gross & Gross 2007:29). The pressures and differences of opinion associated with running a business may encroach upon the home life of copreneurs, especially if the business is run from home (Longenecker et al. 2003:175; Maas & Diederichs 2007:46). Foley and Powell (1997:41-42) refer to the way in which work influences family life as "spillover theory". Positive spillover occurs if satisfaction and stimulation at work lead to higher energy levels and increased satisfaction at home. Conversely, if work-related problems and conflicts result in the individuals concerned feeling too drained and preoccupied to participate in family life, it is referred to as "negative spillover" (Foley & Powell 1997:41-42). In addition, marital difficulties experienced by copreneurs may affect staff members (Tompson & Tompson 2000:5), and personal arguments may be continued at work (Stewart-Gross & Gross 2007:31). It may also prove difficult for copreneurs to separate criticism in the workplace from a loving home relationship (Maas & Diederichs 2007:46). It is therefore clear that managing conflict is a challenge that all copreneurs will have to face and learn to overcome (Duff 2005:62).

Many copreneurships may have difficulty attracting and retaining quality employees, which may result in the spouses becoming burnt-out from trying to do everything

themselves. Likewise, the employees of the business may become confused if the spouses have not clearly defined and explained their responsibilities and areas of authority (Stewart-Gross & Gross 2007:31,33).

As a result of working together, copreneurs may lose the emotional outlet that they would otherwise have if they did not work together (Fitzgerald & Muske 2002:2; Tompson & Tompson 2000:5). In other words, copreneurs cannot go home and vent to their spouse about work-related problems. Copreneurs also lose the “hiding place” that they would otherwise have at home, as there are limited opportunities to be alone (Cox et al. 1984:24). Similarly, copreneurs may have difficulty sustaining their motivation if they spend too much time together (Stewart-Gross & Gross 2007:31). This constant interaction may result in marital strife (Cox et al. 1984:24).

An important challenge noted by Cox et al. (1984:25) and Tompson and Tompson (2000:5) is the competition that may arise between spouses who work together. The spouses may have conflicting work styles (Stewart-Gross & Gross 2007:31). Being part of a copreneurship could also increase a couple’s risk of divorce (Smith 2000:284; Tompson & Tompson 2000:5). Copreneurs may have trouble distinguishing whether the marriage or the business is their top priority (Tompson & Tompson 2000:5). The complex challenge of combining a personal, loving relationship with a practical business relationship can result in couples feeling torn between these two competing roles (Cole & Johnson 2007:186; Venter et al. 2008:5). Copreneurs with children must be especially careful, as an effort must be made to ensure that the children do not view the business as a rival for their parents’ attention (Roha & Blum 1990).

2.12 SUMMARY

The main purpose of this chapter has been to observe the nature and importance of small and medium-sized family businesses in general, and copreneurships in particular. This was achieved by examining the importance of SMEs and family businesses.

A consistent, internationally acceptable definition of “small and medium-sized businesses” could not be found, so for the purpose of this study, SMEs are defined as *businesses that are independently owned and managed and employ fewer than 200 workers*. A similar issue presented itself when a comprehensive definition of “family business” was sought after. For the purpose of this study, a family business is *one that is owned by members of the same family in order to shape and/or pursue the formal or implicit vision of the business (which employs fewer than 200 workers)*. The aim of this study is to investigate small and medium-sized copreneurships, but examination of the information on this type of family business has not revealed a consistent definition of copreneurship. Therefore, for the purpose of this study, a *copreneurship refers to a husband-and-wife (or life-partner) team that shares the ownership and/or management of a business, which includes sharing the responsibility for all the activities within that business. The husband and wife (or life-partners) must both be actively involved in the management and/or decision-making of the business and must both have considerable influence over decision-making in the business.*

Apart from facing similar challenges to other non-family SMEs, family-owned SMEs face additional challenges owing to their unique nature and the overlapping of the family and business relationships. Copreneurships face even more challenges as a result of the marriage relationship being added to the already complex family business arrangement. The lack of longevity of family businesses is a major cause for concern, as many of these businesses do not survive to the second and third generations. Copreneurships are relatively delicate business structures, as managing and owning a business together presents an entirely new set of challenges and problems for the family business. A good deal of work is needed to understand the conditions and environment necessary for copreneurships to succeed. The various relational- and organisational-based factors necessary for copreneurial success, as identified from numerous literary sources, will form the basis of Chapter 3.

CHAPTER 3

FACTORS INFLUENCING THE SUCCESS OF COPRENEURIAL BUSINESSES

3.1 INTRODUCTION

In Chapter 2, the nature and growing importance of small and medium-sized family businesses, and in particular copreneurial businesses, was emphasised. The important challenges that these businesses encounter were also highlighted. With regard to the nature and challenges associated with copreneurship, it is clear that in order for a copreneurship to function effectively, the spouses must be able to work together as a team (Leach & Bogod 2003:43). Copreneurs should also function as a team not only in the workplace, but also in the home (Stewart-Gross & Gross 2007:177).

This chapter focuses on the various relational- and organisational-based factors that influence the success of copreneurships. The nature and value of teamwork in the present-day business environment, as well as the various stages of team development, will be considered. A discussion focusing specifically on copreneurships as spousal teams will then follow. Lastly, the attributes of and requirements for successful teams, as identified in the teamwork and family business literature, will be applied to copreneurial teams.

3.2 THE NATURE AND VALUE OF TEAMWORK

Teamwork can be defined as a group of people working together in a cohesive manner and contributing their individual knowledge and skills to achieve a common goal (Mitra 2007; Stockley n.d.). There are few jobs that do not involve individuals interacting with their colleagues, in a team. In the workplace, individuals must work together cohesively to achieve the goals of the business (Mitra 2007).

Teamwork has increased as businesses have begun to embrace teams and teamwork as an effective way of doing business. Supervisors are increasingly being

replaced by team leaders, while employee morale and motivation have improved because employees feel that their contributions are valued (Stockley n.d.).

According to Deshmukh (2009), one must consider the benefits of teamwork in order to prove that it is important. The benefits of teamwork in the workplace therefore include (Deshmukh 2009):

- Young team members gain from the experience and knowledge of their older counterparts by learning faster;
- The workload is distributed among all of the team members, allowing each person to concentrate on a single activity;
- Unity and friendships are forged between team members as a result of their continuous interaction with each other;
- Teamwork fosters healthy competition between team members;
- Constructive criticism offered by other team members inspires individuals to become more creative;
- Working in a team enhances job satisfaction as employee performance improves and the job becomes more enjoyable for them; and
- The overall work speed is increased because there are several people involved in the completion of each task.

Research has shown that entrepreneurship is a group activity, thereby contradicting the traditional description of an entrepreneur as a “lone hero” (Gartner, Shaver, Gatewood & Katz 1994). An entrepreneurial team consists of a group of individuals who are involved in the establishment and management of a new venture (O’Connor et al. 2006). Consequently, teams of entrepreneurs are vital to the growth of new ventures and are frequently more successful than single ventures (Deenes 2003; Weinzimmer 1997).

Teamwork is one of the most important characteristics incorporated in the role of a manager as it assists individuals in making productive and creative contributions to the tasks that they share. In addition, the pooled expertise of teams has become vital to organisations owing to changing organisational structures (Hough, Thompson, Strickland & Gamble 2008:173). As team members, individuals will ordinarily

contribute their professional skills, knowledge and expertise to a business (Hough et al. 2008:304). Team members are prepared to dedicate their energy towards the development of the team and the support of their fellow members, as well as ensuring the competent and efficient performance of their tasks (Cullen 2001:45; Hough et al. 2008:304). When selecting a team, the combination of useful skills and market or industry know-how required by the business, as well as the degree of compatibility between members, will determine the team selection (Burns 2001:260). A variety of skills, good communication and cooperation between team members can accelerate information gathering and in turn increase innovation and enhance business success (Matlay & Westhead 2005; Zahra & Wiklund 2002).

High-performing teams have a clear understanding of their goals, as well as possessing the necessary technical skills and abilities for goal achievement. Team members also have the ability to adapt their skills when necessary. Furthermore, great mutual trust, unified commitment and good communication exist between team members (Du Toit et al. 2007:197). In addition, the success of a team is influenced by the level of communication within the team and by the standard of leadership (Hough et al. 2008:304).

A team climate encourages individuals to feel relaxed and work together comfortably, which consequently enables them to be straightforward and open, and better prepared to take risks. Team members stand to benefit from this positive atmosphere, as well as experiencing their involvement in the team as satisfying and rewarding (Cullen 2001:45; Hough et al. 2008:304). Effective team structures permit active and energetic problem-solving, as well as generating creative strength and new ideas from its members; innovative risk is rewarded and good ideas are implemented (Cullen 2001:45). Therefore, whether in business or in personal life, being part of a successful team is a satisfying and beneficial experience (Hough et al. 2008:173).

3.2.1 STAGES OF TEAM DEVELOPMENT

Effective teams do not just happen; they must be developed, and this may require time. It has been said that teams experience a four-stage development process

(Burns 2001:262). Cullen (2001:36) notes that teams normally progress through different stages in their life cycles and as such, the challenges and management requirements of the team may vary according to these stages (Cullen 2001:36). Team performance in these stages is therefore dependent on both the individual learning and degree of collaboration among team members (Hough et al. 2008:305). According to Cullen (2001:37) and Hough et al. (2008:306), the four stages of team development are: Forming, Storming, Norming and Performing. Each of these stages will be discussed in the sections below.

3.2.1.1 Forming

The establishment of the new team is the primary focus of this first stage of team development. This stage is characterised by a lack of clarity concerning the group's purpose and the members' expectations. Individuals are interested in determining what behaviour is considered acceptable, as well as determining the real task of the team and defining the team rules (Cullen 2001:37; Hough et al. 2008:306). Team members are not yet familiar with each other and therefore tend to be civil and compliant (Burns 2001:262; Hough et al. 2008:306). During this forming stage team members typically want to be told what to do. Interactions and conversations tend to be superficial and are directed to the official leader (Hough et al. 2008:306).

3.2.1.2 Storming

The storming stage of team development is a period of elevated emotions and tension among team members. Resentment and in-fighting may occur in this stage and the team typically goes through a great deal of adjustment (Burns 2001:262; Cullen 2001:37). The team members' original unwillingness to state their opinions is followed by a period of disagreement. In the storming stage, members feel open to disagree with each other and the leader, and queries, concerns and frustrations are expressed. Ideas are contested, closely assessed and even "shot down". Team members form alliances which can cause subgroup conflict, and the responsibilities and procedures of the team are queried. Team members enjoy disputes and as a result, evade their tasks. However, some teams may never experience this stage owing to the members' fear that stating their differences will result in the team's

destruction (Burns 2001:262; Hough et al. 2008:306). Teams who fail to experience storming never learn how to handle their differences. Yet the conflict need not be too heated or counterproductive (Cullen 2001:37; Hough et al. 2008:306).

3.2.1.3 Norming

Once teams emerge from the storming stage, they learn from their successful experience of interacting with each other. The team develops guidelines for conflict resolution, decision-making, interpersonal communication, assignment completion, and the supervision of meetings. Shared leadership becomes clear, and trust is improved owing to the development of norms. It is also possible to disagree with each other without personal attacks occurring. Team members start to enjoy meetings and each other, and a competitive unity develops (Burns 2001:262; Cullen 2001:37; Hough et al. 2008:307).

3.2.1.4 Performing

The performing stage is the pay-off stage as the team has reached an important milestone. The team has discovered how to be a team, agreement has been reached on its goals, roles and norms, and the members are focused on generating results. Creative confrontations and innovative problem-solving are carried out. The team has a readiness to assess its performance regularly and take corrective steps if necessary. Team members take initiative and responsibility without waiting for the leader's direction. The team's progress toward achieving its goals is obvious, therefore team celebration takes place and praise is awarded from other divisions in the business (Cullen 2001:38; Hough et al. 2008:307-308).

3.3 COPRENEURSHIPS AS SPOUSAL TEAMS

According to Fitzgerald and Muske (2002:2), copreneurs are unique teams of husbands and wives, who share their goals, dreams and ideals. Similarly, Stewart-Gross and Gross (2007:177) posit that couples who are in business together are a team.

For a copreneurship to function effectively, spouses must be able to work together as a team (Leach & Bogod 2003:43). As a business team, copreneurs should not compete with one another. Instead, their individual skills and behaviours should be complementary, thereby strengthening them as individuals and as a team. Copreneurs should function as a team not only in the workplace, but also in the home (Stewart-Gross & Gross 2007:177).

Stewart-Gross and Gross (2007:178) are of the opinion that as a team, copreneurs will more than likely progress according to the four stages of teamwork, namely: forming, storming, norming and performing. The first stage is referred to by them as the forming or “honeymoon” stage. In this stage copreneurs have to work long hours in order to establish their distinctive business structure, as well as being open to advice from outside consultants and experts. Copreneurs meet frequently in order to assess how each spouse is progressing with his/her responsibilities, and conversations are productive and pleasant. As copreneurs are often still employed in their regular jobs during this stage, they are usually too busy for conflicts to arise.

Stewart-Gross and Gross (2007:178) refer to the second stage as the storming or quarrelsome stage. In this stage, conflicts emerge as the copreneurial team’s roles and responsibilities develop. In order to manage this conflict, copreneurs need to be good mediators and patient listeners. In addition, copreneurs must develop conflict-resolution and negotiation skills to ensure that they progress past this challenging stage. The third stage is the norming or teamwork stage. In this stage, the copreneurs have developed processes that are running smoothly, and conflict is lessened. The spouses begin to experience a sense of pride in their accomplishments and each other. The copreneurs begin to enjoy working together and the business is characterised by a positive, encouraging team atmosphere. The final stage of teamwork is the performing stage. This is the stage of peak performance, and copreneurs often hire additional staff to whom they delegate some of their responsibilities (Stewart-Gross & Gross 2007:179).

Irrespective of the stage of teamwork that copreneurs may find themselves in, they should be wary of “change points”, especially if they are dependent on a single income source. Change points may cause the team to regress to an earlier stage. A

change point can be pivotal as it can keep the team fresh and the business viable, or it can cause the relationship and the business to fail (Stewart-Gross & Gross 2007:180). Table 3.1 below presents a summary of the four stages of teamwork and their implications for communication, as presented by Stewart-Gross and Gross (2007:180).

Table 3.1: Team stages and their implications for communication

Team stages	Implications for communication
Forming (Start up)	Lots of discussion, listening
Storming (Conflict)	Conflict resolution, flexing, listening
Norming (Growth)	Supportive
Performing (Maintenance)	Coaching, delegating

(Source: Stewart-Gross & Gross 2007:180)

In Table 3.1 above, it can be seen that copreneurial teams generally experience a lot of discussion and listening in the forming stage of their business. This is then followed by the formation of suitable conflict-resolution processes, and listening during the storming stage. Once the copreneurial team reaches the norming stage, a supportive and caring relationship has developed between the spouses. Finally, in the performing stage of the copreneurial team, the spouses begin to delegate some of their responsibilities to their employees, and coach them accordingly.

3.4 ATTRIBUTES OF AND REQUIREMENTS FOR EFFECTIVE SPOUSAL TEAMS

A vast number of studies have been conducted concerning teams and the factors that influence team effectiveness (Hitt, Miller & Colella 2006; Kozlowski & Ilgen 2006). Therefore, ample information exists on how to build effective teams and recognise factors influencing team effectiveness (Kozlowski & Ilgen 2006; Robbins 2003; Sheard & Kakabadse 2002).

Numerous authors (e.g. Hellriegel, Jackson, Slocum, Staude, Amos, Klopper, Louw & Oosthuizen 2004; Kreitner & Kinicki 1995; Mondy & Premeaux 1995; Robbins

2003) have presented models of team effectiveness. Together with other classic teamwork models (Campion, Medsker & Higgs 1993; Gladstein 1984; Hackman 1987), these models condense all of the knowledge that exists on requirements for team effectiveness (Robbins 2003). These normative models are helpful in identifying the factors that need to be considered when composing a team (Kozlowski & Ilgen 2006). The various models are different from each other, but they share similarities concerning the issues they address and the suggestions they offer for designing effective teams. These issues are of near-universal importance, and can be applied to all teams in nearly any context (Guzzo & Dickson 1996; Yancey 1998).

The most widely recognised framework to explain the way in which aspects of team design collaborate to aid effective team outcomes, is the input-process-output (I-P-O) model. The I-P-O model suggests that inputs lead to processes that in turn lead to outcomes (Barrick, Stewart, Neubert & Mount 1998; Campion *et al.* 1993; Groesbeck & Van Aken 2001). The I-P-O model hypothesises that several inputs come together to influence the intra-group processes, which in turn influence team outputs. *Inputs* refer to a team's composition in terms of the grouping together of individual characteristics and resources at numerous levels (individual, team or organisation). *Processes* refer to the activities that team members participate in, in combining their resources to satisfy (or fail to satisfy) task demands. Therefore, processes mediate the conversion of inputs into outcomes. *Outputs* have three aspects, namely: performance judged by relevant others outside of the team; meeting of team member needs or team-members satisfaction; and feasibility or the readiness of members to remain in the team. These three aspects capture the widespread conceptualisation of team effectiveness (Barrick *et al.* 1998: 377; Kozlowski & Ilgen 2006).

An example of the I-P-O model is that proposed by Gladstein (1984), who categorises the different factors influencing group effectiveness into input and process variables. Input variables are then further separated into *group composition* (adequate skills, heterogeneity, organisational tenure and job tenure); *group structure* (role and goal clarity, specific work norms, task control, size and formal leadership); and *resources available and organisational structure* (available training, markets served, group performance rewards and supervisory control). In Hackman's (1990)

I-P-O model, *inputs* consist of task design, group composition, training, resources, and some elements of context. Internal *processes* consist of communicating, managing conflict, making decisions and learning. *Outputs* consist of productivity, quality, innovation, customer satisfaction and employee satisfaction (Howard, Foster & Shannon 2005). The focus of this study is on the influence of the various input and process factors and the effect (outcome) that they have on husband-and-wife teams in business.

Considering the literature on effective teams, the different models proposed and the factors identified by Farrington (2009) in her study, it is clear that successful teams have validated their proficiency with regard to two types of factors, namely, input and process factors. Process factors can also be described as *relationship-based* because they focus on the person-to-person and inter-group teamwork dynamics or processes between team members. The various input factors are *organisational-based* because they focus on factors such as the team's ability to achieve what it has been designed to do, by having a supportive context and a suitable composition and structure.

For the purpose of this study, the relational-based factors identified include: *Spousal relationship, Respect and trust, Fairness, Open communication, Balance between work and family, Family harmony, Commitment to the business* and *Non-family involvement*, whereas the organisational-based factors identified include: *Shared dream, Leadership and planning, Complementary skills, Division of labour, Internal context* and *Governance*.

All of these factors, together with evidence supporting their relevance to spousal teams will be discussed in detail in the paragraphs to follow. In addition to Farrington (2009), evidence from the teamwork literature supporting the inclusion of these factors in the present study, is presented in Table 3.2 below.

Table 3.2: Evidence supporting the inclusion of the various relational- and organisational-based factors in the present study

Relational-based factors	Support (References)
Spousal relationship	Charles 2006; Cox <i>et al.</i> 1984; Lansberg & Astrachan 1994; Lansberg 1999; Marshack 1998; Stewart-Gross & Gross 2007.
Respect and trust	Burns 2001; Charles 2006; Foley & Powell 1997; Ivancevich, Konopaske & Matteson 2005; Jaffe 1990; Keen 2003; Tompson & Tompson 2000.
Fairness	Charles 2006; Foley & Powell 1997; Millman & Martin 2007; Roha & Blum 1990; Olukayode & Ehigie 2005; Ward 2004.
Open communication	Brigham 2004; Champion <i>et al.</i> 1993; Keen 2003; McCall 2002; Stern 2008; Stewart-Gross & Gross 2007; Tompson & Tompson 2000.
Balance between work and family	Bodnar 1998; Duff 2005; Rothart 1982; Sleeping with the boss 2008; Stewart-Gross & Gross 2007.
Family harmony	Cowie 2007; Hellriegel <i>et al.</i> 2004; Hess 2006; Gersick, Davis, McCollom, Hampton & Lansberg 1997; Sharma 2004; Van Auken & Werbel 2006; Zwick & Jurinski 1999.
Commitment to the business	Charles 2006; Cole & Johnson 2007; Fitzgerald & Muske 2002; Jaffe 1990; Van Auken & Werbel 2006.
Non-family involvement	Barach & Gantisky 1995; Lansberg 1999; Millner 2005; Newton 2002; Stewart-Gross & Gross 2007; Tompson & Tompson 2000.
Organisational-based factors	Support (References)
Shared dream	Charles 2006; Faulkner 2007; Jaffe 1990; Lansberg 1999; Newton 2002.
Leadership and planning	Aronoff 1998; Astrachan & Kolenko 1994; Cox <i>et al.</i> 1984; Jaffe 1990; Marshack 2002; McCrimmon 2007; Sorenson 2000; Vallejo 2009.
Complementary skills	Charles 2006; Duff 2005; Lansberg 1999; McCall 2002; O'Connor <i>et al.</i> 2006; Stout 1998.
Division of labour	Aronoff, Astrachan, Mendoza & Ward 1997; Charles 2006; Handler 1991; Maas & Diederichs 2007; Tompson & Tompson 2000.
Internal context	Hellriegel, Slocum & Woodman 2001; Hitt <i>et al.</i> 2006; Robbins 2003; Northouse 2004; Poutziouris, Smyrniotis & Klein 2006.
Governance	Aronoff <i>et al.</i> 1997; Handler 1991; Maas & Diederichs 2007; Newton 2002; Poutziouris <i>et al.</i> 2006; Rwigema & Venter 2004.

3.4.1 SPOUSAL RELATIONSHIP

The relationships that exist in a family business are dynamic and interdependent, as the activities of the family can impact the business and vice versa (Danes, Zuiker, Kean & Arbuthnot 1999; Marshack 1998). Consequently, family-member interactions may get in the way of the financial decisions of the business, making family business management a cause for concern (Levinson 1991).

According to Charles (2006:192), a strong partnership and a happy home are essential to a copreneurship as they provide a form of protection against the malice of business life. For some copreneurs, constantly being together can help their personal and business relationships, although for others, it can be a recipe for divorce and business failure (Burns 2001:354). Marshack (1998) asserts that copreneurs are expected to have stronger marriages and businesses owing to the intertwining of their work and family domains. Similarly, Cox *et al.* (1984:29) have found that working together on a daily basis benefits a copreneurial couple's marital relationship by strengthening it. This strength builds as a result of the spouses having shared positive experiences together (Jaffe 1990:159). Stewart-Gross and Gross (2007:30) refer to the improvement in the spouses' marriage as an advantage of copreneurship. In addition, the spousal relationship deepens as a consequence of the spouses' successful expression of their vision of the world (Jaffe 1990:154).

Anecdotal evidence has also been found (Jaffe 1990:154; Newton 2002:71) to suggest that a copreneurial business has a positive effect on the spousal relationship involved, as the spouses' respect for each other's talents grow from observing the implementation of these talents first-hand. Observing all aspects of each other's personalities will help individuals to develop an understanding of each other, as well as growing the relationship they share. Couples who do not work together live large parts of their lives separately from each other. These separate parts can never be shared or fully understood by their spouses as they are not together to experience these parts of their lives. The opportunity to share more time, space and experiences as a couple is one of the greatest advantages of venturing into business with a spouse (Charles 2006:164; Stewart-Gross & Gross 2007:30).

Some copreneurs find that working together is more enjoyable than they anticipated, and that having a reliable partner helps to relieve stress (Charles 2006:164). Charles (2006:165) asserts that many successful couples have added new levels of friendship, understanding, trust, acceptance and maturity to their existing relationship as a result of their copreneurship. Copreneurs' personal relationships generally grow and become more secure in conjunction with their business, as the relationship becomes a harmonious combination of profound friendship and a strong commitment to the passion they have invested in their business on a daily basis (Charles

2006:165). Similarly, Fitzgerald and Muske (2002) assert that copreneurs usually have an outlook that accepts the business as a lifestyle, thereby allowing greater intimacy in their relationships.

It has been suggested that a cooperative relationship between spouses may present opportunities for the family business, as well as the marriage relationship, to grow (Marshack 1994). It also is very important for copreneurs to have a relationship that is free of competition, and where achievements are celebrated. As such, this relationship should comprise a natural aspiration to boost each other's morale when mistakes are made, as well as acknowledging each other's accomplishments (Charles 2006:149). Stewart-Gross and Gross (2007:30) refer to the ability to share each other's joys, successes and accomplishments as an advantage of copreneurship. Therefore, it will be virtually impossible for spouses to manage a business and maintain a personal relationship free of disagreements and problems, if they are not compatible, actually fond of each other, and prepared to compromise and endure (Smith 2000:288).

In addition, Williams (2008:102) suggests that financial, moral and spiritual support is vital to a copreneurial partnership. This view is supported by Ward (1987), who asserts that both a well-managed business and healthy family will operate particularly well when the members are mutually supportive of each other.

Despite all of the above-mentioned positive characteristics that spouses in a copreneurial business have, Liang and Dunn (2002) found that venturing into business together negatively impacts the spousal relationship involved.

3.4.2 RESPECT AND TRUST

According to Burns (2001:260), trust is the basis of a good team. Trust is considered vital to the competitiveness of social organisations, especially owing to the increased levels of uncertainty and complexity in the present business environment (Sundaramurthy 2008:89). According to Rousseau, Sitkin, Burt and Camerer (1998), *trust* refers to an individual's belief that those people involved in exchanges will make

earnest efforts to uphold their commitments and not take advantage of a given opportunity i.e. it is one's readiness to rely on others.

Trust is considered important for several reasons, such as: it enables collaboration, encourages network relationships, lessens harmful conflict, decreases transaction costs, and aids the efficient functioning of groups and efficient responses to crises (Rousseau et al. 1998). In addition, Charles (2006:145) asserts that trust is the foundation of business and that it is established by commitment, dependability and experience.

Sundaramurthy (2008) refers to three types of trust that are relevant to the present study, namely identification-based trust, interpersonal trust, and competence trust. Identification-based trust arises when individuals understand each other's wishes and needs and their goals are aligned. This type of trust generally exists when individuals think and feel alike because of their shared norms and values, which may stem from a common kinship, familiarity, background or interest (Sundaramurthy 2008:91). Interpersonal trust is very similar to identification-based trust as it is based on kinship, familiarity, similar personalities, history and shared experience. According to Gersick et al. (1997), family businesses are unique as they already have a profound level of interpersonal trust when commencing business, because the family is the common identifying factor. Family members have had the opportunity and time to cultivate interpersonal trust in the course of their shared history, experience, identity, customs and realities. This instant access to profound levels of interpersonal trust can result in family members being willing to contribute capital and other resources to the business, as well as being committed to the business, even to the point of self-sacrifice (Gersick et al. 1997). Competence trust refers to a belief that an individual entrusted with a particular job is not only willing but also competent to perform that job efficiently (Mishra 1996).

According to Charles (2006:36), respect forms the foundation for building all relationships, as it is the glue that holds partnerships, teams and organisations together. Having respect for a person leads to the acceptance of that person for what he/she is, which is representative of the individual's core values. Accepting a person for what he/she is in turn builds trust, which can then often lead to new opportunities,

strategies, ideas and products (Charles 2006:36). Communication, trust and respect for each other's ability and position are vital to managing relationships between family members working in family firms (Foley & Powell 1997:40; Handler 1991:31). Similarly, Santiago (2000:30) reported that family members are more likely to cooperate with each other and support each other's decisions if they have respect for each other and make an effort to understand each other. In addition, Filbeck and Smith (1997:350) have found that interpersonal conflicts tend to be aggravated in family businesses where the members' personality differences are either misunderstood or not respected.

According to Burns (2001:354) and Fitzgerald and Muske (2002:2), many married couples elect to venture into business together out of a desire to start a business with someone that they trust. In addition, Charles (2006:146) and Tompson and Tompson (2000:6) refer to the trust that exists between spouses as a benefit of copreneurship, because at the start of their business, individuals who are partners in marriage have an existing trust relationship that unmarried partners may never attain. At the commencement of the business, spouses already know that their partner is dependable, trustworthy and a good decision-maker, otherwise they would not be in a committed married relationship (Charles 2006:146). Similarly, Duff (2005:62) notes that couples who venture into business together generally get along well and identify with each other. Copreneurs acknowledge that there may be tough times ahead, but still elect to work together because they trust each other.

Charles (2006:147) and Tischler (2005) also observe that spouses consider the sense of complete trust and comfort that they have in each other to be an advantage of copreneurship. This sense of trust derives from the knowledge that at all times the best interests of each spouse and the business are at the forefront of every decision made, even if one of the spouses is absent from the decision-making process. As both spouses are working toward a shared vision, they can feel completely secure and trust their partner to do his/her best at all times (Charles 2006:147). Similarly, Cole and Johnson (2007:187) assert that trust is essential to the decision-making processes and responsibility in copreneurships.

It is important that spouses recognise and have a profound mutual respect for each other's strengths, especially if their individual strengths differ (Stern 2008:16). Similarly, Charles (2006:148), Duff (2005:61) and Jaffe (1990:159) suggest that spouses should not only enter into business together because they are in love, but because they have respect for each other's abilities. In other words, spouses must respect each other not just for who they are, but also for what they can each contribute to the business. They must then trust each other to perform and produce, while always appreciating each other's achievements and contributions to the business (Charles 2006:148; Jaffe 1990:159). If spouses are able to successfully establish this mutual respect, the process of transitioning to working together should be relatively easy (Stern 2008:16).

According to Charles (2006:35), styles and conduct are exchangeable, but values are not. As copreneurs cannot change each other's values, they must learn to respect them. In addition, Charles (2006:190) is of the opinion that in order for copreneurs to reach agreement on their levels of financial risk, spouses must respect each other's values, as an individual's perception of money is connected to his/her value system. This means that the more risk-tolerant partner must agree not to go beyond the more risk-averse partner's acceptable level of risk. Consequently, if the risk-averse partner feels that his/her limits are being respected, he/she will be more likely to agree to greater risk levels (Charles 2006:190).

In their study on successful copreneurial relationships post-divorce, Cole and Johnson (2007:194) observe that all of the copreneurs considered trust to be vitally important to their working agreement. Similarly, Tompson and Tompson (2000:6) conclude that if spouses trust each other more than anyone else, that trust can only serve to improve their business relationship. However, if the spouses distrust each other as business partners, their working relationship may become problematical (Tompson & Tompson 2000:6). In addition, Roha and Blum (1990) assert that before a proper division of labour can take place in a copreneurship, spouses need to have confidence in and respect for each other.

Cole and Johnson (2007:194) find that this all-encompassing trust exists not only between copreneurs, but also with each other's extended family. Copreneurs rely on

trust and use it to assess others who wish to enter and take part in their business. Stewart-Gross and Gross (2007:180) also propose that copreneurs will have to build trust with all new employees that are hired and introduced into their team, otherwise they may find themselves continuously worrying about the business and having to duplicate their employees' work. It is therefore important to note that trust does not simply happen; it takes time, effort, work and communication (Stewart-Gross & Gross 2007:180).

3.4.3 FAIRNESS

3.4.3.1 The nature and importance of fairness in copreneurships

According to Maas and Diederichs (2007:7), every person in a family business must handle business issues fairly. All family members must have the same idea regarding the use of fairness to all proceedings.

The method by which individuals determine the fairness of inputs to outcomes, such as what constitutes fair compensation for a given task, or a fair effort for a given compensation, is referred to as *equity theory* (Adams 1963). According to Charles (2006:88), *equitable* and *equal* are two different concepts. Equitable refers to the extent to which each partner is satisfied with the division of authority and responsibility in their family business (Charles 2006:88), whereas equal implies that the partners share the responsibilities and authority of the family business equally. An individual's outlook of inputs relative to compensation will therefore determine whether the situation is equitable or not (Foley & Powell 1997:42).

In marital relationships there are two norms relative to decision-making. The first norm views spouses as being equal, making it suitable for them to want to participate in each other's decisions. The second norm considers the husband as the dominant party, having control over decisions. In addition, the overlap of the family and business domains, incorporating family relationship dynamics in the business decision-making process, must be dealt with in family business decision-making. It is possible that copreneurs view the decision-making process which is jointly developed and used by them, to be fair (Foley & Powell 1997:42). However, if the decision-

making process in a copreneurship is dominated by one spouse, or if the spouses do not perceive the process as being fair, to jointly assign time to work and family roles will lead to conflict (Foley & Powell 1997:42).

According to Millman and Martin (2007), a copreneurship ideally means that there is an equality of roles, efforts and rewards transcending both the work and home boundaries. A copreneurial marriage that is reasonably equal in its dynamics and functioning will usually replicate this fairness in its business (Foley & Powell 1997:42). Charles (2006:88) states that an equitable marriage denotes that both spouses work full-time and share household responsibilities relatively equally. However, the division of household chores can be a point of contention between copreneurs, as the female spouse more often than not does double duty at work and at home. Unequal duties in the home coupled with fairly equal business duties may result in frustration, resentment and even burnout (Roha & Blum 1990). Therefore, an equitable marriage is based on a fair and just understanding, instead of being a truly equal one (Charles 2006:88). Perfecting the skills needed for joint decision-making, negotiating as equals, and resolving conflicts in a productive manner, will guard both the business and the relationship (Charles 2006:90).

3.4.3.2 Traditional sex-roles

Rowe and Hong (2000) suggest that work equality between copreneurs is often more perception than it is truth. In an ideal world, copreneurship would mean that there was an equality of roles, efforts and rewards linking both the work and family domains. However, existing research suggests that this view is idealistic and that in reality most copreneurs operate with an unequal sharing of labour and rewards, often based on traditional gender roles (Millman & Martin 2007; Ponthieu & Caudill 1993). According to Lewis and Harris (2005), this represents an interesting contradiction, as the assumptions of the construct of copreneurship are undermined by the actual experiences of copreneurs.

In her study, Marshack (1994) asserts that the most prevalent subject discussed in previous studies on copreneurship is that of traditional sex-role orientation. Traditional sex-roles accentuate the differences between men and women, because

men are generally socialised to do market work and women to do domestic work (Foley & Powell 1997:39). Traditional sex-role orientation also implies that the main responsibility of the wife is caring for the home, whereas the husband's main responsibility is the business. As family businesses are closed systems, the roles occupied by women in the workplace are reinforced by the roles they occupy at home, irrespective of their job title. Female family members working within family businesses are wives, mothers and daughters first, before they are employees, managers and executives (Marshack 1994).

Foley and Powell (1997:40) concede that each partner's outlook on his/her involvement in the business and the family is influenced by his/her individual background. Similarly, Kadis and McClendon (1991) assert that many of the problems that arise in copreneurships are connected to the spouses' early childhood insights and misconceptions, as well as decisions made early in life. There is a propensity for copreneurs to stick to traditional models of masculinity and femininity, as well as relying on a conceptual boundary between work and family based on gender differences, to define their roles in the two areas (Marshack 1994). Therefore, if partners' attitudes toward traditional gender roles differ, the conceptual boundary may be more difficult to establish, and ultimately lead to work-family conflict (Foley & Powell 1997:40). As such, if partners in marriage or business share a similar outlook regarding the work and family roles that men and women should implement, there should be less conflict between them.

Zimmerer and Scarborough (2002:21) have observed that unlike the traditional mom-and-pop businesses, copreneurs are constructing a division of labour that is founded on expertise instead of gender. In contrast, Marshack (1994) holds that copreneurs have specific, traditional and clearly defined roles. However, regardless of their arrangement or whether their roles adhere to "tradition", both spouses are an essential part of their business, and their roles should be clearly defined to ensure that order and respect are maintained between them (Longenecker et al. 2003:175).

3.4.4 OPEN COMMUNICATION

A strong family business requires open communication concerning goals, and an aspiration to resolve misunderstandings about issues influencing the accomplishment of those goals (Danes et al.1999; Isaacs 1991). Studies have shown that when open communication exists in a family business, disagreements are less intense (Berry & Williams 1987; Danes, Fitzgerald & Doll 2001).

According to Maas and Diederichs (2007:79), communication problems can occur in family businesses. Examples of this include the following:

- A lack of clear and formal communication channels or opportunities will result in vague, superficial communication between individuals.
- It is common for South Africans to have difficulty discussing the soft, personal issues, choosing to focus their communications on neutral and non-personal issues instead.
- Stress, pressures and crises have a negative impact on communication, resulting in people reacting angrily to stressful situations instead of handling them objectively.
- A failure to discuss sensitive issues, especially those issues avoided by family, will not aid open and focused communication. Choosing to ignore sensitive family issues can cause resentment to build and obstruct essential business decisions.
- Poor communication techniques can result in the misinterpretation of messages and may occur when an individual cannot communicate clearly, or uses the incorrect method of communicating.
- An ongoing family feud or mistrust can result in open and clear communication being more difficult to achieve. A failure to resolve such conflicts may eventually cause the business to fail and the family to separate.

Maas and Diederichs (2007:80) conclude that in order for a family and a business to function effectively and in harmony, it is imperative that the business has communication processes which allow for free and transparent discussions concerning all issues, in an environment that is non-threatening. Similarly, Owen and

Winter (1991) have established that open family talks, regarding problems that arise in the early stages of business development, are important.

Copreneurs have been described on numerous occasions as having an advantage over unmarried business partners because of their superior communication skills. These communication skills will differ depending on the quality of the marriage, but copreneurs almost certainly have more opportunities to perfect their communication with each other than traditional partners do (Tompson & Tompson 2000:6). However, Stewart-Gross and Gross (2007:126) point to a lack of communication as a key reason for copreneurial failure. A failure to communicate successfully may result in a failure to improve relationships, successfully resolve conflicts, and enhance leadership power (Stewart-Gross & Gross 2007:126). Therefore, the unique circumstances created by the interconnected lives of copreneurs call for effective communication (Stewart-Gross & Gross 2007:2). Copreneurs must ensure effective communication in their business discussions, negotiations, and interactions with their spouse, family, and colleagues, to achieve success. Quality business discussions between spouses can help to ameliorate their planning and aid decision-making, while also making extra quality time for their business and their marriage (Stewart-Gross & Gross 2007:7). In addition, copreneurs must communicate to ensure the growth and development of their business and family, their personal professional growth, and the development of their relationship as a couple (Stewart-Gross & Gross 2007:126-127).

Charles (2006:24) asserts that copreneurs must openly communicate with each other to create a vision that is best suited to their business. As circumstances change so may the spouse's long-term vision, calling for frequent reassessment and discussion (Charles 2006:24). Similarly, Van Auken and Werbel (2006:59) stress that it is important for spouses to discuss their dreams, time-demands and financial risk before venturing into business together, to ensure that there is a common understanding of the business goals.

Newton (2002:73) has observed the importance of communication in a copreneurship through her discussion with numerous copreneurial couples. The copreneurs interviewed recommended that spouses should ensure that they were constantly

talking, throughout the course of their business relationship. Foley and Powell (1997:46) also suggest that spouses will benefit from continuous discussions regarding their respective contributions to their business and marriage. Examples of contributions necessitating discussion include the spouse's individual mind-sets, expectations, skills, abilities, preferences for sharing time across work and family roles, preferences for decision-making, and their willingness to support each other for the duration of their partnership (Foley & Powell 1997:46). Similarly, Maas and Diederichs (2007:48) advise that copreneurs should know their spouse's preferences in order to facilitate optimal communication. A lengthy marriage does not necessarily guarantee that a spouse can be completely certain of his/her spouse's conduct in a business environment. Because of these discussions, spouses will become aware of the importance of factors influencing the success of their joint venture, and reduce any divergence in their views of these factors (Foley & Powell 1997:46).

Copreneurs should establish an effective communication system to resolve conflicts between them (Charles 2006:189). Stewart-Gross and Gross (2007:7) refer to the importance of negotiations in a copreneurship, as spouses will be able to handle conflicts in a civilised and efficient manner, and reduce suppressed work- and home-related stress, if they negotiate effectively. Copreneurs should also honestly and openly assess their business compatibility. Spouses may have a successful working relationship if they are able to resolve their differences without personal attacks, consider each other's opinions, and recover from disagreements easily (Stern 2008:16). Similarly, Foley and Powell (1997:46) anticipate that if spouses are able to successfully address and resolve their differences concerning important issues, they should both experience an enhanced satisfaction with their lives, a better marriage, and a more successful business. However, it is still possible for spousal communication to deteriorate into negative personal attacks if the business lands in financial difficulties (Van Auken & Werbel 2006:59). Communicating with accuracy and consideration can help to abate role confusion for copreneurs and their employees. Identifying, defining and communicating work responsibilities at home and at work can help to prevent power struggles from occurring in both domains (Stewart-Gross & Gross 2007:7).

In addition, Stewart-Gross and Gross (2007:145) advise that copreneurs can improve their chances of copreneurial success by perfecting the most basic and important communication skill – listening. Although listening may seem common-sense to most people, effective listening is undoubtedly not common practice, therefore individuals must practise listening on a regular basis. Listening is the basis of effective communication, and copreneurs must listen in order to clearly understand messages, be more productive, build better relationships, be more respectful, and acknowledge others involved in discussions (Stewart-Gross & Gross 2007:146).

3.4.5 BALANCE BETWEEN WORK AND FAMILY

3.4.5.1 The nature and importance of a balance between work and family

According to Thompson (1990), copreneurs combine the dimensions of work and family. As such, these couples have the opportunity to achieve control of and satisfaction in both their work and family domains. Copreneurships are special because the couples that take on these ventures respect the certainty of a family and personal life. Children, spouses, homes and household demands are real in a copreneurship and are not ignored. In addition, the employees of copreneurs are respected for balancing their own work and family lives, and exceptions are made for this (Jaffe 1990:153).

However, working with a partner presents definite challenges as the emotional risks are high, making the separation of emotions and business essential (Duff 2005:62). Many authors (Duff 2005:62; Jaffe 1990:161; Millner 2005:33; *Sleeping with the boss* 2008:68; Sorenson 2000:184; Stern 2008:16; Tompson & Tompson 2000:7) have acknowledged that the inescapable spillover between home and work life is perhaps the most common drawback of copreneurship. A small business requires continuous attention, which is often more than the entrepreneurs anticipated, and the simplest means of satisfying this requirement is to spend more time at the business until it is running efficiently. However, knowledgeable copreneurs caution that these business activities have a propensity to “crowd out” family and marital time (Tompson & Tompson 2000:7). For this reason, numerous authors (Bodnar 1998; Charles 2006; Davies 1998; Rothart 1982; Stewart-Gross & Gross 2007; Stout 1998; Thompson

1990; Tompson & Tompson 2000) suggest that copreneurs should try to maintain a balance and a boundary between their work and family lives.

Charles (2006:47-48) notes that it is common for copreneurs to become bewildered about their roles in the business and the home, making it important for them to accept the differences between these two domains. The business requires the spouses to work hard and have a drive to succeed, whereas the home provides a place for relaxation, comfort, love and safety. Therefore, the domain of work is competitive, while the home is nurturing. These two domains also share certain similarities as they both require perfectionism, teamwork and problem solving (Charles 2006:48). Consequently, the crossing over of personal matters into the business and likewise, business matters into the home are unavoidable for copreneurs (Charles 2006:47; Tompson & Tompson 2000:6). The manner in which copreneurs handle these matters is very important and copreneurs must ensure that their feelings do not have a negative impact on their business or their personal relationship (Charles 2006:47). For example, a living room space that becomes another division of the office is likely to have a negative effect on the spouse's family life, and a marital melodrama that is always playing out in the office is likely to cause employees and customers to become sidetracked and lose respect for the owners (Jaffe 1990:161; Tompson & Tompson 2000:6). For this reason, Stern (2008:16) advises that copreneurs should ensure that their business does not intrude upon their home life and vice versa. This may however be difficult to achieve as having a spouse as a business partner creates the temptation to discuss work constantly.

According to Tompson and Tompson (2000:6), copreneurs may give order and certainty to the complicated task of balancing work and family by establishing boundaries. Establishing boundaries between their business and personal lives can help save copreneurs time and energy and reduce conflict. Having distinct boundaries will also provide copreneurs with more freedom and assist them in relating to each other, both in the business and at home (Charles 2006:51). Boundaries can be considered as a tangible space, such as handling work discussions, decisions and disagreements only in the office (even if the office is at home) and personal issues in the living space (Charles 2006:48; Jaffe 1990:162; Marshack 1994; Stout 1998). Rules regarding time should also be established to

accommodate each partner's "prime times", so that if, for example, one of the spouses is not a morning person, early morning discussions concerning business conflicts and issues are avoided. In addition, the establishment of precise business hours is essential, and business discussions should be avoided after business hours (Charles 2006:49; Stewart-Gross & Gross 2007:96). Although it is difficult to restrict business discussions to business hours only, it will benefit the copreneurs involved if it is achieved. Otherwise, time may be reserved after hours to discuss business matters (Charles 2006:49). Similarly, Stern (2008:16) asserts that restricting work-related discussions to short periods in the evening or on weekends, and only if necessary, will assist couples in achieving a balance between their work and home lives.

In her studies, Cole (1993, 1997) has found that couples in business together implement different coping mechanisms to manage the stress associated with their dual relationship. For example, some copreneurs will place a newspaper in front of their face to warn their partner that business discussions are no longer permitted at home (Cole & Johnson 2007). In the same manner, Newton (2002:69) says that some copreneurs use personal signals to notify each other when they are finished working, or eat breakfast at a restaurant every day to plan their day ahead. Charles (2006:52) suggests personal decompression time after a stressful work day as a means of visibly separating business and home life. This decompression time will allow spouses to regain their composure before interacting with each other again. In addition, Bodnar (1998) and Thompson (1990) advise that copreneurs should decide and plan some time away from each other, in advance.

Stewart-Gross and Gross (2007:96) and Stout (1998) advise that copreneurs should set some time aside for vacations away from the business. Based on her interviews with several copreneurial couples, Millner (2005:30) also comments on the importance of holiday time to copreneurs. The couples considered holidays essential, not only to rest and recuperate from the stresses of work, but to also spend quality time with their children. It is essential that copreneurs do not take work with them on their holidays (Duff 2005:62; Jaffe 1990:162).

Copreneurs with children encounter the additional challenge of managing their business and parental duties (Sleeping with the boss 2008:68). Bodnar (1998) advises that copreneurs should never let the business push their children aside.

Although it is strongly suggested that copreneurs keep all business and personal matters separate, this advice is not very realistic. Copreneurs must, however, establish boundaries to support each other, their relationship and their business in order to maintain strong relationships in both their work and family domains (Charles 2006:48; Stewart-Gross & Gross 2007:90).

3.4.5.2 Work-family conflict

The level of conflict among family members stemming from efforts to simultaneously balance work and family demands, is increasing (Tompson & Tompson 2000:8). The increase in the number of employed women and therefore dual-career and copreneurial couples has been referred to as a fundamental cause of the increase in work-family conflict (Karambaya & Reilly 1992). Copreneurs have more difficulty managing work and family roles owing to the permeability of the boundaries between their work and family domains, and because they experience work and home stressors at the same time (Tompson & Tompson 2000:8).

In family businesses, a variety of conflicts are expected to infiltrate the business over time (Harvey & Evans 1994). If the boundaries between the family and the business are blurred, conflict will be unavoidable (Danes, Reuter, Kwon & Doherty 2002:34). Marshack (1994) acknowledges that in copreneurships, it is common for the boundaries between work and home to become blurred. Similarly, Charles (2006:48) asserts that a copreneurial business may be harmful to a couple's home life if there are no restrictions concerning the transfer of business conflicts into the personal relationship. For this reason, Rothart (1982) advises that copreneurs must keep their work-related troubles isolated from their personal lives. Allowing personal matters to affect the business will contaminate it with tension and impair its effectiveness (Charles 2006:49). Therefore, Marshack (1994) suggests that strengthening the boundaries between work and home will bring copreneurs closer to achieving synchrony.

In small family businesses, it is anticipated that the owner-managers will accomplish the goals of both the family and the business at the same time. As such, when the needs of the family and business conflict, management-control problems will arise (Riordan & Riordan 1993). This unavoidable contradiction between business and family needs has long been considered a barrier to the long-term wellbeing of family businesses (Ward 1987). Similarly, Rosenblatt (1991) asserts that destructive levels of tension between family and business goals can lead to business failure. In the early stages of the business venture, the owner must use his/her time to locate the business in the market, and as the business matures, the owners must revert their energies toward managing the business. Under certain economic conditions, destructive conflict between family and business goals may affect family business viability (Danes & Rettig 1993; Rosenblatt 1991). Therefore, Owen and Winter (1991) propose that the amount of time dedicated to the business and the amount of control over the business agenda are two important variables to consider when solving family business problems.

According to Van Auken and Werbel (2006:51), spouses develop expectations concerning their family goals and the level of their spouse's involvement in family and work activities. A spouse who is uncommitted may insist that his/her spouse is more supportive in family relationships, as well as being more inclined to pass judgment on business activities and unprepared to invest some of the family's financial resources into the business. Consequently, the entrepreneurial spouse may be forced to choose between the demands of the spouse and the business. A situation such as this is an example of work-family conflict, as the stress generated will almost certainly have an adverse effect on the entrepreneurs' abilities to make decisions and dedicate personal resources to the continued existence of the business (Van Auken & Werbel 2006:51).

Role overload is a specific component of work-family conflict (Foley & Powell 1997). According to Greenhaus and Beutell (1985), role overload occurs when the overall time and energy demands associated with given work and family roles become too large for these roles to be executed effectively. Similarly, Cooke and Rousseau (1984) assert that the expectations associated with work and family roles can cause physical and psychological strain, through overload and inference. Role overload will

give rise to work-family conflict if partners' opinions concerning the level of role overload differ. In other words, regardless of the manner in which the work and family roles have been assigned to each partner, the workload associated with the work and/or family domain is too large for the partnership to cope with. Consequently, outside assistance may be needed to help in either or both the work and family domains (Foley & Powell 1997). In addition, individuals can attempt to manage role overload by assigning more time to work-related activities when work conflict is high and more time to family-related activities when family conflict is high. However, implementing this strategy will not be easy when both work and family demands are high at the same time (Higgins, Duxbury & Irving 1992).

3.4.6 FAMILY HARMONY

A family business consists of two overlapping, interrelated and continually changing entities, namely the family and the business. The integration of family dynamics into a business makes the management of a family business a multifaceted task (Hess 2006:1). For this reason, Hess (2006:1-2) suggests that family business leaders must not only lead and manage their business toward success, but also lead and manage the family's relationship to the business in support of family harmony. In order to increase the chances of continued family business success and family harmony, it is essential that family business leaders assume the correct attitude about the additional intricacy of their family business, as well as handling family business issues directly (Hess 2006:2). Similarly, Gersick *et al.* (1997) state that in order to guarantee family harmony and the success of the family business, it is important to have a general understanding of the nature of the relationship between the family and the business.

Zwick and Jurinski (1999:5) refer to family harmony as a common goal of family business owners as they aspire to create an environment that will encourage family harmony. Family business owners perceive their business as being an instrument that will offer their family financial security, as well as binding the family together. However, working in a family business can have the opposite effect as arguments over business-related issues may cause the destruction of family relationships. Therefore, Zwick and Jurinski (1999:6) advise that family business owners consider

planning strategies, all the while being careful to avoid outcomes that may cause family conflicts.

According to Baxter (2009:21), establishing a business necessitates ample time and capital. These time and financial demands can result in other areas of an individual's life becoming neglected. With regard to copreneurs, the couple's involvement in the business usually has a substantial effect on their family, particularly if children are involved. Raising a family requires time and resources; therefore the presence of children may impinge upon the amount of time that copreneurs need to dedicate to their business. For these reasons, copreneurs should endeavour to maintain a balance between their work and family domains in order to ensure that there is family harmony (Baxter 2009:21).

Some individuals may be confused by the combination of family and business values, and this confusion may bring about family disharmony (Baxter 2009:37-38). Therefore, Charles (2006:17) advises that copreneurs can prevent hidden agendas, misunderstandings, and disappointments by clarifying and harmonising their reasons for working together. Spouses should preferably have a complete understanding of their own, as well as their partners reasons for teaming up and these reasons should be in harmony. Realistically, however, spouses should find their common ground, as well as finding innovative ways to live up to each other's expectations (Charles 2006:17). In addition, relationships between family members should be characterised by intimacy, caring and support, appreciation of each other and concern for each other's wellbeing in order for the family business to reach optimal family harmony (Marshack 1998).

3.4.7 COMMITMENT TO THE BUSINESS

According to Shaffer, Harrison, Gilley and Luk (2001), commitment is commonly defined as a readiness to use personal, temporal and psychological resources in support of a specific area. Commitment has been identified as being an important attribute in family businesses (Cole & Johnson 2007:193). In copreneurships, spousal commitment to the business has been viewed as central to the nature of the spousal relationship, influencing whether it is supportive or conflicting. Spousal

commitment is also of particular importance in the early stages of a business, when the financial obstacles and possibilities of failure are the greatest (Van Auken & Werbel 2006:50). In addition, the eagerness and family bonds in a family business can develop additional commitment and loyalty (Leach 1994).

Fitzgerald and Muske (2002) found that in comparison to other family businesses, copreneurs tend to adopt a stance that embraces their business as a way of life, thereby allowing them to foster greater intimacy in their relationship. According to Jaffe (1990:153), the decision to enter into business together symbolises a special decision for couples. Akin to the decision to become an entrepreneur, it symbolises a readiness to embark on a new journey, as well as an enormous risk, owing to the substantial commitment of time, energy and finances that the formation of a copreneurship requires. Nevertheless becoming copreneurs has even greater meaning to couples as it represents a special extension of their commitment to each other and their work as a couple. Many copreneurs have compared the formation of a business to having a baby, as it is a special celebration of their togetherness, conveying immense stress, little sleep and uncertainty (Jaffe 1990:153). In their study on successful copreneurial couples postdivorce, Cole and Johnson (2007:192) reported that all of the copreneurs spoke of their business with strong commitment and passion. In addition, the copreneurs had an almost parental approach toward their business, using words such as “our baby” when referring to the business (Jaffe 1990:153; Tompson & Tompson 2000:6). This parental outlook occurs as a result of the couple forming the business together. Copreneurs therefore value, defend and care for their business more than business partners who do not have the same attachment between them (Tompson & Tompson 2000:7). As a result of this parental approach, Cole and Johnson (2007:193) define commitment as being an emotional attachment to the business.

According to Van Auken and Werbel (2006:53), research has shown that the presence of children increases an individual’s life commitments and presents considerable time demands on family dynamics. Consequently, the presence of children is more likely to impose time demands that could result in increased role conflicts. The stage of the family life cycle (newlywed, young children, blended family or empty nesters) will not necessarily influence spousal commitment, but may

influence personal-role conflict and the time available to dedicate to the business (Van Auken & Werbel 2006:54).

Committed spouses are also more likely to offer emotional support to their partner than uncommitted spouses (Van Auken & Werbel 2006:54). According to Poza and Messer (2001), spouses play a significant part in reinforcing family harmony and business goals. The dynamic of committed spouses positively influences family commitment, culture, communication and business management. Committed spouses share their dreams with each other and the psychological contribution to the business opportunity will make the sharing of common goals possible. Spouses will feel more comfortable sharing their business decisions with someone who shares their dream and a committed spouse is generally more enthusiastic to contribute energies to guarantee effective decision-making. As a result, committed spouses are expected to be caring and sympathetic in response to their partner's business problems (Van Auken & Werbel 2006:54-55).

Consequently, there is greater commitment in a copreneurship than in other business types, because the business is in the hearts of the couple. Copreneurs are in business together, and will therefore succeed or fail together. Both spouses are attempting to build a successful business and are prepared to do whatever it takes to achieve this (Charles 2006:169).

3.4.8 NON-FAMILY INVOLVEMENT

Sorenson (2000:198) suggests that a readiness to acquire knowledge from experienced professionals is a characteristic of an effective family business. Aronoff and Ward (1996) assert that outsiders can clarify family business owner's roles, especially in instances where the owner's decisions will affect both the family and the business. In addition, Ward (2004) notes that outsiders can increase a family businesses likelihood of surviving long-term by helping it handle the costs of role blurring.

Family members who are not actively involved in the daily running of the family business must have confidence in the capabilities of those members managing the

business (Sundaramurthy 2008:94). Family business managers can develop this confidence by making the business and themselves open to outside influence and expertise. One way in which family business managers can obtain external influences is by appointing non-family members to their board of directors (Sundaramurthy 2008:94). Similarly, Rwigema and Venter (2004:502) assert that a board of directors or advisory board provides a family business with a means of introducing outside governance into their business. Appointing non-family members to the board of directors will ensure that a family business is equipped to institute boundaries between its family and business systems, as well as improving both strategic decision making and the business competitiveness. In addition, non-family board members present a system of checks and balances against which managers can be held liable (Sundaramurthy 2008:94). Family businesses can also gain access to outside resources such as information, expertise and networks by appointing non-family members to the board of directors (Aronoff & Ward 1996). In addition, external board members can bring objectivity and experience to a family business, while providing the strength needed to make tough decisions regarding family members (Rwigema & Venter 2004:502; Sundaramurthy 2008:95).

Maas and Diederichs (2007:87) advise that family businesses should utilise external facilitators or management trainers to assist with certain team-building issues and should ensure that team-building activities are designed to meet their particular team-building requirements. A process of ongoing mentoring or counselling should also be established in order to handle any subconscious emotional issues that may emerge during team-building.

Numerous authors (Garza 2003:4; Tompson & Tompson 2000:5; Van Auken & Werbel 2006:59) have highlighted the important influence that business consultants have on copreneurships. Van Auken and Werbel (2006:59) contend that spouses can increase their business's chance of success by hiring consultants during the prelaunch phase of the business, so as to help promote open discussion between them about their intended business. Business consultants can convince spouses to assess their marital expectations about matters such as their person-role issues, work-family conflicts, satisfactory levels of financial risk and the spouse's level of commitment to the business, before commencing business. Consultants can also

assist copreneurs in understanding the effects that a negative communication cycle may have on their business. Consultants also help copreneurs to determine underlying conflicts, aid them in understanding the cause of these conflicts and present the spouses with an opportunity to formulate common goals, thereby helping to enhance their working relationship (Van Auken & Werbel 2006:59). In addition, Garza (2003:4) observed that some copreneurs attribute the control they have in their business to their team-builders and consultants, as these individuals provided their businesses with “therapy” similar to that of a marriage counsellor. Consequently, consultants can add value to both the business and the couple by helping copreneurs to recognise that a strong working relationship is vital to the success of their business (Van Auken & Werbel 2006:59).

According to Foley and Powell (1997:44) work-family conflict may arise if copreneurs fail to distribute the workload associated with their work and family domains between them. However, it is also possible that the work required in the work and/or family domains is too much for the partnership to handle by itself, necessitating the use of outside help in either the work and/or family domains. Copreneurs should hire competent employees to increase the capacity of their business, and in particular should not hold back on administrative staff as skilled employees can help to lighten their workload (Millner 2005:29). In addition, Leach and Bogod (2003:45) recommend that copreneurs should consider including an outsider in the business structure from the establishment of the business venture in order to provide a balancing opinion, resolve tension and assist the couple in preventing jealousy, competition and blame.

Millner (2005:31) and Newton (2002:69) noted that small copreneurships can acquire a big-picture perspective by attending conferences and management seminars relative to their industry. Conferences can aid copreneurs by highlighting the need to review their compensation-sharing agreements, as well as the importance of grooming young staff members as potential successors.

In her interview with a group of copreneurial financial planners, Newton (2002:69) observed that copreneurs can benefit from enlisting the help of accountants, attorneys and coaches. Similarly, Stewart-Gross and Gross (2007:34) advise that copreneurs should discuss the productive management of their wealth with estate-

planning professionals. Copreneurs can also acquire useful feedback from their peers concerning their business and ideas, by joining professional bodies relevant to their particular industry (Newton 2002:69).

In addition, Jaffe (1990:163) refers to the impact that friends of the copreneurs have on both their marriage and their business. Many copreneurs acknowledge that they confide in their friends about problems that they have encountered, either in their marriage or their business, and their friends in turn provide the spouses with an outsider's point of view. Despite their demanding and frantic lives, Jaffe (1990:163) observed that many copreneurs consider it vital to have someone other than their spouse to confide in.

However, it is important to note that involving non-family members in copreneurial issues will not always have a positive impact on the business or the marriage. According to Jaffe (1990:157) couples have a natural propensity to form triangular alliances with other individuals to assist them in dealing with tension and anxiety that may emerge in their relationship. Triangulation occurs when one person, having a problem with a second person, takes that problem to a third person (Roth n.d.). If a spouse triangulates in his/her employees, it may result in employees feeling pressured into siding against the other spouse. Although triangulation is a natural method for dealing with tension, it can come at the expense of the couple's relationship and often the employee/boss relationship too. As a result of these coalitions, rivalry or conflict may develop between the spouses, as well as creating apprehension and instability in the business environment because employees feel drawn into the spouse's conflict (Jaffe 1990:158). Similarly, Newton (2002:70) asserts that copreneurs must ensure that employees do not get put in the middle of their disputes as it could cause employees to develop a negative opinion of working for married couples.

3.4.9 SHARED DREAM

According to Jaffe (1990:156), marriage has been defined as the formation of a shared discussion in which two people from dissimilar backgrounds unite to build a shared reality. This requires that the couple somewhat detach and isolate themselves from their past friends and relationships. The couple's intimate and personal discussions help to strengthen and build their dyad and they generally do not want to reveal this private part of their lives to others. Therefore, starting a business together presents a substantial risk to spouses as they are essentially publicising their vision. This vision encompasses their mutual evaluation of each other's abilities, the belief that their relationship is harmonious and strong enough to handle the inclusion of other people, and the readiness to put themselves at risk for it. Other stakeholders such as employees, customers and clients will easily be able to spot any weaknesses, an inability to tolerate the criticism of others, and denied or unnoticed strains in the spousal relationship (Jaffe 1990:156).

An individual's vision is that guiding ideal of what he/she wants to achieve for him/her and others. Goals are an individual's landmarks or dreams with cut-off dates. As such, entrepreneurship involves identifying, developing and fulfilling ones business vision. A partnership that is lacking a vision will have no basis for its planning and goal setting (Charles 2006:21). Having a shared vision and goals provides copreneurs with an edge when they are planning for the future (Charles 2006:22; Millner 2005:35). A copreneurial vision must be clear and vivid and it should encompass not only what the couple wants to do but also how they plan to do it (Jaffe 1990:161). If spouses want to build a business that suits and is pleasing to them and that will provide them and their relationship with an enriching experience, they must also exhibit their values in all of their decisions, on a daily basis. These values must be apparent to all customers, employees and salespeople (Charles 2006:31). Like all entrepreneurs, copreneurs are extremely motivated by their mission and vision. Their reason for working together stems not only from a desire to earn money, but also to make a statement, and the business is therefore viewed as a form of social expression. In order to become copreneurs, both spouses must become entrepreneurs and this requires that the business be an equal passion for them both. The couple must share a vision for both the business and their

relationship and this requires that the spouses agree on the place that the business will occupy in their lives (Jaffe 1990:160).

Both a well-managed business and a healthy family are founded on a commitment to a shared ideal, whether it be selling a product or building a home (Ward 1997). Brickman (1987) suggests that goal sharing and a commitment to goals are connected. Copreneurs who share goals are more likely to share the same outlook of the prospects that their business will generate and this may increase their readiness to devote energy toward the business. Similarly, Van Auken and Werbel (2006:54) found that a committed spouse will share the dreams of his/her entrepreneurial spouse. This mental investment in the business will make the sharing of common goals and methods of accomplishing common goals possible. The entrepreneurial spouse is also more likely to feel secure in sharing his/her business decisions with a spouse who shares the same dreams (Van Auken & Werbel 2006:54). This is especially valid if the spouses believe that the business will be advantageous to their family (Gersick et al. 1997).

Lewicki and Bunker (1996) assert that when partner's goals are aligned, identification-based trust emerges. This type of trust develops when partners think and feel alike because of their shared norms and values (Fukuyama 1995), which may be founded on common kinship, familiarity, background or interest (Lane 1998). Similarly, Newton (2002:72) found that having common goals will bring copreneurs closer together. For a copreneurship to succeed, it is essential that the couple's goals are compatible. The more the spouses share in common, the less likely they are to argue (Charles 2006:33).

3.4.10 LEADERSHIP AND PLANNING

As a result of the fast-paced and endlessly changing nature of the present business environment, it is becoming increasingly important for those individuals in control of organisations to possess leadership qualities, as opposed to simply being supervisors or managers. In other words, the present business environment calls for creative thinking and an orientation toward the long-term (Vallejo 2009:136).

3.4.10.1 Qualities of leadership

A leader is an individual who is able to identify a goal, convince others to assist in the accomplishment of that goal and lead his/her team to success. In order to be classified as a leader, an individual must have a team or group of people who follow his/her direction and trust the leader in doing so. As such, all leaders have a responsibility to fairly and ethically lead their employees, teams and businesses. The title “boss” or “manager” does not automatically make one a leader (Butler-Knight 2002:300).

In her discussion on the qualities of successful leadership, Marschack (2002) refers to a particular skill set called the “resilience factor”, which may enhance a leader’s position. The resilience factor comprises of certain qualities, namely: flexibility, a win-win philosophy, quality over quantity, stamina and foresight. A resilient leader is flexible enough to handle any situation that may arise within the business. Resilient leaders do not waste their time competing with others instead they adopt a philosophy of “everybody wins”. Spouses who work together will be resilient leaders if they learn to appreciate each other’s unique talents and contributions to the business. Resilient leaders cease trying to perform tasks rapidly and instead focus on being proficient, methodical and providers of the best quality. Resilient leadership also requires foresight and planning for the future, thereby creating a resilient business (Marshack 2002). In addition, Marshack (2002) also states that although good interpersonal skills are not necessarily required for business success, they do assist with efficiency.

Leaders should think and talk positively about their business and its likelihood of succeeding. Positive thoughts will help a leader to choose the best possible direction for the business, in order to achieve the outcomes desired. This should in turn increase the business’s chances of succeeding (Butler-Knight 2002:306). Similarly, Stewart-Gross and Gross (2007:194) advise copreneurs to lead their family and business to success with a positive attitude, as a positive attitude will influence all aspects of success in the spouse’s lives. In addition, family business founders and entrepreneurs should be highly developed learners, instructors and team builders

who inspire and treat others as they would want to be treated, as well as being honest, dependable, trustworthy and fair (Vallejo 2009:138).

3.4.10.2 Leadership responsibilities

Burns (2001:251-252) refers to five important elements when defining the job of a leader, namely: having a vision and idea, being able to undertake long-term strategic planning, being able to communicate effectively, creating an appropriate culture within the firm and monitoring and controlling performance. Firstly, by having a clear vision and idea for his/her business, a leader can provide those individuals working in the business with a clear understanding of its issues and concerns, as well as the values and future direction of the business (Burns 2001:251). Similarly, by being creative thinkers, family business leaders can inspire and provide direction for their businesses (Lansberg 1999:206). As such, it is necessary for family business leaders to have a long-term strategic outlook for their business, in order for them to contribute to its success (Lansberg 1999:8).

Once a leader has a vision and a strategy for his/her business, it is essential that it is communicated to the business stakeholders. Customers and investors must therefore be informed of where the business is going and how it is going to get there, so that they will be motivated and inspired to make it happen. The business stakeholders also need to be convinced that the business can cope with an uncertain environment and handle rapid change (Burns 2001:252). According to Marshack (2002) the ability to communicate with subordinates, colleagues and superiors is a trait familiar to all successful leaders. A self-assured leader communicates his/her self-assurance, thus invoking the best from others.

Leaders need to monitor and control the businesses performance, using both informal and formal methods. Informal methods generally entail direct, personal supervision and control, whereas formal methods generally entail examining information and handling paperwork (Burns 2001:252).

3.4.10.3 Leadership in copreneurships

Existing studies on copreneurs have shown contrasting views as to whether the husband or the wife is the dominant leader in copreneurships. Despite numerous authors' attempts to observe the role of gender in copreneurships, a consistent finding or outcome has yet to be established (Cole & Johnson 2007:186).

It has been suggested in previous research that wives are invisible in family businesses, as they tend to be passive, introverted followers with less power than their husbands (Marshack 1994; Rowe & Hong 2000:1). The findings of Marshack (1994) support this as she noted that although the wives in her study assumed responsibility for the household and shared in the management of the business, they were not regarded as the leader in either of these domains. However, despite the invisibility of copreneurial wives in terms of leadership, Marshack (1994) acknowledges that they are fundamental to the functioning of the business and the family. In contrast, Leach and Bogod (2003:43) are of the opinion that the traditional family business set-up of the husband as the entrepreneur and the wife as an essential but behind-the-scenes partner has become outdated. Couples are now taking measures to ensure that the wife is acknowledged as a full and equal partner. Similarly, Zimmerer and Scarborough (2002:21) characterise copreneurs as being full and equal partners, rather than managers and assistants. Jaffe (1990:152) also states that copreneurs generally adopt a model of shared leadership, since copreneurial wives are now able to contribute similar education levels, professional expertise, knowledge and enthusiasm to the business, as their husbands. In addition, Cox *et al.* (1984:30) observed that the couples in their study perceived themselves as being equals at work.

Ponthier and Caudill (1993), however, report that the men in their study had a propensity to be in charge even though they were equal partners with their wives. Marshack (1994) also found that the copreneurial husband takes the lead in both the business and at home, whilst the wife is always the support person. O'Connor *et al.* (2006) reported in their study that more men perceived themselves as being the managing director or lead entrepreneur of their business, than women. In contrast,

Millman and Martin (2007) found that the wives in their study lead and managed their businesses and that this leadership was observed by both spouses.

Regardless of the suggested invisibility of copreneurial wives in terms of leadership, Cole (1993) found that the copreneurs in her study had negligible gender concerns and that the women did not feel hampered in the power base of the business. These women indicated that they could choose the amount of responsibility they would assume in the business and that those wives who held subordinate positions to their husbands did so out of choice, rather than through gender based power struggles. Cole and Johnson (2007:193) also reported that the copreneurs in their study perceived gender as being a nonissue in their relationships and that the women reported feeling more empowered as they had a distinct influence in running the business with their husbands.

3.4.10.4 Decision-making

Numerous authors (Danes et al. 2002:34; Cox et al. 1984:29; Foley & Powell 1997:41-42; Leach & Bogod 2003:43; Smith 2000:286) have discussed the nature of the decision-making process in family businesses and copreneurships.

According to Cox et al. (1984:30) copreneurs should share the decision-making process of their business between them. The respondents in their study supported this statement by indicating that they consider themselves equal with regard to the decision-making in the business. Danes et al. (2002:34) observed that both spouses are frequently involved in the decision-making processes of family businesses and that this shared decision-making will result in the development of an emotional interdependence between the two decision-makers. Furthermore, with regard to decisions concerning financial matters, joint decision-making will result in the development of collaborative methods for dealing with disagreements about finances and in turn generate greater levels of sustainability for the family business (Danes et al. 2002:40). Millman and Martin (2007) also reported that the copreneurs in their study believed that decision-making was shared between them. Therefore, in order to prevent conflict in situations where the decision-making is shared between the copreneurs, Garza (2003:4) and Tischler (2005) advise that a decision should be

made regarding who will have the final say if there is a difference of opinion. In addition, Leach and Bogod (2003:43) acknowledge that although many spouses experience joint decision-making as being the key to success, others elect to split the decision-making responsibilities either according to their strengths and weaknesses or in line with the roles that they have previously agreed upon. Therefore, the partner with authority in a particular area can make all of the decisions relevant to that area. Smith (2000:286) however found that the male spouses in her study were mainly responsible for the decision-making in their business and spent more time at work, dealing with customers. As a result of this regular interaction with customers, the male spouses were generally perceived by customers as being the boss. The female spouses showed a tendency to limit their involvement in the business to allow for childcare responsibilities. In addition, the major household decisions were shared by both spouses. Smith (2000:286) adds that the women in her study appeared content with this arrangement, suggesting that it helped prevent work-family conflict and facilitated a more harmonious married relationship.

Foley and Powell (1997:42) refer to two norms associated with marriage, the first norm being that spouses want to have an equal say in each other's decisions because they are equal partners and the second norm being that the husband is dominant and in control. Tensions may arise in a copreneurship if one spouse desires to be perceived as superior to his/her spouse whilst the other spouse desires that they be regarded as equals in the business. For example, in situations where one of the spouses is the business's founder, he/she may try to control and manage any disagreements that may arise by limiting the involvement of others in the decision-making process. Situations such as this, where the spouses are equal partners in marriage, but unequal partners in business, may result in conflict, as a partner who believes himself/herself to be the leader may require more of his/her time to be allocated to work (Foley & Powell 1997:41).

3.4.10.5 Leadership styles

According to Sorenson (2000), various types of leadership styles exist, namely participative, expert and referent leadership. Participative leadership is characterised by relationships that are group-oriented and founded on trust. Participative leaders

involve other members of the business in decision-making (Du Toit et al. 2007:257; McCrimmon 2007; Sorenson 2000:186) and the level of participation employed varies from information gathering and consulting to joint decision-making and delegation. Participative leadership is inclined to build understanding and cohesive teamwork, boost satisfaction, resolve conflicts, increase the acceptance and improve the quality of decisions, develop decision-making skills and leaders and increase the understanding of the business (Sorenson 2000:186). Since the opinions and advice of knowledgeable employees is sought after for the decision-making process, participative leaders can motivate their employees by making them feel appreciated (McCrimmon 2007). Participative leadership encourages family members and employees to become committed to both the business and the family. This commitment develops as a result of the joint participation of family members and employees toward a common activity, in which they may witness the effect of their contribution. Sorenson (2000:186) made the assumption that participative leadership should generate commitment and satisfaction among family members and employees by generating superior outcomes and satisfaction. This view is supported by Vallejo (2009:138) who stated that participative leadership permits family businesses to accomplish the results anticipated by both the family and the business simultaneously, thus resulting in higher levels of satisfaction and commitment among employees who are not family members.

Expert leadership stems from expert knowledge and technical skills and can include information, knowledge, wisdom, good decision-making skills and sound judgment. Research has shown that individuals in business defer to, cooperate with and agree with perceived experts. Therefore, through expert leadership, it is possible to acquire the support needed for the business and family to achieve their desired outcomes (Sorenson 2000:186-187).

When individuals have a positive regard for and a need to please their leader, it is referred to as referent leadership. Consequently, if leaders are perceived as being fair, welcoming, considerate of the needs of others, respectful and trusting, referent leadership may increase. However, if a leader is conceited or pessimistic, referent leadership will diminish (Sorenson 2000:187). Therefore, a referent leader is an individual whom family members and employees can trust and rely on for support as

he/she is knowledgeable in the business. Referent leaders inspire loyalty and encourage a sense of pride in their employees (Sorenson 2000:196). In his study, Sorenson (2000:187) made the assumption that referent leadership should result in improved employee satisfaction and commitment, as well as evoking the support needed for the family and business to achieve their desired outcomes.

In addition to the characteristics of participative and referent leadership, there are several specific customs associated with these leadership styles. Participative leadership is most commonly associated with customs such as seeking advice from outside experts, emphasising family business values, taking regular family vacations and teamwork. Participative leaders admit that outside individuals are capable of making useful and valuable contributions to their family business (Sorenson 2000:194;198). According to Sorenson (2000:194) the emphasis on family values implies that businesses lead by participative leaders rely on a strong organisational culture to define the suitable conduct in their business. In other words the culture (and not formal rules and standards) steer the conduct in the business, making it more open and adaptable to change. Participative leadership also facilitates open communication, helping change to occur promptly. Referent leadership is commonly associated with the same customs as participative leadership. However, there is one additional custom associated only with referent leadership, namely employee empowerment. Employee empowerment arises as referent leaders manage the conduct of their employees by depending on values, interpersonal influence and relations. Employees are therefore empowered to perform within the value-based structure of the family business (Sorenson 2000:196).

Research has also shown that the leadership style implemented by copreneurs may differ, depending on their gender. Female copreneurs generally employ a leadership style that is informal and focused on facilitating discussion and feedback, with the aim of promoting and sustaining loyalty among employees (O'Connor *et al.* 2006). Female copreneurs also tend to be cautious about their conduct so not to undermine their partner (Millman & Martin 2007). As such, female copreneurs are primarily concerned with continuing the business. In contrast, male copreneurs generally rely on the power of their position and like to be in command of situations by giving orders. Men also use incentives and chastisement to influence their employees.

Unlike their female counterparts, male copreneurs are primarily concerned with growing the business (O'Connor et al. 2006).

3.4.10.6 Planning

Family business leaders are required to inspire and provide direction for their business, by being creative thinkers (Lansberg 1999:206). They are also responsible for planning the future of the business, either in the form of strategic, continuity, succession or estate planning. As a leadership task, strategic planning is particularly important to the creative process and is vital for family business continuity (Lansberg 1999:337). By having a long-term strategic outlook, family business leaders can contribute to the success of their businesses (Lansberg 1999:8). In addition, the capacity to share decision-making and value orientations is a vital requirement for the successful perpetuation of a family business, which can be strengthened through strategic planning (Van Eeden & Venter 2007:18).

Couples should plan before venturing into business together (Tompson & Tompson 2000:6). Stewart-Gross and Gross (2007:34) advise that during the start-up phase of the business copreneurs should thoroughly discuss issues such as their business plan and the affect it will have on their plan for their family, as well as money, financial priorities and how they are going to manage their money on a daily basis, both within the business and the family. By discussing financial issues upfront, copreneurs can help to circumvent unnecessary tension and arguments (Stewart-Gross & Gross 2007:34). In addition, copreneurs should discuss the strategic and ownership plans, as well as the partnership agreement of their business (Sleeping with the boss 2008:70; Stewart-Gross & Gross 2007:35-36). Another important issue requiring forethought and planning during the start-up phase of the business is the business structure, including the business name, logo and the titles and positions that the spouses will occupy in the business. Copreneurs should plan to schedule time off together to discuss, evaluate and prepare for their business, as well as planning for scheduled, ongoing communication and methods for resolving conflict (Stewart-Gross & Gross 2007:36).

Drawing up legal documents that will govern future happenings such as the death of one of the spouses, a divorce or the business becoming bankrupt are other important planning issues to be considered by the copreneurs. Cole and Johnson (2007:187) note that specific legal contracts such as prenuptial agreements can help family businesses survive divorce. Separation, divorce and the death of either spouse are valid threats that may impact any business and copreneurs should ensure that their partnership agreement is prepared in such a way that it makes provision for these unforeseen events (Williams 2008:96). Copreneurs should thoroughly discuss the course of events that will follow in these situations and record their decisions in writing, in their partnership agreement (Sleeping with the boss 2008:71).

Copreneurs can preserve their business by taking out life insurance, declaring that if one of the spouses should die, the remaining spouse will automatically take over their share of the business. This is especially important if the spouses function in specialised areas where the skills of the deceased spouse may be difficult to replace (Sleeping with the boss 2008:71). Succession planning is an important issue that all small businesses, family businesses and copreneurships should take into consideration. Copreneurs should map the direction of their business, as well as the course of action that will be taken if one of the spouses opts out of the business (Sleeping with the boss 2008:71). Similarly, Williams (2008:96) asserts that copreneurs should structure their partnership agreement to incorporate what should be done if one of the spouses decides to sell his/her stake in the business.

According to Williams (2008:94) copreneurial success requires meticulous planning and a lot of hard work. However, despite advice from numerous authors (Lansberg 1999:337; Maas & Diederichs 2007:49; Stewart-Gross & Gross 2007:34-36; Tompson & Tompson 2000:6) on the importance of planning before entering into a copreneurship, evidence suggests that many copreneurs elect not to conclude formal partnership agreements or prepare current business plans for their family businesses' (Millner 2005:31; Newton 2002:68).

3.4.11 COMPLEMENTARY SKILLS

Spouses who know and appreciate each other's strengths and weaknesses are best suited to copreneurship (Sleeping with the boss 2008:71). Stout (1998) recommends that before venturing into business together, spouses should take inventory of each other's strengths and weaknesses. This view is supported by Duff (2005:62) and Newton (2002:69) who recognised the need for spouses to identify each other's strengths and weaknesses in order to complement each other. In addition, Stewart-Gross and Gross (2007:30) assert that copreneurs are able to combine their individual strengths and compensate for each other's weaknesses as a result of their teamwork.

Before making the decision to pursue a copreneurship, spouses should ensure that their skills (Davies 1998) and personalities are compatible (Rothbart 1982). To be effective, the acknowledgement and appreciation of each other's unique skills should take place before commencing business, while the spouses are in the process of establishing their working arrangement (Zimmerer & Scarborough 2002:21). O'Connor et al. (2006) reported that the copreneurs in their study elected to enter into a copreneurship with their spouse in order to take advantage of their complimentary skills. These copreneurs also acknowledged that they adopted a copreneurial team approach in order to increase their business's likelihood of success through their shared skills and knowledge.

In addition, Charles (2006:74-75) notes that in successful partnerships, the partners encourage each other to achieve their dreams, use their strengths, and make the most of their talents. As partners in business and in marriage, copreneurs should acknowledge each other's strengths and skills, in order to build trust in their respective capabilities, and in so doing discontinue the need for deliberation regarding every business decision. The process of learning to accept and appreciate each other's different skills, strengths and styles is one of the greatest challenges that copreneurs may face, as it may result in conflict. It is for this reason that every copreneurial couple should learn how to manage their combined skills, strengths and styles in a productive manner, for the benefit of their business and their personal relationship (Charles 2006:76).

3.4.12 DIVISION OF LABOUR

Many copreneurs and researchers (Charles 2006:84; Duff 2005:61; Jaffe 1990:164; Newton 2002:68; Tischler 2005; Tompson & Tompson 2000:9) suggest that having definite separate roles is essential for making a copreneurship work. Division of labour not only makes a business run more efficiently, but also presents the partners involved with the opportunity to achieve more and learn from each other (Charles 2006:84). Similarly, Stewart-Gross and Gross (2007:14) note that successful copreneurs pay attention to their allocation of responsibilities, both within the business and the marriage. In addition, Charles (2006:79) asserts that the sharing of responsibilities is vital to the long-term success of copreneurial businesses.

Stewart-Gross and Gross (2007:91) recommend that spouses can make the blended lifestyle of copreneurship work for them by “looking out for each other”. One way in which copreneurs can do this is by assessing how they are going to share their business and family related responsibilities. As business partners copreneurs must determine who will be responsible for the assorted tasks and responsibilities within their work and family domains. This determination should be based on the spouses’ interests, abilities, training, skills and time available (Charles 2006:80; Roha & Blum 1990; Stewart-Gross & Gross 2007:92). On the other hand, Longenecker et al. (2003:175) are of the opinion that copreneurs roles depend on their backgrounds and capabilities. Once roles have been allocated and the spouses are aware of what they are each responsible for, they should let their partner to do his/her job (Charles 2006:80; Jaffe 1990:163). Copreneurs must remember that their division of labour should be based on what they each enjoy and are best suited to, and should subsequently respect the arrangement even if their styles and methods differ (Charles 2006:80; Jaffe 1990:163).

It is possible that there may be certain tasks that neither spouse wants to take responsibility for. If so, copreneurs must accept that in the beginning stages of the business they will need to do all things necessary to ensure that the business becomes operational. This may require sharing or taking turns performing unpleasant tasks, or recruiting the assistance of a volunteer until the copreneurs can afford to appoint someone to take the tasks over full time. Copreneurs must also bare in mind

that responsibilities usually change or evolve as the business grows. Small businesses require flexibility and the input of all members involved in order to survive and prosper (Charles 2006:85). In addition, each spouse should have an understanding of his/her spouse's responsibilities so that if necessary, they can step into each other's shoes (Charles 2006:85; Sleeping with the boss 2008:68). Each spouse should also follow a set procedure when performing their tasks so that if necessary, their partner can perform those tasks in the same way (Charles 2006:85).

Spouses should regularly evaluate their role allocations in order to determine if they are still satisfied with their original roles. If they have become dissatisfied with their division of labour, copreneurs should discuss the changes they need to implement and experiment with new allocation responsibilities. This regular evaluation is essential as the spouses' circumstances may have changed considerably since the original division of labour was established (Stewart-Gross & Gross 2007:92).

Charles (2006:79) is of the opinion that the demarcation of roles and responsibilities between copreneurs will achieve several things, namely:

- Ensuring that essential jobs are completed as there is someone accountable for their completion;
- Presenting each partner with a sense of ownership in the business;
- Encouraging spouses to appreciate the strengths and contributions of their partner; and
- Illustrating the spouses' trust in each other and helping them to build on that trust.

Maas and Diederichs (2007:44) assert that it is essential for copreneurs to be conscious of the fact that allocating roles and responsibilities in their business can be as much of a challenge and process of negotiation as in the family unit. Charles (2006:83) advises that in order to reduce conflict and manage the demands of the business and the family, copreneurs must have job descriptions with clearly defined roles, responsibilities and areas of authority. Domestic and office tensions can be drastically decreased if copreneurs agree on and have a shared understanding of their individual roles and responsibilities. In their study, Danes and Lee (2004:358) found that a key aspect of low couple conflict was the acceptance of each other's

roles within the business. In addition, Roha and Blum (1990) assert that in order for copreneurs to establish a division of labour in their copreneurship, they must have confidence in and respect for each other.

3.4.12.1 Work responsibilities

According to Tompson and Tompson (2000:6) most copreneurs are responsible for a set of tasks in their marriage that are not delegated or passed on to others. The same kind of role clarity should be instituted in the business as well.

Stern (2008:16) recommends that copreneurs should have completely different responsibilities in order to reduce conflict and prevent competition between them. Similarly, Millner (2005:30) as well as Roha and Blum (1990) assert that each copreneur should have full autonomy over the final decisions made in his/her own specific area of responsibility, thereby preventing the spouses from “stepping on each other’s toes”. In addition, Roha and Blum (1990) assert that copreneurs should still work together on decisions that affect the business as a whole. By dividing the tasks and authority of their business between them, copreneurs can reduce frustration and improve their effectiveness (Millner 2005:31).

Despite these recommendations, research has shown that copreneurs have retained the more traditional sex roles in their business and marital relationships (Tompson & Tompson 2000:9). Numerous studies (e.g. Marshack 1994; O’Connor et al. 2006) have shown that copreneurial husbands are generally responsible for business-related tasks such as building and equipment maintenance, negotiating contracts, sales, marketing and product development. In the same manner, Smith (2000:286) observed that the copreneurial husbands in her study were largely responsible for decision-making at work and generally spent more time working in the business, causing customers to recognise the husband as the boss of the business.

Previous research (Marshack 1994; O’Connor et al. 2006) has shown that the main business responsibilities of copreneurial wives include bookkeeping, accounting, administration, secretarial, operating the switchboard, payroll, invoicing and collections. In addition, O’Connor et al. (2006) and Tompson and Tompson (2000:9)

found that copreneurial wives usually occupy a subordinate or supportive role in their business domain. Similarly, Smith (2000:286) found that copreneurial wives tend to be less involved in the business in order to facilitate their childcare responsibilities.

However, Marshack (1994) also observed that certain tasks, such as budget and business planning, sales, marketing, employee supervision and professional services, are beginning to change from being the primary responsibility of one of the spouses to being shared by both spouses. Luccaccini and Muscat (2001) suggest that while the copreneurial husband is inclined to be the primary decision-maker in the business, the wife is an equal partner, sharing in the activities and responsibilities of the business. Although there are clearly several distinct areas of responsibility still being allocated along traditional sex-roles lines, Marshack (1994) found that the copreneurs in her study shared the responsibilities of customer service, quality control, computers and purchasing between them according to their preferences or abilities.

For these reasons, Marshack (1994) advises that dividing work-related tasks in line with talent rather than gender will permit better succession planning and opportunities for all members aspiring to work in a family business.

3.4.12.2 Household responsibilities

In her study, Marshack (1994) found that the division of household responsibilities among copreneurs is somewhat traditional. Copreneurial husbands are mainly responsible for small repairs, lawn care, playing with their children and car and home maintenance (Marshack 1994; Rowe & Hong 2000:3). Other studies (Firkin, Dupuis & De Bruin 2003; Fitzgerald & Muske 2002:13; Millman & Martin 2007; Rowe & Hong 2000:3; Smith 2000:286) have shown that female copreneurs usually take responsibility for organising and running the home and the family on a daily basis, while sharing the responsibility for major domestic decisions with their husbands. Therefore, copreneurial wives are mainly responsible for washing dishes, grocery shopping, laundry, cooking, childcare, managing family finances, general housework and cleaning. In addition, Smith (2000:286) noted that the copreneurial wives in her study appeared satisfied with this arrangement as they believe it aids in avoiding

work-family conflict and promotes a more harmonious marital relationship. According to Harris, McIntosh and Lewis (2007:399) it is characteristic of mature aged women to be at ease with gendered roles in the home based on traditional sex orientations.

However, a third of the copreneurs in Marshack's (1994) study reported that they tend to share in tasks such as washing dishes, cooking and yard work thereby indicating that this responsibility may be assigned according to preference or ability, or shared equally. This view is supported by Rosenblatt, de Mik, Anderson and Johnson (1985), who assert that the tasks of the family domain should be distributed in line with the member's skills and abilities rather than gender, especially in a family business where both the husband and wife are involved and where the husband has more expertise and executive power than his wife. Failure to do so may result in a marital dynamic that promotes tension over who does what. Cox et al. (1984:25) also suggest that housekeeping and childrearing responsibilities should be shared equally among copreneurs. The copreneurs in their study considered themselves partners at home and in business, preferring to share household responsibilities along with business responsibilities. The copreneurs did not consider themselves as having the usual superior-subordinate relationship (Cox et al. 1984:30).

The division of household chores can be a point of contention between copreneurs. The female spouse more often than not does double duty at work and at home. Unequal duties in the home coupled with fairly equal business duties may result in frustration, resentment and even burnout (Roha & Blum 1990).

3.4.13 INTERNAL CONTEXT

In order to experience the potential benefits of teamwork, organisations must supply an internal organisational context that provides the support required for teams to function effectively (Hitt et al. 2006:420; Robbins 2003:267). For example, Robbins (2003:267) found that a shortage of resources will have a direct effect on a team's ability to perform its job effectively. Similarly, Danes and Lee (2004:364) found that resource constraints in either the family or business system can affect interpersonal transactions.

Supportive resources consist of providing (Hitt et al. 2006:349,420,421; Robbins 2003:267; Northouse 2004:214; Ivancevich et al. 2005:341):

- the *technology* needed for the performance of tasks and the management of activities;
- timely access to suitable *information*;
- sufficient *staffing* with the right skills and values;
- *training* for team members;
- *recognition* for achievements, *rewards* and encouragement;
- sufficient *material resources*; and
- *leadership* and clear direction.

Resources in a family business refer to the necessary inputs, such as: money, people, materials, and external information (Poutziouris et al. 2006:131). In addition, Van Auken and Werbel (2006:50) assert that spouses provide varying degrees of financial resources, time resources, or human capital to facilitate the success of their business.

3.4.14 GOVERNANCE

According to Rwigema and Venter (2004:501), the successful continuation of a family business is largely dependent on an understanding of the importance of a sound governance structure. A family business lacking in governance generally begins to experience problems when that business is passed to the second generation. Those businesses that survive this transition have a sound and acceptable governance structure. The simplest and most direct structure has two elements, namely: governance of the business and governance within the family.

In essence, governance is a task of leadership and direction within an organisation; suitable risk management and control over its performance; and the way in which its performance is released to shareholders and other stakeholders (Hough et al. 2008:173). In addition, governance is the means through which the values, principles, management policies and procedures of any business are visible to others. It refers to the complete system through which organisations are managed

and supervised, as well as encompassing those personal beliefs, values and ethics that constitute the organisational values, beliefs and ethics, and therefore the action of those individuals both inside and outside of the organisation.

According to Hough et al. (2008:173) business governance is essential to any business that wants to succeed in the local and global business environments. In broad terms, governance refers to the formal process of managing a business. This management process encompasses methods through which businesses express their interests, exercise their legal rights, meet their obligations and reconcile their differences (Hough et al. 2008:173).

According to Hough et al. (2008:175), there are several benefits of business governance, namely that it:

- Increases the value of a business;
- Fosters a spirit of enterprise;
- Gives confidence to the market;
- Enhances the reputation of a business;
- Improves efficiency;
- Encourages innovation;
- Improves competitive advantages; and
- Meets financial, legal and statutory obligations.

Business governance is important for several reasons. Firstly, it influences individual's attitudes toward business, responsibilities, leadership, honesty and integrity. Having good governance in place in a business will help to ensure that there is sensitivity to the needs of society, transparency in the business and will assist in instituting principles that inspire a good code of conduct that is founded on ethical and equitable values. If this is achieved, it will add to the success of a business by making leaders conscious of sound decision-making in the best interests of the business, its shareholders and stakeholders (Hough et al. 2008:174).

The simplest and most common family governance structure is the family meeting (Rwigema & Venter 2004:501). Poza, Alfred and Maheshwari (1997) assert that

family meetings, councils, retreats and assemblies are systematic communication forums, vital to a positive family culture, as well as facilitating reinvestment in interpersonal trust as the family and business grows.

Maas and Diederichs (2007:85) recommend family business meetings as a means of ensuring good business communication, particularly when dealing with new ventures or problems. A properly managed family business meeting will facilitate businesslike discussions and decision-making, as well as ensuring the effective implementation of any business decisions made in that meeting (Maas & Diederichs 2007:87). These business meetings should always be official and scheduled, and organised within a strategic and operational outline that has been agreed upon by management. Family members should hold business meetings when making significant business decisions and these meetings should not be cancelled, nor should members be absent because “they are too busy” (Maas & Diederichs 2007:86).

Evidence shows (Newton 2002:69) that although numerous authors recommend the holding of formal business meetings in family businesses (Maas & Diederichs 2007:86), many copreneurs undertake rather informal decision-making and discussions. For example, Newton (2002:69) found that copreneurs tend to have regular formal discussions while in the process of establishing the business, but that these formal discussions eventually disappear once they became more involved in the business.

Family governance has been referred to as a set of institutions and mechanisms that direct the relationships in families and between the family and the business. These institutions provide a means for establishing and communicating group norms, as well as establishing rules to govern the behaviour of family members with regards to the family business (Poutziouris et al. 2006:129).

Family members can determine what is important to them as a family and as individuals through the process of establishing clear policies and procedures. Clear policies permit the incorporation of family values into the business, and assist in building trust in the family business system, for individuals working both within and outside of the business. These agreements can also play an important part in

communicating the family's wishes to keep the business in the family, while simultaneously highlighting a commitment to meritocracy and not nepotism (Sundaramurthy 2008:96). Additional opportunities for building trust in the family business system exist in the form of clear compensation and performance evaluation policies. Clearly specifying and consistently applying guidelines for performance evaluation and compensation can assist in eliminating role uncertainty and build confidence in the family business. These policies can also assist the family business in managing the prospects of future generations, employees and external stakeholders (Sundaramurthy 2008:96). According to Van Auken and Werbel (2006:50), a spouse becomes a significant stakeholder in a family business owing to the economic bonds of marriage. In addition, Tischler (2005) advises that copreneurs should establish guidelines for professional behaviour in their business.

3.5 SUMMARY

One of the most significant requirements for a successful copreneurship is that the spouses work together as a team. Therefore teamwork and collaboration are vital to the success of a copreneurial business. Irrespective of their unique nature, copreneurial teams are essentially identical to any other teams in an organisational context. Consequently, the organisational concepts applicable to effective teams are as relevant to copreneurial teams as they are to other types of teams. A discussion of the various factors influencing the success of copreneurial teams has formed the foundation for this chapter.

To begin with, the nature and value of teams in the business environment was discussed. This discussion also included a brief description of the stages of team development. It was established that entrepreneurial teams comprise a group of individuals who are involved in the establishment and management of new ventures, and are therefore vital to the growth of new ventures. Consequently, it is essential for businesses to establish effective team structures that will permit active and energetic problem-solving, as well as generating creative strength and new ideas from its members. Whether in business or in personal life, being a member of a successful team is a satisfying and beneficial experience.

After careful consideration of the existing literature on effective teams, the different models proposed and the factors identified by Farrington (2009), it was clear that successful teams have confirmed their ability with regard to two types of factors: firstly, *relationship-based* factors focusing on the person-to-person and inter-group teamwork dynamics or processes between team members, and secondly, *organisational-based* factors relating to the team's ability to achieve what it has been designed to do, by having a supportive context and a suitable composition and structure. The specific *relational-based* factors that influence the interaction between copreneurs are *Spousal relationship, Respect and trust, Fairness, Open communication, Balance between work and family, Family harmony, Commitment to the business* and *Non-family involvement*. The *organisational-based* factors include: *Shared dream, Leadership and planning, Complementary skills, Division of labour, Internal context* and *Governance*. These relational- and organisational-based factors mirror the essential attributes and requirements for effective copreneurial teams and partnerships.

Chapter 4 will endeavour to merge the various *relational-based* and *organisational-based* factors into a comprehensive conceptual model, which portrays the conditions required for the effective functioning of copreneurial teams.

CHAPTER 4

A CONCEPTUAL MODEL OF FACTORS THAT INFLUENCE THE SUCCESS OF COPRENEURIAL BUSINESSES

4.1 INTRODUCTION

A variety of factors influence whether copreneurships succeed or fail, most of which have been identified in Chapter 3. For the purpose of this study, the factors influencing the success of copreneurships have been categorised into two broad groups, namely *relational-based* and *organisational-based* factors. *Relational-based* factors refer to those factors that influence the dynamics and interaction between people, specifically spouses, when they work together as a team. *Organisational-based* factors relate specifically to those factors that influence the spouses' ability to complete the task at hand. By their nature, these relational-based factors will also influence family relationships and the interaction between family members.

A proposed conceptual model of the selected variables or factors that are hypothesised as influencing the success of copreneurships is to be presented in this chapter. The independent, intervening and dependent variables which form the basis of the model, as well as the resulting hypothesised relationships, will be discussed. To facilitate discussion, the variables identified are divided into three categories. The first category encompasses the dependent and intervening variables, namely *Perceived success* and *Financial performance*. The second category encompasses the independent variables of a relational nature and the third category those independent variables relating to the task at hand.

4.2 CONCEPTUAL MODEL

In her study, Farrington (2009) investigated the factors influencing the *Perceived success* of Sibling Partnerships. As copreneurships are also a team like Sibling Partnerships, Farrington's model was used to develop a conceptual model of the factors influencing the *Perceived success* of copreneurships. The theoretical support

for each of Farrington's (2009) hypothesised relationships between the independent, intervening and dependent variables that were identified in her study and which are also relevant to this study, are presented in Table 4.1 below.

Table 4.1: Relationships and theoretical support

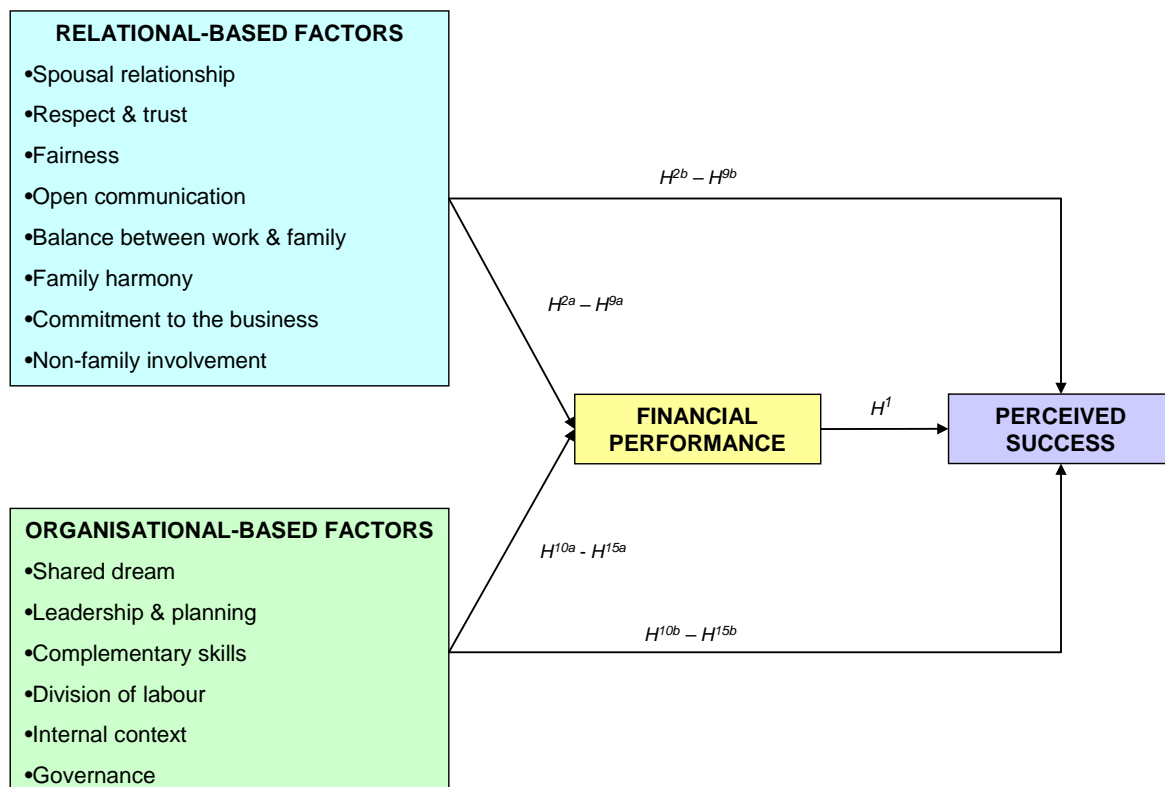
Independent variable	Dependent variable	Theoretical support
Financial performance	Perceived success	Adendorff 2004; Danes <i>et al.</i> 1999; Goldberg 1996; Ivancevich <i>et al.</i> 2005; Maas, Van der Merwe & Venter 2005; Mondy & Premeaux 1995; Northouse 2004; Sharma 2004; Venter 2003; Ward 2004.
Family harmony	Perceived success & Financial performance	Astrachan & Kolenko 1994; Aronoff <i>et al.</i> 1997; Fahed-Sreih & Djoundourian 2006; Lansberg 1999; Maas <i>et al.</i> 2005; Malone 1989; Santiago 2000; Sharma 2004; Van Auken & Werbel 2006.
Context	Perceived success & Financial performance	Campion <i>et al.</i> 1993; Doolen, Hacker & Van Aken 2006; Hackman 1990; Hackman & Walton 1986; Hitt <i>et al.</i> 2006; Hyatt & Ruddy 1997; Howard <i>et al.</i> 2005; Robbins 2003.
Complementary skills	Perceived success & Financial performance	Aronoff & Ward 1992; Aronoff <i>et al.</i> 1997; Barrick <i>et al.</i> 1998; Hitt <i>et al.</i> 2006; Stevens & Campion 1994; Olukayode & Ehigie 2005; Venter 2003.
Division of labour	Perceived success, Family harmony & Financial performance	Aronoff <i>et al.</i> 1997; Cowie 2007; Handler 1991; Keen 2003; Lansberg 1999; Maas <i>et al.</i> 2005; Robbins 2003; Santiago 2000; Sharma 1997; Swogger 1991; Roure & Keeley 1990.
Shared dream	Perceived success, Family harmony & Financial performance	Brigham 2004; Hyatt & Ruddy 1997; Ivancevich <i>et al.</i> 2005; Keen 2003; Lansberg 1999; McCall 2002; Mustakallio, Autio & Zahra 2002; Robbins 2003; Sharma 1997; Van der Merwe 1999; Venter 2003; Ward 1997.
Governance	Perceived success, Family harmony & Financial performance	Aronoff <i>et al.</i> 1997; Cowie 2007; Gersick <i>et al.</i> 1997; Hauser 2004; Hyatt & Ruddy 1997; Keen 2003; Lansberg 1999; McCall 2002; Northouse 2004; Venter 2003; Ward 2004.
Leadership and planning	Perceived success, Family harmony & Financial performance	Aronoff 1998; Astrachan & Kolenko 1994; Cowie 2007; Gladstein 1984; Lansberg 1999; Neubauer & Lank 1998; Northouse 2004; Santiago 2000; Sorenson 2000; Venter 2003.
Mutual respect and trust	Perceived success & Family harmony	Cowie 2007; Hellriegel <i>et al.</i> 2004; Ivancevich <i>et al.</i> 2005; Keen 2003; Northouse 2004; Robbins 2003; Steier 2001.
Open communication	Perceived success & Financial performance	Brigham 2004; Campion <i>et al.</i> 1993; Cowie 2007; Fahed-Sreih & Djoundourian 2006; Gersick <i>et al.</i> 1997; Gladstein 1984; Hitt <i>et al.</i> 2006; Keen 2003; McCall 2002; Olukayode & Ehigie 2005; Poza <i>et al.</i> 1997.
Fairness	Perceived success & Family harmony	Barrick <i>et al.</i> 1998; Campion <i>et al.</i> 1993; Cowie 2007; Danes <i>et al.</i> 1999; Fahed-Sreih & Djoundourian 2006; Olukayode & Ehigie 2005; Ward 2004.
Sibling bond	Perceived success & Family harmony	Gersick <i>et al.</i> 1997; Lansberg & Astrachan 1994; Lansberg 1999; Santiago 2000; Seymour 1993; Swogger 1991; Venter 2003.
Non-family involvement	Perceived success & Family harmony	Barach & Gantisky 1995; Gladstein 1984; Malone 1989; Mustakallio <i>et al.</i> 2002; Robinson 1982; Sharma 2004; Sorenson 2000; Ward 2004.

(Source: Farrington 2009:270 - 319)

Taking cognisance of Farrington's (2009) model, as well as the existing literature on copreneurships, several *relational-* and *organisational-based* factors influencing the success of copreneurial teams have been identified. The *relational-based factors* include: *Spousal relationship, Respect and trust, Fairness, Open communication, Balance between work and family, Family harmony, Commitment to the business,* and *Non-family involvement.* The *organisational-based factors* include: *Shared dream, Leadership and planning, Complementary skills, Division of labour, Internal context,* and *Governance.*

Therefore in the proposed conceptual model, 14 independent variables are put forward as influencing the success of copreneurships. In this study, two variables are used to measure success, namely the dependent variable, *Perceived success*, and the intervening variable, *Financial performance.* The hypothesised relationships and proposed conceptual model are depicted in Figure 4.1.

Figure 4.1: Proposed conceptual model: Factors influencing the Perceived success of copreneurships



In addition to the evidence provided in Table 4.1, evidence (relating specifically to copreneurs) has been found in the family business literature and elsewhere, to support the relationships hypothesised between the 14 independent variables and the two measures of success (namely the intervening and dependent variables). This support is offered below.

4.3 PERCEIVED SUCCESS

The process of evaluating and determining family business success has become somewhat challenging, owing to unclear definitions and biased perceptions (Hienerth & Kessier 2006). Similarly, Tompson and Tompson (2000:7) assert that defining and measuring copreneurial success presents a difficult task for researchers studying copreneurship. In contrast with conventional management studies, in which business performance may be the exclusive marker of success, copreneurial research must consider the significance of both business and marital success (Tompson & Tompson 2000:7). To substantiate its incorporation into the proposed conceptual model put forward by this study, the dependent variable *Perceived success*, as well as the intervening variable *Financial performance*, will be considered.

4.3.1 DEPENDENT VARIABLE: PERCEIVED SUCCESS

As mentioned above and illustrated in Figure 4.1, the dependent variable in this study is the *Perceived success* of a copreneurial business. For the purpose of this study, *Perceived success* is defined as the degree to which the copreneurs find their ongoing involvement in the copreneurship to be satisfying as well as beneficial to their family, marriage and personal development. In family business research, the satisfaction that family members experience as a result of their involvement in a family business is regularly associated with success (Handler 1991; Ivancevich et al. 2005; Sharma 2004; Venter 2003). Similarly, Garza (2003:4) has found anecdotal evidence to suggest that some copreneurs only consider their involvement in the business to be satisfying because of their togetherness.

According to Tompson and Tompson (2000:7), a copreneurial couple must master all of the intricacies involved in owning and managing a small business, in order to

achieve success. At the same time, copreneurial couples pursue the goal of being, and staying, married.

4.3.2 INTERVENING VARIABLE: FINANCIAL PERFORMANCE

For the purpose of this study, *Financial performance* refers to positive trends of growth in the number of employees and profits, as well as increasing revenue experienced by the copreneurial business. Financial performance is widely considered a measure of success, and has been used by several authors to differentiate between successful and unsuccessful successions (Flören 2002; Venter 2003), successors (Goldberg 1996), family businesses (Millman & Martin 2007; Sharma 2004; Sorenson 2000:185; Ward 2004) and even teams in general (Ivancevich et al. 2005; Mondy & Premeaux 1995; Northouse 2004). For example, in their study on small copreneurial food companies, Millman and Martin (2007) define success as growing a business in terms of turnover and employee numbers.

Venter (2003) has found a positive relationship between the financial security of the owner-manager and the business, and the satisfaction with the succession process. Venter (2003) has also reported a positive relationship between the financial security of the owner-manager and the business, and the continued profitability of the business after the succession. In addition, Adendorff (2004) in his empirical study has reported a positive relationship between profitability and the ability to satisfy stakeholders' interests. Tagiuri and Davis (1992) have indicated that supplying themselves with financial security and benefits is one of the most important goals of the owner-managers of successful smaller family businesses. Similarly, O'Connor et al. (2006) observe that spouses have a tendency to establish businesses out of a desire to create wealth. Stakeholders in a copreneurial business would be hesitant to consider their involvement in the business to be satisfying should the business encounter financial difficulties. The following hypothesis is thus formulated:

H¹: There is a positive relationship between the Financial performance of the copreneurship and the Perceived success of the copreneurship.

4.4 INDEPENDENT VARIABLES: RELATIONAL-BASED FACTORS INFLUENCING COPRENEURIAL BUSINESSES

Various factors influencing the success of a copreneurial business have been identified in both the teamwork and the family business literature. Relational-based factors can be described as the “soft” issues in business, influenced by personal feelings and the emotions of individuals involved. The various relational-based factors influencing a copreneurial team, as identified in both the teamwork and family business literature, will be discussed below. In addition, support for each of these factors as applicable to copreneurial businesses will be elaborated on. The relational-based factors, which form the independent variables of this study, include: the *Spousal relationship*, *Respect and trust*, *Fairness*, *Open communication*, *Balance between work and family*, *Family harmony*, *Commitment to the business*, and *Non-family involvement*.

4.4.1 SPOUSAL RELATIONSHIP

A high-quality relationship between family members is essential to the success of a family business (Gage, Gromala & Kopf 2004; Handler 1991; Lansberg 1999; Maas *et al.* 2005; Swogger 1991; Ward 2004). Similarly, Jaffe (1990:159) asserts that a strong, flexible, egalitarian and relatively conflict-free relationship is required for copreneurs to have a successful business and personal relationship. Kaye (1999) suggests that selecting a partner may have a greater influence on the financial performance of a business than the availability of capital resources. The *Spousal relationship* in this study broadly refers to a relationship characterised by support, understanding and managed conflict.

It has been consistently proven (Ahronson & Cameron 2007; Barrick *et al.* 1998) that a good relationship between team members is connected to measures of team effectiveness. For example, Gladstein (1984) and Campion, Papper and Medsker (1996) have found that support among team members is positively correlated with measures of team effectiveness.

According to Hawley and McIntyre (2006), copreneurial couples offer a leadership style that is personal, drawing its power from the core of their relationship. Therefore it is vital that the spouses are able to integrate and balance their business and personal relationships. Their relationship will then drive creativity, profitability and success. Stewart-Gross and Gross (2007:16) advise that in order to achieve success, copreneurial couples must have a healthy and mature marital relationship. Williams (2008:102) suggests that a strong marital relationship will increase the likelihood of success of a copreneurial business; therefore spouses should ensure that they focus on their relationship first. Similarly, Foley and Powell (2007:45), in their model of work-family conflict for business/marriage partners, suggest that the quality of the marriage relationship is positively related to family business success. Foley and Powell (1997:38) refer to factors such as the satisfaction each person obtains from the relationship, the support provided by the partner, and satisfaction with life in general. These factors are categorised as partner outputs. In addition, they suggest that the quality of the marriage relationship is a couple output stemming from the level of satisfaction each partner experiences, which then in turn influences the success of the business (assuming that a healthy marriage relationship is positively associated with business success) (Foley & Powell 1997:39).

Gottman (1994, 1999, 2000) identifies several principles for a successful marriage, namely mutual respect, knowledge of managing problems, knowing how to overcome gridlock, having a shared meaning, supporting each other's dreams, and influencing each other in the business relationship. Support for these factors has also been provided by Cole and Johnson (2007:195), who found that the copreneurial couples interviewed by them possessed all of these factors.

In their study on successful copreneurial couples post-divorce, Cole and Johnson (2007:192) found that most of the copreneurs interviewed had elected to stay in business together, even after the marriage failed. They justified the continuation of their business partnership by referring to their emotional connections with each other, such as their friendship, shared history and similar values. Cole and Johnson (2007:192) consider this emotional connection in divorced copreneurial relationships surprising as they had assumed the couples stayed in business together for financial reasons. Cole and Johnson (2007:192), as well as Kadis and McClendon (1991)

refer to the importance of this emotional connection when working with a spouse. In addition, Smith (2000:286) states that compatibility and compromise are vital to the success of both a copreneurial business and a marriage.

Spousal support has been acknowledged as a significant source of competitive advantage, possibly adding to the success of the business (O'Connor *et al.* 2006). Roha and Blum (1990) report that the copreneurs interviewed by them credited their togetherness for making them fierce competitors in the marketplace. Van Auken and Werbel (2006) contend that emotional support from a spouse, such as caring and sympathy, will do much to assist a fellow spouse. Similarly, Bandura (1977) suggests that spousal support and commitment towards a fellow spouse may lead to increased feelings of self-efficiency and self-confidence in business decisions.

The dynamics of the work-family relationships between partners in business and in marriage are unique as they contribute to the success of the business itself (Smith 2000:288). However, some management theorists believe that the involvement of family members in a business is incompatible with effective business practices as it can lead to fraud and irrational behaviour (Perrow 1972). These theorists opine that family involvement will cause the business to be less profitable, experience greater operational difficulties, and have a shortened lifespan. Relationships in family businesses usually depend on personal relationships (Kadis & McClendon 1991), but the close relationship of a couple may create more problems than their intimacy may be capable of overcoming (Fitzgerald & Muske 2002:3). As such, business success may be hindered by conflict between family members (including spouses) regarding the business and the level of spousal involvement in decision-making (Dyer & Handler 1994; La Chappelle & Barnes 1998; Nelton 1996). Similarly, Grote (2003) reports that business productivity and financial performance may be damaged by family conflict. Based on the discussion above, the following relationships are hypothesised:

H^{2a}: There is a positive relationship between Spousal relationship and the Financial performance of the copreneurship.

H^{2b}: There is a positive relationship between Spousal relationship and the Perceived success of the copreneurship.

4.4.2 RESPECT AND TRUST

Trust has been defined as the belief or confidence in another person's honesty, integrity and ability, thereby allowing for the development of healthy relationships (Tipton & Krause 2007). In the present study, *Respect and trust* describes the extent to which the copreneurs respect each other and each other's opinions, as well as trusting each other's integrity, judgement and abilities.

An environment of mutual trust must exist among all team members before a team can be regarded as being effective (Hellriegel *et al.* 2004; Keen 2003; Robbins 2003). In addition, Stewart-Gross and Gross (2007:180) assert that trust is a vital component of successful teams. Northouse (2004) finds trust based on respect, amongst others, to be essential for building an effective collaborative climate. Steier (2001:353) asserts that trust has the potential to improve the effectiveness of managerial coordination and collaboration in businesses. Hyatt and Ruddy (1997) point out a significant positive correlation between trust among team members and team effectiveness. Similarly, Cowie (2007) reports a significant positive relationship between the existence of trust among management team members, both in each other and each other's abilities, and perceived success. Without respect, effective teamwork will be impossible because teamwork enhances respect by valuing contributions and encouraging openness, listening, honesty and support (Mierisch 2000).

From a copreneurial perspective, Roha and Blum (1990) suggest that there are four characteristics of successful entrepreneurial couples, namely confidence in each other, respect for each other, trust, and affection. Similarly, Leach and Bogod (2003:43), Nelton (1996) and Nieman (2006:43) refer to the respect that spouses have for each other as a characteristic of successful husband-and-wife teams. According to Charles (2006:145), successful copreneurs affirm each other through trust and appreciation. Similarly, Ponthieu and Caudill (1993) assert that trust and confidence in each other's work ethic are essential for a successful copreneurial relationship, particularly with regard to each other's differences in style, perspective and experiences (McCann, DeMoss, Dascher & Barnett 2003). In their research on

divorced copreneurial couples, Cole and Johnson (2007) decide that trust is essential to the survival and success of the copreneurs' working arrangement.

Ample anecdotal and empirical evidence (Charles 2006:190; Jaffe 1990:159; Marshack 2007; Millner 2005:30) exists to support the relationship between *Respect and trust* and success. Consequently, the following relationships are hypothesised:

H^{3a}: There is a positive relationship between Respect and trust and the Financial performance of the copreneurship.

H^{3b}: There is a positive relationship between Respect and trust and the Perceived success of the copreneurship.

4.4.3 FAIRNESS

Fairness is a multifaceted part of any business or personal relationship. It can be described as adhering to the "rules", treating everyone the same without favouritism, treating others as you'd like to be treated, being considerate of others' needs, providing equal opportunity, and creating a level playing field for everyone (Badaracco 1997). In the present study, *Fairness* refers to the degree to which the working arrangement between the copreneurs is considered to be fair in terms of workload, compensation, status and family responsibilities.

People expect that rewards will be proportionate to the costs incurred and the efforts spent earning those rewards (Robbins 2003). A perception of inequity will result in disequilibrium and corrective behaviour. The arguments in most family businesses do not concern money, but rather a perception of real or imagined injustices (Gersick et al. 1997). If there is disproportion in linking contribution with compensation, feelings of equity cannot be upheld (Kets de Vries 1993), and tensions and conflicts are bound to arise (Lansberg 2001; Stavrou 1995).

Different studies (Barrick et al. 1998; Campion et al. 1996; Campion et al. 1993; Olukayode & Ehigie 2005) concerning teams in organisational contexts have reported a significant positive relationship between the division of workloads and

measures of team effectiveness. For example, Cowie (2007) finds a significant positive relationship between workload fairness and perceived success. Danes *et al.* (1999) recognise unfair workloads in family businesses as producing the highest levels of tension in family relationships.

In marriage, it is common for husbands to assume a patriarchal worldview where they do not treat their wives with the respect and the fairness they deserve as life-partners (Donaldson, Flood & Eldridge 2006). For example, Marshack (2004) finds that spouses are committed to traditional identities rather than a fair distribution of tasks. Regardless of Marshack's (2004) findings, Ponthieu and Caudill (1993) recognise the importance of equality for decision-making and responsibility in copreneurial businesses. This is supported by Van Auken and Werbel (2006), who assert that participation in business decision-making permits spouses to feel trusted and that their views are appreciated, as well as enabling spouses to develop an understanding of the facets involved in managing a copreneurial business. According to Charles (2006:88), successful copreneurs report that irrespective of how their business and family responsibilities are divided, they are very satisfied with their division.

Jaffe (1990:159) notes that a characteristic of successful copreneurs is that each partner's contributions are appreciated. In a team, each member's contributions will add to the overall success of a team. Team members may perform different tasks, some tasks requiring more skill, time or effort than others; however, no single contribution is more important to the success of the team than the other. All team members' contributions are equally important. The same applies to copreneurs, as each spouse contributes to the team endeavour and is of equal importance to the success of the business (Charles 2006:89). Based on the discussion above, the following hypotheses have been formulated:

- H^{4a}: There is a positive relationship between Fairness and the Financial performance of the copreneurship.*
- H^{4b}: There is a positive relationship between Fairness and the Perceived success of the copreneurship.*

4.4.4 OPEN COMMUNICATION

In this study, *Open communication* refers to the degree to which the copreneurs are able to openly communicate and share all information with each other. Hough et al. (2008:304) refer to communication in a team as being a feature that can influence the success of the team.

According to Williams (1992), effective communication in a family is a prerequisite to family business success. Open communication is essential for fostering effective teamwork between family members and copreneurs, and increasing their prospects of a successful team outcome (Aronoff et al. 1997; Brigham 2004; Gersick et al. 1997; Handler 1991; McCall 2002; Ward 2004). Effective communication, distinguished by honesty, openness and consistency, forms the foundation for resolving conflicts and encouraging harmony in both the family and the family business (Gersick et al. 1997; McCall 2002). The most successful family businesses devote ample time and effort to learning communication skills, and consider it very effective to learn these skills together (Ward 2004).

Adendorff (2004) reports a positive relationship between family harmony and family commitment, and communication. Similarly, Lundberg (1994) asserts that marital partners who communicate about their goals, visions and strategies, will become more committed to their business, as well as more capable of working together effectively during stressful business periods. Both Champion et al. (1993) and Gladstein (1984) found that team ratings of open communication were positively affiliated with criteria for team effectiveness, such as productivity, employee satisfaction and manager judgements. Similarly, Cowie (2007) finds a significant positive relationship between open communication among team members and perceived success, the ability to operate efficiently, and their readiness to cooperate with and support each other.

Experts and successful copreneurs have acknowledged that communication is the foundation on which couples simultaneously build both a successful business and marriage (Marshack 2007; Nelton 1996; Roha & Blum 1990; Stewart-Gross & Gross 2007:2, 16, 125; Zimmerer & Scarborough 2002:21). A copreneurship requires

constant communication in order to be successful (Williams 2008:94). Existing case studies of family-owned businesses show that the factor “spousal communication” (the degree to which spouses openly discuss their business and family issues), significantly influences the performance of new business ventures (Nelton 1986). Numerous authors (Jaffe 1990:159; Nelton 1986; Nieman 2006:43) consider close communication between partners to be a characteristic of successful spousal teams. Based on the discussion presented above, the following relationships are hypothesised:

H^{5a}: There is a positive relationship between Open communication and the Financial performance of the copreneurship.

H^{5b}: There is a positive relationship between Open communication and the Perceived success of the copreneurship.

4.4.5 BALANCE BETWEEN WORK AND FAMILY

It is vital that families in business, as well as copreneurs, understand that the wellbeing of their business has an influence on the wellbeing of their family, and vice versa (Lansberg 1999; Ward 2004), and that the family and the business cannot be observed in isolation (Denison, Lief & Ward 2004). For the purpose of the present study, *Balance between work and family* means that the spouses’ business does not interfere with their family obligations and time to attend to household responsibilities, and that work and family obligations are not in conflict with each other. It further implies that the family business does not require copreneurs to receive business calls after hours, or to work on or discuss business-related issues excessively in the evenings or over weekends.

Copreneurships are generally established by individuals who want to achieve control over their lives. A copreneurship presents spouses with the necessary flexibility to combine their work and family responsibilities more effectively than they would otherwise be able to if they were working in a regular corporate environment (Getz, Carlsen & Morrison 2004). However, besides the flexibility that a copreneurship offers, it is also a primary source of work-family conflict (Greenhaus & Beutell 1985).

The primary cause of work-family conflict in family businesses is the limitations or overlaps that a family experiences as a result of simultaneously managing a family and a business.

In order for copreneurs to manage a successful business, the time that they spend working should be clearly divided from the time they spend socialising (Sleeping with the boss 2008:68). Charles (2006:48) asserts that successful copreneurs institute definite rules to prohibit business-related discussions at certain times and places. Therefore it has been suggested that a more equal balance between work and home tasks will generate growth for a family business, as well as the spousal relationship (Marshack 1994).

In their study on copreneurs, Muske and Fitzgerald (2006:204) conclude that as business people, copreneurs should be logical decision-makers who balance their personal wishes against the needs of their family. According to Leach and Bogod (2003:43), a conscious separation of business and family matters is vital to a copreneurship, in order to prevent criticisms regarding the business becoming personal. Similarly, Williams (2008:100) suggests that a happy balance between work and family is vital to the success of a copreneurial partnership. Jaffe (1990:162) states that successful copreneurs develop methods to sustain their personal/work balance, such as discussing their two relationships (one at work and one at home).

Family responsibilities can be detrimental to family-business owners' ability to succeed in the business (Beach 1989; Miller, Fitzgerald, Winter & Paul 1999). According to Tompson and Tompson (2000:8), evidence suggests that experiencing heightened levels of work-family conflict will have a negative influence on the personal lives and work performance of copreneurs. Van Auken and Werbel (2006) refer to the existence or nonexistence of dependants (such as children) as a key determinant of work-family conflict, as the existence of children increases the copreneurs' life commitments and creates significant time demands for the family and business dynamics. Conflict about where the spouses should allocate their time, at the business or at home, is to be expected. Therefore, the importance of aligning family and business needs cannot be overlooked (King 2003).

Charles (2006:47) asserts that successful copreneurs set strong boundaries. The success of both the copreneurial business and the spouses' personal relationship will become endangered if these boundaries are crossed, and if this happens, urgent damage control is required (Charles 2006:52). In their study on successful copreneurial couples post-divorce, Cole and Johnson (2007:191) have found that more than half of the copreneurs interviewed had ended their marriage because of an affair. Despite this major trust infringement in their personal lives, the copreneurs still trusted each other with regard to their business, as the compartmentalisation of their business and personal lives enabled them to separate their business and romantic trust. These boundaries between their work and personal relationship then underlined their ability to keep their personal problems out of the work-setting. The majority of the copreneurs referred to focusing on the bottom line of the business as a way of handling previous frustrations and ill-treatment. The outcome of Cole and Johnson's (2007:191) study is interesting, as the separation of business and personal lives became a means of safeguarding the business, whereas most of the copreneurial literature advises the separation of business and personal lives to safeguard the marriage.

Gender differences are also significant contributors to work-family conflict. Spouses offer shifting levels of financial, time and/or human resources to aid the success of their business (Van Auken & Werbel 2006). Research has shown that women working in family businesses are more vulnerable to work-family conflict than their male counterparts (Rowe & Bentley 1992). This is because women generally have more daily familial responsibilities than men, thus leaving less time available for the business (Foley & Powell 1997). As such, it can be expected that the success of the copreneurial business will be hindered by work-family conflict (Van Auken & Werbel 2006).

Major problems will arise in the home and the marriage if there are idealistic expectations concerning business matters that relate to time, risk and profitability (Foley & Powell 1997). Van Auken & Werbel (2006) conclude that added stress stemming from work-family conflict will almost certainly exacerbate the already high stress levels linked to running a business and sustaining a healthy marriage. This increased stress is likely to hinder the financial performance of a copreneurial

business (Van Auken & Werbel 2006). Based on the above discussion, the following relationships are hypothesised:

H^{6a}: There is a positive relationship between Balance between work and family and the Financial performance of the copreneurship.

H^{6b}: There is a positive relationship between Balance between work and family and the Perceived success of the copreneurship.

4.4.6 FAMILY HARMONY

In this study, *Family harmony* refers to copreneurs being emotionally attached to one another, appreciative of each other, caring about one another's welfare, enjoying spending special time together, sharing common interests, and getting along well both inside and outside the working environment.

According to Hess (2006:x), a successful family business is one that does not demolish or diminish family harmony. Both anecdotal (Flören 2002; Sharma 1997) and empirical (Malone 1989; Santiago 2000) evidence exists to support the thought that harmonious relationships among family members are vital for successful successions and successful family businesses, including copreneurships. For example, Malone (1989) finds that perceived family harmony and continuity planning are positively correlated. Likewise, Santiago (2000) finds that the perpetuation of the family unit is deemed to be very valuable, and as a result, the more unified the family, the greater the aspiration to share the responsibility of perpetuating the business. In addition, Venter (2003) reports a strong association between family harmony and the agreement between family members to continue the business.

According to Charles (2006:13), successful copreneurs are in harmony. The establishment of a copreneurial business provides a couple with an opportunity to attain family harmony, as a husband supports his wife's ambition to balance work and family demands (Van Auken & Werbel 2006). Similarly, a wife can support her husband's ambition to gain more control over their personal and family time by choosing to follow a copreneurial career (Parasuraman & Simmers 2001). However, it may be difficult to maintain family harmony, as a copreneur may resent his/her

fellow spouse for ignoring family responsibilities and protest against the negative effect the business has had on the family (Van Auken & Werbel 2006).

Without family harmony a family business will have trouble earning profits (Maas *et al.* 2005) and a business that fails will do little to support the family involved. Yet, in her study, Venter (2003) reports no significant association between family harmony and the continued profitability of the business. Her finding challenges and contrasts the findings of numerous other authors who did find a positive association between family harmony and the viability and continuity of the family business (Barach & Gantisky 1995; Friedman 1991; Santiago 2000). For example, Adendorff (2004) finds a positive relationship between family harmony and profitability, as well as inferring that an improvement in family harmony will lead to an increase in profitability. Similarly, Barach and Gantisky (1995) are of the opinion that harmonious relationships add to team spirit, which must exist in order for the family business to do well. In addition, Danes *et al.* (1999) are of the opinion that overall tension in a family business will forecast the successful accomplishment of the business goals, while the wellbeing of the family will forecast the successful achievement of the family goals. It is therefore hypothesised that:

H^{7a}: There is a positive relationship between Family harmony and the Financial performance of the copreneurship.

H^{7b}: There is a positive relationship between Family harmony and the Perceived success of the copreneurship.

4.4.7 COMMITMENT TO THE BUSINESS

In order for family businesses to be successful, it is essential that family members and employees are committed to the venture (Sorenson 2000:194). Therefore, for the purpose of this study, *Commitment to the business* is defined as the extent to which copreneurs are committed to the business, in that they really care about its fate and feel emotionally attached to the business. It demonstrates copreneurs' readiness and commitment to work with their spouses in the business and to exert a considerable amount of effort to aid the success and continuation of the copreneurship.

Cullen (2001:45) and Hough et al. (2008:304) refer to the level of commitment and involvement among team members as a feature that may influence the success of teams. In addition, the commitment that team members have to their work and the organisation can influence their readiness to assist their colleagues, plans to resign or leave the team, and also team morale (Bishop & Dow Scott 1994).

Johnson (1997) concludes that commitment is a vital element to sustaining a long-term marriage. Marshack (1994) suggests that as a result of working together in a business, couples are more capable of defining commitment and responsibility. A spouse's mindset, resources and motivation towards the business are directly influenced by the commitment of his/her fellow spouse (Poza & Messer 2001). Similarly, Poutziouris et al. (2006) report that the wellbeing and achievements of a family business may be influenced by the nature of the spousal relationship, which is underlined by the spouse's commitment to the business. In their study, Van Auken and Werbel (2006:50) assume that elevated levels of spousal goal commitment might generate a supportive relationship which will support business success. Adversely, low levels of spousal commitment may result in conflicting family dynamics that weaken the business's ability to continue (Van Auken & Werbel 2006:50). Spousal commitment is therefore considered to have a significant influence on financial performance (Van Auken & Werbel 2006:51). This view is supported by Grote (2003), who states that low commitment levels are linked to increased levels of work and family conflicts, which reduce the chances of the business succeeding, whereas elevated levels of commitment are linked to spousal support and additional resources.

Spousal commitment can reinforce family relationships, and sometimes the continued existence of a family business depends in part on spousal commitment (Van Auken & Werbel 2006). For example, a spouse is more likely to perceive a copreneurial business as being beneficial to the family and thus increase the family's reliance on the business income, if the business is successful and provides the family with better resources and quality of life (Van Auken & Werbel 2006). This increased reliance is likely to increase spousal commitment. Spouses who are committed are said to work together towards common goals that are connected to strong business performance and perceived success, as well as agreeing to greater household

responsibilities (Van Auken & Werbel 2006). This view is supported by Cullen (2001:45) and Hough *et al.* (2008:304), who assert that successful and effective teams have clear goals and objectives, to which their members are committed. On the other hand, a copreneurial business that is experiencing financial or start-up difficulties is likely to negatively influence spousal commitment. A spouse with low commitment is said to add to the stress associated with starting a business, by creating work and family conflicts (Van Auken & Werbel 2006), thereby diminishing perceived success.

According to Marshack (1998:57), the consequence of combining the personal and business relationships of copreneurs may be a more successful business because, among other reasons, it can engender a greater commitment. A committed spouse will be prepared to use energy in support of the business. Therefore, spouses wish for their business to be successful and are prepared to make the effort required to achieve that success (Van Auken & Werbel 2006:54). Similarly, Harris, Martinez and Ward (1994) note that strong spousal commitment can present a competitive advantage and aid the success of a family business. Based on the discussion presented above, the following relationships are hypothesised:

H^{8a}: There is a positive relationship between Commitment to the business and the Financial performance of the copreneurship.

H^{8b}: There is a positive relationship between Commitment to the business and the Perceived success of the copreneurship.

4.4.8 NON-FAMILY INVOLVEMENT

For the purpose of this study, *Non-family involvement* refers to copreneurs involving non-family members in their family business. The nature of this involvement may include consultants, advisors, board members or non-family employees. Non-family members should complement the skills of the copreneurs and assist them in effectively managing the business and making important strategic decisions about it. The success and growth of family businesses and copreneurships is significantly influenced by outsiders or non-family members (Sharma 2004; Ward 2004).

Sorenson (2000:197) finds a significant positive correlation between consulting with outside professionals and perceived success. Therefore, the empirical results of Sorenson (2000:198) suggest that a readiness to acquire expertise from experienced professionals is a characteristic of effective family businesses. According to Schiff Estess (1999), successful family businesses consider the involvement of experienced or professional non-family administrators in their business to be an excellent method of acquiring both wisdom and outside perspective. Family business owners understand that every business requires a dynamic blend of people in order to promote growth. Non-family members may be able to contribute the required balance to family firms because they are able to view the business from an unemotional perspective (Indalecio 2008).

According to Robinson (1982), small businesses that employ outsiders in their strategic planning experience significantly higher increases in effectiveness than their counterparts who do not employ outsiders to assist in strategic planning. Similarly, Malone (1989) reports a positive correlation between the proportion of outsiders on the board of directors and the degree of continuity planning in the business. Gladstein (1984) also finds that consultation between team members and others is positively associated with self-reported measures of team effectiveness. Outsider expertise will improve the quality of strategic discussions and decision-making, while also increasing the business's chance of survival (Mustakallio et al. 2002).

Poutziouris et al. (2006) conclude that family firms with outside assistance report improved levels of performance stemming from expert advice. If copreneurs experience a simultaneous change in family and business life, during which they may experience an overwhelming set of tasks and financial responsibilities, it may be beneficial to the business and the couple to bring in outside expert help (Gersick et al. 1997). In addition, Stern (2008:16) finds evidence of copreneurs who attribute the success and growth of their business to their team of employees, referring to them as the "linchpin of our success".

It is therefore hypothesised that:

H^{9a} : *There is a positive relationship between Non-family involvement and the Financial performance of the copreneurship.*

H^{9b} : *There is a positive relationship between Non-family involvement and the Perceived success of the copreneurship.*

4.5 INDEPENDENT VARIABLES: ORGANISATIONAL-BASED FACTORS INFLUENCING COPRENEURIAL BUSINESSES

The organisational-based factors, which form the independent variables of this study, include: *Shared dream, Leadership and planning, Complementary skills, Division of labour, Internal context and Governance*. Support for each of these factors as applicable to copreneurial businesses will be elaborated on in the sections to follow.

4.5.1 SHARED DREAM

In this study, the factor *Shared dream* refers to the extent to which the dreams that individual spouses have for themselves in the copreneurship are aligned with each other's dreams, and in addition, their involvement in the copreneurship is entirely willing and voluntary. The extent to which the spouses agree on the future direction of the copreneurship also forms part of this factor. According to Muske et al. (2002:4), copreneurs are a unique husband-and-wife team of two individuals who share their goals, dreams and ideals, and all of these elements should help to improve the profitability and success of the business. In addition, Charles (2006:1-2) asserts that the values and commitment shared by copreneurs will foster a synergy that will improve the business and make it more successful because of their togetherness.

Lansberg (1999) is of the opinion that a balance between individual dreams, as well as a shared dream, is vital to the psychological welfare of all family members as well as the harmony of a family business. Mustakallio et al. (2002) are of the opinion that a shared vision (dream) is related to both an increase in the quality of decisions being

made and an increase in management's commitment to decisions made. In addition, they find a positive association between a shared vision and the quality of and commitment to strategic decisions. Significant associations have also been reported between the presence of a mission and various indicators of business effectiveness, such as return on assets, return on investments, sales growth, market share, quality, employee satisfaction, and product/service development (Denison et al. 2004).

Hough et al. (2008:304) refer to the ability of teams to have clarity regarding their goals and objectives as a feature that may influence the success of teams. Numerous studies concerning teams have revealed a significant relationship between the existence of clear goals and measures of team effectiveness (Doolen et al. 2006; Guzzo & Dickson 1996). For example, Hyatt and Ruddy (1997) establish a significant positive relationship between a commitment to common goals and goal orientation among team members, and team effectiveness. Guzzo and Dickson (1996) assert that team goals regularly coexist with individual goals, though dysfunctions may transpire when team and individual goals conflict with one another. In addition, Cowie (2007) finds a significant positive relationship between a commitment to and existence of clear and challenging goals, and financial performance.

The contributions that family members make to their business increase when they share common goals. These contributions consist of financial support, interpersonal support, and unpaid work (Gundry & Welsch 1994; LaChapelle & Barnes 1998; Rowe & Hong 2000), and combine to support the well-being of the family business. Therefore, family support encourages family business success, particularly when the family members share common goals (Van Auken & Werbel 2006:50).

To be successful, copreneurs must plan their life, with a vision that encompasses personal, relationship and business goals. Partners, who are not moving toward common goals together, will grow apart. Therefore, successful copreneurs will look for innovative ways to include both partners' visions in the copreneurship's vision (Charles 2006:188-189). Successful copreneurs co-create a vision and goals for their

business, and they share values (Charles 2006:21, 29; Jaffe 1990:159), which strengthens both their family and business relationships (Marshack 1998).

Divergent goals between spouses can result in harmful conflict because a spouse is likely to resist his/her partner's entrepreneurial goals, which in turn will impede the financial performance of the business (Van Auken & Werbel 2006:49). Feelings of resentment and ultimately marital strife may result if the spouses do not share a dream for the business (Campbell 2008). Conflicts among family members concerning the business goals may hinder the success of a family business (Dyer & Handler 1994; LaChapelle & Barnes 1998; Nelton 1996). Based on the above discussion, it is hypothesised that:

H^{10a}: There is a positive relationship between Shared dream and the Financial performance of the copreneurship.

H^{10b}: There is a positive relationship between Shared dream and the Perceived success of the copreneurship.

4.5.2 LEADERSHIP AND PLANNING

In this study, *Leadership and planning* refers to the spouse(s) having a consultative or participative leadership style, having referent and expert leadership, and being visionary in terms of strategic planning. The standard of leadership in a team is a feature that may influence the success of teams (Du Toit et al. 2007:185; Hough et al. 2008:304). The leadership of a team is crucial to its effectiveness, and all aspects of the team's composition and behaviour are significantly influenced by its leader (Hitt et al. 2006; Ivancevich et al. 2005). This view is supported by Cowie (2007:81) who reports a significant relationship between leadership and a team's ability to operate effectively. Other studies (Gladstein 1984; Guzzo & Dickson 1996) have also found evidence to support a relationship between leadership and measures of team effectiveness.

In his research on the contributions of leadership styles to family business success, Sorenson (2000:194) finds that participative leadership is significantly and positively

linked to the financial performance of family businesses, with both participative leadership and referent leadership being positively and significantly associated with family outcomes. Sorenson (2000:199) concludes that referent, and in particular participative leaders, permit family businesses to achieve desired family and business outcomes.

According to Marshack (2002), copreneurs must make an open and honest decision concerning how they are going to develop leadership in their business. Leadership that emphasises flexibility, a win-win philosophy, quality over quantity, robustness and prudence, is essential for success. In addition, it will be impossible to achieve success in business if leadership does not build the trust and confidence of employees (Marshack 2002).

According to Williams (2008:94), copreneurial success requires meticulous planning and a lot of hard work. Astrachan and Kolenko (1994:251) report a significant positive correlation between strategic planning and business permanence over several generations. In addition, strategic and contingency planning has generally been linked to higher performance levels among teams (Tesluk & Mathieu 1999). It is consequently hypothesised that:

H^{11a}: There is a positive relationship between Leadership and planning and the Financial performance of the copreneurship.

H^{11b}: There is a positive relationship between Leadership and planning and the Perceived success of the copreneurship.

4.5.3 COMPLEMENTARY SKILLS

In order for a team, and thus a copreneurial team, to function successfully, it should be made up of highly skilled and competent individuals. These individuals should be capable of bringing a diverse set of complementary skills and experiences to their particular job (Hitt et al. 2006; Robbins 2003). In this study, *Complementary skills* refers to the spouses being competent and possessing complementary competencies. These competences should exist in different areas, meaning that the spouses should possess a diversity of skills within their team. Diversity will exist if the

spouses have strengths in different areas, and their skills and competencies complement those of each other.

According to Gladstein (1984) and Hackman (1987), team members with heterogeneous abilities and experiences have a positive effect on team performance. Similarly, in order for family businesses run by sibling teams to be successful, it has been recommended that the siblings should have a relatively even distribution of complementary skills and talents between them (Aronoff et al. 1997; Gersick et al. 1997; Lansberg 1999).

Copreneurs can improve their effectiveness and build a business that is both commercially successful and an expression of the spouses' values (Tischler 2005), by teaming up to overcome their weaknesses and exploiting their combined strengths to facilitate the realisation of their goals (Stewart-Gross & Gross 2007:64-65).

Numerous authors (Burns 2001:355; Charles 2006:73; Leach & Bogod 2003:43; Nieman 2006:43; Sleeping with the boss 2008:71) refer to spouses' complementary talents and attitudes as a characteristic of successful copreneurs. A copreneurship is more likely to be successful if the spouses possess skills that are compatible (Tompson & Tompson 2000). Consequently, spouses should ensure that their individual skills are combined in a complementary manner (Nelton 1986; O'Connor et al. 2006) in order to achieve synergy between them (Roha & Blum 1990). Based on the discussion above, the following hypotheses have been formulated:

H^{12a}: There is a positive relationship between Complementary skills and the Financial performance of the copreneurship.

H^{12b}: There is a positive relationship between Complementary skills and the Perceived success of the copreneurship.

4.5.4 DIVISION OF LABOUR

Members of effective teams mutually agree on their responsibilities (Keen 2003; Robbins 2003), job descriptions, and individual tasks. In addition, their responsibilities are specified and clearly laid out (Hitt et al. 2006). Studies (e.g.

Ancona & Caldwell 1992; Keck 1997) have shown that functional assignment diversity (the existence of distinct organisational roles or positions) influences firm performance. Roure and Keeley (1990) conclude that the extent to which team members occupy a variety of key positions is related to entrepreneurial success. Similarly, Beckman and Burton (2005) find support for their proposition that management teams with functional assignment diversity will reach the firm's outcomes more quickly than those teams without it. In her study, Cowie (2007) reports a significant positive relationship between clear responsibilities and the readiness of team members to cooperate with and support each other. In addition, Handler (1991) deduces that separate positions and areas of responsibility encourage a positive relationship between family members in business together.

Several authors (Burns 2001:355; Charles 2006:79; Jaffe 1990:159; Leach & Bogod 2003:43; Nelton 1986; Nieman 2006:43; Stewart-Gross & Gross 2007:16) acknowledge that successful husband-and-wife teams carefully and clearly define and divide their individual tasks and responsibilities. Similarly, Marshack (1994) and Robin (2007) assert that the more distinct these tasks and responsibilities are, the more beneficial it will be to the business. Millner (2005:31) also notes that by dividing the tasks and authority of their business between them, copreneurs can reduce frustration and improve their effectiveness. Important to note is that conflicts, problems and resentments may emerge in a copreneurship if the spouses do not have clearly defined roles and job descriptions (Husbands, wives and business 2008). For example, Beutell and Greenhaus (1982) report that women whose career paths are divergent from those of their husbands experience rather intense conflict between their work and family roles.

According to Zimmerer and Scarborough (2002:21), the division of roles and responsibilities should, if possible, be based on the spouse's individual skills and capabilities (Zimmerer & Scarborough 2002:21). This view is supported by Roha and Blum (1990) and Gale (2002), who assert that the chances of power battles and competition emerging between copreneurs can be significantly reduced if their roles are clearly defined. In addition, Tompson and Tompson (2000) assert that having clearly defined roles between spouses will ensure that respect and order are upheld between them.

For the purpose of this study, *Division of labour* refers to each spouse being assigned a clearly demarcated area of authority and responsibility in the business, as well as the spouses being in agreement on this assignment. Based on the discussion above, the following hypotheses have been formulated:

H^{13a}: There is a positive relationship between Division of labour and the Financial performance of the copreneurship.

H^{13b}: There is a positive relationship between Division of labour and the Perceived success of the copreneurship.

4.5.5 INTERNAL CONTEXT

An internal organisational context that provides team members with the required support and infrastructure to complete their tasks is necessary for any team to perform successfully (Hitt *et al.* 2006; Robbins 2003). Significant relationships and positive correlations between variables relating to context (e.g. resources, information and training) and measures of team effectiveness, have been reported in previous studies on team effectiveness (Campion *et al.* 1993; Doolen *et al.* 2006; Hyatt & Ruddy 1997). In addition, Farrington (2009) notes that in order for a Sibling Partnership to perform financially and grow, the business needs an internal organisational context that supports its effective functioning.

In this study, the factor *Internal context* refers to the internal environment of the copreneurial business, particularly in terms of access to adequate and suitable resources, information, equipment, employees, and working conditions. The following hypotheses have therefore been formulated:

H^{14a}: There is a positive relationship between Internal context and the Financial performance of the copreneurship.

H^{14b}: There is a positive relationship between Internal context and the Perceived success of the copreneurship.

4.5.6 GOVERNANCE

In this study, the factor *Governance* refers to the overall existence of governance structures, policies and procedures in the copreneurship. Governance structures, such as advisory boards, boards of directors, and regular family meetings, are increasingly being emphasised as having significant relationships with both family business permanence over several generations, and business performance (Astrachan & Aronoff 1998; Astrachan & Kolenko 1994). Anecdotal evidence suggests that the application of governance structures, policies and procedures encourages family business success, fuels growth, and adds to the permanence and sustainability of family businesses (Aronoff *et al.* 1997; Lansberg 1999; Ward 2004). According to Hauser (2004), well-governed families also manage well-governed businesses, and these businesses regularly produce high profits. Venter (2003) reports a positive relationship between the existence of governance processes and planning, and the sustained profitability of the family business. Adendorff (2004) also finds a positive relationship between perceived governance and profitability. In general, effective teams have norms and codes of conduct that govern their behaviour (Keen 2003; Northouse 2004). In addition, Hyatt and Ruddy (1997) report a significant positive relationship between the norms and roles among team members and managers' ratings of team effectiveness.

Even though the governance structures in copreneurial businesses tend to be informal (Governance for the family business 2008; Newton 2002), based on the discussion above, it has been hypothesised that:

H^{15a}: There is a positive relationship between Governance and the Financial performance of the copreneurship.

H^{15b}: There is a positive relationship between Governance and the Perceived success of the copreneurship.

4.6 SUMMARY

A proposed conceptual model of the different factors influencing the effective functioning of a copreneurship has been presented in this chapter. As already mentioned, Farrington's (2009) model of the factors influencing the effective functioning of a Sibling Partnership forms the foundation on which the conceptual model proposed in this study is built.

For the purpose of this study, two main categories of independent variables influencing the *Perceived success* of copreneurships have been identified, namely: the *relational-* and *organisational-based* factors. The *relational-based* factors identified were *Spousal relationship, Respect and trust, Fairness, Open communication, Balance between work and family, Family harmony, Commitment to the business* and *Non-family involvement*, whereas the *organisational-based* factors were *Shared dream, Leadership and planning, Complementary skills, Division of labour, Internal context* and *Governance*. These two categories of factors served as the independent variables, and were hypothesised as influencing the measures of success of copreneurships. Anecdotal, editorial and empirical evidence from the teamwork and the family business literature has been presented to support the relationships hypothesised between the 14 underlying independent variables and the two success variables (*Perceived success* of a copreneurship and *Financial performance* of a copreneurship). In total, 15 relationships were hypothesised from the aforementioned factors.

The research methodology implemented for the purpose of this study will be presented in Chapter 5. In particular, the population studied and the sampling technique, the data collection method, the design, reliability and validity of the measuring instrument, and the data analysis techniques used, will be discussed.

CHAPTER 5

RESEARCH METHODOLOGY

5.1 INTRODUCTION

The primary objective of this study is to investigate the factors that influence the *Perceived success* of copreneurships in South Africa. The conditions required for the effective and harmonious functioning of such spousal partnerships are investigated. This chapter encompasses a description of the research methodology used to achieve this primary objective. Chapter 5 will provide an introduction of the population studied, as well as a description of the sampling unit and the sampling technique used. The independent, intervening and dependent variables will then be operationalised, followed by an explanation concerning the development and administration of the measuring instrument. The respondents' demographic information is also summarised. In addition, an explanation of the statistical analysis performed to test the validity and reliability of the results will be presented. Lastly, the Structural Equation Modelling (SEM) technique, used to test the proposed conceptual model, will be briefly described.

5.2 QUANTITATIVE TESTING AND ANALYSES

5.2.1 POPULATION STUDIED

Zikmund (2003:369) defines a *population* as being any complete group or body of people, or any collection of items under consideration for a research purpose. In the present study, however, the population or complete body of copreneurships in South Africa was unattainable. Venter (2003:220) asserts that precise figures concerning the size of the family business population in South Africa are unavailable, even though these businesses represent a considerable percentage of South African businesses. She explains that there are also no existing records differentiating family businesses from non-family businesses in South Africa or in most other countries (Flören 2002:70; Venter 2003:220). Adding to the lack of the availability of family

business databases, is their traditionally secretive nature, making the field of family business a challenging area to study (Santiago 2000:18).

It was, however, possible to begin the sampling process by making use of two existing family business databases. The first database utilised was developed by Venter (2003) for the purpose of her study on the succession process of small and medium-sized family businesses in South Africa. This database comprised a list of 1 038 family businesses located all over South Africa. The second database used was developed by Farrington (2009) for the purpose of her study on Sibling Partnerships in South African small and medium-sized family businesses. This database comprised a list of 1 323 Sibling Partnerships located all over South Africa. In addition, an advanced Google search of South African websites, using word combinations such as *spouses and business*, *husband and wife in business*, *copreneurs*, and *life partners and business* resulted in identifying numerous businesses owned by husband-and-wife teams.

5.2.2 SAMPLING UNIT AND SAMPLING METHOD

A *sample* can be defined as a subset of a population or group of participants who are carefully selected to represent a population (Collis & Hussey 2003:56; Cooper & Schindler 2007:717). According to Zikmund (2003:375), a sampling unit is a single element or group of elements that are subject to selection in the sample. The process of defining a sampling unit takes place over two stages. The units selected in the first stage of sampling are referred to as *primary sampling units* (Zikmund 2003:375). Copreneurial partnerships (businesses) were initially identified and selected as the sampling unit for the present study, and are therefore the primary sampling units. If successive stages of sampling are carried out, the sampling units are referred to as *secondary sampling units* (Zikmund 2003:375). In the present study, the copreneurs (or spouses) themselves were later selected as the respondents, and are therefore the secondary sampling units.

When selecting a sampling method, there are two main categories to choose from, namely probability sampling and non-probability sampling. According to Zikmund (2003:379), probability sampling takes place when every member of the population

has a known, non-zero chance of being selected, whereas non-probability sampling takes place when personal judgement or convenience forms the basis for selection. Convenience sampling refers to the process of acquiring sampling units or people who are most conveniently available. Convenience sampling is generally used when researchers want, swiftly and in a cost-effective manner, to obtain a large number of completed questionnaires (Talbot 1995; Zikmund 2003:380). In contrast, snowball sampling refers to several processes through which initial respondents are selected using probability methods, and information provided by them is then used to acquire extra respondents (Katz 2006; Zikmund 2003:384). Snowball sampling is generally used when members of a rare population are sought, using referrals (Zikmund 2003:384). For the purpose of this study, convenience snowball (non-probability) sampling has been used.

The sampling process began by contacting the family businesses listed on the two databases, as well as those respondents identified by means of the Google search. Together with the respondents listed on the databases, research contacts, family members and friends across South Africa were asked to identify any copreneurial partnerships that they were aware of. After potential respondents were identified, they were telephonically contacted to confirm their suitability as well as to establish their willingness to participate in the study. All details provided by the potential respondents were then captured on the database.

As a result of the sampling technique and procedure implemented, 1 548 potential copreneurs who were either in business together at the time of conducting this investigation or were previously in business together, were identified.

5.2.3 METHOD OF DATA COLLECTION

According to Zikmund (2003:66), the technique that is most often used by researchers to produce primary data, is the use of surveys. A *survey* can be defined as a research technique where information is collected from a sample of people by means of a questionnaire. Surveys present researchers with a swift, cost-effective, efficient and accurate means of evaluating information regarding a population (Zikmund 2003:175). The survey technique was used in this study to gather raw data

on the factors that influence the *Perceived success* of copreneurships in South Africa. The respondents were sent a structured, self-administered questionnaire via postal mail or email.

The process of developing the measuring instrument will be described in the sections that follow. This description will include the questions used to determine if the respondents were suitable to participate in the study, as well as an operational definition for each of the variables of interest. In addition, the process of developing valid and reliable measurement scales and the administration of the questionnaires will be discussed.

5.2.3.1 Instrument development

In the present study, the measuring instrument employed consisted of a covering letter and two sections (See Annexure A). A detailed description of the purpose of the study and the type of information requested was provided in the cover letter. The cover letter also included a promise of confidentiality and instructions on how to complete and return the questionnaire. The survey was sponsored by a registered research centre at the NMMU, namely the Unit of Applied Management Sciences (previously known as the Unit for Applied Business Management). In addition, the official stationery of this unit was used as the template for the cover letter.

Section 1 consisted of 104 statements (items) relating to the various relational and organisational-based factors influencing a copreneurship. A 7-point Likert-type interval scale was employed, and each respondent was asked to indicate the extent to which he/she agreed with each statement. The 7-point Likert-type interval scale was understood as 1 = *strongly disagree* and 7 = *strongly agree*. Items were adapted and designed to measure the factors influencing the success of copreneurships, as perceived by the respondents.

Section 2 requested demographic information relating to both the respondent and the copreneurial business. The information requested concerning the respondent included the respondent's gender, ethnicity, age and involvement in the business. The information requested that related to the copreneurial business included the

status of the copreneurship, the tenure of the business, location of the business, leadership, number of employees, and activities of the business. In addition, Section 3 requested demographic information relating to the family, such as the stage of the children, number of children and length of time married. Section 4 of the questionnaire requested information relating to the ownership structure of the copreneurship.

5.2.3.2 Qualifying questions

As already mentioned, a sampling unit is a single element or group of elements that are subject to selection in the sample (Zikmund 2003:375). For the purpose of this study, copreneurial partners were considered the sampling units. A *copreneurship* consists of a husband-and-wife team (or life-partners) who share the ownership and/or management of a business, which includes sharing the responsibility for all the activities within that business. The husband and wife (or life-partners) must both be actively involved in the management and/or decision-making of the business, and both have considerable influence over decision-making in the business. In terms of this definition, the spouses need not share ownership of the business in order to qualify as copreneurs.

Individuals who were previously involved in a copreneurship also qualified to participate in this study. It was requested that these respondents answer the statements contained in the questionnaire in a way that best reflected the conditions present in their final year of involvement in the copreneurial business.

Potential respondents were contacted telephonically to determine if they were willing to participate in the study. These respondents were also asked several qualifying questions to ensure that they did in fact qualify to partake in the study. Section 2 of the questionnaire included several questions that required the respondents to verify that their family business could be described as a copreneurship, either currently or formerly in operation. The respondents were asked to specify whether both spouses had an influence over the management and/or decision-making of the business, as well as how the business ownership was shared between them. Respondents were also asked to indicate the number of full-time employees working in their business, to

ensure that the business was in fact a small or medium-sized family business. As a result of the above-mentioned qualifying questions, it was possible to minimise response error.

5.2.3.3 Scale development and operationalisation

According to Cooper and Schindler (2007:38), an operational definition is stated in terms of specific criteria for testing or measurement. The operational definition should state the particular features of the object being defined, as well as how these features are to be observed. Hair *et al.* (2006:735) propose that the process of operationalisation commences by defining the constructs concerned, thus providing a foundation for selecting the individual indicator items. The actual operationalisation of the construct then entails selecting suitable items for the measurement scale, as well as the type of measurement scale.

The measuring scale developed by Farrington (2009), in her study investigating the effectiveness of sibling teams, was used as the primary source to generate items to measure the constructs in the present study. The literature study revealed several factors not accounted for in Farrington's (2009) scales that could influence the success of copreneurial businesses. Additional items were therefore formulated to measure these factors from a rigorous analysis of secondary sources, as well as items that had proved valid and reliable in previous empirical studies.

The various operational definitions of the dependent and intervening variables used in this study will be presented in Table 5.1. These definitions are based on an interpretation of secondary sources as well as existing empirical studies. In addition, the source of the items used to measure the selected variables will be provided. Where necessary, the items have been reworded to make them more relevant to couples in business together.

Table 5.1: Operationalisation of the dependent, intervening and independent variables influencing the Perceived success of copreneurships

Dependent variable: Perceived success		Items	Source
The degree to which the copreneurs find their ongoing involvement in the copreneurship as both satisfying and beneficial to their family, marriage and personal development.		3	Farrington 2009
		4	Garza 2003; Handler 1991; Ivancevich <i>et al.</i> 2005; Sharma 2004; Venter 2003
Intervening variable: Financial performance		Items	Source
Refers to positive trends of growth in the number of employees and profits, as well as increasing revenue experienced by the copreneurial business.		6	Farrington 2009
Independent variables: Relational-based		Items	Source
Spousal relationship	Refers to a relationship characterised by support, understanding and managed conflict.	7	Farrington 2009
Respect and trust	Refers to the copreneurs respecting each other and each other's opinions, as well as trusting each other's integrity, judgement and abilities.	6	Farrington 2009
Fairness	Refers to the copreneurs believing that their working arrangement is fair in terms of workload, compensation, status and family responsibilities.	4	Farrington 2009
		3	Charles 2006; Cox <i>et al.</i> 1984; Millman & Martin 2007; Ponthieu & Caudill 1993.
Open communication	Refers to the copreneurs being able to communicate openly as well as sharing all information with each other.	5	Farrington 2009
Balance between work and family	The spouses' business does not interfere with their family obligations and time to attend to household responsibilities, and work and family obligations are not in conflict with each other.	1	Charles 2006; Van Auken & Werbel 2006.
		3	Farrington, Gray & Sharp 2009.
		3	Cox <i>et al.</i> 1984
Family harmony	Refers to copreneurs being emotionally attached to one another, appreciative of each other, caring about one another's welfare, enjoying spending special time together, sharing common interests, and getting along well both inside and outside the working environment.	3	Farrington 2009
		3	Cox <i>et al.</i> 1984
Commitment to the business	Refers to the copreneurs being committed to their business, in that they really care about its fate and feel emotionally attached to the business. It demonstrates copreneurs' readiness and commitment to work with their spouses in the business and to exert a considerable amount of effort to aid the success and continuation of the spouse's business.	10	Arnolds 2005; Boshoff & Arnolds 1995.

Table 5.1: Operationalisation of the dependent, intervening and independent variables influencing the Perceived success of copreneurships continued

Non-family involvement	Refers to copreneurs involving non-family members in their family business. The nature of this involvement, may include, among others, consultants, advisors, board members or non-family employees.	6	Farrington 2009
Independent variables: Organisational-based		Items	Source
Shared dream	Refers to the extent to which the dreams that individual spouses have for themselves in the copreneurship are aligned with each other's dreams, and that their involvement in the copreneurship is entirely willing and voluntary. The extent to which the spouses agree on the future direction of the copreneurship also forms part of this factor.	6	Farrington 2009
Leadership and planning	Refers to the spouses having a consultative or participative leadership style, having referent and expert leadership, and being visionary in terms of strategic planning.	8	Farrington 2009
Complementary skills	Refers to the spouses being competent and possessing complementary competencies. These competencies should exist in different areas, meaning that the spouses should possess a diversity of skills within their team. Diversity will exist if the spouses have strengths in different areas and their skills and competencies complement each other's.	6	Farrington 2009
Division of labour	Refers to each spouse being assigned a clearly demarcated area of authority and responsibility in the business, as well as the spouses being in agreement on this assignment.	6	Farrington 2009
Internal context	Refers to the internal environment of the copreneurial business, particularly in terms of access to adequate and suitable resources, information, equipment, employees and working conditions.	6	Farrington 2009
Governance	Refers to the overall existence of governance structures, policies and procedures in the copreneurship.	6	Farrington 2009

Certain factors operationalised in Table 5.1 above warrant further discussion. These factors were developed for the purpose of this study, and were not taken from Farrington's (2009) study.

In this study, seven items were used to measure the dependent variable *Perceived success*. With slight adjustment to the wording, three of Farrington's (2009) items were used, and four additional items were self-constructed. The four additional items were based on the literature (Garza 2003; Handler 1991; Ivancevich et al. 2005; Sharma 2004; Venter 2003).

To measure the independent factor *Fairness*, a seven-item scale was developed. This scale was based on the literature (Charles 2006; Millman & Martin 2007; Ponthieu & Caudill 1993), and with minor changes to the wording, two of Cox et al.'s (1984) and four of Farrington's (2009) items were used.

In order to measure the factor *Balance between work and family*, a seven-item scale was constructed. With minor changes to the wording, to make the items more suited to couples in business together, three items were obtained from Cox et al.'s (1984) scale and another three items were from Farrington et al. (2009). Farrington et al. (2009) reported a Cronbach-alpha coefficient of 0.85 for their scale. The remaining item was based on the literature (Charles 2006; Van Auken & Werbel 2006).

For the purpose of measuring the factor *Family harmony*, a six-item scale was developed. With minor adjustments to the wording, four of Farrington's (2009) and one of Cox et al.'s (1984) items were used. The remaining item was developed from the literature (Adendorff 2004; Charles 2006; Hess 2006).

The factor *Commitment to the business* was measured using a self-constructed 10-item scale. With slight changes to the wording, selected items from the scales of Arnolds (2005) and Boshoff and Arnolds (1995), were used in the development of this scale. Arnolds (2005) and Boshoff and Arnolds (1995) reported Cronbach-alpha coefficients of 0.92 and 0.87 respectively, for these scales.

5.2.4 ADMINISTRATION OF QUESTIONNAIRES

Potential copreneurial partners, identified by means of the convenience sampling technique, were contacted telephonically between the months of April and September 2008, and asked to participate in this study. Those couples who agreed

to participate were given the option of receiving their questionnaire either via postal mail or email, depending on their preferred manner of completing the questionnaire. The majority of the questionnaires were subsequently administered via postal mail, together with a pre-paid, self-addressed envelope to facilitate their return. In addition, electronic questionnaires were emailed to those respondents who requested them.

In order to improve the credibility of the study and increase the chances of the respondents actually completing and returning the questionnaires, all communication with the respondents was carried out on the official stationery of the Unit for Applied Management Sciences (previously known as the Unit for Applied Business Management) at the Nelson Mandela Metropolitan University. The questionnaire included a cover letter explaining the purpose of the study and the type of information being requested, as well as promising that all responses would be kept confidential. The cover letter was also emailed to those respondents who chose to receive the questionnaire electronically. An attachment containing the questionnaire in MS Word format was included in the email. Respondents could then print out the questionnaire and return it via facsimile or post.

The initial batch of questionnaires was administered at the end of July 2008, followed by several smaller batches, once additional respondents had been located, contacted, and added to the database. Two questionnaires were sent to each business, one for each spouse. As a result, 1 548 questionnaires were made available to potential respondents. In addition, the respondents were asked to return their completed questionnaires within a two month period, starting at the end of July 2008 and ending 30 September 2008. Follow-up phone calls were made to the respondents to confirm that they had in fact received the questionnaire, as well as to encourage them to complete and return it.

5.2.5 SAMPLE SIZE AND RESPONSE RATE

Hair et al. (2006:740) refer to five important considerations influencing the sample size required for Structural Equation Modelling (SEM), namely: the multivariate distribution of the data, the estimation technique, the model complexity, the amount of missing data, and the amount of average error variance among the reflective

indicators. The sample size used should not be too small when performing Structural Equation analysis because SEM depends on tests that are sensitive to the sample size and the magnitude of differences in covariance matrices. Sample sizes usually vary from 200 to 400 for models with 10 to 15 indicators (Hair *et al.* 2006:740). In the present study, 390 completed questionnaires were returned by the respondents, of which 380 were useable. The remaining 10 questionnaires were incorrectly completed and could therefore not be used. The final sample size used for the purpose of this study was thus 380.

According to Zikmund (2003:215), the response rate is equal to the number of completed or returned questionnaires divided by the total number of suitable people contacted or asked to participate in a study. Therefore, the response rate for the present study was 25.19%. A more detailed breakdown of the response rate is provided in Table 5.2 to follow.

Table 5.2: Response rate

	Number of respondents
Number of questionnaires mailed	1 548
Total number of questionnaires returned	390
Usable questionnaires returned	380
Response rate	25.19%

5.2.6 MISSING DATA

All of the questionnaires returned by the respondents were inspected for missing data upon their receipt. This inspection revealed several questionnaires that had missing information. The respondents concerned were then contacted, by way of a follow-up phone call or email, to obtain the outstanding information. In cases where outstanding information could not be obtained, all of the responses for a particular item were used to calculate a mean score for that item. This mean score was subsequently inserted into the missing values as a replacement value. According to Hair *et al.* (2006:61), the mean-substitution approach replaces the values that are missing for a variable with the mean value that is calculated from all of the valid

responses for that variable. This mean-substitution approach is a popular method, and is best suited to situations where the levels of missing values are relatively low (Hair *et al.* 2006:61,63). Therefore, the mean-substitution approach is applicable to the present study.

5.2.7 DEMOGRAPHIC INFORMATION

Section 2 of the questionnaire comprised several questions concerning the demographic information of the respondent and the copreneurial business, whereas Section 3 of the questionnaire comprised questions concerning the marriage and the family. A summary of all of the demographic information gathered from the 380 usable questionnaires is presented in the tables and paragraphs to follow. Additional details can be found in Annexure B.

Table 5.3: Demographic information pertaining to the respondents as individuals

Gender	Frequency	Percentage
Male (husband)	171	45%
Female (wife)	209	55%
Ethnic background	Frequency	Percentage
White	372	97.9%
Black	1	0.25%
Asian	4	1.1%
Coloured	2	0.5%
Other	1	0.25%
Age of the respondent	Frequency	Percentage
25 to 30 years old	7	2%
31 to 40 years old	56	14.8%
41 to 50 years old	141	37.1%
51 to 60 years old	122	32.2%
61 years and older	54	14.3%
Involvement in the business	Frequency	Percentage
I am actively employed in the business (I earn a salary from the business.)	350	92.1%

I am not actively employed in the business, but am active in decision-making.	29	7.6%
I am not actively employed in the business nor am I active in decision-making.	1	0.3%

It can be seen from Table 5.3 above, that more than half (55%) of the respondents in the present study were female (wives), while the male (husbands) respondents accounted for only 45% of the sample. With regard to ethnic background, most of the respondents (97.9%) were white, while the remaining 2.1% of the respondents were non-white. The majority of the respondents in the present study were either between the ages of 41 and 50 years old (37.1%) or between 51 and 60 years old (32.2%). The remaining respondents were between the ages of 25 and 30 years old (2%), and 31 and 40 years old (14.8%). Interestingly, 14.3% of the respondents indicated that they were 61 years or older, thereby demonstrating their desire to remain involved in their business past the age of retirement. A possible explanation for so many respondents being 65 years or older is provided by Stewart-Gross and Gross (2007:9), who suggest that more and more individuals are now delaying retirement until much later in life, as they have become focused on “What’s next?” or “the next stage in life.” Self-employment in the form of a copreneurship may provide them with the opportunity to transition to the so-called “second-half” of their lives. Another possible explanation is provided by Van Duijn *et al.* (2007:13), who note that many family businesses do not have proper succession plans in place, or there may be no willing family members to take over the business (Rwigema & Venter 2004:486). In addition, the vast majority (92.1%) of the respondents indicated that they were actively employed in their copreneurial business, and received a salary from it. The remaining respondents were either not employed by their copreneurial business, but were actively involved in decision-making (7.6%) or were not involved in the copreneurial business at all (0.3%).

Table 5.4: Demographic information pertaining to the copreneurial business

Status of the copreneurship	Frequency	Percentage
My spouse and I are currently in a copreneurial business.	368	96.8%
My spouse and I were previously in a copreneurial business.	12	3.2%
Tenure of the business	Frequency	Percentage
1 to 10 years	185	48.7%

11 to 20 years	126	33.1%
21 to 30 years	45	11.9%
31 to 40 years	24	6.5%
Location of the business	Frequency	Percentage
The copreneurial business operates primarily from the family home.	99	26.1%
The copreneurial business does not operate from the family home.	281	73.9%
Leadership	Frequency	Percentage
The spouse with the strongest personality takes the lead among us in our business.	41	10.8%
The spouse with the most leadership skills takes the lead among us in our business.	31	8.2%
The spouse that is most knowledgeable takes the lead among us in our business.	121	31.8%
The spouse, who has been involved the longest in our business, takes the lead among us.	25	6.6%
Leadership is shared equally between my spouse and I in our business.	122	32.1%
Because of traditional gender roles the husband (man) takes the lead among the spouses in our copreneurial business.	40	10.5%
Number of employees	Frequency	Percentage
0 to 20 employees	242	65.8%
21 to 40 employees	78	20.6%
41 to 60 employees	27	7.4%
61 to 80 employees	16	4.3%
81 to 100 employees	7	1.9%
101 to 200 employees	6	1.6%
Activities of the copreneurship	Frequency	Percentage
Agriculture/Farming/Forestry	31	8.2%
Mining and Quarrying	2	0.5%
Manufacturing/Engineering	25	6.6%
Construction/Building/Electricians/Plumbers/Painters	17	4.5%
Retail, Motor trade and Repair services	112	29.5%
Wholesale trade and Commercial agents and Allied services	19	5%
Catering, Accommodation and other trade or Entertainment/Restaurant/Fast food	82	21.6%
Transport, Storage and Communications or IT	7	1.8%
Finance and Business services	22	5.8%
Community, Social and Personal services	46	12.1%
Diversified activities or unknown	17	4.5%

In Table 5.4 above, it can be seen that almost all (96.8%) of the respondents were in a copreneurial business with their spouse at the time of completing the questionnaire, while 3.2% of the respondents were no longer in a copreneurial business. Most of the respondents had been in business for between 1 and 10 years (48.7%) or 11 and 20 years (33.1%), while the remaining respondents' business tenure was between 21 and 30 years (11.9%) or 31 and 40 years (6.5%). As far as the business location was concerned, 73.9% of the respondents operated their business away from the family home, while the rest of the respondents (26.1%) worked from the family home. Most of the respondents indicated that the leadership of their business was either shared equally by the spouses (32.1%) or that the spouse with the most knowledge took the lead (31.8%). The rest of the respondents indicated that the spouse with the strongest personality (10.8%), the most leadership skills (8.2%) or the longest involvement in the business (6.6%) took the lead in their business. Interestingly, 10.5% of the respondents indicated that because of traditional gender roles, the man was the leader in their copreneurial business. All of the respondents employed fewer than 200 employees in their copreneurial business. In addition, the areas of business activity to receive the greatest response were retail, motor trade and repair services (29.5%), as well as catering, accommodation, restaurants or fast food (21.6%). A summary of the remaining business activities indicated by the respondents in the present study can be found in Table 5.4 above.

Table 5.5 below presents the demographic information relating to the families of the respondents, as well as their marriages.

Table 5.5: Demographic information pertaining to the family and the marriage

Stage of the children	Frequency	Percentage
0 to 3 years (toddlers)	7	1.8%
4 to 13 years (Pre-primary and/or Primary school)	24	6.3%
14 to 18 years (High school)	22	5.8%
19 years and older	192	50.5%
Toddlers and children at school	19	5%
Children in school and children out of school	63	16.6%
Children at school (Pre-primary, Primary and/or High school)	31	8.2%
No children/No response	22	5.8%

Table 5.5: Demographic information pertaining to the family and the marriage continued

Number of children	Frequency	Percentage
None	17	4.5%
One	28	7.4%
Two	178	46.8%
Three	113	29.7%
Four or more children	43	11.3%
Length of time married	Frequency	Percentage
0 to 10 years	39	10.5%
11 to 20 years	85	22.3%
21 to 30 years	139	36.4%
31 to 40 years	91	24%
41 years and more	25	6.8%

Just more than half (50.5%) of the respondents in the present study indicated that their children were 19 years old or older. The rest of the respondents' children were toddlers (1.8%), in pre-primary and/or primary school (6.3%) or in high school (5.8%). Some respondents indicated that they had no children or did not respond (5.8%). The majority of the respondents had either two (44.8%) or three (29.7%) children, while a few respondents had no children (4.5%), a single child (7.4%) or more than four children (11.3%). A mere 10.5% of the respondents had been married for less than 10 years, while most had been married for between 11 and 20 years (22.3%), 21 and 30 years (36.4%), and 31 and 40 years (24%). Only 6.8% of the respondents had been married for more than 41 years.

5.2.8 METHOD OF DATA ANALYSIS

According to Zikmund (2003:300), there are three main criteria for assessing measurements, namely: reliability, validity and sensitivity. *Reliability* refers to the extent to which measures are error-free and therefore yield consistent results (Zikmund 2003:300), whereas *validity* is concerned with the ability of a scale or measuring instrument to measure that which it is intended to measure (Zikmund 2003:302). *Sensitivity* refers to the ability of the measuring instrument to accurately

measure any variability in stimuli and responses (Zikmund 2003:304). Cooper and Schindler (2007:318) suggest an additional characteristic of good measurement tools, namely practicality. *Practicality* is concerned with issues such as convenience, economy and interpretability (Cooper & Schindler 2007:318).

The statistical techniques used to assess the reliability and validity of the results in the present study will be discussed in the sections to follow. In addition, the statistical techniques employed to establish the influence that the demographic factors had on the *Perceived success* of copreneurships and the method used to verify the conceptual model, will be briefly summarised.

5.2.8.1 Reliability of the measuring instrument

The primary concern of reliability is to determine the extent to which a measurement is free of random or unstable errors. A measure is therefore considered reliable if it generates consistent results. Researchers that use reliable instruments can be assured that temporary and situational factors will not get in the way of their research. As such, reliable instruments are strong and capable of working at divergent times, under divergent conditions (Cooper & Schindler 2007:321). In addition, reliability makes essential contributions to validity (Cooper & Schindler 2007:321).

Internal consistency is a popular measure of reliability. It is based on the assumption that the individual items or indicators of a measurement scale should all measure the same construct, and therefore be highly correlated (Cooper & Schindler 2007:323; Hair, Anderson, Tatham & Black 1998:118). According to Cooper and Schindler (2007:322), Cronbach's alpha is a type of reliability estimate that is concerned with internal consistency. Cronbach's alpha coefficients measure the extent to which the measuring instrument items are homogeneous and reflective of the same underlying constructs (Cooper & Schindler 2007:322). A reliability estimate of 0.70 or above suggests good reliability, whereas reliability between 0.60 and 0.70 may be accepted if the other indicators of a model's construct validity are good (Hair et al. 2006:778). Although 0.70 is generally the lower limit for Cronbach-alpha coefficients, it may be reduced to 0.60 for exploratory research purposes (Garson 2006; Hair et al.

2006:137). Cronbach-alpha coefficients that are greater than 0.80 are considered good (Bernardi 1994:767).

The reliability of the measuring instrument employed in the present study was measured using Cronbach-alpha coefficients. Therefore, Cronbach-alpha coefficients were used to decide which items would be integrated as measures of the specific constructs. The software programme SPSS 15 for Windows was utilised to establish these Cronbach-alpha coefficients.

5.2.8.2 Validity of the measuring instrument

Validity is a measurement characteristic that is concerned with the degree to which a test measures what a researcher actually intends it to measure. In addition, any differences emerging from the measurement tool mirror the differences between respondents drawn from the population (Cooper & Schindler 2007:720).

The ability that a set of measured items has to reflect the theoretical latent construct it was intended to measure is referred to as *construct validity* (Hair *et al.* 2006:776). Thus, construct validity is a validity estimate (Cooper & Schindler 2007:319). Construct validity is determined by the extent to which a measure confirms various related hypotheses, generated from theory founded on the concepts (Zikmund 2003:303). As a result, when using construct validity, both the theory and the measuring instrument must be considered (Cooper & Schindler 2007:320). In the present study, construct validity was used to determine if the measuring instrument measured that for which it was designed.

According to Venter (2003:248), a measuring instrument is considered to display construct validity if the scale has both convergent and discriminant validity. The extent to which scores on one scale correlate with the scores on other scales, which are designed to measure the same construct, is referred to as *convergent validity* (Cooper & Schindler 2007:320; Hair *et al.* 2006:776). In contrast, the extent to which the scores on a scale do not correlate with the scores from scales designed to measure different constructs is referred to as *discriminant validity* (Cooper & Schindler 2007:320). In addition, discriminant validity is the degree to which a

construct is unique and captures some phenomena that other measures do not (Hair et al. 2006:778).

Several researchers (e.g. Adendorff 2004; Farrington 2009; Venter 2003) have used the multivariate technique of factor analysis to measure discriminant validity. Therefore, exploratory factor analysis was performed to assess the discriminant validity of the research instrument in the present study. The software programme SPSS 15 was used for this purpose.

5.2.8.3 Effect of demographic variables

The primary objective of this study was to determine the influence that various factors have on the *Perceived success* of copreneurships in South Africa. In addition, the influence that selected demographic factors have on the *Financial performance* (intervening variable) and *Perceived success* (dependent variable) of a copreneurship, would be determined. It was hypothesised that the demographic variables would have no influence on the intervening and dependent variables. The software programme SPSS 15 was utilised for this purpose.

An Analysis of Variance (ANOVA) involves examining the effects of a treatment variable on an interval-scaled or ratio-scaled dependent variable. It is also used to assess differences in the means occurring between two or more groups (Zikmund 2003:529). In the present study, an ANOVA was carried out to determine the influence that the demographic variables measured on a nominal scale (*Activities of the copreneurship, Stage of the children and Leadership*) have on the intervening and dependent variables.

To determine the influence that the demographic variables measured on an ordinal scale (*Age of the respondent, Tenure of the business, Number of employees, Number of children and Length of time married*) have on the intervening and dependent variables, a Multiple Linear Regression analysis was carried out. Multiple Linear Regression analysis is an instrument used to forecast the dependent variable, founded on several independent and explanatory variables (Cooper & Schindler 2007:575). Therefore, Multiple Linear Regression analysis enables the effects of two

or more independent variables on a single dependent variable, to be investigated at the same time (Han 2006:125).

In addition, t-tests were carried out on certain demographic variables (*Gender, Location of the business, Status of the copreneurship and Involvement in the business*). According to Zikmund (2003:524), t-tests are used to determine whether the mean score for a variable is significantly different for two independent samples.

5.2.8.4 Structural Equation Modelling

According to Garson (2006), Structural Equation Modelling (SEM) stems from and has a similar purpose to, Multiple Regression analysis, as well as providing a more effective option than other multivariate techniques (Cooper & Schindler 2007:584). SEM is a multivariate statistical technique used to build and test statistical models. It is essentially a combination of the different facets of confirmatory factor analysis, path analysis and Multiple Regression in order to estimate a series of interrelated dependence relationships at the same time (Garson 2006; Hair et al. 1998:584; Hair et al. 2006:705; Structural Equation Modelling n.d.). SEM is fast becoming a popular evaluation technique and is now considered the dominant multivariate technique (Cooper & Schindler 2007:583; Hair et al. 1998:578; Hair et al. 2006:724).

SEM presents a change from exploratory to confirmatory analysis because of its ability to comprehensively evaluate relationships (Hair et al. 1998:578). SEM is also more suited to theory testing than theory development, as it encourages confirmatory modelling instead of exploratory modelling (Garson 2006; Structural Equation Modelling n.d.). SEM is a better technique for empirically testing a theoretical model than Multiple Regression, as it entails having the measurement model and the structural model in a single analysis (Hair et al. 2006:843). Therefore, contrary to other multivariate techniques, SEM permits the evaluation of both measurement properties as well as testing for key theoretical relationships in a single technique (Hair et al. 2006:706). Consequently, SEM has been adopted to test the relationships between the various independent and dependent variables in this study.

(a) Steps/stages in Structural Equation Modelling

In Table 5.6, the steps or stages of SEM as recommended by Hair et al. (2006:734; 1998:592-616), are presented. In Table 5.6, a comparison is made of how the different stages of SEM, as proposed by Hair et al. (1998; 2006), have changed over the years.

Table 5.6: Steps in Structural Equation Modelling

Stages	Hair <u>et al.</u> (2006:734)	Steps	Hair <u>et al.</u> (1998: 592-616)
1.	Defining individual constructs	1.	Developing a theoretical model
2.	Developing and specifying the measurement model	2.	Constructing a path diagram of causal relationships
3.	Designing a study to produce empirical results	3.	Converting the path diagram into a set of structural equations and measurement models
4.	Assessing the measurement model validity	4.	Choosing the input matrix type (correlation matrix or covariance matrix) and estimating the proposed model
5.	Specifying the structural model	5.	Assessing the identification of model equations
6.	Assessing structural model validity	6.	Evaluating the results for goodness-of-fit
7.	—	7.	Making the indicated modifications to the model, if theoretically justified

Farrington (2009:375) states that although the two proposed procedures for implementing SEM overlap, the six-stage decision process (Hair et al. 2006) includes broader aspects of research design (stage 3) and measurement development (stage 1) than the original seven-steps procedure (Hair et al. 1998). A clear overlap exists between the remaining stages in the six-stage decision process (stages 2, 4, 5 and 6) and the seven steps originally suggested by Hair et al. (1998). Farrington (2009) suggests that in their later writing, Hair et al. (2006) have just assumed a different approach for presenting their discussions on SEM.

As in Farrington's study, stage 1 and to a certain extent stage 3, of the six-stage decision process, have already been addressed in the present study (Chapter 5). Farrington (2009:375) argues that the remaining stages of the six-stage decision process are addressed in a more detailed and sequential manner in the seven-step process. Taking cognisance of Farrington's (2009:375) suggestions on implementing SEM, the discussions in the present study are based on the seven consecutive steps

proposed by Hair et al. (1998:592-616) in their earlier writings. A brief summary of the seven steps of SEM is presented in the paragraphs to follow, as well as a description of how each step will be implemented in this study.

Step 1: Developing a theoretical model

The Structural Equation Modelling process begins with the specification of a model, based on theory. The theoretical justification or theoretical rationale of the model under investigation is the foundation that underpins the method of Structural Equation analysis (Hair et al. 1998:592,593). A model represents a theory, and a theory is considered to be a systematic set of relationships that consistently and comprehensively explain phenomena (Hair et al. 2006:713).

In the present study, a conceptual model of factors influencing the *Perceived success* of a copreneurship was presented for empirical testing (see Chapter 4). An in-depth study of the existing literature and empirical findings provided the foundation for this model. In addition, based on theoretical support, hypotheses concerning the relationships between the numerous factors in the model and their potential influence on the *Perceived success* of a copreneurship were formulated.

Step 2: Constructing a path diagram of dependence relationships

Hair et al. (2006:715) assert that a path diagram portrays a dependence relationship between two constructs, i.e. the impact of one construct on another construct. When constructing a path diagram of dependence relationships, the hypothesised relationships between the constructs incorporated in the theoretical models, are depicted. According to Hair et al. (2006:714), path diagrams provide a handy way of depicting models in a visual form. In SEM, constructs are referred to as *latent variables*, which are measured according to their individual indicators, and consist of independent, intervening, and dependent variables (Garson 2006). If a variable is not predicted or “caused” by another variable in the model, it is referred to as an *exogenous* construct. In contrast, if a variable is predicted or “caused” by any other construct in the model, it is referred to as an *endogenous* or *dependent* construct (Hair et al. 2006:715; Hair et al. 1998:594-596). Endogenous variables are both

intervening variables and pure dependent variables (Garson 2006). In the present study, the path diagrams proposed will be presented in Chapter 6.

Step 3: Converting the path diagram into a set of structural equations and measurement models

According to Hair et al. (1998:596), this step involves formalising the model using sets of equations. In addition, the structural equations linking the constructs, the measurement model, and a set of matrices are defined by means of these equations. The purpose for this is to link the operational definitions of constructs to theory, for suitable empirical testing.

In SEM terminology, a conventional model actually consists of two models, the measurement model and the structural model (Hair et al. 2006:714). Specifying the measurement model involves assigning indicator variables to the constructs that they represent. On the other hand, specifying the structural model involves assigning relationships between constructs founded on the proposed theoretical model (Hair et al. 2006:754). After a theory has been proposed, the SEM model is developed. To begin with, this entails specifying the measurement theory and validating it by means of confirmatory factor analysis. The researcher can then test the structural model once the measurement model is deemed valid (Hair et al. 2006:848,849).

The measurement model specifies the rules of correspondence between measured and latent variables (Hair et al. 2006:713) and enables an assessment of construct validity (Hair et al. 2006:709). The measurement model can be represented by a series of regression-like equations, mathematically relating a factor to the measure variables (Hair et al. 2006:772).

When the structural and measurement models are estimated, the loading coefficients offer estimates of how reliable the indicators and the overall construct are (Hair et al. 1998:599). To prove the acceptability of the method of empirical testing used and the indicator loadings in the present study, the p-values associated with each of the loadings must exceed the critical values (CV) for the 5% (CV = 1.96), 1% (CV = 2.58)

and 0.1% (CV = 3.30) significance levels. If this occurs in the present study, the variables will be significantly related to their specified constructs, and the proposed relationships among variables and constructs will be verified (Hair et al. 1998:623; Venter 2003:292). The software programme LISREL 8.8 (Jöreskog & Sörbom 2006) will be used to convert the path diagrams into structural equations (structural models) and measurement models.

Step 4: Choosing the input matrix type (correlation matrix or covariance matrix) and estimating the proposed model

In this step, the input matrix type must be chosen, and the proposed model estimated. Either the variance-covariance or the correlation matrix is used as the input data type in Structural Equation analysis. For the purpose of the present study, a covariance matrix of all the indicators in the model is used as the data input type. According to Hair et al. (2006:738), covariance matrices include better information content and therefore provide the researcher with greater flexibility.

Following the specification of the structural and measurement models and the selection of the input data type, estimates of free parameters from the observed data must be obtained. In the present study, the software programme LISREL 8.8 (Jöreskog & Sörbom 2006) was utilised for these estimations.

Step 5: Assessing the identification of model equations

In step five, the software programme must be assessed to determine if it has produced any insignificant or illogical results while trying to identify the structural model (Hair et al. 2006:791; Hair et al. 1998:608). There is no single rule to establish the identification of a model (Hair et al. 1998, 608-609), but guidelines are available. The most straightforward of these guidelines is the three-measure rule, which states that constructs with three or more indicators will always be identified. None of the constructs in the present study have less than three indicators, showing a low risk of model-identification problems arising.

Step 6: Evaluating the results for goodness-of-fit

When evaluating the Goodness-of-fit results, a researcher must consider the extent to which the data and the theoretical models meet the assumptions of SEM. Goodness-of-fit tests establish the extent to which the structural equation model fits the sample data (Hair et al. 1998:610,620; Structural Equation Modelling n.d; Venter 2003:257), or how well the theory fits reality as represented by the data (Hair et al. 2006:734). The validity of the measurement model is dependent on the Goodness-of-fit for the measurement model, together with detailed proof of construct validity (Hair et al. 2006:745). The closer the structural model Goodness-of-fit is to the measurement model, the better the structural model fit will generally be (Hair et al. 2006:756).

Some of the most popular model-fit criteria employed by researchers are the Chi-square statistic (χ^2), the Goodness-of-fit index (GFI), the adjusted Goodness-of-fit index (AGFI), and the Root-Mean-Square residual (RMR) (Hair et al. 1998:633).

To determine whether the model should be rejected or not, Goodness-of-fit tests are used. However, these general fit tests do not determine if the specific paths in the model are significant. The path coefficients in the model can be examined and interpreted, if the model is not rejected. In poor-fitting models, “significant” path coefficients are not important (Cooper & Schindler 2007:584; Garson 2006). It is important to note that a “good fit” and relationship strength are two different issues. It is possible to have perfect fit, yet all variables in the model are completely uncorrelated. Researchers should therefore not only report the Goodness-of-fit measures but also the structural coefficients, in order to assess the strength of paths in the model. Readers should not automatically conclude that a model is strong just because the “fit” is good (Garson 2006).

In the present study, to ensure that the overall fit of the proposed model of factors influencing the *Perceived success* of a copreneurship is satisfactory, the following measures will be employed: the Satorra-Bentler scaled Chi-square (χ^2), the ratio of Chi-square to degrees of freedom (χ^2 / df), the Root Mean Square Error of

Approximation (RMSEA), and the 90% confidence interval for RMSEA. Robust Maximum Likelihood will be used as the method of estimation in the present study.

Step 7: Making the indicated modifications to the model if theoretically justified, and interpreting the results

In the final step of the Structural Equation analysis, the proposed model must be modified in search of a better fit and an understanding of the outcomes. This model respecification will generally follow the estimation of a model with indications of poor fit. The process of respecifying the model necessitates that the researcher fix previously free parameters or free previously fixed parameters (Cooper & Schindler 2007:584; Structural Equation Modelling n.d.). The process of model respecification also involves adding or deleting estimated parameters from the original model. These modifications should be carefully carried out, once theoretical justification has been obtained for what is considered empirically significant (Hair et al. 1998:614).

A proposed structural model cannot only be supported by good model fit as the individual parameter estimates, representing each hypothesis, must also be examined. A conceptual model is supported and considered valid to the extent that the parameter estimates are statistically significant and in the forecast direction (Hair et al. 2006:758,847).

5.3 SUMMARY

The purpose of this chapter has been to briefly describe the activities involved in the research design and methodology chosen for this study. A description of the population studied, as well as the sampling unit and sampling technique were presented. Each of the variables comprising the conceptual model was operationalised by means of clear and brief definitions, and the development and administration of the measuring instrument were explained. A summary of the respondents' demographic information was also presented, and the statistical analysis undertaken to verify the validity and reliability of the measuring instrument, was described. In addition, the ANOVA, Multiple Regression analysis and t-tests

used to assess the influence of the demographic variables on the intervening and dependent variables were briefly discussed. Finally, the Structural Equation Modelling (SEM) technique used to confirm the proposed conceptual model, was elaborated on.

In Chapter 6, the results of the different statistical analyses performed will be presented and discussed.

CHAPTER 6

EMPIRICAL RESULTS

6.1 INTRODUCTION

An overview of the research design and methodology utilised in this study has been presented in 8. This overview highlighted several important statistical analyses techniques that were used to test the validity and reliability of the measuring instrument, as well as to empirically test the proposed conceptual model. Chapter 6 provides a summary of these results.

In Chapter 6, the results of the exploratory factor analyses will firstly be summarised. Exploratory factor analyses have been used to evaluate the discriminant validity of the constructs in the conceptual model. The Cronbach-alpha coefficients will then be presented, to verify the reliability of the constructs. A revision of the conceptual model proposed in Chapter 4 will then follow, depicting those constructs that demonstrated sufficient evidence of discriminate validity and reliability. Path diagrams will be used to display the relationships between the various constructs. The path diagrams will be converted into a measurement and structural model in order to estimate the path coefficients of the relations. The goodness-of-fit of the conceptual model to the empirical data will be analysed, and the relationships between the various constructs will be considered.

6.2 VALIDITY OF THE MEASURING INSTRUMENT

Validity refers to the ability of a scale or measuring instrument to measure what it is intended to measure (Zikmund 2003:302). For the purpose of this study, Exploratory factor analyses were conducted to determine the discriminant validity of the measuring instrument utilised to measure the constructs in the conceptual model. According to Hair et al. (1998:90-91), an exploratory factor analysis depicts data in fewer concepts than the original individual variables. It condenses the data by replacing the scores of each underlying dimension for the original variable. The

software SPSS 15 was utilised to conduct the Exploratory factor analyses in this study.

A factor analysis generates a number of factor loadings which are representative of the correlations between each variable and each factor. Those data items that measure a similar aspect will have high loadings on (correlations with) one specific factor and low loadings on another. According to Hair et al. (2006:128), factor loadings of 0.30 and 0.40 are considered significant for sample sizes of 350 and 200 respectively. In this study, items displaying no cross-loadings and comprising factor loadings of ≥ 0.4 (absolute values), are considered significant (Mustakallio et al. 2002:214), thereby serving as evidence of construct and discriminant validity for the measuring instrument.

According to Hair et al. (2006:709), when employing Structural Equation Modelling (SEM), the measurement model identifies the indicators for each construct and enables the assessment of construct validity. Even though SEM is similar to exploratory factor analysis, it varies because the number of factors and items loading onto each factor have to be known and specified before the analysis can be performed (Hair et al. 2006:772,779). SEM is therefore a form of confirmatory factor analysis. It is not possible to conduct confirmatory factor analysis if a researcher has not specified both the number of constructs within the data to be analysed, and the measures that are to be assigned to each of these constructs. Exploratory factor analysis is, however, conducted without knowledge of either of these things (Hair et al. 2006:834). An exploratory factor analysis using SPSS 15 for Windows was therefore carried out before the implementation of SEM, in order to allow for the specification of the measures of the constructs in the measurement model.

Fourteen independent variables were identified in Chapter 4 as influencing the *Perceived success* of a copreneurship. To facilitate discussion, these variables were grouped into two main categories, namely *Relational-based factors* and *Organisational-based factors*. Eight variables were assigned to the *Relational-based* category and the remaining six variables were assigned to the *Organisational-based* category. The intervening and dependent variables were categorised as *Outcomes*. By dividing the numerous variables amongst these three different categories, the

model could be split into three submodels, on which the factor analysis could be performed. Therefore, three submodels materialised, and were named *Outcomes*, *Relational-based factors* and *Organisational-based factors*.

According to Farrington (2009:388), the method of factor extraction depends on whether one expects the underlying constructs to be correlated or not. Principal Component Analysis with a Varimax Rotation is specified as the extraction and rotation method for the submodels where it is expected that the constructs will not be correlated, whereas Principal Axis Factoring with an Oblimin (Oblimin with Kaiser Normalization) Rotation is specified as the extraction and rotation method for those submodels where it is expected that the constructs are correlated. In order to assess the factor-analysability of the data, Bartlett's Test of Sphericity was used. Eigenvalues, the Percentage of Variance explained and factor loadings were also measured to determine the number of factors (constructs) to extract for each submodel.

For the purpose of this study, the method used by Farrington (2009) to assess the factor-analysability of the data in her study, was followed. The software programme SPSS 15 for Windows includes Bartlett's Test of Sphericity and the Kaiser-Meyer-Olkin measure of sampling adequacy (KMO) to gauge the factor-analysability of the data. According to Rennie (2002), the closer a KMO is to 1, the more factor-analysable the data is. For the purpose of this study, data with KMO's of >0.7 ($p < 0.05$) is considered factor-analysable. In addition, Eigenvalues of greater than 1 are considered significant and are used to explain the variance captured by a factor. Eigenvalues of less than 1 are considered insignificant and therefore excluded (Hair *et al.* 1998:103).

The extraction and rotation method, as well as Bartlett's Test of Sphericity, will be reported for each submodel in Section 6.4. In addition, the Eigenvalues, Percentage of Variance explained and the individual factor loadings for each construct in the various submodels, will be elaborated on.

6.3 RELIABILITY OF THE MEASURING INSTRUMENT

In quantitative research such as this study, *reliability* refers to the extent to which test scores are accurate, consistent and stable (Struwig & Stead 2001:130). Reliability involves assessing the level of consistency between numerous measurements of a variable at different time intervals (Cooper & Schindler 2007:323; Hair *et al.* 1998:117). The type of reliability estimate, or coefficient of internal consistency, implemented to assess the internal consistency of the measuring instrument in this study, is the Cronbach-alpha. The Cronbach-alpha coefficient for each factor identified by means of the exploratory factor analyses was established using the software programme SPSS 15 for Windows. For the purpose of this study, a Cronbach-alpha coefficient of greater than 0.70 was used to indicate a factor as being reliable (Nunnally & Bernstein 1994).

6.4 FACTORS INFLUENCING THE PERCEIVED SUCCESS OF A COPRENEURSHIP

In the section to follow, the measures of factor-analysability, discriminant validity and reliability for each of the three submodels identified in Section 6.2 will be reported on. Subsequently, factors will be identified, and the factor structure for each submodel tabled.

6.4.1 SUBMODEL: OUTCOMES

The relational nature of the outcome factors (*Financial performance* and *Perceived success*) suggests that the factors in the submodel *Outcomes* will be correlated with each other. As a result, Principal Axis factoring with an Oblimin (Oblimin with Kaiser normalization) Rotation was specified as the extraction and rotation method. Bartlett's Test of Sphericity reported a KMO of 0.846 ($p < 0.001$), which confirmed that the data was factor analysable.

The *Outcomes* submodel is made up of two outcome-related constructs. One of these is the intervening variable, namely *Financial performance*, and the other the dependent variable, *Perceived success*. Exploratory factor analyses were conducted

in order to assess the discriminant validity of the outcome-related constructs. The factor structure for this submodel is reported in Table 6.1. The initial measuring instrument included six items measuring *Financial performance*. These items loaded onto two separate factors which were renamed *Financial performance* and *Growth performance*. It is not unusual for growth and profitability to be considered independent measures of business performance in the literature (Cubbin & Leech 1986:123). The items measuring *Perceived success* loaded as expected.

Table 6.1: Factor structure – Outcomes

	Factor 1	Factor 2	Factor 3
PSUCC2	0.860	-0.046	-0.029
PSUCC6	0.843	-0.066	-0.036
PSUCC3	0.800	-0.003	0.022
PSUCC7	0.797	-0.071	0.007
PSUCC1	0.732	0.104	-0.075
PSUCC5	0.580	0.003	0.138
PSUCC4	0.488	0.247	0.010
FIN5	-0.026	0.983	-0.038
FIN3	-0.038	0.828	0.090
FIN6	0.095	0.640	0.068
FIN1	0.030	0.028	0.839
FIN4	-0.007	0.234	0.760
FIN2	-0.005	-0.042	0.483

6.4.1.1 Perceived success

All seven items (PSUCC2, PSUCC6, PSUCC3, PSUCC7, PSUCC1, PSUCC5 and PSUCC4) expected to measure the factor *Perceived success* loaded together on this factor. An Eigenvalue of 5.31 and factor loadings of greater than 0.48 for all of the items are reported in Table 6.2. The factor *Perceived success* explains 38.06% of the variance in the data. Therefore, sufficient evidence of discriminant validity is provided for this construct. The Cronbach-alpha coefficient for *Perceived success* is 0.885, suggesting that the measuring instrument used to measure this construct can be regarded as reliable.

Table 6.2: Factor 1 – Perceived success (PSUCCESS)

Eigenvalue : 5.309 % of Variance: 38.059		Cronbach-alpha : 0.885		
Item	Question	Factor loading	Item-total correl.	Cronbach-alpha after deletion
PSUCC2	I enjoy working with my spouse in our family business.	0.860	0.772	0.859
PSUCC6	My involvement in this business together with my spouse has been beneficial to our marriage relationship.	0.843	0.764	0.857
PSUCC3	I experience my involvement in this business together with my spouse as rewarding.	0.800	0.755	0.862
PSUCC7	My involvement in this business together with my spouse has improved the health of our marriage relationship.	0.797	0.730	0.863
PSUCC1	I am satisfied with the way that my spouse and I work together.	0.732	0.684	0.869
PSUCC5	My involvement in this business together with my spouse has contributed to my own professional growth and development.	0.580	0.578	0.880
PSUCC4	My involvement in this business together with my spouse is beneficial to our whole family.	0.488	0.540	0.885

For the purpose of this study, *Perceived success* is defined as the copreneurs experiencing their ongoing involvement in the copreneurship as satisfying and rewarding, as well as beneficial to their family, marriage, and personal development.

6.4.1.2 Financial performance

Six items were used to measure the construct *Financial performance*, but only three items (FIN5, FIN3 and FIN6) loaded onto the construct as expected. The remaining three items (FIN1, FIN4 and FIN2) loaded together onto a separate factor which was named *Growth performance*. Despite only three of the items originally expected to measure *Financial performance* loading onto this construct, the name for this factor remains unchanged. *Financial performance* reported an Eigenvalue of 2.62 and factor loadings of greater than 0.64 (See Table 6.3). *Financial performance* explains 17.8% of the variance in the data. Satisfactory evidence of discriminant validity has thus been provided for this construct. The Cronbach-alpha coefficient for *Financial performance* is 0.872, suggesting that the measuring instrument used to measure this construct is reliable.

Table 6.3: Factor 2 – Financial performance (FINPERF)

Eigenvalue : 2.617 % of Variance: 17.800		Cronbach-alpha : 0.872		
Item	Question	Factor loading	Item-total correl.	Cronbach-alpha after deletion
FIN5	I regard our family business as being financially successful.	0.983	0.832	0.752
FIN3	Our family business is profitable.	0.828	0.781	0.797
FIN6	The financial well-being of our family business is secure.	0.640	0.664	0.908

Because only three of the expected items loaded onto this construct, it is required that the operationalisation of *Financial performance* be adjusted. For the purpose of this study, *Financial performance* refers to the copreneurial business being financially profitable and secure.

6.4.1.3 Growth performance

The remaining three items (FIN1, FIN4 and FIN2) originally expected to load onto the construct *Financial performance*, loaded together onto a separate construct that was named *Growth performance*. An Eigenvalue of 1.07 and factor loadings of greater than 0.48 are reported for *Growth performance* in Table 6.4. *Growth performance* explains 5.22% of the variance in the data, thus providing sufficient evidence of discriminant validity. *Growth performance* reports a Cronbach-alpha coefficient of 0.7, implying that the measuring instrument used to measure this construct is reliable.

Table 6.4: Factor 3 – Growth performance (GROPERF)

Eigenvalue : 1.069 % of Variance: 5.214		Cronbach-alpha : 0.700		
Item	Question	Factor loading	Item-total correl.	Cronbach-alpha after deletion
FIN1	Our family business has experienced growth in turnover over the past two years.	0.839	0.654	0.518
FIN4	Our family business has experienced growth in profits over the past two years.	0.760	0.620	0.511
FIN2	Our family business has experience growth in employee numbers over the past two years.	0.483	0.414	0.873

Growth performance is operationalised as positive trends of growth in the number of employees and profits, as well as increasing revenue experienced by the copreneurial business.

6.4.2 SUBMODEL: RELATIONAL-BASED FACTORS

For the submodel *Relational-based factors*, it was expected that the factors within this model would be correlated. As a result, Principal Axis factoring with an Oblimin Rotation was specified as the extraction and rotation method. Bartlett's Test of Sphericity reported a KMO of 0.923 ($p < 0.000$), confirming that the data is factor-analysable.

The items expected to measure the relational-based constructs were assessed for discriminant validity by means of an exploratory factor analysis. Seven relational-based factors were extracted from this submodel, namely *Spousal relationship*, *Non-family involvement*, *Fairness at home*, *Commitment to the business*, *Commitment to spouse*, *Equal status* and *Emotional attachment*. The factor structure reported for this model is depicted in Table 6.5 to follow.

Table 6.5: Factor structure – Relational-based factors

	Factor 1	Factor 2	Factor 3	Factor 4	Factor 5	Factor 6	Factor 7
OPEN1	0.769	0.007	0.072	0.118	-0.012	0.040	0.098
OPEN4	0.743	0.009	0.060	-0.038	0.064	-0.027	0.000
OPEN5	0.731	0.013	0.024	-0.005	0.066	0.109	0.019
OPEN3	0.688	-0.027	0.086	0.030	0.010	0.067	-0.002
SRELA7	0.668	0.033	-0.065	-0.038	0.067	0.066	-0.162
OPEN2	0.589	0.039	0.149	0.089	0.023	0.085	0.147
SRELA6	0.589	-0.079	-0.001	0.160	-0.041	-0.011	-0.084
HARM5	0.580	0.004	-0.105	-0.008	0.265	0.064	-0.134
SRELA1	0.557	0.022	-0.026	-0.103	0.281	0.138	-0.151
TRUST2	0.496	0.068	0.098	0.037	0.053	-0.006	-0.127
NOFAM2	-0.040	0.792	0.054	0.039	-0.017	-0.003	0.092
NOFAM4	0.015	0.753	-0.026	0.048	0.001	0.013	0.085
NOFAM3	0.009	0.679	-0.067	-0.010	0.041	0.038	-0.049
NOFAM6	0.043	0.666	-0.110	-0.007	-0.036	0.107	0.015
NOFAM1	0.028	0.632	0.093	-0.055	0.006	-0.178	-0.110
NOFAM5	-0.054	0.586	0.056	0.007	-0.003	-0.021	-0.063
FAIR6	-0.007	-0.066	0.793	-0.032	0.043	0.038	-0.089
FAIR5	0.113	0.049	0.734	-0.026	0.006	0.060	0.010
COMIT8	0.157	0.009	-0.030	0.757	-0.120	-0.017	-0.090
COMIT3	-0.007	-0.033	-0.027	0.618	0.252	-0.022	-0.004
COMIT5	-0.051	0.090	0.056	0.468	0.082	0.021	-0.181
COMIT1	0.166	0.065	-0.021	0.448	0.146	0.086	-0.012
TRUST3	-0.025	-0.045	0.064	0.066	0.901	0.031	0.052
TRUST4	-0.037	0.005	0.080	0.154	0.786	0.102	0.075
TRUST5	-0.049	0.052	0.032	0.080	0.747	0.066	-0.088
TRUST1	0.227	-0.023	-0.003	-0.083	0.723	-0.053	-0.057
COMIT6	0.030	0.013	0.021	0.237	0.597	0.086	-0.008
HARM1	0.276	0.049	-0.076	-0.138	0.559	-0.008	-0.149
HARM4	0.315	0.004	0.088	-0.064	0.500	-0.070	-0.002
COMIT7	0.296	-0.004	0.022	0.031	0.405	0.070	-0.238
FAIR7	-0.030	0.003	0.033	-0.010	-0.018	0.785	-0.037
FAIR4	0.110	-0.014	0.059	-0.045	0.035	0.720	-0.032
COMIT10	0.079	0.000	0.047	0.133	-0.020	0.060	-0.695
COMIT9	-0.046	0.049	0.085	0.075	0.006	0.067	-0.648

6.4.2.1 Spousal relationship

Only three of the items (SRELA7, SRELA6 and SRELA1) originally intended to measure the construct *Spousal relationship* loaded together. The remaining four items (SRELA2, SRELA3, SRELA4 and SRELA5) did not load as expected, and were thus excluded from further analysis. Five of the items (OPEN4, OPEN1, OPEN5, OPEN3 and OPEN2) originally intended to measure the construct *Open*

communication also loaded onto the construct *Spousal relationship*, together with the items HARM5 and TRUST2. An Eigenvalue of 12.39 and factor loadings of greater than 0.49 are reported for this construct in Table 6.6 below. *Spousal relationship* explains 34.34% of the variance in the data, implying that the construct displays evidence of discriminant validity. A Cronbach-alpha coefficient of 0.925 is reported, which indicates that the measuring instrument used to measure this construct is reliable.

Table 6.6: Factor 1 – Spousal relationship (SPOUSE)

Eigenvalue : 12.392 % of Variance: 34.340		Cronbach-alpha : 0.925		
Item	Question	Factor loading	Item-total correl.	Cronbach-alpha after deletion
OPEN1	My spouse and I communicate openly with each other.	0.769	0.761	0.916
OPEN4	My spouse and I share information with each other.	0.743	0.750	0.917
OPEN5	My spouse and I have the ability to communicate effectively.	0.731	0.793	0.913
OPEN3	In our business my spouse and I discuss all issues that may arise between us.	0.688	0.731	0.917
SRELA7	My spouse and I are able to constructively manage conflict between us.	0.668	0.751	0.916
OPEN2	My spouse and I freely express our opinions about day-to-day decisions in the business with each other.	0.589	0.634	0.922
SRELA6	I have a good understanding of the needs and preferences of my spouse.	0.589	0.608	0.923
HARM5	My spouse and I get along well together both inside and outside the working environment.	0.580	0.759	0.916
SRELA1	My spouse and I have a mutually supportive relationship.	0.557	0.800	0.913
TRUST2	Expressing different views and opinions are encouraged between my spouse and I.	0.496	0.620	0.924

As a result of the factor analyses and for the purpose of this study, *Spousal relationship* refers to a harmonious relationship between the spouses characterised by open and effective communication, managed conflict, mutual support, and an understanding of each other's needs.

6.4.2.2 Non-family involvement

All six items (NOFAM2, NOFAM4, NOFAM3, NOFAM6, NOFAM1 and NOFAM5) intended to measure *Non-family involvement* loaded together as expected onto the construct *Non-family involvement*. An Eigenvalue of 3.46 and factor loadings of greater than 0.58 are reported in Table 6.7. *Non-family involvement* explains 8.49% of the variance in the data, providing sufficient evidence of discriminant validity for this construct. A Cronbach-alpha coefficient of 0.84 is reported, and as a result the measuring instrument used can be considered reliable.

Table 6.7: Factor 2 – Non-family involvement (NONFAM)

Eigenvalue : 3.462 % of Variance: 8.487		Cronbach-alpha : 0.840		
Item	Question	Factor loading	Item-total correl.	Cronbach-alpha after deletion
NOFAM2	If necessary we draw on the expertise of non-family members to assist us with business matters.	0.792	0.690	0.800
NOFAM4	In our family business we involve non-family members when we have to make important strategic decisions about our business.	0.753	0.660	0.805
NOFAM3	In our family business we involve non-family members in assisting us to effectively manage our business.	0.679	0.633	0.810
NOFAM6	In our family business non-family employees form part of the management team.	0.666	0.598	0.818
NOFAM1	In our family business we sometimes approach non-family members to advise us on business matters.	0.632	0.571	0.822
NOFAM5	In our family business we employ non-family members to supplement our skills.	0.586	0.551	0.826

For the purpose of this study, *Non-family involvement* refers to the involvement of non-family members in the copreneurial business as consultants, advisors, board members, or non-family employees.

6.4.2.3 Fairness at home

Seven items were expected to measure the construct *Fairness* in this study. Only two of these items, however (FAIR5 and FAIR6), loaded as expected. This construct was therefore renamed *Fairness at home*. The two other items (FAIR7 and FAIR4)

originally intended to measure *Fairness* loaded together onto a new construct which was named *Equal status*. The remaining three items (FAIR1, FAIR2 and FAIR3) did not load as expected, resulting in their exclusion from further analysis. An Eigenvalue of 1.75 and factor loadings of greater than 0.73 are reported for *Fairness at home* (Table 6.8). In addition, *Fairness at home* explains 3.91% of the variance in the data. Sufficient evidence of discriminant validity for this construct is thus provided. *Fairness at home* reports a Cronbach-alpha coefficient of 0.80. The instrument used to measure this construct can thus be regarded as reliable.

Table 6.8: Factor 3 – Fairness at home (FAIRNESS)

Eigenvalue : 1.754 % of Variance: 3.906		Cronbach-alpha : 0.804		
Item	Question	Factor loading	Item-total correl.	Cronbach-alpha after deletion
FAIR6	Housekeeping and childrearing are responsibilities that my spouse and I share equally.	0.793	0.673	-
FAIR5	My spouse and I have equal responsibilities at home.	0.734	0.673	-

For the purpose of this study, *Fairness at home* is operationalised as the copreneurs sharing household responsibilities (i.e. housekeeping and childrearing) equally.

6.4.2.4 Commitment to the business

Of the ten items intended to measure the construct *Commitment to the business*, only four (COMIT8, COMIT3, COMIT5 and COMIT1) loaded together. The items COMIT7 and COMIT6 loaded together with numerous other items onto a new construct that was named *Commitment to spouse*. COMIT10 and COMIT9 loaded together separately to form a new factor which was named *Emotional attachment*. The remaining two items (COMIT2 and COMIT4) did not load as expected and were therefore excluded from further analysis. An Eigenvalue of 1.95 and factor loadings of greater than 0.44 are reported in Table 6.9. *Commitment to the business* explains 4.37% of the variance in the data. Sufficient evidence of discriminant validity is thus provided. The Cronbach-alpha coefficient of 0.74 for *Commitment to the business* suggests that the measuring instrument used to measure this construct is reliable.

Table 6.9: Factor 4 – Commitment to the business (COMIT-BUS)

Eigenvalue : 1.950 % of Variance: 4.374		Cronbach-alpha : 0.740		
Item	Question	Factor loading	Item-total correl.	Cronbach-alpha after deletion
COMIT8	I really care about the fate of our family business.	0.757	0.633	0.634
COMIT3	I am dedicated to ensure the success of our family business.	0.618	0.597	0.670
COMIT5	I am willing to put in a great deal of effort beyond that which is normally expected of me in order to help our family business to be successful.	0.468	0.473	0.719
COMIT1	I am deeply committed to continuing this business with my spouse.	0.448	0.519	0.709

Commitment to the business refers to the spouses caring about the fate of their business and being dedicated to ensuring its continued success.

6.4.2.5 Commitment to spouse

Of the original six items intended to measure the construct *Respect and trust*, four items (TRUST3, TRUST4, TRUST5 and TRUST1) loaded onto this factor as expected. One of the items (TRUST2) loaded onto the construct *Spousal relationship* and the remaining item (TRUST6) did not load at all and was subsequently excluded from further analysis. In addition, the items COMIT6, HARM1, HARM4 and COMIT7 also loaded onto this construct. Based on the nature of these items this new factor was named *Commitment to spouse*. An Eigenvalue of 1.33 and factor loadings of greater than 0.40 are reported in Table 6.10. In addition, *Commitment to spouse* explains 2.76% of the variance in the data. Sufficient evidence of discriminant validity is thus provided for this construct. A Cronbach-alpha coefficient of 0.92 is reported, suggesting that the measuring instrument used to measure this construct is reliable.

Table 6.10: Factor 5 – Commitment to spouse (COMIT-SP)

Eigenvalue : 1.327 % of Variance: 2.755		Cronbach-alpha : 0.919		
Item	Question	Factor loading	Item-total correl.	Cronbach-alpha after deletion
TRUST3	My spouse and I trust each other.	0.901	0.837	0.904
TRUST4	My spouse and I trust each other's ability to manage our family business.	0.786	0.789	0.906
TRUST5	I have confidence in the integrity of my spouse.	0.747	0.768	0.907
TRUST1	My spouse and I respect each other.	0.723	0.823	0.903
COMIT6	I am proud to tell others that my spouse and I work together in our family business.	0.597	0.721	0.909
HARM1	My spouse and I are emotionally attached to one another.	0.559	0.720	0.910
HARM4	My spouse and I enjoy spending special time together.	0.500	0.666	0.914
COMIT7	I am extremely glad that I chose to work with my spouse in our family business.	0.405	0.724	0.918

For the purpose of this study *Commitment to spouse* is operationalised as the spouses trusting and respecting each other's integrity and ability to manage the copreneurial business, as well as being emotionally attached to each other and enjoying their togetherness.

6.4.2.6 Equal status

As already mentioned, two of the items (FAIR7 and FAIR4) originally intended to measure the construct *Fairness* loaded together separately to form a new factor. Based on the nature of these items, this new factor was named *Equal status*. An Eigenvalue of 1.2 and factor loadings of greater than 0.72 are reported for this factor (Table 6.11). *Equal status* explains 2.27% of the variance in the data, providing sufficient evidence of discriminant validity for this construct. A Cronbach-alpha coefficient of 0.769 is reported, implying that the measuring instrument used to measure this construct is reliable.

Table 6.11: Factor 6 – Equal status (STATUS)

Eigenvalue : 1.204 % of Variance: 2.274		Cronbach-alpha : 0.769		
Item	Question	Factor loading	Item-total correl.	Cronbach-alpha after deletion
FAIR7	In the eyes of external stakeholders (customers, suppliers etc.) I have the same status as my spouse does in our family business.	0.785	0.627	-
FAIR4	I have the same status as my spouse does (do) in our family business.	0.720	0.627	-

For the purpose of this study, *Equal status* refers to the spouses having equal (i.e. the same) status (or standing) within the copreneurial business.

6.4.2.7 Emotional attachment

Two of the items (COMIT10 and COMIT9) originally intended to measure the construct *Commitment to the business* loaded together to form a new factor which was named *Emotional attachment*. This new construct reports an Eigenvalue of 1.1 and factor loadings of greater than 0.64 (absolute values). *Emotional attachment* explains 1.96% of the variance in the data, thus providing sufficient evidence of discriminant validity for this construct. A Cronbach-alpha coefficient of 0.732 is reported for *Emotional attachment* (Table 6.12), suggesting that the measuring instrument used to measure this construct is reliable.

Table 6.12: Factor 7 – Emotional attachment (EMOTION)

Eigenvalue : 1.102 % of Variance: 1.964		Cronbach-alpha : 0.732		
Item	Question	Factor loading	Item-total correl.	Cronbach-alpha after deletion
COMIT10	Our family business has a great deal of personal meaning for me.	-0.695	0.584	-
COMIT9	I feel “emotionally attached” to our family business.	-0.648	0.584	-

For the purpose of this study *Emotional attachment* refers to the spouses attaching personal meaning to, and being emotionally attached to, their business.

6.4.3 SUBMODEL: ORGANISATIONAL-BASED FACTORS

For the submodel *Organisational-based factors*, it was not expected that the factors within this model would be correlated. As a result, Principal Axis factoring with an Oblimin Rotation was specified as the extraction and rotation method. Bartlett's Test of Sphericity reported a KMO of 0.889 ($p < 0.001$), confirming that the data is factor-analysable.

The items expected to measure the organisational-based constructs were assessed for discriminant validity by means of an exploratory factor analysis. Seven organisational-based factors were extracted from this submodel, namely *Shared dream*, *Internal context*, *Leadership*, *Personal needs alignment*, *Division of labour*, *Complementary skills* and *Competencies*. The factor structure reported for this model is tabled below and discussed in the paragraphs to follow.

Table 6.13: Factor structure – Organisational-based factors

	Factor 1	Factor 2	Factor 3	Factor 4	Factor 5	Factor 6	Factor 7
SHARE2	0.700	0.001	0.078	0.028	0.100	0.114	0.032
SHARE1	0.697	-0.029	0.063	-0.078	0.117	-0.002	0.010
LEAD7	0.640	-0.018	0.025	-0.058	-0.008	0.093	0.158
SHARE3	0.625	-0.045	0.060	-0.223	0.083	-0.030	0.037
CONT4	0.460	0.262	-0.068	-0.039	-0.029	-0.021	0.078
CONT3	0.094	0.750	0.081	-0.030	-0.067	0.111	0.060
CONT1	-0.049	0.491	-0.058	-0.115	0.015	0.181	0.202
CONT6	-0.003	0.476	0.060	-0.048	0.173	-0.062	-0.030
LEAD1	0.101	-0.002	0.739	0.057	-0.042	-0.012	-0.019
LEAD6	-0.026	-0.040	0.739	-0.087	-0.049	0.067	0.081
LEAD3	-0.080	0.006	0.635	-0.077	0.177	-0.018	0.013
LEAD2	0.066	0.285	0.536	-0.002	-0.023	0.109	0.025
SHARE5	0.070	0.005	0.027	-0.892	0.009	-0.076	-0.018
SHARE4	0.020	0.033	0.005	-0.778	-0.045	0.095	0.005
DIV2	0.264	-0.018	0.076	0.044	0.705	-0.009	-0.030
DIV5	0.030	0.031	0.036	0.020	0.678	0.068	0.008
DIV4	-0.050	0.044	-0.075	-0.034	0.558	0.055	0.078
DIV1	0.089	0.043	0.178	-0.050	0.447	0.001	0.071
CSKILLS5	0.080	-0.024	0.000	-0.013	0.056	0.771	-0.083
CSKILLS6	-0.061	0.080	0.095	-0.038	0.064	0.631	0.108
CSKILLS2	-0.047	-0.050	0.019	-0.098	0.086	0.005	0.647
CSKILLS3	0.050	0.057	0.038	0.053	0.026	-0.076	0.641
CSKILLS1	0.201	0.049	0.014	0.009	-0.066	0.227	0.551

6.4.3.1 Shared dream

Of the six items intended to measure *Shared dream*, only three items (SHARE2, SHARE3 and SHARE1) loaded together on this factor. The items SHARE5 and SHARE4 loaded together onto another factor, whilst SHARE6 did not load as expected and was therefore not used in subsequent analyses. In addition, the items LEAD7 and CONT4 loaded onto the construct *Shared dream*. An Eigenvalue of 7.89 and factor loadings of greater than 0.46 are reported in Table 6.14. The factor *Shared dream* explains 32.52% of the variance in the data. Sufficient evidence of discriminant validity is thus provided for this construct. *Shared dream* reports a Cronbach-Alpha coefficient of 0.854, suggesting that the measuring instrument used to measure the construct is reliable.

Table 6.14: Factor 1 – Shared dream (SHARE)

Eigenvalue : 7.891 % of Variance: 32.522		Cronbach-alpha : 0.854		
Item	Question	Factor loading	Item-total correl.	Cronbach-alpha after deletion
SHARE2	My spouse and I have agreed on the goals for our family business.	0.700	0.710	0.812
SHARE3	My spouse and I have agreed on the future direction for our family business.	0.625	0.716	0.811
SHARE1	My spouse and I have agreed on the vision for our family business.	0.697	0.719	0.810
LEAD7	My spouse and I have a vision for our family business.	0.640	0.707	0.814
CONT4	The physical working conditions in our family business are conducive to the effective functioning of our business.	0.460	0.495	0.864

As a result of the items loading onto the factor *Shared dream*, the operationalisation of *Shared dream* had to be changed. For the purpose of this study, *Shared dream* refers to the spouses agreeing on the future direction that the business should take, and having an environment that enables their vision to prosper.

6.4.3.2 Internal context

Of the six items originally intended to measure *Internal context*, only three items (CONT3, CONT1 and CONT6) loaded together on this factor. Item CONT4 loaded

onto the factor *Shared dream*, whereas the items CONT2 and CONT5 did not load at all and were therefore not used in subsequent analyses. An Eigenvalue of 1.74 and factor loadings of greater than 0.47 are reported in Table 6.15. The factor *Internal context* explains 5.73% of the variance in the data. Sufficient evidence of discriminant validity is thus provided. The Cronbach-Alpha coefficient for *Internal Context* is 0.706, suggesting that the measuring instrument used to measure the construct is reliable.

Table 6.15: Factor 2 – Internal context (CONTEXT)

Eigenvalue : 1.742 % of Variance: 5.733		Cronbach-alpha : 0.706		
Item	Question	Factor loading	Item-total correl.	Cronbach-alpha after deletion
CONT3	Our family business has adequate access to the necessary equipment required to function effectively.	0.750	0.620	0.512
CONT1	Our family business has adequate access to the resources required to function effectively.	0.491	0.569	0.569
CONT6	Our family business has employees with the necessary competencies.	0.476	0.422	0.782

Despite only three of the original items used to measure the factor *Internal context*, the name of this factor remains unchanged. For the purpose of this study, *Internal context* refers to the extent to which the copreneurial business has access to adequate resources such as the equipment necessary for the effective functioning of the business and employees with the necessary competencies.

6.4.3.3 Leadership

Only four of the items (LEAD1, LEAD6, LEAD3 and LEAD2), expected to measure the factor *Leadership and planning* loaded together. The item LEAD7 loaded onto the factor *Shared dream*, whereas the items LEAD4, LEAD5 and LEAD8 did not load at all and were therefore not used in subsequent analyses. An Eigenvalue of 1.56 and factor loadings of greater than 0.53 are reported in Table 6.16. The factor *Leadership* explains 5.01% of the variance in the data. Sufficient evidence of discriminant validity is thus provided. The Cronbach-alpha coefficient for *Leadership* is 0.809, implying that the measuring instrument used to measure the construct is reliable.

Table 6.16: Factor 3 – Leadership (LEADER)

Eigenvalue : 1.556 % of Variance: 5.006		Cronbach-alpha : 0.809		
Item	Question	Factor loading	Item-total correl.	Cronbach-alpha after deletion
LEAD1	The spouse that takes the lead in our family business is always considerate of others working in the business.	0.739	0.624	0.760
LEAD6	The spouse that takes the lead considers the opinions of others when making decisions.	0.739	0.670	0.738
LEAD3	The spouse that takes the lead in our family business encourages others involved in the business to voice their opinions.	0.635	0.610	0.769
LEAD2	The spouse that takes the lead in our family business inspires loyalty among those working in the business.	0.536	0.601	0.772

The factor *Leadership and planning* is renamed *Leadership* because of the nature of the four items that loaded together onto this factor. On the other hand, the operationalisation of this factor has changed. For the purpose of this study, *Leadership* refers to a participatory leadership style characterised by consultation and inspiration.

6.4.3.4 Personal needs alignment

The two items (SHARE4 and SHARE5) originally expected to measure the construct *Shared dream* loaded together onto one factor. As previously reported, the other three items intended to measure *Shared dream* (SHARE1, SHARE2 and SHARE3) loaded together and the factor was named *Shared dream*. Based on the nature of the items SHARE4 and SHARE5 that loaded together, it was decided to name this factor *Personal needs alignment*. An Eigenvalue of 1.46 and factor loadings of greater than 0.77 (absolute values) are reported in Table 6.17. *Personal needs alignment* explains 4.52% of the variance in the data, thus providing sufficient evidence of discriminant validity. A Cronbach-alpha coefficient of 0.848 for *Personal needs alignment* is reported, suggesting that the measuring instrument used to measure the construct is reliable.

Table 6.17: Factor 4 – Personal needs alignment (NEEDS)

Eigenvalue : 1.457 % of Variance: 4.517		Cronbach-alpha : 0.848		
Item	Question	Factor loading	Item-total correl.	Cronbach-alpha after deletion
SHARE5	I can realise my ambitions through my involvement in our family business.	-0.892	0.737	-
SHARE4	I can realise my personal goals through my involvement in our family business.	-0.778	0.737	-

For the purpose of this study, *Personal needs alignment* refers to the extent to which spouses can realise their personal goals and ambitions through their involvement in the copreneurial business.

6.4.3.5 Division of labour

Of the six items intended to measure the factor *Division of labour*, only four items (DIV2, DIV5, DIV4 and DIV1) loaded together as expected. The remaining two items (DIV3 and DIV6) did not load on any of the factors and were therefore not used in subsequent analyses. An Eigenvalue of 1.17 and factor loadings of greater than 0.44 are reported in Table 6.18. *Division of Labour* explains 3.41% of the variance in the data, thus providing sufficient evidence of discriminant validity. The Cronbach-alpha coefficient for *Division of labour* is 0.771 implying that the measuring instrument used to measure the construct is reliable.

Table 6.18: Factor 5 – Division of labour (DIVISION)

Eigenvalue : 1.169 % of Variance: 3.407		Cronbach-alpha : 0.771		
Item	Question	Factor loading	Item-total correl.	Cronbach-alpha after deletion
DIV2	My spouse and I have agreed on each other's positions of authority and responsibility in our family business.	0.705	0.669	0.666
DIV5	In our family business clearly demarcated areas of authority and responsibility exist between my spouse and I.	0.678	0.621	0.691
DIV4	In our family business a clearly defined division of labour exists between my spouse and I.	0.558	0.491	0.765
DIV1	My spouse and I have agreed on each other's roles and positions in our family business.	0.447	0.543	0.737

Despite only four of the expected items loading onto the factor *Division of labour*, the operationalisation remains unchanged. For the purpose of this study, *Division of labour* refers to the spouses having clearly demarcated areas of authority and responsibility within the business, to which they have both agreed i.e. a clearly defined division of labour exists between the spouses within the copreneurial business.

6.4.3.6 Complementary skills

Of the six items expected to measure the factor *Complementary skills*, only two items (CSKILL5 and CSKILL6) loaded together onto one factor. Three of the remaining items (CSKILL2, CSKILL3 and CSKILL1) loaded together to form another factor which was subsequently named *Competencies*. The item CSKILL4 did not load as expected and was therefore not used in subsequent analyses. *Complementary skills* reports an Eigenvalue of 1.08 and factor loadings of greater than 0.63 (See Table 6.19). *Complementary skills* explains 2.82% of the variance in the data, thus providing sufficient evidence of discriminant validity for this construct. The Cronbach-alpha coefficient of 0.721 for *Complementary skills* suggests that the instrument used to measure this construct is reliable.

Table 6.19: Factor 6 – Complementary skills (CSKILLS)

Eigenvalue : 1.081 % of Variance: 2.824		Cronbach-alpha : 0.721		
Item	Question	Factor loading	Item-total correl.	Cronbach-alpha after deletion
CSKILLS5	My spouse and I bring different strengths (abilities) to our family business.	0.771	0.571	-
CSKILLS6	My spouse and I bring a diverse mix of knowledge, skills, perspectives and experiences to our family business.	0.631	0.571	-

Despite only two of the expected items loading onto the factor *Complementary skills*, the name of this factor remains unchanged. For the purpose of this study, *Complementary skills* refers to the spouses bringing different strengths and skills to the business.

6.4.3.7 Competencies

Three of the items originally intended to measure the factor *Complementary skills* (CSKILL2, CSKILL3 and CSKILL1) loaded together onto a new factor. Based on the nature of the items that loaded together, this factor was named *Competencies*. *Competencies* reports an Eigenvalue of 1.05 and factor loadings of greater than 0.55 (Table 6.20). *Competencies* explains 2.45% of the variance in the data, thus providing sufficient evidence of discriminant validity for this construct. The Cronbach-alpha coefficient for *Competencies* is 0.706, suggesting that the instrument used to measure this construct is reliable.

Table 6.20: Factor 7 – Competencies (COMPETENCE)

Eigenvalue : 1.050 % of Variance: 2.445		Cronbach-alpha : 0.706		
Item	Question	Factor loading	Item-total correl.	Cronbach-alpha after deletion
CSKILLS2	My spouse and I have the qualifications that enable us to contribute to the effective functioning of our family business.	0.647	0.538	0.614
CSKILLS3	My spouse and I have the appropriate business experience that enables us to contribute to the functioning of our family business.	0.641	0.532	0.604
CSKILLS1	My spouse and I are both competent in performing our tasks in the family business.	0.551	0.539	0.626

For the purpose of this study, *Competencies* refers to the spouses being competent to perform their tasks within the copreneurial business, i.e. they possess the necessary qualifications and business experience to contribute to the effective functioning of the copreneurship.

6.5 REVISED CONCEPTUAL MODEL

The results of the exploratory factor analyses were unable to verify all of the factors as originally intended in the conceptual model. Several changes emerged with regard to the organisational-based and relational-based factors.

With regard to the relational-based factors, the items originally intended to measure *Open communication* loaded onto the factor *Spousal relationship*. Two of the items

originally intended to measure the factor *Spousal relationship*, as well as two items originally intended to measure the factors *Respect and trust* and *Harmony* respectively, also loaded together onto the factor *Spousal relationship*. With regard to the factor *Non-family involvement*, all six items originally intended to measure this factor loaded together. Only four of the items originally intended to measure the factor *Commitment to the business* loaded together as expected, but despite this, the factor's name remains unchanged. The remaining two items from the construct *Commitment to the business* loaded together to form two separate factors, which were then named *Equal status* and *Emotional attachment*. The name of the factor *Fairness* was also changed to *Fairness at home* owing to the nature of the two items that loaded together to form this factor. The factor *Respect and trust* was renamed *Commitment to spouse* based on the nature of four of the items that loaded together onto this factor. A further four items, of which two were originally intended to measure *Harmony* and two originally intended to measure *Commitment to the business*, also loaded together onto the factor *Commitment to spouse*.

With regard to the organisational-based factors, only three of the items originally intended to measure the factor *Shared dream* loaded together onto this construct. In addition, one of the items intended to measure *Leadership and planning* and one of the items intended to measure *Internal context* loaded onto the factor *Shared dream*. The name of the factor *Shared dream* nevertheless remains unchanged. The factor *Leadership and planning* was renamed *Leadership* because of the nature of the four items that loaded together onto this factor. Two items originally intended to measure the factor *Shared dream* loaded together to form a new factor which was named *Personal needs alignment*. Four of the items originally intended to measure *Division of labour* loaded together onto this factor; consequently the name of this factor remains unchanged. The items originally intended to measure the construct *Complementary skills* loaded together to form two new constructs which were subsequently named *Complementary skills* and *Competencies*.

With regard to the outcomes-based factors, the original intervening variable *Financial performance* split into two variables which were named *Financial performance* and *Growth performance*. In addition, all seven items originally intended to measure the factor *Perceived success* loaded together onto this factor.

As a result of the factor analyses, the original conceptual model illustrated in Figure 4.1 and the hypotheses defined in Chapter 4, were revised. The revised conceptual model, portrayed in Figure 6.1 and subsequent hypotheses (See Table 6.21) are subjected to further testing in the remainder of the study.

Figure 6.1: Revised conceptual model: Factors influencing the Perceived success of copreneurships

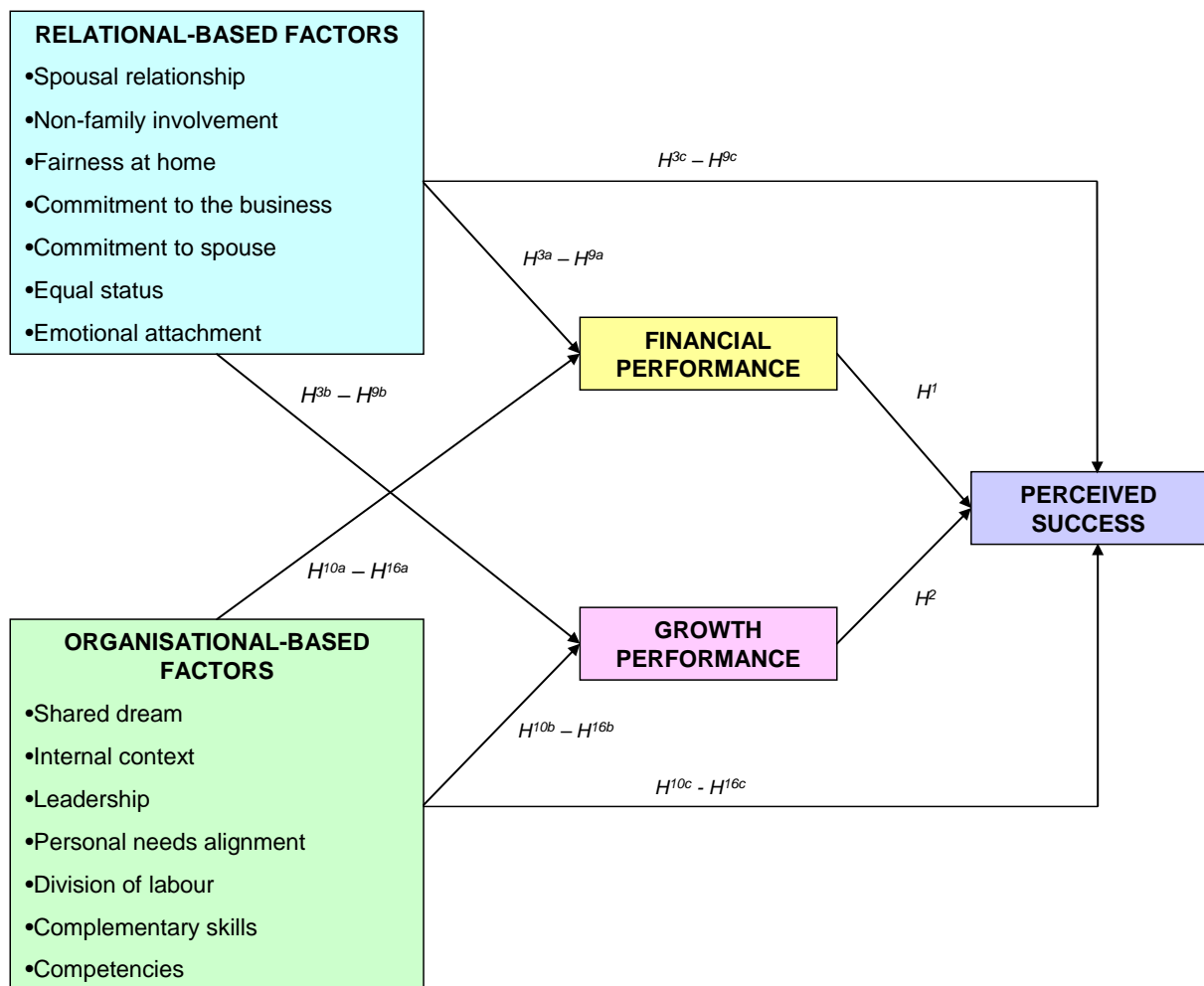


Table 6.21: Summary of revised hypotheses to be tested in the structural model

Hypothesis	
H^1 :	There is a positive relationship between the <i>Financial performance</i> of the copreneurship and the <i>Perceived success</i> of the copreneurship.
H^2 :	There is a positive relationship between the <i>Growth performance</i> of the copreneurship and the <i>Perceived success</i> of the copreneurship.
H^{3a} :	There is a positive relationship between <i>Spousal relationship</i> and the <i>Financial performance</i> of the copreneurship.
H^{3b} :	There is a positive relationship between <i>Spousal relationship</i> and the <i>Growth performance</i> of the copreneurship.
H^{3c} :	There is a positive relationship between <i>Spousal relationship</i> and the <i>Perceived success</i> of the copreneurship.
H^{4a} :	There is a positive relationship between <i>Non-family involvement</i> and the <i>Financial performance</i> of the copreneurship.
H^{4b} :	There is a positive relationship between <i>Non-family involvement</i> and the <i>Growth performance</i> of the copreneurship.
H^{4c} :	There is a positive relationship between <i>Non-family involvement</i> and the <i>Perceived success</i> of the copreneurship.
H^{5a} :	There is a positive relationship between <i>Fairness at home</i> and the <i>Financial performance</i> of the copreneurship.
H^{5b} :	There is a positive relationship between <i>Fairness at home</i> and the <i>Growth performance</i> of the copreneurship.
H^{5c} :	There is a positive relationship between <i>Fairness at home</i> and the <i>Perceived success</i> of the copreneurship.
H^{6a} :	There is a positive relationship between <i>Commitment to the business</i> and the <i>Financial performance</i> of the copreneurship.
H^{6b} :	There is a positive relationship between <i>Commitment to the business</i> and the <i>Growth performance</i> of the copreneurship.
H^{6c} :	There is a positive relationship between <i>Commitment to the business</i> and the <i>Perceived success</i> of the copreneurship.
H^{7a} :	There is a positive relationship between <i>Commitment to spouse</i> and the <i>Financial performance</i> of the copreneurship.
H^{7b} :	There is a positive relationship between <i>Commitment to spouse</i> and the <i>Growth performance</i> of the copreneurship.
H^{7c} :	There is a positive relationship between <i>Commitment to spouse</i> and the <i>Perceived success</i> of the copreneurship.
H^{8a} :	There is a positive relationship between <i>Equal status</i> and the <i>Financial performance</i> of the copreneurship.
H^{8b} :	There is a positive relationship between <i>Equal status</i> and the <i>Growth performance</i> of the copreneurship.
H^{8c} :	There is a positive relationship between <i>Equal status</i> and the <i>Perceived success</i> of the copreneurship.
H^{9a} :	There is a positive relationship between <i>Emotional attachment</i> and the <i>Financial performance</i> of the copreneurship.
H^{9b} :	There is a positive relationship between <i>Emotional attachment</i> and the <i>Growth performance</i> of the copreneurship.
H^{9c} :	There is a positive relationship between <i>Emotional attachment</i> and the <i>Perceived success</i> of the copreneurship.
H^{10a} :	There is a positive relationship between <i>Shared dream</i> and the <i>Financial performance</i> of the copreneurship.

Table 6.21: Summary of revised hypotheses to be tested in the structural model continued

Hypothesis	
H^{10b} :	There is a positive relationship between <i>Shared dream</i> and the <i>Growth performance</i> of the copreneurship.
H^{10c} :	There is a positive relationship between <i>Shared dream</i> and the <i>Perceived success</i> of the copreneurship.
H^{11a} :	There is a positive relationship between <i>Internal context</i> and the <i>Financial performance</i> of the copreneurship.
H^{11b} :	There is a positive relationship between <i>Internal context</i> and the <i>Growth performance</i> of the copreneurship.
H^{11c} :	There is a positive relationship between <i>Internal context</i> and the <i>Perceived success</i> of the copreneurship.
H^{12a} :	There is a positive relationship between <i>Leadership</i> and the <i>Financial performance</i> of the copreneurship.
H^{12b} :	There is a positive relationship between <i>Leadership</i> and the <i>Growth performance</i> of the copreneurship.
H^{12c} :	There is a positive relationship between <i>Leadership</i> and the <i>Perceived success</i> of the copreneurship.
H^{13a} :	There is a positive relationship between <i>Personal needs alignment</i> and the <i>Financial performance</i> of the copreneurship.
H^{13b} :	There is a positive relationship between <i>Personal needs alignment</i> and the <i>Growth performance</i> of the copreneurship.
H^{13c} :	There is a positive relationship between <i>Personal needs alignment</i> and the <i>Perceived success</i> of the copreneurship.
H^{14a} :	There is a positive relationship between <i>Division of labour</i> and the <i>Financial performance</i> of the copreneurship.
H^{14b} :	There is a positive relationship between <i>Division of labour</i> and the <i>Growth performance</i> of the copreneurship.
H^{14c} :	There is a positive relationship between <i>Division of labour</i> and the <i>Perceived success</i> of the copreneurship.
H^{15a} :	There is a positive relationship between <i>Complementary skills</i> and the <i>Financial performance</i> of the copreneurship.
H^{15b} :	There is a positive relationship between <i>Complementary skills</i> and the <i>Growth performance</i> of the copreneurship.
H^{15c} :	There is a positive relationship between <i>Complementary skills</i> and the <i>Perceived success</i> of the copreneurship.
H^{16a} :	There is a positive relationship between <i>Competencies</i> and the <i>Financial performance</i> of the copreneurship.
H^{16b} :	There is a positive relationship between <i>Competencies</i> and the <i>Growth performance</i> of the copreneurship.
H^{16c} :	There is a positive relationship between <i>Competencies</i> and the <i>Perceived success</i> of the copreneurship.

The numerous hypothesised relationships tabled above were tested by means of Structural Equation Modelling (SEM), the results of which are to be discussed in the sections to follow.

6.6 EMPIRICAL RESULTS OF STRUCTURAL EQUATION MODELLING ANALYSES

Structural Equation Modelling (SEM) is a general multivariate statistical analysis technique that includes specialised versions of other analysis techniques such as confirmatory factor analysis, path analysis, and Multiple Regression. SEM is used to simultaneously approximate a series of interrelated dependence relationships, and is therefore used to build and test statistical models (Hair *et al.* 1998:584; Structural Equation Modelling n.d).

As already mentioned in Chapter 5 (Section 5.2.5), the sample size of the present study (380) is too small to allow for the testing of the model as a whole. However, simpler models can be tested with smaller samples (Hair *et al.* 2006:741). This approach is similar to that followed by Farrington (2009) in her study on Sibling Partnerships. The original model of factors influencing the *Perceived success* of copreneurships is divided into seven submodels, and these submodels are then each subjected to SEM.

As mentioned in Chapter 3, the various factors identified as influencing the success of copreneurships were divided into two groups, namely *relational-based* and *organisational-based* factors. These two groups of factors are each individually combined with each one of the three outcome variables (namely *Financial performance*, *Growth performance* and *Perceived success*), resulting in six submodels that need to be tested by means of SEM. In addition, two intervening variables emerged from the factors analysis, namely *Financial performance* and *Growth performance*, as well as one dependent variable, namely *Perceived success*. This submodel is to be tested using SEM, and is comprised of the three outcome variables. Therefore, in total, seven submodels were each subjected to SEM.

The software programme LISREL 8.8 (Jöreskog & Sörbom 2006) has been utilised for the empirical assessment of the seven submodels identified. The steps of SEM as discussed in Chapter 5 are applied to each submodel. The first two steps of SEM are carried out by revising and redefining the theoretical submodels and the hypothesised relationships are exhibited in the path diagrams. Each hypothesis was

reformulated (Table 6.21) after the exploratory factor analysis and is representative of a theoretically proposed relationship.

The third step of SEM involves indicating the structural and measurement models for each of the submodels. A covariance matrix has been utilised as the input matrix for each submodel in the present study. Estimates of the free parameters are obtained from the observed data, for both the measurement and structural model. The measurement model presents support of construct validity, and is used to consider the measurement properties of the scale.

In the final step, the relationships between the constructs in the structural model of each submodel are identified. The degree to which the proposed models are representative of an acceptable approximation of the data is also established. For the purpose of this study, the measurement model estimations have been portrayed together with the structural model. Hair *et al.* (2006:733) support this by stating that the estimation of the SEM model necessitates that the measurement specifications be included in the estimation of the structural model. The models portrayed therefore summarise the specifications for both the measurement and structural model.

The indicator loadings for both the measurement and structural models were deemed significant if the p-values related to each loading exceeded the critical value for the 5% (critical value 1.96) significance level, the 1% (critical value 2.58) significance level and the 0.1% (critical value 3.30) significance level. Different fit indices, such as the Satorra-Bentler scaled Chi-square (χ^2), the ratio of Chi-square to degrees of freedom (χ^2/df), the Root Mean Square Error of Approximation (RMSEA), and the 90% confidence interval for RMSEA, were determined to ascertain the degree to which the proposed models were an acceptable approximation of the data. The criteria against which the fit indices for each submodel were evaluated are summarised in Table 6.22.

Table 6.22: Criteria for Goodness-of-fit indices

Goodness-of-fit measure	Criteria
Normed Chi-square (χ^2 /degrees of freedom)	<i>< 2.0 indicates a good fit</i> (Politis 2003:60; Ullman 1996) <i>1.0 - 2.0</i> (Hair <i>et al.</i> 1998:658) <i>Ratios of 3:1 or less are associated with better fitting models</i> (Hair <i>et al.</i> 2006:748)
Root mean square error of approximation (RMSEA)	<i>< 0.05 indicates a very good/close fit</i> (Adendorff 2004:435) <i><0.06 indicate a relatively good fit</i> (Hu & Bentler 1991:1) <i>0.05 - 0.08 indicates an acceptable/reasonable fit</i> (Grimm & Yarnold 2000:271; Hair <i>et al.</i> 1998:656) <i>> 0.08 indicates a poor fit</i> (MacCullum, Browne & Sugawara 1996) <i>0.10 < indicate acceptable models</i> (Hair <i>et al.</i> 2006:748)
90% confidence interval for RMSEA	<i>Upper limit of confidence interval < 0.08</i> (Boshoff 2005:415; Roberts, Stephen & Ilardi 2003:144)

(Source: Farrington 2009:417)

The goodness-of-fit indices for each of the seven submodels were examined to determine whether the measurement and structural models indicated an acceptable approximation of the data. The following hypotheses are therefore formulated for this purpose:

H^{01} : The data fits the model perfectly.

H^{a1} : The data does not fit the model perfectly.

In the present study, the goodness-of-fit indices of the measurement and structural models are identical for all of the submodels subjected to SEM. Hair *et al.* (2006:847) attribute the occurrence of similar goodness-of-fit indices to the existence of a single direct relationship between the constructs. In order to avoid unnecessary repetition, only the goodness-of-fit indices for the structural models have been reported and interpreted in the present study.

Steps 5 and 7 of SEM (as described in Chapter 5) were not undertaken, as the focus of the present study is on testing relationships and possibly confirming theory, rather than on scale development. The outcomes of the steps summarised above, as pertaining to each submodel, will be offered in the sections to follow.

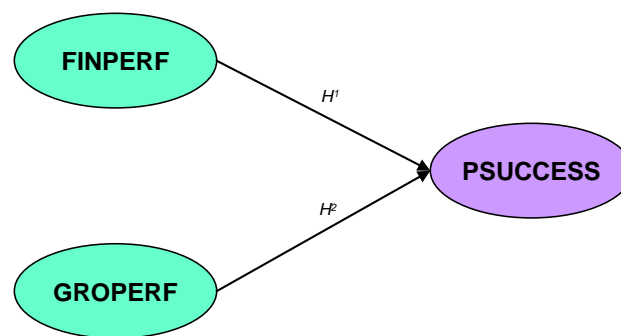
6.6.1 SUBMODEL 1: OUTCOMES

The various steps of SEM, as applied to the *Outcomes* submodel, are summarised in the following sections.

6.6.1.1 Revised conceptual model and path diagrams

Figure 6.2 depicts the revised conceptual model and path diagrams for the *Outcomes* model. It is hypothesised that both of the independent variables *Financial performance* and *Growth performance*, have a positive influence on the dependent variable *Perceived success*.

Figure 6.2: Path diagram of structural relationships: Revised model



6.6.1.2 Structural and measurement models

The structural and measurement models for the *Outcomes* model are defined in Table 6.23. The endogenous and exogenous variables, as well as the latent and manifest variables, are also presented in Table 6.23.

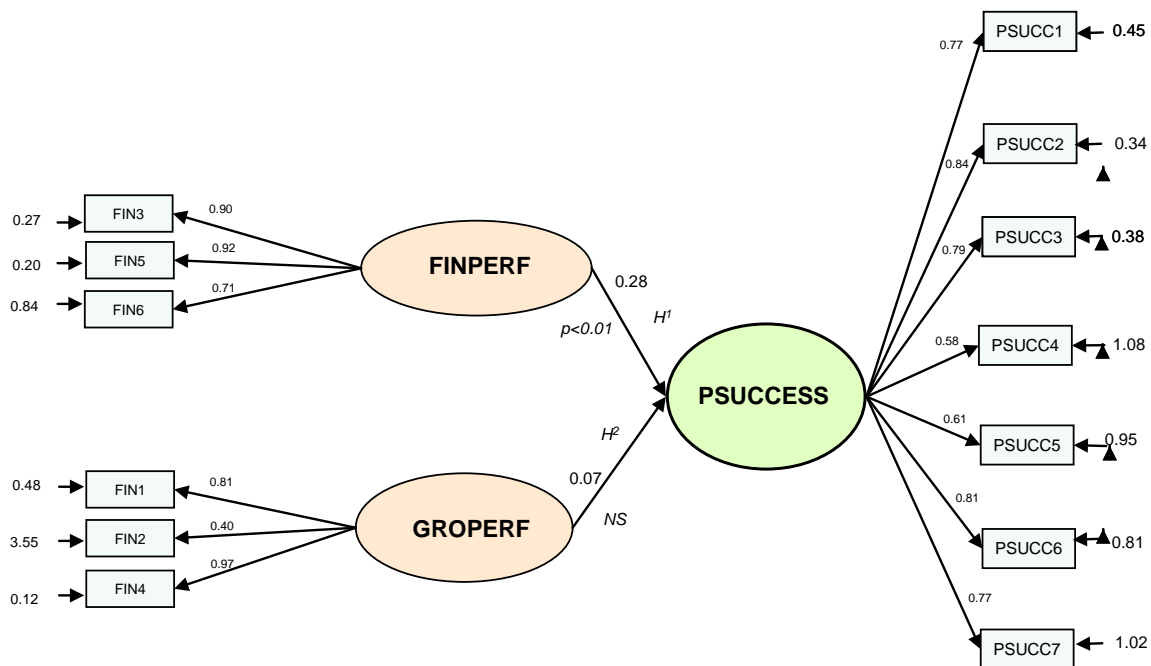
Table 6.23: Definition of structural and measurement model

Structural model	
Endogenous variables	Exogenous variables
Perceived success	Financial performance, Growth performance
Measurement model	
Exogenous	Manifest variables
Perceived success	PSUCC1, PSUCC2, PSUCC3, PSUCC4, PSUCC5, PSUCC6, PSUCC7
Financial performance	FIN3, FIN5, FIN6
Growth performance	FIN1, FIN2, FIN4

6.6.1.3 Measurement and structural model estimation

The p-values for the indicator loadings exceeded the minimum critical value of 1.96 ($p < 0.05$), providing evidence of their significance. The structural equation model was thus subjected to empirical testing.

The structural model depicted in Figure 6.3 to follow, illustrates that the independent variable *Financial performance* ($p < 0.01$), was the only independent variable to exert a significant influence on the dependent variable, *Perceived success*. The path coefficient (0.28) for this relationship proved significant as its p-value exceeded the critical value of 2.58 ($p < 0.01$). On the other hand, the independent variable *Growth performance* did not prove to have a significant influence on the dependent variable, *Perceived success*. Against this background, hypothesis H^1 is accepted, whereas hypothesis H^2 is rejected.

Figure 6.3: Structural model estimation

6.6.1.4 Evaluating the goodness-of-fit indices for the structural model

The goodness-of-fit indices for the structural model portrayed in Figure 6.3 are reported in Table 6.24.

Table 6.24: Goodness-of-fit indices for the structural model

Goodness-of-fit criteria	
Sample size	380
Degrees of freedom	62
Satorra-Bentler scaled Chi-square (χ^2)	191.702; $p=0.00$
χ^2 / degrees of freedom	3.09
Root mean square error of approximation (RMSEA)	0.0743
90 percent confidence interval for RMSEA	0.0625; 0.0864
Expected cross-validation (ECVI)	0.659

The ratio of χ^2 to degrees of freedom is 3.09, which is considerably higher than the acceptable value of 2. The RMSEA (0.0743) falls within the reasonable fit range of 0.05 and 0.08. The upper limit of the 90% confidence interval for RMSEA (0.0864) is greater than 0.08. For the exception of the RMSEA, the indices show that the data does not fit the model particularly well. Therefore, the null hypothesis that the data

fits the model perfectly must be rejected. However, although the data does not fit the model particularly well, the RMSEA does present some evidence that the model can be described as having a reasonable fit.

6.6.2 SUBMODEL 2: RELATIONAL-BASED FACTORS AND FINANCIAL PERFORMANCE

The numerous steps of SEM have been applied to the submodel *Relational-based factors and Financial performance*, the results of which will be discussed in the sections to follow.

6.6.2.1 Revised conceptual model and path diagrams

Figure 6.4: Path diagram of structural relationships: Revised model

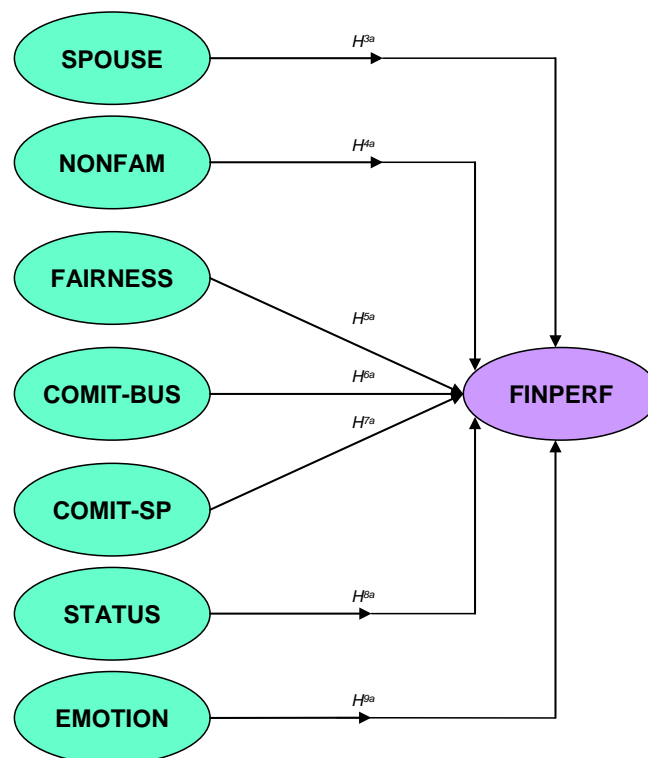


Figure 6.4 depicts the revised conceptual model and path diagrams for the submodel *Relational-based factors and Financial performance*. It is hypothesised that the independent relational-based variables, namely *Spousal relationship*, *Non-family*

involvement, *Fairness at home*, *Commitment to the business*, *Commitment to spouse*, *Equal status*, and *Emotional attachment* all have a positive influence on the dependent variable, *Financial performance*.

6.6.2.2 Structural and measurement models

The structural and measurement models for the submodel *Relational-based factors and Financial performance* are described in Table 6.25.

Table 6.25: Definition of structural and measurement model

Structural model	
Endogenous variables	Exogenous variables
Financial performance	Spousal relationship, Non-family involvement, Fairness at home, Commitment to the business, Commitment to spouse, Equal status, Emotional attachment
Measurement model	
Exogenous	Manifest variables
Financial performance	FIN3, FIN5, FIN6
Spousal relationship	OPEN1, OPEN2, OPEN3, OPEN4, OPEN5, SRELA1, SRELA6, SRELA7, TRUST2, HARM5
Non-family involvement	NOFAM1, NOFAM2, NOFAM3, NOFAM4, NOFAM5, NOFAM6
Fairness at home	FAIR5, FAIR6
Commitment to the business	COMIT1, COMIT3, COMIT5, COMIT8
Commitment to spouse	TRUST1, TRUST3, TRUST4, TRUST5, COMIT6, COMIT7, HARM1, HARM4
Equal status	FAIR4, FAIR7
Emotional attachment	COMIT9, COMIT10

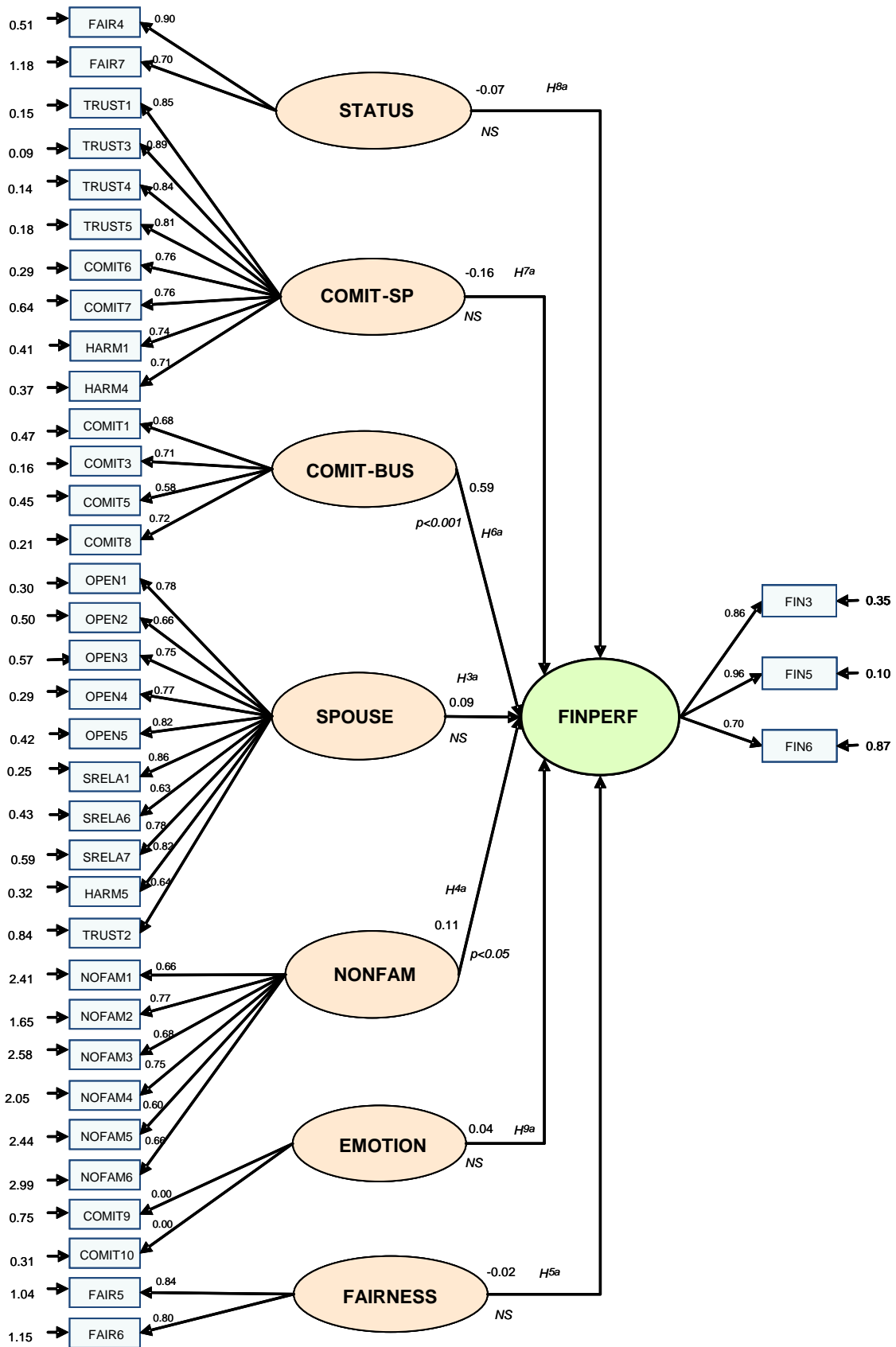
6.6.2.3 Measurement and structural model estimation

The p-values of the indicator loadings in the measurement model exceeded the minimum critical value of 1.96 ($p < 0.05$). The measurement model was also proved to have a reasonable fit owing to the goodness-of-fit indices reported. The structural equation model was therefore subjected to empirical testing.

The structural model depicted in Figure 6.5 illustrates that two independent variables significantly influence the dependent variable, *Financial performance*. The path coefficients of the relationships between the independent variables, *Non-family involvement* (0.11) and *Commitment to the business* (0.59) and the dependent

variable, *Financial performance*, proved significant, as the p-value for these coefficients exceeded the critical values of 1.96 ($p < 0.05$) and 3.30 ($p < 0.001$) respectively. As a result, hypotheses H^{4a} and H^{6a} are accepted, whereas hypotheses H^{3a} , H^{5a} , H^{7a} , H^{8a} and H^{9a} are rejected.

Figure 6.5: Structural model estimation



6.6.2.4 Evaluating the goodness-of-fit indices

The goodness-of-fit indices for the structural model depicted in Figure 6.5, are summarised in Table 6.26 below. The ratio χ^2 to degrees of freedom is 1.64, less than the acceptable 2, indicating a good fit. The RMSEA (0.0410) falls below 0.05, indicating a very good or close fit, whilst the upper limit of the 90% confidence interval for RMSEA (0.0456) is less than 0.08. Consequently, the null hypothesis that the data fits the model perfectly must be rejected. Even though the data does not fit the model perfectly, it can be describe as having a close fit.

Table 6.26: Goodness-of-fit indices for the structural model

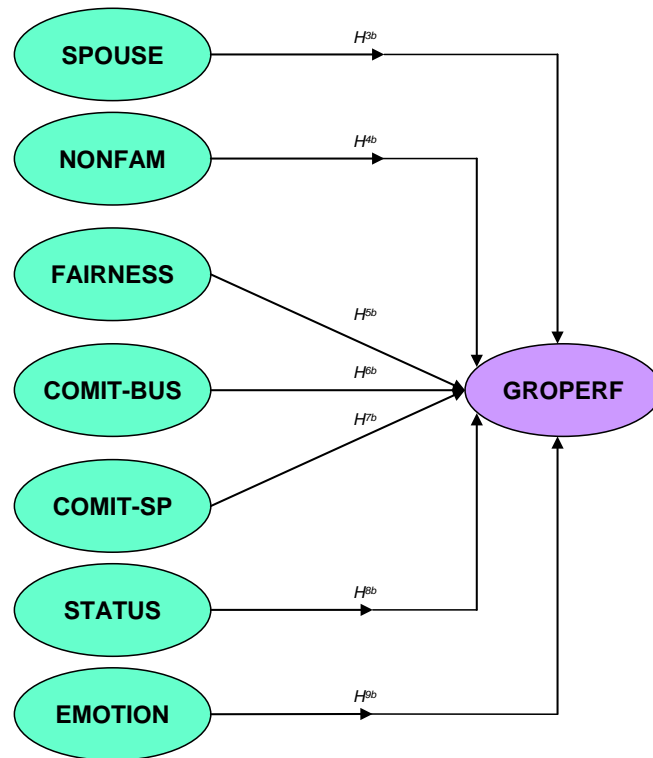
Goodness-of-fit criteria	
Sample size	380
Degrees of freedom	601
Satorra-Bentler scaled Chi-square (χ^2)	984.345; p=0.0
χ^2 / degrees of freedom	1.64
Root mean square error of approximation (RMSEA)	0.0410
90 percent confidence interval for RMSEA	0.0364; 0.0456
Expected cross-validation index (ECVI)	3.135

6.6.3 SUBMODEL 3: RELATIONAL-BASED FACTORS AND GROWTH PERFORMANCE

The various steps of SEM have been applied to the submodel *Relational-based factors and Growth performance*, and will be discussed in the paragraphs to follow.

6.6.3.1 Revised conceptual model and path diagrams

The revised conceptual model and path diagrams for the submodel *Relational-based factors and Growth performance* are depicted in Figure 6.6. It is hypothesised that the independent relational-based variables, namely *Spousal relationship*, *Non-family involvement*, *Fairness at home*, *Commitment to the business*, *Commitment to spouse*, *Equal status*, and *Emotional attachment* all have a positive impact on the dependent variable, *Growth performance*.

Figure 6.6: Path diagram of structural relationships: Revised model

6.6.3.2 Structural and measurement models

The endogenous and exogenous variables forming the specifications for the structural model, as well as the latent and manifest variables which form the specifications for the measurement model, are illustrated in Table 6.27.

Table 6.27: Definition of structural and measurement model

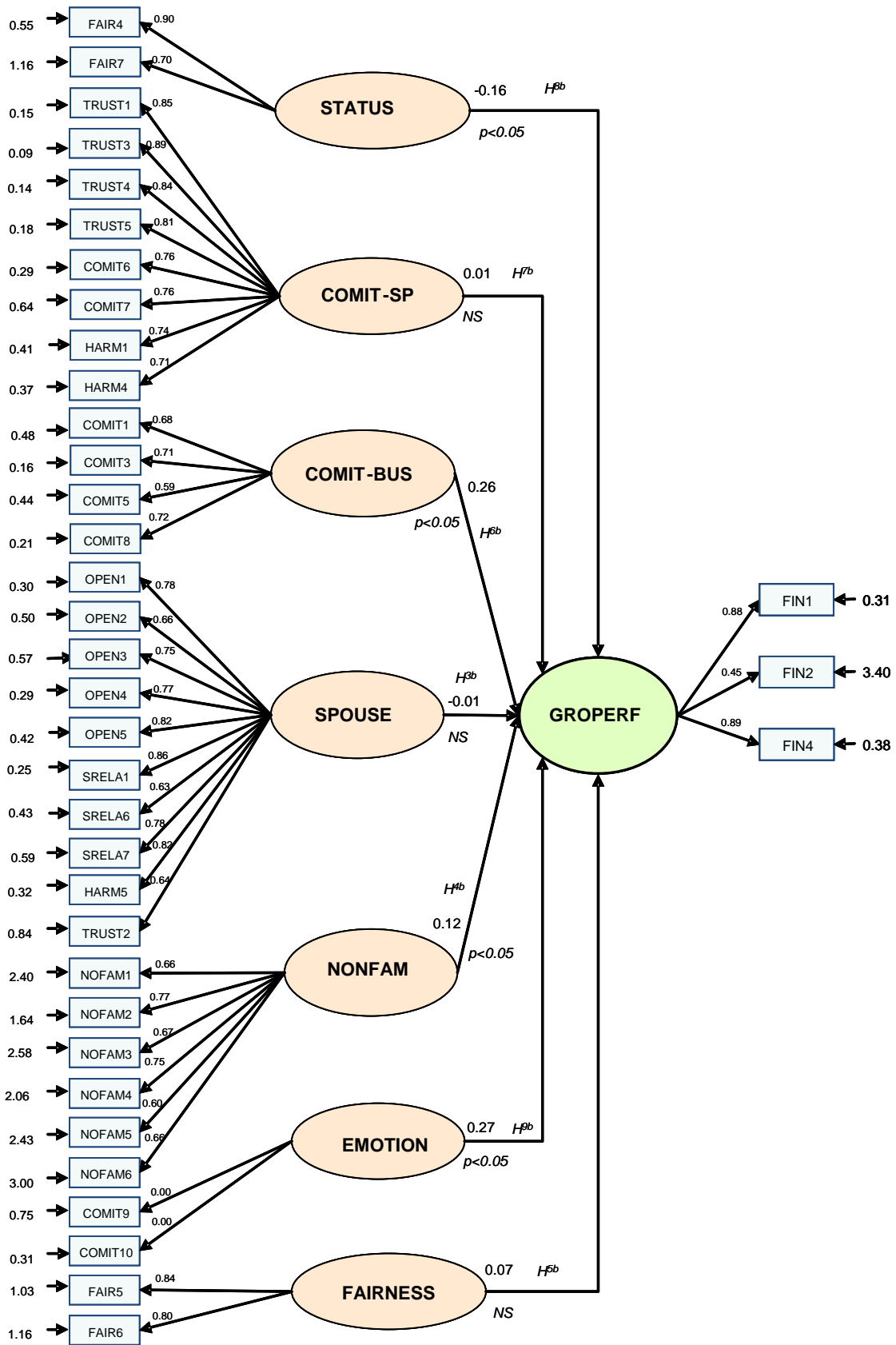
Structural model	
Endogenous variables	Exogenous variables
Growth performance	Spousal relationship, Non-family involvement, Commitment to the business, Fairness at home, Commitment to spouse, Equal status, Emotional attachment
Measurement model	
Exogenous	Manifest variables
Growth performance	FIN1, FIN2, FIN4
Spousal relationship	OPEN1, OPEN2, OPEN3, OPEN4, OPEN5, SRELA1, SRELA6, SRELA7, TRUST2, HARM5
Non-family involvement	NOFAM1, NOFAM2, NOFAM3, NOFAM4, NOFAM5, NOFAM6
Fairness at home	FAIR5, FAIR6
Commitment to the business	COMIT1, COMIT3, COMIT5, COMIT8
Commitment to spouse	TRUST1, TRUST3, TRUST4, TRUST5, COMIT6, COMIT7, HARM1, HARM4
Equal status	FAIR4, FAIR7
Emotional attachment	COMIT9, COMIT10

6.6.3.3 Measurement and structural model estimation

The p-values for the indicator loadings in the measurement model exceeded the minimum critical value of 1.96 ($p < 0.05$), proving that these loadings are acceptable. The goodness-of-fit indices also provided evidence of a measurement model with a very good or close fit. The structural model was therefore subjected to empirical testing.

Figure 6.7 illustrates that the path coefficients for four of the hypothesised relationships are significant, as the p-value for these coefficients exceeded the critical value of 1.96 ($p < 0.05$). The independent variables *Non-family involvement* (0.12), *Commitment to the business* (0.26) and *Emotional attachment* (0.27) positively influence the *Growth performance* of a copreneurship. In contrast, the independent variable *Equal status* (-0.16) has a negative influence on the *Growth performance* of a copreneurship. The hypotheses H^{4b} , H^{6b} and H^{9b} are therefore accepted, whereas H^{3b} , H^{5b} and H^{7b} are rejected. Despite *Equal status* having an influence on *Growth performance*, the influence reported is negative, which is contrary to the original hypothesis. Consequently, hypothesis H^{8b} is rejected.

Figure 6.7: Structural model estimation



6.6.3.4 Evaluating the goodness-of-fit indices

The goodness-of-fit indices for the structural model illustrated in Figure 6.7 can be found in Table 6.28. The ratio χ^2 to degrees of freedom is 1.63, which is less than the acceptable 2. This result indicates a good fit. The RMSEA (0.0407) falls below 0.05, indicating a very good or close fit, whilst the upper limit of the 90% confidence interval for RMSEA (0.0453) is less than 0.08. These indices provide evidence of a model with a very good or close fit. Consequently, although the null hypothesis that the data fits the model perfectly must be rejected, the model can be described as having a close fit.

Table 6.28: Goodness-of-fit indices for the structural model

Goodness-of-fit criteria	
Sample size	380
Degrees of freedom	601
Satorra-Bentler scaled Chi-square (χ^2)	978.521; p=0.0
χ^2 / degrees of freedom	1.63
Root mean square error of approximation (RMSEA)	0.0407
90 percent confidence interval for RMSEA	0.0360; 0.0453
Expected cross-validation index (ECVI)	3.120

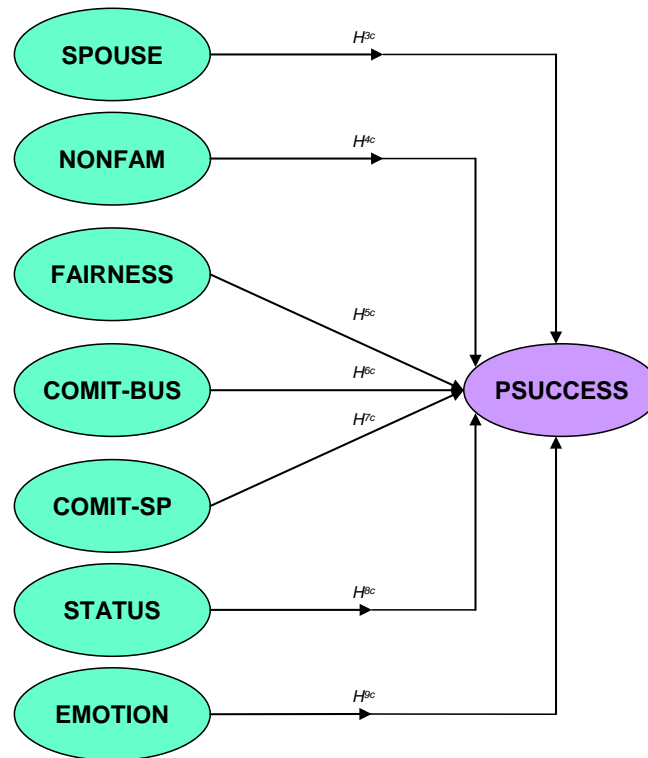
6.6.4 SUBMODEL 4: RELATIONAL-BASED FACTORS AND PERCEIVED SUCCESS

The submodel *Relational-based factors and Perceived success* has been subjected to the different steps of SEM, the results of which are summarised in the paragraphs to follow.

6.6.4.1 Revised conceptual model and path diagrams

Figure 6.8 illustrates the revised conceptual model and the path diagrams for the submodel *Relational-based factors and Perceived success*.

Figure 6.8: Path diagram of structural relationships: Revised model



It is hypothesised that the independent relational-based factors, namely *Spousal relationship*, *Non-family involvement*, *Fairness at home*, *Commitment to the business*, *Commitment to spouse*, *Equal status*, and *Emotional attachment* all have a positive influence on the dependent variable, *Perceived success*.

6.6.4.2 Structural and measurement models

The structural and measurement models for the submodel *Relational-based factors and Perceived success* are defined in Table 6.29 to follow.

Table 6.29: Definition of structural and measurement model

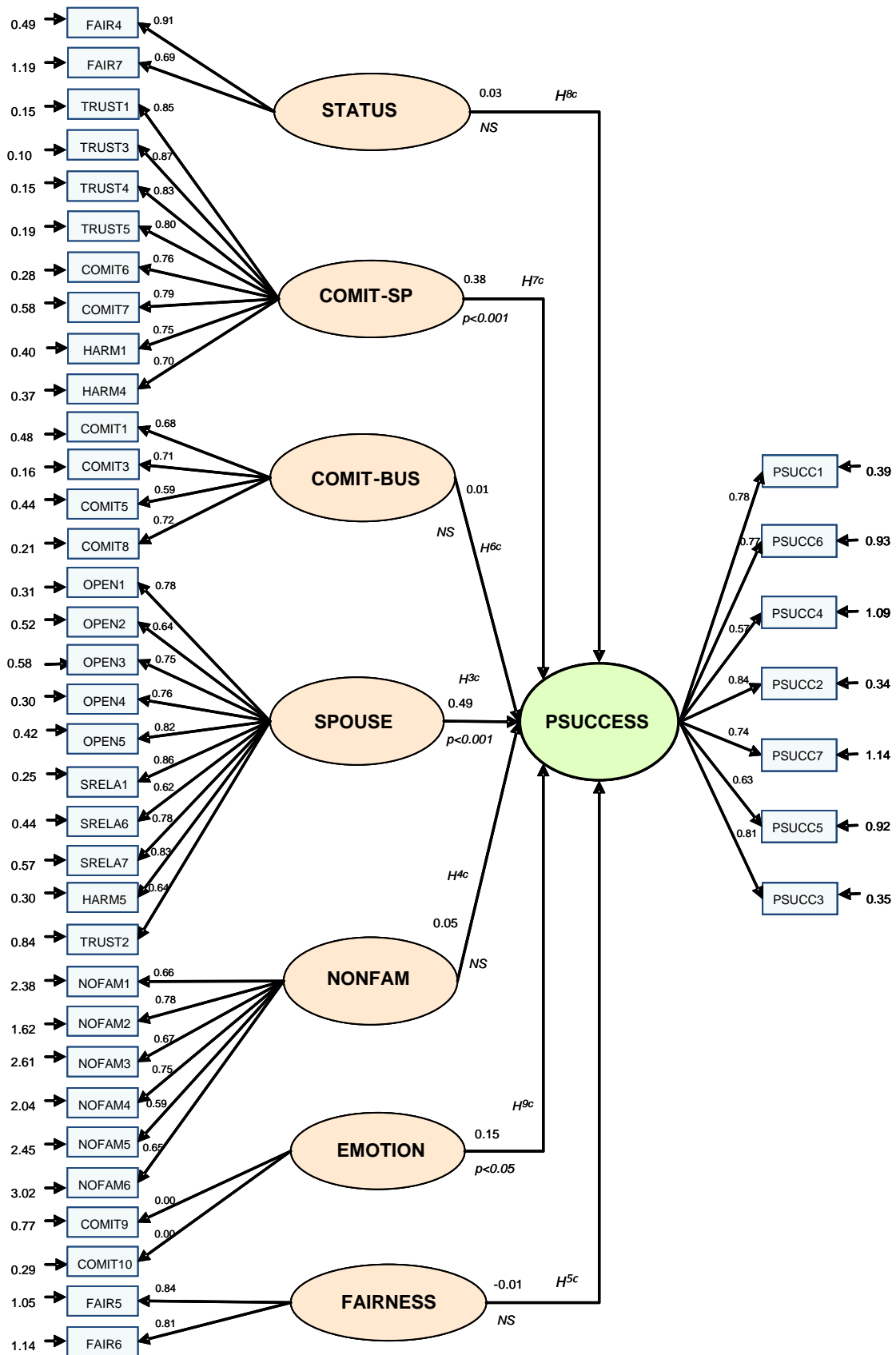
Structural model	
Endogenous variables	Exogenous variables
Perceived success	Spousal relationship, Non-family involvement, Commitment to the business, Fairness at home, Commitment to spouse, Equal status, Emotional attachment
Measurement model	
Exogenous	Manifest variables
Perceived success	PSUCC1, PSUCC2, PSUCC3, PSUCC4, PSUCC5, PSUCC6, PSUCC7
Spousal relationship	OPEN1, OPEN2, OPEN3, OPEN4, OPEN5, SRELA1, SRELA6, SRELA7, TRUST2, HARM5
Non-family involvement	NOFAM1, NOFAM2, NOFAM3, NOFAM4, NOFAM5, NOFAM6
Fairness at home	FAIR5, FAIR6
Commitment to the business	COMIT1, COMIT3, COMIT5, COMIT8
Commitment to spouse	TRUST1, TRUST3, TRUST4, TRUST5, COMIT6, COMIT7, HARM1, HARM4
Equal status	FAIR4, FAIR7
Emotional attachment	COMIT9, COMIT10

6.6.4.3 Measurement and structural model estimation

The p-values for the indicator loadings exceeded the minimum critical value of 1.96 ($p < 0.05$), providing evidence of their significance. The goodness-of-fit indices of the measurement model also prove that the measurement model has a good or very close fit. As a result, the structural equation model was subjected to empirical testing.

In the structural model illustrated in Figure 6.9, it can be seen that three independent variables significantly influence the dependent variable. These relationships proved significant as the p-values for their path coefficients exceeded the critical values of 1.96 ($p < 0.05$) and/or 3.30 ($p < 0.001$). The independent variables *Spousal relationship* (0.49), *Commitment to spouse* (0.38) and *Emotional attachment* (0.15) positively influence the *Perceived success* of a copreneurship. The hypotheses H^{3c} , H^{7c} and H^{9c} are therefore accepted, whereas H^{4c} , H^{5c} , H^{6c} and H^{8c} are rejected.

Figure 6.9: Structural model estimation



6.6.4.4 Evaluating the goodness-of-fit indices

The goodness-of-fit indices for the structural model illustrated in Figure 6.9 are reported in Table 6.30 below.

Table 6.30: Goodness-of-fit indices for the structural model

Goodness-of-fit criteria	
Sample size	380
Degrees of freedom	751
Satorra-Bentler scaled Chi-square (χ^2)	1415.764; p=0.0
χ^2 / degrees of freedom	1.89
Root mean square error of approximation (RMSEA)	0.0483
90 percent confidence interval for RMSEA	0.0445; 0.0522
Expected cross-validation index (ECVI)	4.316

Table 6.30 reports a ratio χ^2 to degrees of freedom of 1.89, which is lower than the acceptable 2. Values lower than 2 are indicators of a good fit. The RMSEA (0.0483) falls within the very good/close fit range of less than 0.05. The upper limit of the 90% confidence interval for RMSEA (0.0522) is less than 0.08. Thus the null hypothesis that the data fits the model perfectly must be rejected. Although the data does not fit the model perfectly, it can be described as having a close fit.

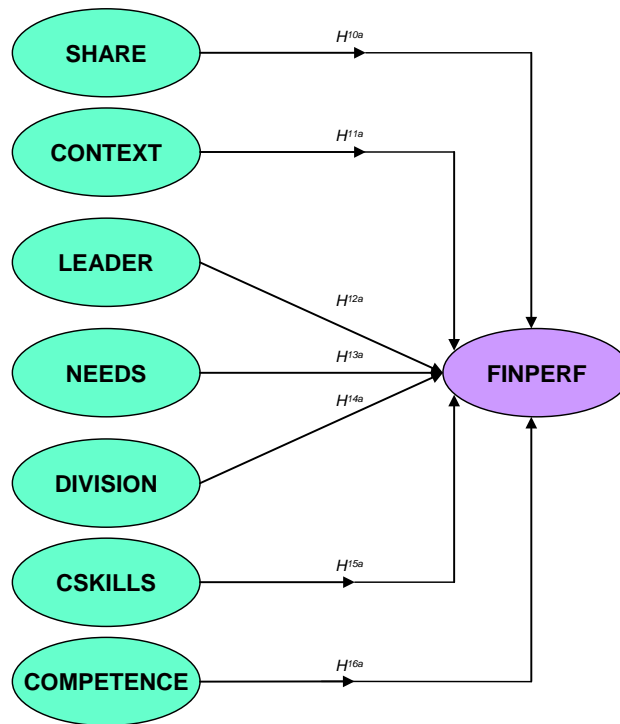
6.6.5 SUBMODEL 5: ORGANISATIONAL-BASED FACTORS AND FINANCIAL PERFORMANCE

The paragraphs to follow relate to the results of SEM for the *Organisational-based factors and Financial performance* submodel.

6.6.5.1 Revised conceptual model and path diagrams

Figure 6.10 depicts the revised conceptual model and the path diagrams for the *Organisational-based factors and Financial performance* submodel. It is hypothesised that the independent organisational-based variables *Shared dream*, *Internal context*, *Leadership*, *Personal needs alignment*, *Division of labour*, *Complementary skills* and *Competencies*, all have a positive influence on the dependent variable, *Financial performance*.

Figure 6.10: Path diagram of structural relationships: Revised model



6.6.5.2 Structural and measurement models

Table 6.31 defines the structural and measurement models for the submodel *Organisational-based factors and Financial performance*.

Table 6.31: Definition of structural and measurement model

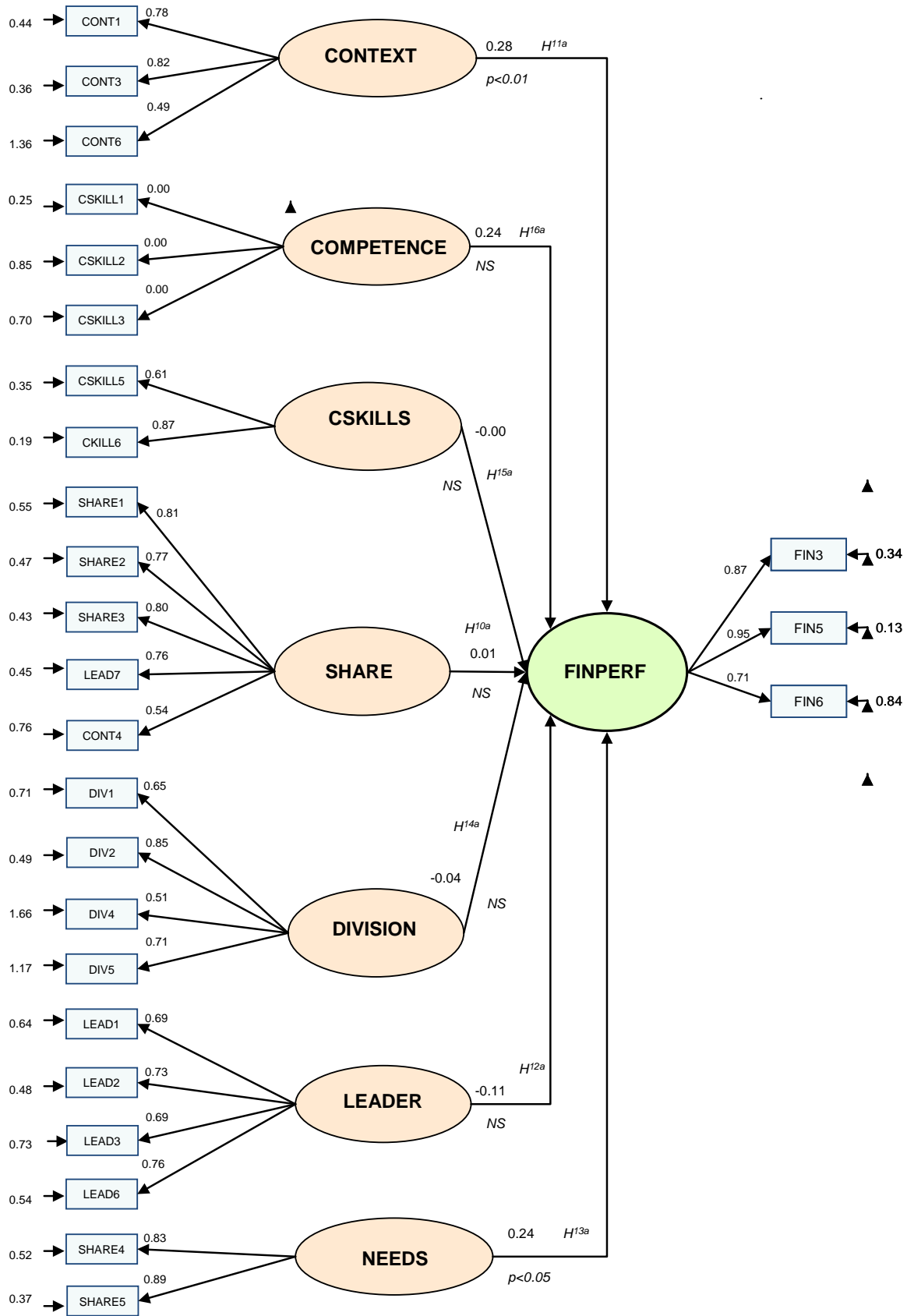
Structural model	
Endogenous variables	Exogenous variables
Financial performance	Shared dream, Internal context, Leadership, Personal needs alignment, Division of labour, Complementary skills, Competencies
Measurement model	
Exogenous	Manifest variables
Financial performance	FIN3, FIN5, FIN6
Shared dream	SHARE1, SHARE2, SHARE3, LEAD7, CONT4
Internal context	CONT1, CONT3, CONT6
Leadership	LEAD1, LEAD2, LEAD3, LEAD6
Personal needs alignment	SHARE4, SHARE5
Division of labour	DIV1, DIV2, DIV4, DIV5
Complementary skills	CSKILLS5, CSKILLS6
Competencies	CSKILLS1, CSKILLS2, CSKILLS3

6.6.5.3 Measurement and structural model estimation

The p-values of the indicator loadings in the measurement model exceeded the minimum critical value 1.96 ($p < 0.05$), and the goodness-of-fit indices provided evidence of a very good or close-fitting model. The structural model was therefore subjected to further analysis.

The structural model illustrated in Figure 6.11 shows that only the independent variables *Internal context* (0.28) and *Personal needs alignment* (0.24) significantly influence the dependent variable *Financial performance*, as their p-values exceed the critical values of 2.58 ($p < 0.01$) and 1.96 ($p < 0.05$) respectively. As a result, the hypotheses H^{11a} and H^{13a} are accepted, whereas H^{10a} , H^{12a} , H^{14a} , H^{15a} and H^{16a} are all rejected.

Figure 6.11: Structural model estimation



6.6.5.4 Evaluating the goodness-of-fit indices

The goodness-of-fit indices for the structural model portrayed in Figure 6.11, are reported in Table 6.32 below.

Table 6.32: Goodness-of-fit indices for the structural model

Goodness-of-fit criteria	
Sample size	380
Degrees of freedom	271
Satorra-Bentler scaled Chi-square (χ^2)	427.512; p=0.00
χ^2 / degrees of freedom	1.58
Root mean square error of approximation (RMSEA)	0.0390
90 percent confidence interval for RMSEA	0.0319; 0.0459
Expected cross-validation index (ECVI)	1.550

The ratio χ^2 to degrees of freedom is 1.58 (below the acceptable 2) indicating a model with a good fit. The RMSEA (0.0390) is less than 0.05, indicating a very good or close fit, whilst the upper limit of the 90% confidence interval for RMSEA is (0.0459). This upper limit is considerably lower than the acceptable 0.08. The null hypothesis that the data fits the model perfectly must therefore be rejected. Even though the data does not fit the model perfectly, it can be described as having a close fit.

6.6.6 SUBMODEL 6: ORGANISATIONAL-BASED FACTORS AND GROWTH PERFORMANCE

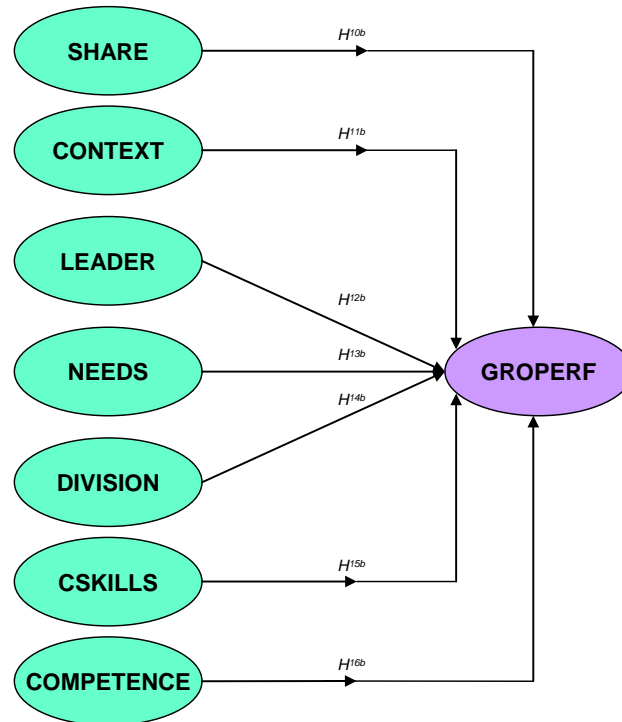
The numerous SEM steps have been applied to the submodel *Organisational-based factors and Growth performance*, and the results are discussed in the paragraphs to follow.

6.6.6.1 Revised conceptual model and path diagrams

Figure 6.12 illustrates the revised conceptual model and the path diagrams for the submodel *Organisational-based factors and Growth performance*. It is hypothesised that the independent organisational-based variables *Shared dream*, *Internal context*, *Leadership*, *Personal needs alignment*, *Division of labour*, *Complementary skills* and

Competencies, all have a positive influence on the dependent variable, *Growth performance*.

Figure 6.12: Path diagram of structural relationships: Revised model



6.6.6.2 Structural and measurement models

Table 6.33 provides a summary of the endogenous and exogenous variables forming the specification for the structural model, as well as the latent and manifest variables forming the specification for the measurement model.

Table 6.33: Definition of structural and measurement model

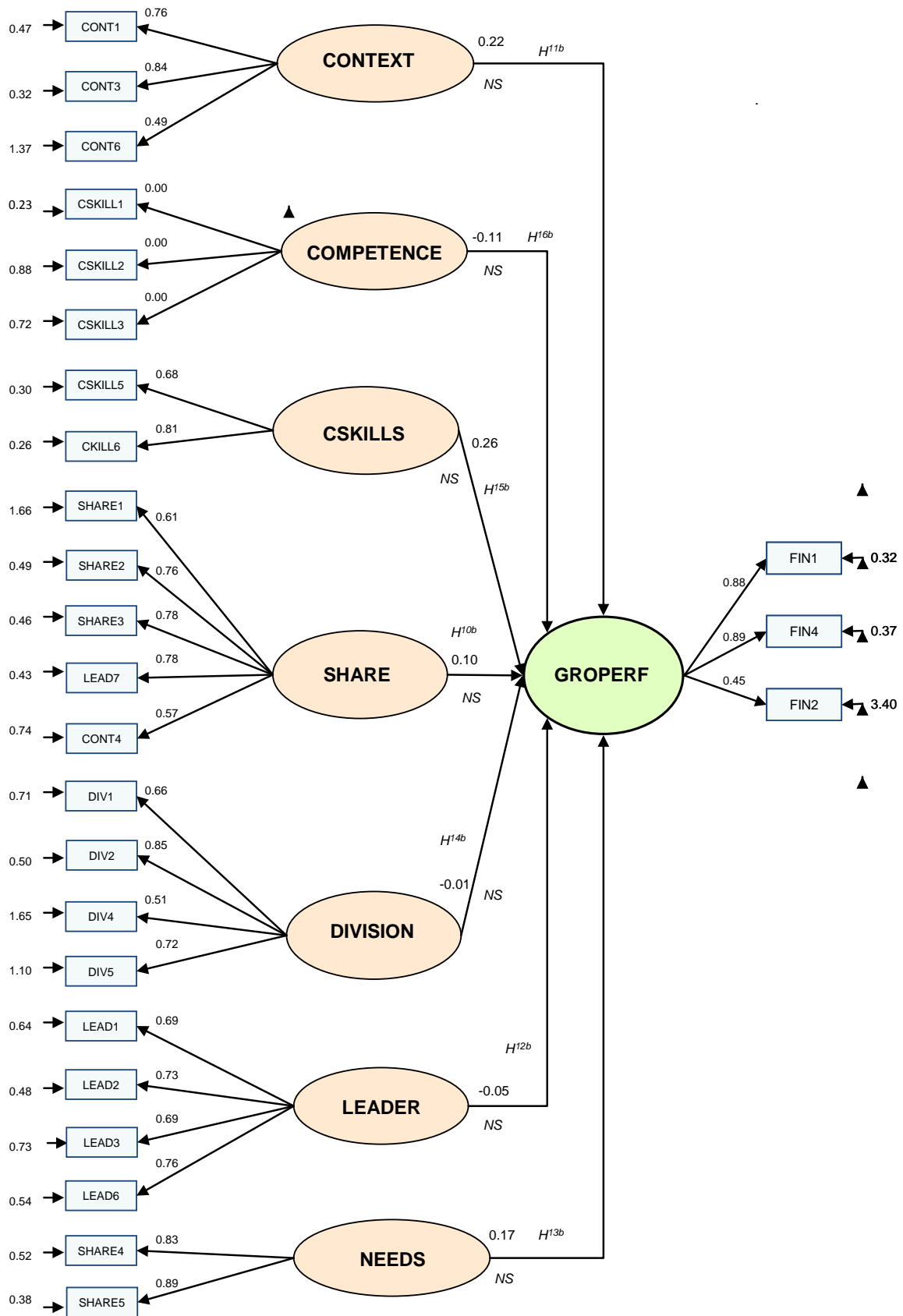
Structural model	
Endogenous variables	Exogenous variables
Growth performance	Shared dream, Internal context, Leadership, Personal needs alignment, Division of labour, Complementary skills, Competencies
Measurement model	
Exogenous	Manifest variables
Growth performance	FIN1, FIN2, FIN4
Shared dream	SHARE1, SHARE2, SHARE3, LEAD7, CONT4
Internal context	CONT1, CONT3, CONT6
Leadership	LEAD1, LEAD2, LEAD3, LEAD6
Personal needs alignment	SHARE4, SHARE5
Division of labour	DIV1, DIV2, DIV4, DIV5
Complementary skills	CSKILLS5, CSKILLS6
Competencies	CSKILLS1, CSKILLS2, CSKILLS3

6.6.6.3 Measurement and structural model estimation

The p-value of the indicator loadings in the measurement model proved to be acceptable, as the p-values of these loadings exceeded the minimum critical value of 1.96 ($p < 0.05$). The structural model was therefore subjected to further analysis.

It can be seen in the structural model illustrated in Figure 6.13, that none of the independent organisational-based variables exert a positive influence on the dependent variable *Growth performance*. As a result, all the hypotheses with regard to the *Organisational-based factors and Growth performance* ($H^{10b} - H^{16b}$) are rejected.

Figure 6.13: Structural model estimation



6.6.6.4 Evaluating the goodness-of-fit indices

The goodness-of-fit indices for the structural model portrayed in Figure 6.13 are reported in Table 6.34. The ratio χ^2 to degrees of freedom is 1.49, which is below 2, the acceptable value. The RMSEA (0.0360) is below 0.05, indicating a very good or close fit, whilst the upper limit of the 90% confidence interval for RMSEA (0.0431) is less than 0.08.

Table 6.34: Goodness-of-fit indices for the structural model

Goodness-of-fit criteria	
Sample size	380
Degrees of freedom	271
Satorra-Bentler scaled Chi-square (χ^2)	403.815; p=0.000
χ^2 / degrees of freedom	1.49
Root mean square error of approximation (RMSEA)	0.0360
90 percent confidence interval for RMSEA	0.0284; 0.0431
Expected cross-validation index (ECVI)	1.488

The null hypothesis that the data fits the model perfectly must be rejected. Although the data does not fit the model perfectly, it can be described as having a close fit.

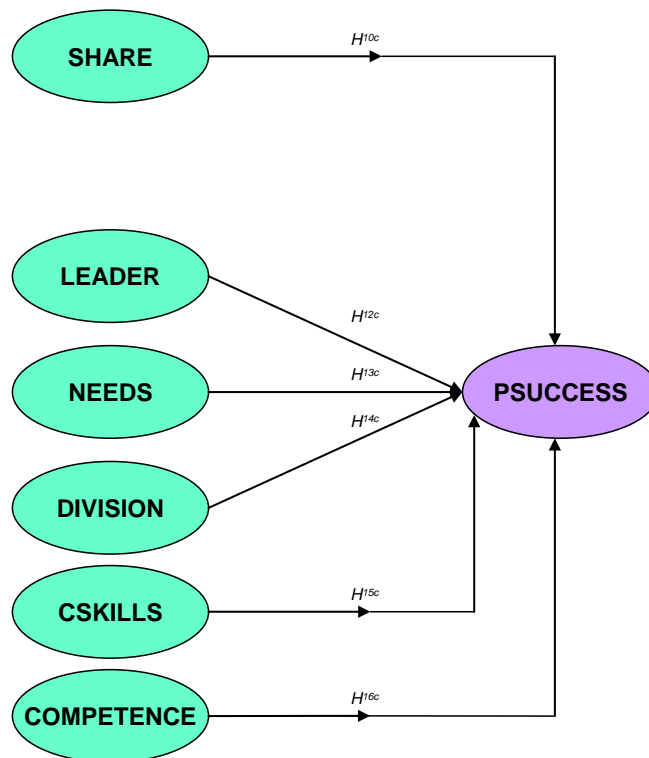
6.6.7 SUBMODEL 7: ORGANISATIONAL-BASED FACTORS AND PERCEIVED SUCCESS

The numerous steps of SEM as they were applied to the submodel *Organisational-based factors and Perceived success* are discussed in the paragraphs below. It is important to note that when the full model was initially tested, the factor *Internal context* returned a significant negative path coefficient. This outcome was both unexpected and contradictory to the literature. An inspection of the PHi matrix revealed a high level of correlation between the two independent variables, namely *Internal context* and *Competencies*. It thus appeared that multi-collinearity may be a problem. When *Competencies* was removed from the model, the influence of *Internal context* on the dependent variable *Perceived success* was not statistically significant. It was therefore decided to delete the variable *Internal context* from this model. The results of the empirical assessment of the adapted model are reported in the sections to follow.

6.6.7.1 Revised conceptual model and path diagrams

Figure 6.14 depicts the revised conceptual model and the path diagrams for the submodel *Organisational-based factors and Perceived success*. It is hypothesised that the independent organisational-based variables *Shared dream*, *Leadership*, *Personal needs alignment*, *Division of labour*, *Complementary skills* and *Competencies*, all have a positive influence on the dependent variable, *Perceived success*.

Figure 6.14: Path diagram of structural relationships: Revised model



6.6.7.2 Structural and measurement models

The structural and measurement models for the submodel *Organisational-based factors and Perceived success* are defined in Table 6.35 to follow.

Table 6.35: Definition of structural and measurement model

Structural model	
Endogenous variables	Exogenous variables
Perceived success	Shared dream, Leadership, Personal needs alignment, Division of labour, Complementary skills, Competencies
Measurement model	
Exogenous	Manifest variables
Perceived success	PSUCC1, PSUCC2, PSUCC3, PSUCC4, PSUCC5, PSUCC6, PSUCC7
Shared dream	SHARE1, SHARE2, SHARE3, LEAD7, CONT4
Leadership	LEAD1, LEAD2, LEAD3, LEAD6
Personal needs alignment	SHARE4, SHARE5
Division of labour	DIV1, DIV2, DIV4, DIV5
Complementary skills	CSKILLS5, CSKILLS6
Competencies	CSKILLS1, CSKILLS2, CSKILLS3

6.6.7.3 Measurement and structural model estimation

The indicator loadings in the measurement model reported p-values that exceeded the minimum critical value of 1.96 ($p < 0.05$). Consequently, the structural model was subjected to further analysis.

The structural model illustrated in Figure 6.15 shows that three independent variables, namely *Leadership* (0.35), *Personal needs alignment* (0.37) and *Competencies* (0.22) influence the dependent variable *Perceived success*. The path coefficients of these 3 constructs exceeded the critical values 2.58 ($p < 0.01$) and 3.30 ($p < 0.001$), thereby proving their significance. As a result, the hypotheses H^{12c} , H^{13c} and H^{16c} are accepted, while H^{10c} , H^{14c} and H^{15c} are rejected. As *Internal context* was eliminated from the model, H^{11c} was not subjected to testing.

Figure 6.15: Structural model estimation



6.6.7.4 Evaluating the goodness-of-fit indices

The goodness-of-fit indices for the structural model illustrated in Figure 6.15 are detailed in Table 6.36. The ratio χ^2 to degrees of freedom is 1.76, which is below the acceptable value of 2. The RMSEA (0.0449) is less than 0.05, indicating a very good or close fit, while the upper limit of the 90% confidence interval for RMSEA (0.0511) is less than 0.08. The null hypothesis that the model fits the data perfectly is therefore rejected. Although the data does not fit the model perfectly, it can be described as having a close fit.

Table 6.36: Goodness-of-fit indices for the structural model

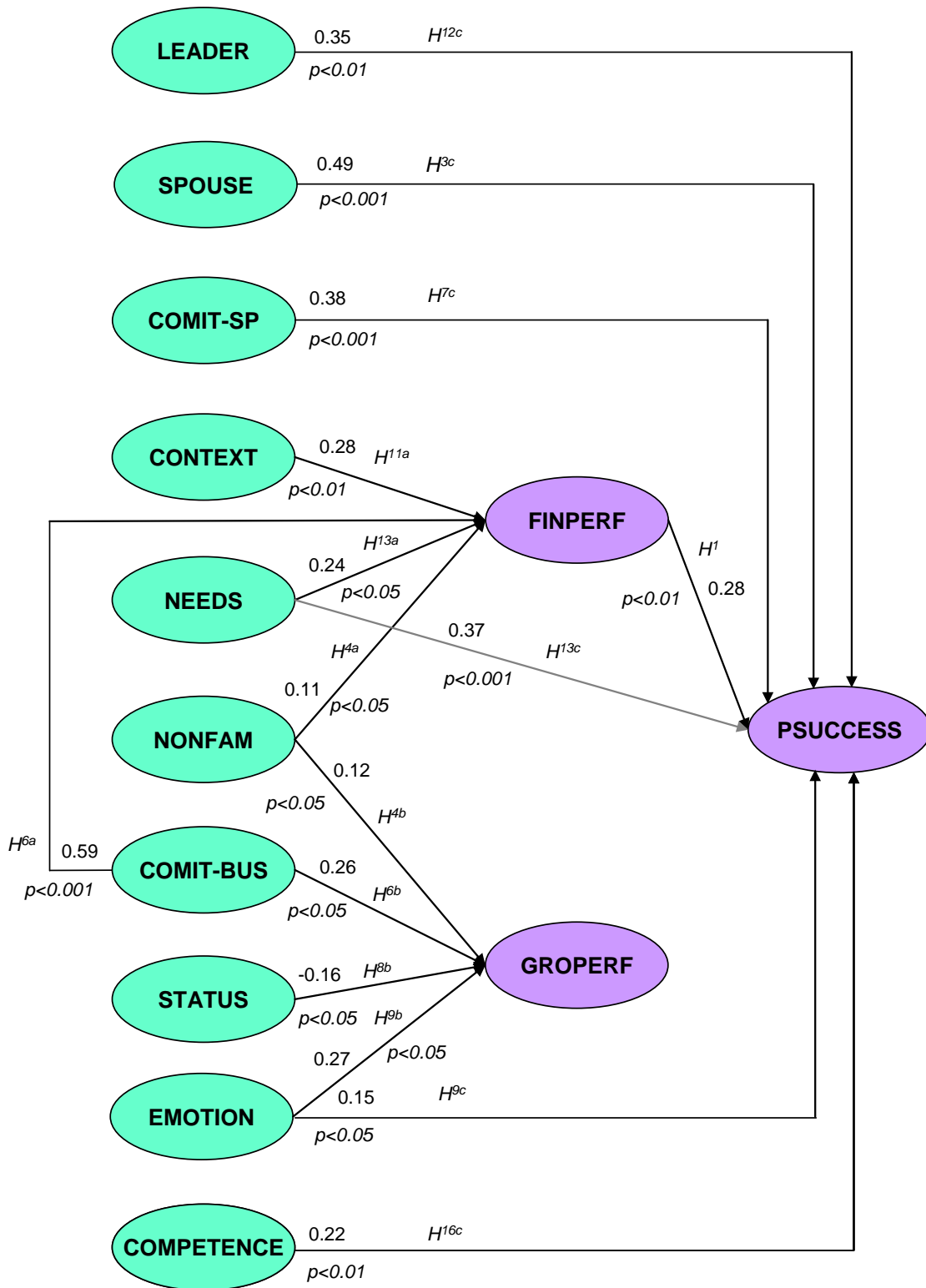
Goodness-of-fit criteria	
Sample size	380
Degrees of freedom	303
Satorra-Bentler scaled Chi-square (χ^2)	534.881; p=0.00
χ^2 / degrees of freedom	1.76
Root mean square error of approximation (RMSEA)	0.0449
90 percent confidence interval for RMSEA	0.0386; 0.0511
Expected cross-validation index (ECVI)	1.807

6.7 DISCUSSION OF SIGNIFICANT RELATIONSHIPS IDENTIFIED BY SEM

The discussions and models illustrated in Section 6.6 identified 15 significant relationships between the various independent and dependent variables. A summary of these significant relationships can be found in Figure 6.16.

In Figure 6.16, the 15 significant relationships identified represent those factors that have an influence on the *Financial* and *Growth performance* of the copreneurial business, as well as the *Perceived success* of the business. A detailed explanation of these significant relationships, as well as a comparison to existing empirical and anecdotal evidence, is provided in the paragraphs to follow.

Figure 6.16: Summary of significant relationships in the structural models



Key: LEADER (Leadership); SPOUSE (Spousal relationship); COMIT-SP (Commitment to spouse); CONTEXT (Internal context); NEEDS (Personal needs alignment); NONFAM (Non-family involvement); COMIT-BUS (Commitment to the business); STATUS (Equal status); EMOTION (Emotional attachment); COMPETENCE (Competencies); FINPERF (Financial performance); GROPERF (Growth performance); PSUCCESS (Perceived success).

It is important to note that Figure 6.16 is a summarised illustration of the significant relationships identified in the seven submodels. It is not a model that has been subjected to SEM on its own.

6.7.1 FINANCIAL AND GROWTH PERFORMANCE

Figure 6.16 illustrates a positive relationship between the *Financial performance* of the business and *Perceived success* (path coefficient = 0.28; $p < 0.01$). In other words, spouses in a copreneurial business that is profitable and financially secure, are more likely to experience their involvement as being satisfying and beneficial. Sufficient evidence has thus been found to support hypothesis H^1 . The empirical results of this study are supported by the findings of Farrington (2009:439), who also reports from her study a positive significant relationship between financial performance and the satisfaction with work and family relationships experienced by the sibling partners. In addition, a positive relationship between the financial security of the owner-manager of the business and the satisfaction with the succession process is reported by Venter (2003:315).

However, the relationship between *Growth performance* and *Perceived success* did not prove to be significant. This result implies that whether or not the copreneurship shows evidence of growth has no influence on the spouses experiencing their involvement as satisfying and beneficial. Insufficient support is thus found for hypothesis H^2 , which was consequently rejected.

6.7.2 SPOUSAL RELATIONSHIP

The results of this study show that a positive relationship exists between *Spousal relationship* and the *Perceived success* (path coefficient = 0.49; $p < 0.001$) of the copreneurship (hypothesis H^{3c}). This result implies that copreneurships that are characterised by open and effective communication, managed conflict, mutual support and an understanding of each other's needs, are more likely to perceive their involvement in the business as satisfying and beneficial. Of all of the factors examined in this study, *Spousal relationship* was revealed as having the greatest influence on *Perceived success*. This result is supported by the findings of Baxter

(2009:71), who also reports from her study a positive relationship between the spousal relationship and the perceived success of a copreneurship. The quality of the spousal relationship therefore directly influences whether they experience their involvement in the copreneurship as satisfying and beneficial. Similarly, Farrington (2009:451) finds in her study a positive relationship between the sibling relationships and the satisfaction that they experience with their work and family relationships. In addition, Stewart-Gross and Gross (2007:126) report a lack of communication as a primary cause of failure in couple-owned businesses. Communication is therefore essential in promoting the personal growth of the spouses (Stewart-Gross & Gross 2007:126).

In the present study, no significant relationship was revealed between *Spousal relationship* and the dependent variables *Financial performance* (H^{3a}) and *Growth performance* (H^{3b}). This means that the relationship between the spouses has no influence on the business's ability to perform financially and grow. Consequently, support was not found for hypotheses H^{3a} and H^{3b} . This result is supported by Baxter (2009:72-73), who reports no significant relationship between the spousal relationship and the financial and growth performance of copreneurships. Partial support is also provided by Farrington (2009:451), who finds no significant relationship between sibling relationships and the financial performance of Sibling Partnerships. She does, however, report a positive relationship between the sibling relationship and the growth performance of the business. The result of this study also contradicts Stewart-Gross and Gross (2007:126), who assert that in order to ensure that their business grows and prospers, copreneurs must communicate effectively.

6.7.3 NON-FAMILY INVOLVEMENT

It can be seen in Figure 6.16 that the independent variable *Non-family involvement* has a positive influence on *Financial performance* (hypothesis H^{4a}), since a path coefficient of 0.11 ($p < 0.05$) has been reported. *Non-family involvement* was also found to have a positive influence on *Growth performance* (hypothesis H^{4b}), with a path coefficient of 0.12 ($p < 0.01$). This finding implies that the more non-family members are involved in a copreneurship, the better the *Financial* and *Growth performance* of the business is likely to be. Support has thus been found for

hypotheses H^{4a} and H^{4b} . These findings concur with Baxter (2009:72-73), who demonstrates a significant positive relationship between non-family involvement and the financial and growth performance of copreneurships. Farrington (2009:449) also reports a significant positive relationship between the involvement of non-family members and the financial and growth performance of Sibling Partnerships. Sorenson (2000:197), too, reports a close correlation between consulting with outside professionals and the financial performance of family businesses.

No significant relationship was identified between *Non-family involvement* and the dependent variable, *Perceived success* (hypothesis H^{4c}). The spouses are therefore of the opinion that whether or not non-family members are involved has no influence on whether they experience their involvement in the copreneurship as satisfying and beneficial. This result is counter to the findings of Baxter (2009:71), who notes a significant positive relationship between non-family involvement and the perceived success of copreneurships. The findings of the present study also contradict those of Sorenson (2000:197), who finds a close correlation between consulting with outside professionals and family-member satisfaction.

6.7.4 FAIRNESS AT HOME

The relationship between the independent variable *Fairness at home* and the three dependent variables, *Financial performance*, *Growth performance* and *Perceived success* (hypotheses H^{5a} , H^{5b} and H^{5c}) did not prove to be significant in the present study. In other words, whether or not fairness exists between spouses in terms of sharing household responsibilities has no influence on the financial or growth performance of the business, nor on the spouses experiencing their involvement as satisfying or beneficial. Hypotheses H^{5a} , H^{5b} and H^{5c} have thus been rejected. The findings of the present study are supported by Charles (2006:88), who observes that successful copreneurs are satisfied with their division, irrespective of how their business and family responsibilities are divided. However, the results of the present study oppose the findings of Cowie (2007), who reports a significant positive relationship between workload fairness and perceived success, as well as Danes *et al.* (1999), who recognise that unfair workloads in family businesses produce the highest level of tensions between family relationships.

6.7.5 COMMITMENT TO THE BUSINESS

The empirical results of this study have identified a significant positive relationship between the independent variable *Commitment to the business* and *Financial performance* (hypothesis H^{6a}) as a path coefficient of 0.59 ($p < 0.001$) is reported. In addition, out of all the independent variables, *Commitment to the business* exerted the greatest influence on the dependent variable *Financial performance*. *Commitment to the business* was also found to be positively related to *Growth performance* (hypothesis H^{6b}), with a path coefficient of 0.26 ($p < 0.05$). This result implies that the more spouses are concerned about the fate of their business and are dedicated to ensuring its continued success, the more likely it is that the business will perform well financially and will grow. Support has thus been provided for hypotheses H^{6a} and H^{6b} . The findings of the present study are supported by Baxter (2009:72), who reported a significant relationship in her study between commitment to the business and the financial and growth performance of copreneurships. Similarly, Van Auken and Werbel (2006:51) consider spousal commitment to have a significant influence on financial performance.

The relationship between *Commitment to the business* and *Perceived success* (hypothesis H^{6c}) did not prove to be significant. This result suggests that whether spouses are committed to their business or not has no influence on their experiencing their involvement in the business as both satisfying and beneficial. This result is supported by Baxter (2009:71), who finds no significant relationship between the spouses' commitment to the business and the perceived success of copreneurships. On the contrary, according to Harris et al. (1994), strong spousal commitment will provide a competitive advantage and aid the success of a family business.

6.7.6 COMMITMENT TO SPOUSE

The relationship between the independent variable *Commitment to spouse* and the dependent variables *Financial performance* (hypothesis H^{7a}) and *Growth performance* (hypothesis H^{7b}) did not prove to be significant. Sufficient support for

hypotheses H^{7a} and H^{7b} was thus not found, and these hypotheses were consequently rejected.

However, the relationship between *Commitment to spouse* and *Perceived success* did prove to be significant, as a positive relationship with a path coefficient of 0.38 ($p < 0.001$) is reported. This finding suggests that spouses are more likely to experience their involvement in the copreneurship as satisfying and beneficial if they trust and respect each other's integrity and ability to manage the business, and if they are emotionally attached and enjoy their togetherness. The findings of the present study are supported by Hyatt and Ruddy (1997), who have found a significant positive correlation between trust among team members and team effectiveness. Similarly, Cowie (2007) reports a significant positive relationship between the existence of trust among management team members, both in each other and each other's abilities, and perceived success. Similarly, Leach and Bogod (2003:43), Nelton (1996) and Nieman (2006:43) refer to the respect that spouses have for each other as a characteristic of successful husband-and-wife teams. In addition, Charles (2006:190) asserts that successful copreneurs consider and respect both partners' tolerance of risk when making financial decisions, while Jaffe (1990:159) considers a respect for each other's abilities and contributions to the business to be a prerequisite for successful copreneurship.

6.7.7 EQUAL STATUS

The independent variable *Equal status* proved to have a significant relationship with only one of the dependent variables, namely *Growth performance*. However, unlike the other significant relationships that emerged, a significant negative relationship (path coefficient = -0.16; $p < 0.05$) was reported. This result suggests that the more the spouses have equal standing in the business or status in the eyes of stakeholders, the less the growth performance of the business is likely to be. In addition, no relationship was identified between *Equal status* and the dependent variables *Financial performance* and *Perceived success*. Consequently, H^{8a} and H^{8c} were rejected, since satisfactory evidence was not found to support these hypotheses. In addition, H^{8b} was rejected because the relationship identified was not positive as originally hypothesised.

6.7.8 EMOTIONAL ATTACHMENT

The results of this study show that a significant positive relationship exists between *Emotional attachment* and both *Growth performance* (path-coefficient 0.27; $p < 0.05$) and *Perceived success* (path-coefficient = 0.15; $p < 0.05$). In other words, a copreneurial business that has a personal meaning to the spouses, and to which the spouses are emotionally attached, is more likely to grow, and the spouses are more likely to experience their involvement in the business as satisfying and beneficial. Sufficient support has thus been provided for hypotheses H^{9b} and H^{9c} . The findings of the present study are supported by Baxter (2009:71), who also records a significant positive relationship between emotional attachment, and the perceived success and growth performance of copreneurships. Fitzgerald and Muske (2002) find that in comparison to other family businesses, copreneurs adopt a stance that embraces the business as a way of life. In addition, Cole and Johnson (2007:192) and Tompson and Tompson (2000:6) report that copreneurs have an almost parental approach toward their business, using words such as “our baby” when referring to the business. This parental approach arises as a result of the couple having established the business, valuing, defending and caring for it more than business partners who lack the same attachment between them (Tompson & Tompson 2000:7).

No significant relationship was, however, reported between *Emotional attachment* and the dependent variable *Financial performance*. Consequently, hypothesis H^{9a} is rejected. The result concurs with the findings of Baxter (2009:72), who also does not report a significant relationship between emotional attachment and the financial performance of copreneurships.

6.7.9 SHARED DREAM

No significant relationships emerged between the independent variable *Shared dream* and the dependent variables *Financial performance*, *Growth performance* and *Perceived success*. Consequently, hypotheses H^{10a} , H^{10b} and H^{10c} were all rejected. This result suggests that whether the spouses have agreed on the future direction of the business and whether an environment exists in which this vision can prosper or

not has no influence on the financial or growth performance of their business, nor on their experiencing their involvement as being satisfying and beneficial.

The empirical results of the present study concur with those of Farrington (2009:445), who also reported no significant relationships between a shared dream and the financial and growth performance of Sibling Partnerships. Farrington (2009:445) does, however, report a positive relationship between shared dream and the satisfaction with work and family relationships experienced by Sibling Partnerships, thereby contradicting the findings of the present study. In addition, Cowie (2007:83) reports a positive relationship between the commitment to and existence of clear and challenging goals and the financial performance of teams in small businesses. Therefore, evidence exists in previous research to both support and contradict the findings of the present study.

6.7.10 INTERNAL CONTEXT

A significant positive relationship emerged between the independent variable *Internal context* and the dependent variable *Financial performance* (path coefficient = 0.28; $p < 0.01$). Adequate evidence has thus been found to support hypothesis H^{1a} . This result implies that a copreneurship with access to adequate resources is more than likely to perform well financially. This finding concurs with that of Farrington (2009:441), who also reports a positive relationship between context and financial performance. However, this result contradicts that of Cowie (2007:82), who finds no significant relationship between context and financial performance in her study.

The relationship between *Internal context* and the dependent variable, *Growth performance* (hypothesis H^{1b}) did not prove to be significant. As previously mentioned, the variable *Internal context* was deleted during the SEM analysis of the submodel *Organisational-based factors and Perceived success*. Sufficient evidence has thus not been found to support the hypotheses H^{1b} and H^{1c} .

6.7.11 LEADERSHIP

A significant positive relationship was found between the independent variable *Leadership* and the dependent variable *Perceived success*, with a reported path coefficient of 0.35 ($p < 0.01$). This result means that the more spouses display evidence of being participative, and inspire loyalty through their leadership style, the more likely they are to experience their involvement in the business as satisfying and beneficial. Hypothesis H^{12c} has thus been accepted, as sufficient evidence has been found to support it. This result is supported by similar findings from Farrington (2009:444) and Sorenson (2000:192). Farrington (2009:444) reports a positive relationship between leadership, particularly participative leadership, and the satisfaction with work and family relationships experienced by sibling partners. Similarly, Sorenson (2000:192) reports a positive relationship between leadership and team satisfaction.

The relationships between *Leadership* and the dependent variables *Financial performance* (hypothesis H^{12a}) and *Growth performance* (hypothesis H^{12b}) did not prove to be significant. The respondents of this study are thus of the opinion that whether a participative and inspirational leadership style exists or not has no influence on the financial or growth performance of the copreneurship. The hypotheses H^{12a} and H^{12b} have thus been rejected, as satisfactory evidence has not been found to support them. The findings of Farrington (2009:443) support the finding of this study as no empirical support has been found for the hypothesised relationships between leadership and the financial and growth performance of Sibling Partnerships in her study. On the other hand, Cowie (2007:81) reports a significant positive relationship between leadership and the ability of a team to operate efficiently. In the same manner, Sorenson (2000:192) reports a significant positive relationship between participative leadership and financial performance. Previous research thus provides support both for and against the findings of this study.

6.7.12 PERSONAL NEEDS ALIGNMENT

The results of this study show significant positive relationships between *Personal needs alignment* and *Financial performance* (path coefficient = 0.24; $p < 0.05$), as well

as between *Personal needs alignment* and *Perceived success* (path coefficient = 0.37; $p < 0.001$). This finding implies that the more spouses are able to realise their personal goals and ambitions through their involvement in the copreneurship, the more likely the business is to perform financially, and the more likely they are to experience their involvement as satisfying and beneficial. Support for the hypotheses H^{13a} and H^{13c} has thus been provided.

No empirical evidence was found to support the relationship between *Personal needs alignment* and *Growth performance*; consequently hypothesis H^{13b} is rejected.

6.7.13 DIVISION OF LABOUR

None of the relationships hypothesised between the construct *Division of labour* and *Financial performance* (hypothesis H^{14a}), *Growth performance* (hypothesis H^{14b}) or *Perceived success* (hypothesis H^{14c}), proved to be significant. Consequently, whether or not clearly demarcated areas of authority and responsibility exist between the spouses, has no influence on the financial or growth performance of the business, nor on whether the spouses perceive their involvement as satisfying and beneficial. This result is supported by Farrington (2009:446), who also finds no significant relationships between division of labour and the financial and growth performance of Sibling Partnerships. In addition, she reports no significant relationship between division of labour and the satisfaction with work and family relationships for the siblings who participated in her study.

However, the results of this study contradict the recommendations of numerous authors as well as the findings of other studies (Burns 2001:355; Charles 2006:79; Leach & Bogod 2003:43; Nelton 1986; Nieman 2006:43; Stewart-Gross & Gross 2007:16) who assert that successful husband-and-wife teams carefully and clearly define and divide their individual roles and responsibilities. Cowie (2007), for example, finds a significant positive relationship between clear responsibilities and the readiness of team members to cooperate with and support each other. Handler (1991) deduces that separate positions and areas of responsibility encourage a positive relationship between family members in business together.

6.7.14 COMPLEMENTARY SKILLS

No significant relationships emerged between *Complementary skills* and *Financial performance* (hypothesis H^{15a}), *Growth performance* (hypothesis H^{15b}) and *Perceived success* (hypothesis H^{15c}). The respondents are therefore of the opinion that whether or not the spouses have complementary skills, i.e. possess strengths in different areas, has no influence on the financial or growth performance of the copreneurship, or on their experiencing their involvement as satisfying and beneficial. Hypotheses H^{15a} , H^{15b} and H^{15c} have thus been rejected because of a lack of empirical support.

These empirical findings concur with those of Farrington (2009:442), who also finds no significant relationships between complementary skills and the financial and growth performance of the Sibling Partnerships in her study. In addition, Cowie (2007:82) reports no significant relationships between the composition of a team (described by diversity and complementary competencies) and the willingness of team members to cooperate with and support each other. She also finds no significant relationship between the composition of a team and the financial performance of the business (Cowie 2007:82). However, the results of this study contradict those of Farrington (2009:443), who reports a significant relationship between the complementary skills of sibling partners and their satisfaction with work and family relationships.

The results of the present study also disagree with the recommendations of numerous authors (Burns 2001:355; Leach & Bogod 2003:43; Nelton 1986; O'Connor et al. 2006; Roha & Blum 1990; Stewart-Gross & Gross 2007:64-65; Tompson & Tompson 2000) who assert that complementary skills, behaviours and styles are a characteristic of successful copreneurs and a means of improving the effectiveness of copreneurships.

6.7.15 COMPETENCIES

A significant positive relationship emerged between *Competencies* and *Perceived success*, as a path coefficient of 0.22 ($p < 0.01$) was reported in this study. In other words, spouses are more likely to experience their involvement in the business as

satisfying and beneficial if they both possess the necessary qualifications and business experience to effectively manage their copreneurship. Consequently, hypothesis H^{16c} has been accepted, as satisfactory evidence has been found to support this relationship.

The hypothesised relationships between *Competencies* and the dependent variables *Financial performance* (hypothesis H^{16a}) and *Growth performance* (hypothesis H^{16b}) did not prove to be significant, and were subsequently rejected.

6.8 AN ANALYSIS OF THE INFLUENCE OF DEMOGRAPHIC DATA

While the primary objective of the present study has been to identify the factors that influence the *Perceived success* of copreneurships, attention has also been given to the likely influence that the demographic data of these businesses may have on their success. For the purpose of the present study, success has been represented by two outcome variables, namely *Financial performance* and *Perceived success*. The exploratory factor analyses did, however, result in the intervening variable *Financial performance* being split into two variables, which were subsequently named *Financial performance* and *Growth performance*. A number of null hypotheses (H^0) have been formulated:

- H^{0a} : There is no relationship between the *Demographic variables* and the perceived *Financial performance* of a copreneurship.
- H^{0b} : There is no relationship between the *Demographic variables* and the *Growth performance* of a copreneurship.
- H^{0c} : There is no relationship between the *Demographic variables* and the *Perceived success* of a copreneurship.

In order to gauge the influence exerted on the dependent variables by the demographic variables, an Analysis of Variance (ANOVA) was performed on scales of a nominal nature, and Multiple Linear Regression analysis (MLR) was performed on scales of an ordinal nature. Zikmund (2003:524) describes a t-test as a technique that is used to test whether the mean score for a variable is significantly different for two independent samples. Variations in the mean scores of the demographic

variables *Gender*, *Status of the copreneurship*, *Involvement in the business* and *Location of the business* with regard to the dependent variables, were tested using t-tests. The following sections present a discussion of the results, using tables for illustration.

6.8.1 RESULTS OF THE ANALYSIS OF VARIANCE (ANOVA)

The influence exerted by the nominally scaled demographic variables on the *Financial performance*, *Growth performance* and *Perceived success* of a copreneurship, was determined by an Analysis of Variance (ANOVA). The nominally scaled variables included:

- *Activities of the copreneurship*;
- *Stage of the children* (refers to toddler, preschool, primary school, high school or adult); and
- *Leadership* (refers to the copreneurships being led by one of the spouses or leadership of the copreneurship being shared equally).

Table 6.37 illustrates that the ANOVA showed that none of the three independent variables, namely *Activities of the copreneurship*, *Stage of the children* and *Leadership* exerted a significant positive influence on the *Financial performance* of the copreneurship.

Table 6.37: Influence of nominally scaled demographic variables on Financial performance

Dependent variable: Financial performance		
Independent variables	F-value	Sig.(p)
Activities of the copreneurship	0.576	0.798
Stage of the children	0.994	0.429
Leadership	0.780	0.564

Similar to the outcome between the independent variables and *Financial performance*, the ANOVA did not show any significant relationships between the independent variables, namely *Activities of the copreneurship*, *Stage of the children* and *Leadership* and the *Growth performance* of the copreneurship (See Table 6.38).

Table 6.38: Influence of nominally scaled demographic variables on Growth performance

Dependent variable: Growth performance		
Independent variables	F-value	Sig.(p)
Activities of the copreneurship	1.482	0.162
Stage of the children	0.711	0.641
Leadership	0.355	0.879

Table 6.39 portrays the results of the ANOVA between the independent variables *Activities of the copreneurship*, *Stage of the children* and *Leadership*, and the *Perceived success* of the copreneurship. The independent variables *Activities of the copreneurship* and *Stage of the children* did not exert a significant influence on the *Perceived success* of the copreneurship. However, a significant relationship did emerge between the independent variable *Leadership* and *Perceived success* ($p < 0.01$). A *post-hoc* Scheffe test revealed that at the 1% significance level ($p = 0.092$), the mean score for the *Perceived success* of the business is significantly higher in copreneurships where the leadership is shared equally ($\bar{x} = 6.18$), than in copreneurships where the leadership is defined according to traditional gender roles ($\bar{x} = 5.54$). In other words, businesses in which the spouses share the leadership equally are experienced as more satisfying and beneficial than those businesses that are led by the husband only.

Table 6.39: Influence of nominally scaled demographic variables on Perceived success

Dependent variable: Perceived success		
Independent variables	F-value	Sig.(p)
Activities of the copreneurship	0.738	0.658
Stage of the children	1.993	0.066
Leadership	3.373	0.005**

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

6.8.2 RESULTS OF THE MULTIPLE LINEAR REGRESSION ANALYSIS (MLR)

Multiple Linear Regression analysis was carried out to determine if the following ordinally scaled variables had a significant influence on the dependent variables (*Financial performance*, *Growth performance* and *Perceived success*), namely:

- *Age of the respondent*;
- *Tenure of the business* (refers to how long the copreneurs have been in business together);
- *Number of employees*;
- *Number of children*; and
- *Length of time married*

The results of the Multiple Linear Regression analysis are presented in the sections to follow.

The demographic variables listed above explain 1.16% of the variance in the *Financial performance* of the business. Table 6.40 illustrates a positive linear relationship (2.51; $p < 0.05$) between the *Tenure of the business* and *Financial performance*. As the relationship is positive, it suggests that the longer the business has been operational, the more likely it will be perceived as performing well financially.

Table 6.40: Influence of the ordinally scaled demographic variables on Financial performance

Dependent variable: Financial performance		R-square = 0.116	
Independent variables	SC.beta	t-value	Sig.(p)
Constant		15.396	0.000
Age of the respondent	0.013	0.145	0.884
Tenure of the business	0.149	2.506	0.013*
Number of employees	0.229	4.546	0.000**
Number of children	0.018	0.348	0.728
Length of time married	0.093	1.028	0.305

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

A second positive linear relationship (4.55; $p < 0.001$) emerged between the *Number of employees* and *Financial performance*. This result implies that the higher the number of people employed in the business, the more likely the business is to be perceived as performing well financially.

According to Table 6.41, the demographic variables included in this model explain 7.6% of the variance in the *Growth performance* of the business. The only independent variable that emerged as having an influence on the *Growth performance* of the business was the *Number of employees*, as a significant positive linear relationship (4.87; $p < 0.001$) was reported. In other words, the greater the number of people employed in the business, the more likely the business is to experience *Growth performance*. Empirical evidence to support these findings has been found by Farrington (2009:473) in her study on Sibling Partnerships.

Table 6.41: Influence of the ordinally scaled demographic variables on Growth performance

Dependent variable: Growth performance		R-square = 0.076	
Independent variables	SC.beta	t-value	Sig.(p)
Constant		14.421	0.000
Age of the respondent	-0.102	-1.090	0.276
Tenure of the business	0.041	0.670	0.503
Number of employees	0.250	4.871	0.000**
Number of children	0.048	0.913	0.362
Length of time married	0.036	0.385	0.700

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

In Table 6.42 below, the demographic variables included in this model explain 1.8% of the variance in the *Perceived success* of the copreneurship. Unlike the results between the independent variables and the dependent variables *Financial performance* and *Growth performance*, no significant linear relationships emerged between the independent variables and *Perceived success*. In other words, the respondents' age, the length of time that the business has been operational, the number of people employed in the business, the number of children the respondents have and the length of their marriage, have no significant influence on whether the spouses experience their involvement as being satisfying and beneficial.

Table 6.42: Influence of the ordinally scaled demographic variables on Perceived success

Dependent variable: Perceived success		R-square = 0.018	
Independent variables	SC.beta	t-value	Sig.(p)
Constant		17.569	0.000
Age of the respondent	-0.016	-0.166	0.868
Tenure of the business	0.116	1.846	0.066
Number of employees	0.001	0.023	0.982
Number of children	0.063	1.156	0.248
Length of time married	0.014	0.144	0.886

6.8.3 RESULTS OF THE T-TESTS

T-tests were performed in order to determine if the respondents' perceptions of *Financial performance*, *Growth performance* and *Perceived success* vary with regard to:

- *Gender*;
- The *Location of the business* (refers to the copreneurship being operated from the spouses home or not);
- The *Status of the copreneurship* (refers to whether or not the respondent is still in business with his/her spouse at the time of taking part in the study); and
- The *Involvement in the business* (refers to whether a spouse is actively involved in the decision-making of the copreneurship and whether he/she is actively employed by the copreneurship or not).

The following hypotheses have thus been formulated:

H^{0d} : There is no difference between the mean scores of *Gender*, the *Location of the business*, the *Status of the copreneurship* and the *Involvement in the business* and the perceived *Financial performance* of a copreneurship.

H^{0e} : There is no difference between the mean scores of *Gender*, the *Location of the business*, the *Status of the copreneurship* and the *Involvement of in the business* and the perceived *Growth performance* of a copreneurship.

H^0 : There is no difference between the mean scores of *Gender*, the *Location of the business*, the *Status of the copreneurship* and the *Involvement in the business* and the *Perceived success* of a copreneurship.

It can be seen in Table 6.43 that the t-test revealed significant differences ($p < 0.05$) between the means reported by respondents who operated their business from home and those who operated their business on a premises away from the home (i.e. the *Location of the business*), with regard to *Financial performance* and *Growth performance*. Respondents who operated their business on premises away from the home reported higher means for *Financial performance* ($\bar{x} = 6.04$) and *Growth performance* ($\bar{x} = 5.74$) than those respondents operating their business from home. In other words, those respondents who operated their business away from the home perceived the financial and growth performance of their business as being better than that of their counterparts who operated from home.

Table 6.43: Influence of Gender, Location of the business, Status of the copreneurship and Involvement in the business on Financial performance, Growth performance and Perceived success

Dependent variable: Financial performance		
Independent variables	t-value	Sig.(p)
Gender	-0.237	0.813
Location of the business	-2.187	0.029*
Status of the copreneurship	1.007	0.314
Involvement in the business	3.557	0.000**
Dependent variable: Growth performance		
Independent variables	t-value	Sig.(p)
Gender	-1.443	0.150
Location of the business	-2.471	0.014*
Status of the copreneurship	-0.538	0.591
Involvement in the business	2.567	0.011*
Dependent variables: Perceived success		
Independent variables	t-value	Sig.(p)
Gender	1.355	0.176
Location of the business	0.482	0.630
Status of the copreneurship	2.497	0.013*
Involvement in the business	-0.768	0.443

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

A t-test also revealed significant differences ($p < 0.05$) between the means reported by respondents who were currently in business with their spouse and those who were previously in business with their spouse (i.e. *the Status of the copreneurship*) with regard to *Perceived success*. Copreneurships who were currently still in business together reported a significantly higher mean for *Perceived success* ($\bar{x} = 5.98$) than those where the copreneurships no longer existed ($\bar{x} = 5.27$). This result demonstrates that the *Perceived success* of copreneurships no longer in business together was significantly lower in their final year than those copreneurships still in business together. This result may provide a possible justification as to why these spouses are no longer in business together. A similar result was reported by Farrington (2009:476) in her study on Sibling Partnerships, where respondents who were no longer in business together reported lower means for perceived success than those who were still in business together.

Table 6.43 also illustrates significant differences between the means reported by those respondents who were actively employed in the business and those who were inactive, but actively involved in the decision-making of the business (i.e. *Involvement in the business*), with regard to *Financial performance* ($p < 0.001$) and *Growth performance* ($p < 0.05$). Those spouses who were actively employed in their business reported significantly higher means for *Financial performance* ($\bar{x} = 6.09$) and *Growth performance* ($\bar{x} = 5.69$) than those respondents who were not actively employed in their business. Respondents not actively employed in the copreneurship reported means of $\bar{x} = 5.37$ and $\bar{x} = 5.09$ for *Financial performance* and *Growth performance* respectively. In other words, the respondents who were actively employed in their business perceived the financial and growth performance of their business as being better than those not actively involved in the business.

6.8.4 EVALUATION OF THE HYPOTHESES RELATING TO THE DEMOGRAPHIC VARIABLES

In the present study, numerous demographic variables have been identified by the ANOVA, the Multiple Linear Regression and the t-tests, as having a significant influence on the dependent variables. For instance, the ANOVA revealed a significant difference between the demographic variable *Leadership* and the

dependent variable *Perceived success*. The leadership structure of the business therefore clearly had a significant influence on whether the spouses experienced their ongoing involvement in the copreneurship as satisfying as well as beneficial to their family, marriage and personal development.

In addition, two significant relationships were revealed by the Multiple Linear Regression analysis. The *Tenure of the business* was found to significantly influence the *Financial performance* of the copreneurship. In addition, the *Number of employees* exerted a significant influence on both the *Financial performance* and *Growth performance* of the copreneurship.

The null hypothesis that the demographic variables do not influence the *Financial performance* (H^{0a}) of the copreneurship may therefore be accepted for the *Activities of the copreneurship*, the *Stage of the children* and *Leadership*, as well as the *Age of the respondents*, the *Number of children* and the *Length of time married*. The null hypothesis (H^{0a}) is, however, rejected for the *Tenure of the business* and the *Number of employees*.

Likewise, the null hypothesis that demographic variables do not influence the *Growth performance* (H^{0b}) of the copreneurship is accepted for the *Activities of the copreneurship*, the *Stage of the children* and *Leadership*, in addition to the *Age of the respondents*, the *Tenure of the business*, the *Number of children* and the *Length of time married*. On the other hand, the null hypothesis (H^{0b}) is rejected for the *Number of employees*.

The null hypothesis that demographic variables do not influence the *Perceived success* (H^{0c}) of the copreneurship is accepted for the *Activities of the copreneurship* and the *Stage of the children*, together with the *Age of the respondents*, the *Tenure of the business*, the *Number of employees*, the *Number of children* and the *Length of time married*. The null hypothesis (H^{0c}) is, however, rejected for *Leadership*.

The influence of certain demographic variables on the *Financial* and *Growth performance*, as well as on the *Perceived success* of the copreneurship were revealed using t-tests. It was found that the perceptions of *Financial* and *Growth*

performance differed depending on the *Location of the business* and the *Involvement in the business*. Therefore, the null hypotheses that there are no differences between the mean scores of *Gender* and the *Status of the copreneurship*, and the perceived *Financial* (H^{0d}) and *Growth performance* (H^{0e}) of a copreneurship, may be accepted. The null hypotheses (H^{0d}) and (H^{0e}) must, however, be rejected in the case of the *Location of the business* and the *Involvement in the business*. Similarly, it emerged that the perceptions of *Perceived success* differed depending on the *Status of the copreneurship*. Consequently, the null hypothesis that there are no differences between the mean scores of *Gender*, the *Location of the business* and the *Involvement in the business* and the *Perceived success* (H^{0f}) of a copreneurship must be accepted. On the other hand, the null hypothesis (H^{0f}) must be rejected in the case of the *Status of the copreneurship*.

As a result of several relationships emerging between the demographic variables and the dependent variables, care should be taken when generalising the model to all small and medium-sized copreneurships. Attention should be given to the demographic composition of the copreneurial team, as well as aspects relating to their family and their business.

6.9 SUMMARY

The empirical results of the present study were presented in Chapter 6. To begin with, the validity and reliability of the measuring instrument were evaluated and reported on. Fourteen factors were identified as possibly having an influence on the *Financial* and *Growth performance* of copreneurships, as well as their *Perceived success*. These factors were as follows: *Spousal relationship*, *Non-family involvement*, *Fairness at home*, *Commitment to the business*, *Commitment to spouse*, *Equal status*, *Emotional attachment*, *Shared dream*, *Internal context*, *Leadership*, *Personal needs alignment*, *Division of labour*, *Complementary skills* and *Competencies*.

The proposed conceptual model of the factors influencing the *Perceived success* of copreneurships was empirically tested using Structural Equation Modelling. To be more specific, this empirical testing assessed the influence that the factors

mentioned above had on the *Financial* and *Growth performance* of the copreneurship, as well its *Perceived success*. The influence of *Financial* and *Growth performance* on the *Perceived success* of the copreneurship was also empirically tested. To facilitate the empirical testing of these relationships, seven submodels were constructed and subjected to structural equation analysis. The conceptual model was revised and the redefined hypothesised relationships were depicted in path diagrams, for each of the seven submodels subjected to SEM. The structural and measurement models were indicated and the relationships in each submodel identified. A variety of fit indices were used to establish whether the proposed models represented an acceptable approximation of the data, and if so, to what extent. The relationships identified by the empirical results were also evaluated against the formulated hypotheses and the results of previous research. To end off, ANOVA, Multiple Linear Regression analysis and t-tests were conducted to measure the influence of the demographic variables on the *Financial* and *Growth performance* of copreneurships, as well as their *Perceived success*.

The final chapter, Chapter 7, will give a summary of the present study, followed by an interpretation of the empirical results presented in this chapter. Various implications and recommendations for copreneurships will also be presented. Lastly, the contributions and limitations of the present study will be elaborated on and recommendations for future research made.

CHAPTER 7

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

7.1 INTRODUCTION

This final chapter encompasses a summary of the study as well as the most important findings. An interpretation of these findings and their implications for copreneurships, will be presented. Several recommendations, based on the empirical findings of this study, will then be made. Lastly, the contributions and limitations of this study will be discussed and recommendations for future research suggested.

7.2 OVERVIEW OF THE RESEARCH

Copreneurships have shown tremendous growth in recent years, both nationally and internationally. However, despite the increase in copreneurial partnerships, the understanding and research attention given to these family businesses is still lacking. For this reason, the purpose of this study was firstly, to contribute to the more effective functioning of copreneurships in South African small and medium-sized family businesses by identifying the factors that impact on their success; and secondly, to expand the existing body of knowledge on family businesses in South Africa and abroad.

Taking the purpose of this study into account, its primary objective was to identify and empirically investigate the factors that influence the *Perceived success* of copreneurships in South Africa. As such, the conditions required for the effective and harmonious functioning of these spousal partnerships, were investigated. To help achieve the primary objective of the study, the following secondary objectives were formulated:

- a) To undertake a detailed theoretical investigation into:
 - The nature and importance of copreneurships in South African family businesses; as well as

- The effectiveness of copreneurships and the conditions under which they succeed.
- b) To generate a conceptual model of the factors that influence the *Perceived success* of copreneurships.
 - c) To undertake an empirical investigation to test the proposed conceptual model and to investigate the possible relationships between the dependent variable, namely the *Perceived success* of copreneurships, and the various independent variables (or factors influencing the *Perceived success* of a copreneurship) identified during the theoretical investigation.
 - d) To put forward several recommendations based on the empirical results of this study in order to assist copreneurships to function more effectively and cohesively.

A comprehensive literature study was carried out, as outlined in Chapters 2, 3 and 4, in order to identify as many factors as possible that could influence the *Perceived success* of copreneurships. From the literature on effective teams, the different teamwork models proposed, and the study by Farrington (2009), it became clear that successful teams have validated their proficiency with regard to two types of factors, namely, *relational-based* and *organisational-based* factors. Within these two categories of factors, 14 independent variables were identified and hypothesised to influence the measures of effectiveness of copreneurships, namely the dependent variable *Perceived success*; and the intervening variable *Financial performance*. As a result, the first secondary objective of this study was achieved.

All of the factors in the study were clearly defined and operationalised. Reliable and valid items sourced from Farrington's (2009) measuring instrument, as well as several measuring instruments used in other similar studies, were used in the operationalisation of these factors. In addition, several items were self-generated from secondary sources. The relationships illustrated in the conceptual model were then empirically tested using these items. The second secondary objective of this study was thus achieved.

Owing to the nature of the problem statement and research objectives proposed in this study, a positivistic research paradigm was implemented. The convenience

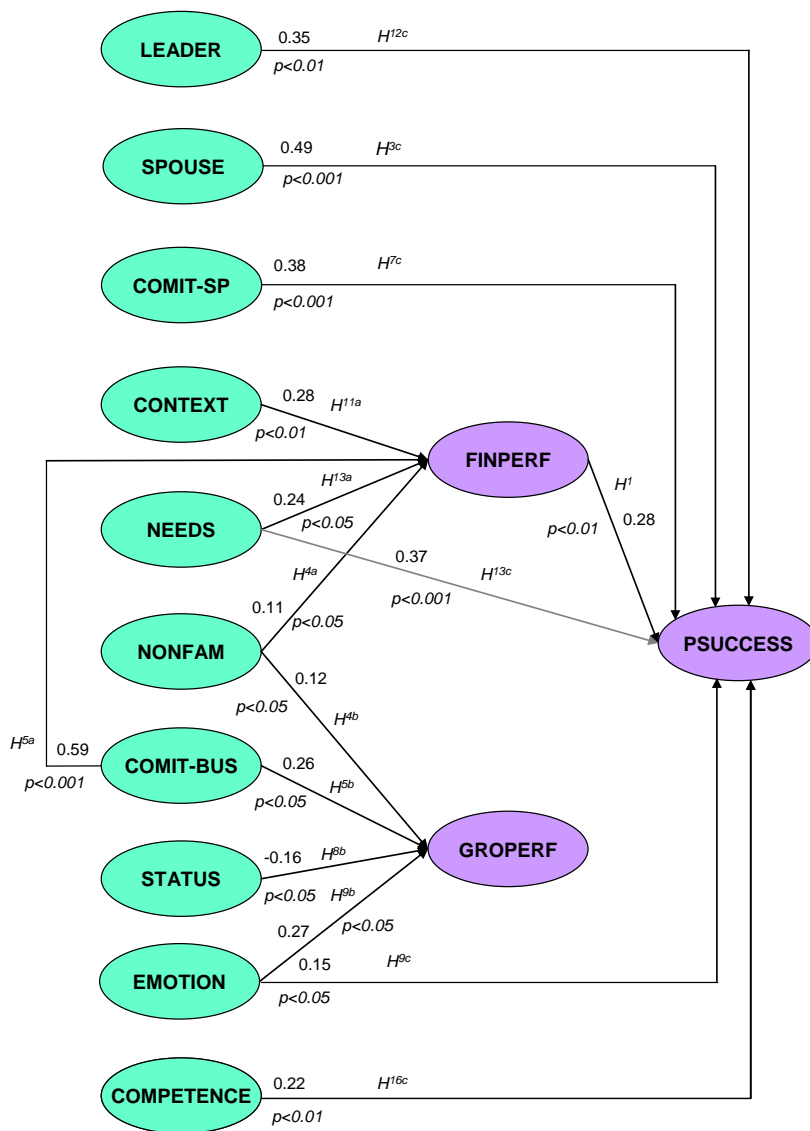
snowball sampling technique was used to identify respondents for the investigation. Questionnaires were then sent to those individuals who indicated a willingness to participate. In total, 380 usable questionnaires were returned. The data obtained from these questionnaires was subjected to a variety of statistical techniques and analyses. Thus the third secondary objective of this study was achieved.

An exploratory factor analysis was carried out to confirm the discriminant validity of the factors in the conceptual model, and where necessary, these factors were redefined. The original intervening variable, *Financial performance*, could not be confirmed as intended in the proposed conceptual model. Instead, *Financial performance* split into two separate variables, which were named *Financial performance* and *Growth performance*. The original dependent variable *Perceived success* was confirmed by the factor analyses. The items intended to measure the relational-based factors did not load as expected. Instead, seven new factors emerged and, where necessary, these factors were renamed to be more descriptive of the items that loaded onto a particular factor. Consequently, seven relational-based factors were included in the revised conceptual model, namely *Spousal relationship*, *Non-family involvement*, *Fairness at home*, *Commitment to the business*, *Commitment to spouse*, *Equal status*, and *Emotional attachment*. These factors were then subjected to further statistical analyses. Likewise, the items intended to measure the organisational-based factors did not load as expected. Instead, seven new factors emerged and, where necessary, these factors were renamed. Consequently, seven organisational-based factors were included in the revised conceptual model, namely *Shared dream*, *Internal context*, *Leadership*, *Personal needs alignment*, *Division of labour*, *Complementary skills*, and *Competencies*. These factors were then subjected to further statistical analyses.

A Cronbach-alpha coefficient was calculated for each factor that emerged from the factor analyses to confirm the reliability of the measuring instrument. Cronbach-alpha coefficients of greater than 0.70 were reported for all the factors. This suggests that the measuring scales used in this study were reliable. The original conceptual model and hypotheses had to be revised because of the exploratory factor analysis. The revised conceptual model and hypotheses were then subjected to further statistical analyses.

The primary statistical procedure used to test the significance of the relationships hypothesised between the independent and dependent variables in this study, was Structural Equation Modelling. A summary of the significant relationships that were identified in this study is presented in Figure 7.1.

Figure 7.1: Summary of the significant relationships influencing the Financial performance, Growth performance and Perceived success of copreneurships



Key: LEADER (Leadership); SPOUSE (Spousal relationship); COMIT-SP (Commitment to spouse); CONTEXT (Internal context); NEEDS (Personal needs alignment); NONFAM (Non-family involvement); COMIT-BUS (Commitment to the business); STATUS (Equal status); EMOTION (Emotional attachment); COMPETENCE (Competencies); FINPERF (Financial performance); GROPERF (Growth performance); PSUCCESS (Perceived success).

In order to investigate the influence of the various demographic variables on the dependent variables, an Analysis of Variance (ANOVA), Multiple Linear Regression analysis, and t-tests were performed. The empirical results of these statistical analyses were presented and discussed in Chapter 6. Various recommendations, based on the empirical findings of this study, will be presented in this chapter. The final secondary objective will therefore be achieved.

7.3 INTERPRETATIONS OF THE EMPIRICAL RESULTS AND RECOMMENDATIONS

In Chapter 6, numerous factors were reported as having a significant influence on the *Financial performance*, *Growth performance* and *Perceived success* of copreneurships. These relationships are summarised in Figure 7.1. In the sections to follow, the significant relationships identified will be interpreted, and recommendations for copreneurships will be made.

7.3.1 SPOUSAL RELATIONSHIP

The spousal relationship has a significant positive influence on the perceived success of a copreneurship. In other words, copreneurships that are characterised by open and effective communication, managed conflict, mutual support and an understanding of each other's needs, are more likely to be perceived by the spouses as satisfying and beneficial to their family, marriage and personal development. Of all the factors examined in this study, *Spousal relationship* was perceived as having the greatest influence on the success of a copreneurship. A healthy marital relationship is therefore essential to a copreneurship.

Copreneurs can strengthen and protect their relationship if they:

- Make time for each other, away from the business.
- Participate in activities and hobbies together, outside of work.
- Schedule time for holidays and social activities.
- Put their marriage first (even over the business).
- Recognise, celebrate and encourage each other's achievements.

- Support and appreciate each other.
- Make compromises for each other.
- Do not compete with each other, but remember that both of them are members of the same team working towards a common purpose.
- Honestly evaluate whether or not they are compatible business partners.
- Motivate each other when mistakes are made by either spouse.
- Learn constructive conflict management or develop a plan for managing conflict, and evaluate that plan regularly.
- Learn to identify situations that are stressful to each of them, and find ways to help reduce each other's stress. Also communicate with each other about what makes each one stressed. Spouses should develop strategies in advance to deal with stress or seek professional help (e.g. marriage counsellor) the moment signs of stress in the marriage and relationship appear.

7.3.2 COMMITMENT TO SPOUSE

The extent to which copreneurs are committed to their spouse has a significant positive influence on the perceived success of a copreneurship. In other words, in order for the spouses to experience their involvement in the copreneurship as satisfying and beneficial, they must trust and respect each other's integrity and ability to manage the business, be emotionally attached to one other, and enjoy their togetherness.

Respect and trust are vitally important to a copreneurship as they provide the foundation for building all relationships. In order to build respect and trust in a copreneurial partnership, spouses can take the following steps:

- Respect each other not just for who each spouse is, but also for what each spouse can contribute to the business.
- Listen well and make a real effort to understand each other and build trust.
- Keep each other's best interests in mind at all times when making decisions.
- Recognise and respect each other's strengths, differences in style and perspectives.
- Trust and respect each others work ethic.

- Trust each other to perform and produce, whilst always appreciating each other's achievements and contributions to the business.
- Be affectionate towards each other.

7.3.3 EQUAL STATUS

Based on the responses of copreneurs who participated in this study, the extent to which copreneurs have equal status in their copreneurial business has a significant negative influence on the growth performance of the business. In other words, spouses who have equal standing in their business or status in the eyes of stakeholders are less likely to have a copreneurial business that grows. This was the only significant negative relationship to emerge in this study.

A possible explanation for this result is that employees and stakeholders may become confused and frustrated in dealing with two bosses, especially if the information provided and decisions made by each spouse contradict those of their partner. This could negatively effect employee, supplier and customer relations and thereby inhibit business growth.

Spouses can prevent stakeholders from becoming confused if they:

- Clearly divide areas of authority between them, so that stakeholders have a clear understanding of who the "boss" is.
- Avoid criticising and reprimanding each other in front of employees and stakeholders.
- Use language that is professional and respectful when communicating with each other in front of stakeholders.
- Show a unified front to all stakeholders.
- Ensure that both spouses have the same information and are "on the same page" before negotiating and interacting with stakeholders.

7.3.4 COMMITMENT TO THE BUSINESS

The extent to which spouses are committed to their copreneurial business has a significant positive influence on the financial and growth performance of the business. Of all of the factors examined in this study, *Commitment to the business* had the greatest influence on *Financial performance*. Therefore, in order for a copreneurial business to perform financially and grow, spouses must both be concerned about the fate of their business and dedicated to ensuring its continued success.

It is vitally important that both spouses in a copreneurial partnership are passionate about their business throughout the various stages of the business life-cycle. Spouses should be in agreement concerning the direction that the business should take, as this will ensure that they are both committed to the venture.

Copreneurs will increase the commitment to their business if they:

- Set goals and objectives for the business and each other. They must clearly communicate these goals and objectives to all stakeholders involved in the business.
- Are willing to use energy and make a concerted effort on behalf of the business.
- Ensure that each spouse is fairly remunerated for his/her efforts in the business. Fair remuneration will make him/her feel that his/her efforts are appreciated and worthwhile.
- Ensure that each spouse receives recognition for his/her efforts in the business, as this will make the spouse concerned feel motivated and willing to do his/her best in future.

7.3.5 EMOTIONAL ATTACHMENT

The emotional attachment that copreneurs have towards their business has a significant positive influence on both the growth performance and perceived success of a copreneurship. An emotional attachment towards their business increases the likelihood of business growth as well as experiencing their involvement in the

business as satisfying and beneficial. Emotional attachment reflects the personal meaning that the spouses attach to their business.

Copreneurs should value, preserve and look after their business, as it is a special extension of their commitment to each other and their work as a couple. As a result, copreneurs should be prepared to go to great lengths to achieve success in their business venture. Copreneurs can increase the emotional attachment to their business if they:

- Embrace the business as a way of life. They need to remember that a copreneurial business is not a normal “8 to 5” job; it is a lifestyle that causes the personal and business lives of the spouses to become intertwined.
- Always demonstrate each other’s values in daily business decisions. This will help spouses build a business that is a true reflection of themselves, and the business will be something they can be proud of.
- Align the goals and plans for the business with their personal goals and plans.
- Know each other’s values and mission in order to create a business that honours both of them.

7.3.6 NON-FAMILY INVOLVEMENT

Non-family involvement in a copreneurship has a significant positive influence on the financial and growth performance of the business. Non-family involvement is therefore critically important to a copreneurship. Non-family members make essential contributions to the business by: being objective; bringing outside information, experience and expertise to the business; increasing the capacity of the business; helping with conflict resolution; and encouraging accountability and professionalism. The nature of this non-family involvement may include consultants, advisors, board members or non-family employees.

To ensure that the relationships between copreneurs and non-family members are cohesive and productive, copreneurs should take several measures when involving non-family members in their business:

- Spouses should not put non-family employees into the centre of their disputes, and non-family employees should not be allowed to play the spouses off against each other.
- Non-family employees should be involved in the business decision-making. This will make them feel like a part of the family.
- The opinions and advice of non-family members should be valued as this will not only make these people feel appreciated, but will also provide the spouses with perspectives that they would otherwise not have considered.
- They should be fair and objective when dealing with non-family employees.
- Proper human resource policies and procedures for dealing with non-family employees should be established.

7.3.7 PERSONAL NEEDS ALIGNMENT

The extent to which copreneurs are able to realise their personal goals and ambitions through their involvement in the copreneurship, has a significant positive influence on the financial performance of the business. Personal needs alignment also has a significant positive influence on whether the copreneurs experience their involvement in the business as satisfying and beneficial to their family, marriage and personal development.

Copreneurs should be able to live out their own dreams and achieve their personal ambitions through their involvement in the copreneurial business. Copreneurs can achieve this if they:

- Identify and develop the business vision and goals together. This vision should be clear and vivid, and should encompass not only what the couple wants to do but also how they plan to do it.
- Take both spouses' goals and ambitions into consideration when developing the business vision and goals.
- Ensure that each other's goals are compatible.

- Do not neglect each other's personal needs.

7.3.8 LEADERSHIP

The presence of leadership that is participatory and inspires loyalty has a significant positive influence on the spouses experiencing their involvement in the business as satisfying and beneficial to their family, marriage and personal development.

It is important for copreneurs to develop their own leadership and decision-making style for their business. Spouses must also keep in mind that the leadership and decision-making style should be suited to their particular circumstances. Although husbands are inclined to be the main decision-makers in copreneurial businesses (O'Connor *et al.* 2006), it is best if leadership emerges naturally between the spouses. The leader should be at ease with power, as well as being the most competent person to take the lead. In addition to being inspirational, considerate and participatory, the leader should be a trustworthy decision-maker.

Copreneurs can improve the quality of their leadership and inspire loyalty if they:

- Lead with a positive attitude. This requires that they display a positive attitude every day, and use positive language when communicating with others.
- Acquire knowledge to manage the business in the most efficient manner, and earn the respect and admiration of their employees.
- Lead by example.
- Guide and motivate employees to do their best at all times.

7.3.9 COMPETENCIES

The extent to which copreneurs possess the necessary competencies to perform their tasks has a significant positive influence on whether they experience their involvement in the business as satisfying and beneficial. For spouses to be considered competent, they must possess the necessary qualifications and business experience to contribute to the effective functioning of the copreneurship.

Copreneurs should combine their varied talents, unique skills, experiences and knowledge, in order to create a synergy that will increase their overall level of performance, as well as providing many benefits to the business. To ensure that these benefits occur, authority and responsibility should be assigned according to the strengths and expertise of each spouse.

Copreneurs will improve their competencies if they:

- Continuously strive to develop their skills.
- Attend workshops, seminars and training to acquire new skills and competencies.
- Capitalise on each other's differences in strengths and skills.
- Recognise and encourage each other on the things each partner can do better than the other.

7.3.10 INTERNAL CONTEXT

The internal environment in which a copreneurship operates has a significant positive influence on the financial performance of the copreneurial business. In other words, in order to perform financially, a copreneurship needs an internal organisational context that supports its effective functioning. It is particularly important for the copreneurial business to have access to adequate resources, such as the equipment necessary for its effective functioning, and employees with the necessary competencies.

In order to build a supportive internal organisational context, copreneurs must ensure that the following resources are obtained or provided for:

- All of the essential technology and material resources needed for the completion of the business tasks.
- Information that is suitable for decision-making and task completion.
- Adequate staffing, with the necessary skills and values.
- Proper training for all team members (copreneurs and employees).

7.3.11 DEMOGRAPHIC VARIABLES

How leadership occurs within a copreneurial business has a significant influence on the perceived success of a copreneurship. Spouses who share the leadership of their business equally are more likely to experience their involvement in the copreneurship as being satisfying and beneficial than those copreneurs who are led by the husband only. Copreneurs should thus strive for equal leadership between them by ensuring that the wife is recognised as a full and equal partner. This requires that copreneurs acknowledge the possibility that wives have similar educational levels, professional expertise, knowledge and eagerness for running a business as their husbands.

The tenure of the business has a significant positive influence on the financial performance of a copreneurial business. This means that the longer the business has been operational, the more likely it is to be perceived as performing well financially. In addition, the number of employees within a copreneurial business has a significant positive influence on the financial and growth performance of the business. In other words, the greater the number of people employed in the business, the more likely the business is to perform well financially and to grow.

The location of the copreneurial business has a significant positive influence on the financial and growth performance of the business. Copreneurs who operate their business away from their home perceive the financial and growth performance of their business as being better than that of their counterparts who operate their business from home.

The status of a copreneurship has a significant positive influence on its perceived success. Copreneurs who are currently still in business together experience their involvement in the business as being more satisfying and beneficial than those whose business no longer exists.

The level of spousal involvement in the business has a significant positive influence on the financial and growth performance of a copreneurship. Spouses who are actively employed in their business perceive the financial and growth performance of their business as being better than those who are inactive.

In summary, copreneurs should strive to share the leadership of their business equally, operate their business from premises away from their home, and take an active role in the business operations.

The discussions presented above have clearly illustrated the conditions required for the effective and cohesive functioning of a copreneurship. The primary objective of identifying and empirically investigating the factors influencing the *Perceived success* of copreneurships in South Africa has thus been accomplished.

7.4 CONTRIBUTIONS OF THE STUDY

This study has contributed to the body of family business research by focusing on copreneurships among small and medium-sized family businesses. The study of copreneurships has been largely neglected in the field of family business research. This contribution has been achieved by means of a multifactor and multidimensional analysis. The use of Structural Equation Modelling (SEM) and a relatively large sample size has further added to the field of family business research which has largely been characterised by studies based on small convenience samples and single case studies.

This study has made a contribution by developing a measuring instrument that is suitable for measuring the factors influencing the success of copreneurships. This measuring instrument could be used to develop other questionnaires focusing on only some of the factors examined in this study.

By means of the conceptual models developed in this study, a significant contribution has been made towards understanding the factors influencing the success of copreneurships. As a result, the study presents recommendations and suggestions to assist couples in managing their copreneurships in such a way as to nurture their marriage relationships and at the same time enhance the performance of their businesses.

7.5 LIMITATIONS OF THE STUDY AND RECOMMENDATIONS FOR FUTURE RESEARCH

Although the present study has endeavoured to make a significant contribution to the body of research relating to copreneurs, several limitations were encountered. When interpretations and conclusions about the findings of this study are made, these limitations should be taken into account. The study has not only investigated and developed a greater understanding of copreneurships; it has also revealed opportunities for future research. The following limitations and opportunities for future research on copreneurships are highlighted.

In the present study, the sampling method proved to be a limitation. The convenience snowball sampling method has several disadvantages such as being less representative of the population, and providing a limited generalisation of the results and potential sampling bias (Talbot 1995; Zikmund 2003:382). Snowball sampling is also likely to result in bias entering the study (Katz 2006; Zikmund 2003:384). Therefore, the findings of this study cannot be generalised to the general family business population. Despite this limitation, the findings of the study provide important insights into the conditions necessary for copreneurial success. In future studies, a more extensive database should be established to enable researchers to draw probability samples.

The sample size (380) is a limitation of the present study as Structural Equation Modelling (SEM) is very sensitive to sample size. Owing to the large number of factors proposed in the conceptual model, the model could not be subjected as a whole to SEM. In order to overcome this limitation in future studies, researchers should consider increasing the sample size and/or lowering the number of factors under investigation.

The time period allowed for the respondents to return the questionnaires was also limiting as only 380 usable questionnaires, out of 1 548 sent, were returned after the three-month period. In order to overcome this limitation in future studies, researchers should consider setting more time aside for the return of the questionnaires, and employ other techniques to ensure a larger sample size.

As a result of the sample size and the statistical technique employed, this study could only focus on a specific number of relational- and organisational-based factors influencing the success of copreneurships. In addition, this study did not investigate potential environmental factors that may influence the success of copreneurships. Future studies concerning copreneurships should also investigate the influence that certain external market conditions will have on the success of copreneurships.

Future studies could endeavour to investigate the factors influencing the success of copreneurships in countries other than South Africa. The extent, to which the factors influencing the success of copreneurships in South Africa differ from those influencing the same kind of partnerships overseas, could be established. The influence of culture on South African copreneurships as well as copreneurships abroad is an additional avenue for future research.

Of the 380 respondents in this study, 3.2% were no longer in a copreneurial business with their spouse at the time of completing the questionnaire. This presents another potential avenue for research, as future studies could increase this sample size and investigate the reasons behind the discontinuation of these copreneurships.

The demographic characteristics of the respondents in this study were homogeneous in nature. For example, the respondents were predominantly white (ethnicity). Future studies concerning copreneurships should investigate the influence of demographic factors on the success of copreneurships, focusing specifically on non-white copreneurships.

The results of this study make a significant contribution to the existing body of research on copreneurships, even though various limitations were encountered. As such, many opportunities for future investigation into copreneurships exist.

7.6 CONCLUDING REMARKS

Copreneurships are playing an increasingly important role in the economies of many countries. The success of these partnerships is thus of paramount significance. To ensure their success, copreneurial couples must cherish their relationships with each

other and work together as a team. Numerous recommendations and suggestions have been presented in this study to aid copreneurships in achieving this. Of particular importance are those recommendations relating to the spousal relationship, as well as to their commitment to each other and their business.

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ANNEXURE A

ENGLISH QUESTIONNAIRE

- PO Box 77000 • Nelson Mandela Metropolitan University
- Port Elizabeth • 6031 • South Africa
- <http://www.nmmu.ac.za/busman>

Unit for Applied Business Management
 Summerstrand South Campus
 DEPARTMENT OF BUSINESS MANAGEMENT
 Tel. +27 (0)41 5042203 Fax. +27 (0)41 5832644
 Shelley.vaneeden@nmmu.ac.za
Elmarie.venter@nmmu.ac.za

July-September 2008

Dear Respondent

RESEARCH PROJECT: COPRENEURS (HUSBAND AND WIFE OR LIFE-PARTNER TEAMS IN BUSINESS TOGETHER)

As per our conversation with you (or your spouse), please find attached the questionnaire to be completed as discussed. Thank you for your willingness to participate in this research project.

This research on copreneurs (husband and wife teams in business together) is currently (2008) being conducted by the Unit for Applied Business Management (UABM). The UABM is a research unit functioning under the auspices of the Department of Business Management at the Nelson Mandela Metropolitan University (NMMU) in Port Elizabeth.

For the purpose of this research project a copreneurial business refers to a husband and wife (life-partners) team that share the ownership and/or the management of a business, which includes sharing the responsibility for all the activities within that business. Both the husband and the wife (life-partners) are **actively involved** in the management and/or decision-making of a business and both exercise considerable **influence over decision-making** in the business. According to this definition a share of ownership by spouse is not a requirement to qualify as a copreneurial business. The business should not employ more than 200 workers.

Around the world evidence exists that the number of husbands and wives that are in business together (**copreneurial businesses**) is on the increase. Couples in business together, however, face a unique set of challenges as they attempt to combine their marriage and business relationships. As copreneurial businesses become more evident, it becomes increasingly important to understand the conditions necessary to ensure not only the continued profitability and success of the business, but also of the marriage relationship. The **purpose** of this study is thus to gain greater understanding of the conditions required for creating and maintaining these copreneurial businesses, and to propose managerial approaches and strategies that could assist husbands and wives to successfully and harmoniously manage their business together.

Please complete the attached questionnaire independently and **without** consultation with your spouse or other family members. If you are no longer in business with your spouse but **were in the past**, please answer the questions in a manner that relates to **how it was in the final year** that you were in business together.

The first set of questions comprises a number of statements relating to your copreneurial business. Please note that any reference to your business is referring to the business you are in with your spouse. Please indicate the **extent of your agreement** with these statements by placing a cross (X) in the appropriate column. There are no right or wrong answers and only the **perceptions** you hold are important. The next set of questions solicits basic demographic data concerning you, your family and your copreneurial business.

The questionnaire should take about twenty **(20)** minutes to complete.

Please return the completed questionnaire **as soon as possible**, but not later than **30 September 2008** to Ms Shelley van Eeden:

By email: Shelley.vaneeden@nmmu.ac.za

By Fax: 041-5832644

By mail: In the **reply paid envelope** addressed to:

Unit for Applied Business Management
Department of Business Management
Summerstrand South Campus
PO Box 77000
Nelson Mandela Metropolitan University
PORT ELIZABETH, 6031

Online: If you select to complete the questionnaire online (internet), it will be returned automatically the moment you press submit. Please remember to fill in the **questionnaire ID number** given to you in the space provided. If you have already received a questionnaire by post but select to complete it online, your questionnaire ID number can be found in the top right-hand corner of the first page of the physical questionnaire posted to you.

The following website will automatically link you to the electronic questionnaire:

<http://www.nmmu.ac.za/websurvey/q.asp?sid=152&k=mwzijmmzwt>

Even though no confidential information is required, your responses will be treated with the strictest confidentiality. Names of individuals will not appear in the research report. Only aggregate data and summary statistics will be reported. Each questionnaire does however have an ID number for verifying receipt of the returned questionnaire. ID numbers of physical questionnaires have already been entered on your behalf but you will need to enter this ID number should you choose to complete the questionnaire electronically.

Should you **be interested** in the results of this study, a copy of the findings would be made available to you. If this is the case please ensure that your contact details are given in the space provided.

Thank you once again for your willingness to contribute to the success of this important research project.

Yours faithfully



DR ELMARIE VENTER (RESEARCHER)



SHELLEY VAN EEDEN (RESEARCHER)

ALIDA PHIELIX; LORIN BAXTER; CAREY EYBERS (RESEARCH ASSISTANTS)

(Tel: 041-5042203/4)

1. Statements relating to your copreneurial business (husband & wife team)

Please indicate the extent of your agreement with these statements by placing a cross (X) in the appropriate column. The columns are graded from 1 to 7. One (1) denotes strong disagreement with a statement, and at the other end of the scale, seven (7) denotes strong agreement with the statement.

<p align="center"><u>Statements relating to your copreneurial business</u></p> <p align="center"><u>(husband & wife team)</u></p> <p align="center">(If you are no longer in business with your spouse these statements should be read in the past tense and answered in relation to how it was in the final year that you were in business together)</p>		Extent of agreement						
		Strongly disagree	Disagree	Somewhat disagree	Neutral or no opinion	Somewhat agree	Agree	Strongly agree
1.1	Our copreneurial business has the support of employees working in the business.	1	2	3	4	5	6	7
1.2	In our business my spouse and I involve non-family members in assisting us to effectively manage our business.	1	2	3	4	5	6	7
1.3	My spouse and I have the appropriate business experience that enables us to contribute to the functioning of our business.	1	2	3	4	5	6	7
1.4	I have a good understanding of how my spouse makes decisions.	1	2	3	4	5	6	7
1.5	I am satisfied with the way that my spouse and I work together.	1	2	3	4	5	6	7
1.6	I am dedicated to ensure the success of our copreneurial business.	1	2	3	4	5	6	7
1.7	In our business each spouse accepts his or her fair share of the responsibilities.	1	2	3	4	5	6	7
1.8	Our copreneurial business is profitable.	1	2	3	4	5	6	7
1.9	My involvement in this business together with my spouse has been beneficial to our marriage relationship.	1	2	3	4	5	6	7
1.10	My business obligations DO NOT interfere with the time that I need to attend to household responsibilities.	1	2	3	4	5	6	7
1.11	I regard our copreneurial business as being financially successful.	1	2	3	4	5	6	7
1.12	My spouse and I care about each other's welfare.	1	2	3	4	5	6	7
1.13	My spouse and I are both competent in performing our tasks in our business.	1	2	3	4	5	6	7
1.14	My spouse and I have written plans (e.g. estate and/or succession and/or business plans), to guide (govern) our actions and decisions in our business.	1	2	3	4	5	6	7
1.15	I prefer to cooperate with my spouse rather than compete with him/her.	1	2	3	4	5	6	7
1.16	My spouse and I have the qualifications that enable us to contribute to the effective functioning of our business.	1	2	3	4	5	6	7
1.17	My spouse and I freely express our opinions concerning day-to-day business decisions with each other.	1	2	3	4	5	6	7
1.18	In our business my spouse and I employ non-family members to supplement our skills.	1	2	3	4	5	6	7
1.19	I am deeply committed to continuing this business with my spouse.	1	2	3	4	5	6	7
1.20	Our copreneurial business DOES NOT require me to discuss business issues with my spouse at home.	1	2	3	4	5	6	7
1.21	My spouse and I have a vision for our copreneurial business.	1	2	3	4	5	6	7
1.22	My business obligations DO NOT interfere with my family obligations.	1	2	3	4	5	6	7
1.23	The physical working conditions in our copreneurial business are conducive to the effective functioning of our business.	1	2	3	4	5	6	7
1.24	My spouse and I communicate openly with each other.	1	2	3	4	5	6	7
1.25	My involvement in this business together with my spouse is beneficial to our whole family.	1	2	3	4	5	6	7

<p style="text-align: center;"><u>Statements relating to your copreneurial business</u></p> <p style="text-align: center;"><u>(husband & wife team)</u></p> <p style="text-align: center;">(If you are no longer in business with your spouse these statements should be read in the past tense and answered in relation to how it was in the final year that you were in business together)</p>		Extent of agreement						
		Strongly disagree	Disagree	Somewhat disagree	Neutral or no opinion	Somewhat agree	Agree	Strongly agree
1.26	I really care about the fate of our copreneurial business.	1	2	3	4	5	6	7
1.27	In our business a clearly defined division of labour exists between my spouse and I.	1	2	3	4	5	6	7
1.28	Our copreneurial business has experienced growth in turnover over the past two years.	1	2	3	4	5	6	7
1.29	Housekeeping and childrearing are responsibilities that my spouse and I share equally.	1	2	3	4	5	6	7
1.30	Our copreneurial business has experienced growth in profits over the past two years.	1	2	3	4	5	6	7
1.31	In our business my spouse and I discuss all issues that may arise between us.	1	2	3	4	5	6	7
1.32	Our copreneurial business has sufficient access to information required to function effectively.	1	2	3	4	5	6	7
1.33	I enjoy working with my spouse in our copreneurial business.	1	2	3	4	5	6	7
1.34	Our copreneurial business has a formal board of directors (advisory board).	1	2	3	4	5	6	7
1.35	My work and my family obligations ARE NOT in conflict with each other.	1	2	3	4	5	6	7
1.36	I consider the working arrangement between my spouse and I as equitable.	1	2	3	4	5	6	7
1.37	My spouse and I have agreed on each others roles or positions in our business.	1	2	3	4	5	6	7
1.38	The spouse that takes the lead in our business is always considerate of others working in the business.	1	2	3	4	5	6	7
1.39	My involvement in this business together with my spouse has improved the health of our marriage relationship.	1	2	3	4	5	6	7
1.40	Our copreneurial business has adequate access to the necessary equipment required to function effectively.	1	2	3	4	5	6	7
1.41	I trust the judgement of my spouse in making business decisions.	1	2	3	4	5	6	7
1.42	The spouse that takes the lead in our business considers the opinions of others when making decisions.	1	2	3	4	5	6	7
1.43	The spouse that takes the lead in our business is very knowledgeable concerning our business operations.	1	2	3	4	5	6	7
1.44	Our copreneurial business has a great deal of personal meaning to me.	1	2	3	4	5	6	7
1.45	My spouse and I get along well together both inside and outside the working environment.	1	2	3	4	5	6	7
1.46	I am extremely glad that I chose to work with my spouse in our business.	1	2	3	4	5	6	7
1.47	In the eyes of external stakeholders (customers, suppliers etc.), I have the same status as my spouse does in our copreneurial business.	1	2	3	4	5	6	7
1.48	My spouse and I have a mutually supportive relationship.	1	2	3	4	5	6	7
1.49	My spouse and I have the ability to communicate effectively.	1	2	3	4	5	6	7
1.50	My spouse and I undertake formal strategic planning for our copreneurial business.	1	2	3	4	5	6	7
1.51	In our business each spouse is compensated fairly for the work that he or she does.	1	2	3	4	5	6	7
1.52	My spouse and I share common interests outside the working environment.	1	2	3	4	5	6	7
1.53	My spouse and I share information with each other.	1	2	3	4	5	6	7

<p style="text-align: center;">Statements relating to your copreneurial business</p> <p style="text-align: center;"><u>(husband & wife team)</u></p> <p style="text-align: center;">(If you are no longer in business with your spouse these statements should be read in the past tense and answered in relation to how it was in the final year that you were in business together)</p>		Extent of agreement						
		Strongly disagree	Disagree	Somewhat disagree	Neutral or no opinion	Somewhat agree	Agree	Strongly agree
1.54	My spouse and I have agreed on the goals for our copreneurial business.	1	2	3	4	5	6	7
1.55	Our copreneurial business DOES NOT require me to work in the evenings and during the week-ends.	1	2	3	4	5	6	7
1.56	Demands arising from our copreneurial business DO NOT make it difficult for me to comply with demands arising from home.	1	2	3	4	5	6	7
1.57	In our copreneurial business we sometimes approach non-family members to advise us on business matters.	1	2	3	4	5	6	7
1.58	The spouse that takes the lead in our business inspires loyalty among those working in the business.	1	2	3	4	5	6	7
1.59	Expressing different views and opinions are encouraged between my spouse and I.	1	2	3	4	5	6	7
1.60	I feel "emotionally attached" to our copreneurial business.	1	2	3	4	5	6	7
1.61	I can realise my ambitions through my involvement in our copreneurial business.	1	2	3	4	5	6	7
1.62	My spouse and I have agreed on the future direction for our copreneurial business.	1	2	3	4	5	6	7
1.63	My spouse and I are able to constructively manage conflict between us.	1	2	3	4	5	6	7
1.64	My spouse and I have a standing agreement on how to address issues that may arise.	1	2	3	4	5	6	7
1.65	I have the same status as my spouse does in our copreneurial business.	1	2	3	4	5	6	7
1.66	My spouse and I encourage each other to give our best efforts.	1	2	3	4	5	6	7
1.67	I have a good understanding of the needs and preferences of my spouse.	1	2	3	4	5	6	7
1.68	My spouse and I have equal responsibilities at home.	1	2	3	4	5	6	7
1.69	In our copreneurial business non-family employees form part of the management team.	1	2	3	4	5	6	7
1.70	My involvement in this business together with my spouse has contributed to my own personal growth and development.	1	2	3	4	5	6	7
1.71	My spouse and I bring a diverse mix of knowledge, skills, perspectives and experiences to our business.	1	2	3	4	5	6	7
1.72	I have confidence in the integrity of my spouse.	1	2	3	4	5	6	7
1.73	I can realise my personal goals through my involvement in our copreneurial business.	1	2	3	4	5	6	7
1.74	I am willing to make personal sacrifices to ensure the success of our copreneurial business.	1	2	3	4	5	6	7
1.75	My spouse and I bring different strengths (abilities) to our business.	1	2	3	4	5	6	7
1.76	My spouse and I hold regular scheduled meetings concerning our business.	1	2	3	4	5	6	7
1.77	I am willing to put in a great deal of effort beyond that which is normally expected of me in order to help our copreneurial business to be successful.	1	2	3	4	5	6	7
1.78	In our copreneurial business we involve non-family members when we have to make important strategic decisions about our business.	1	2	3	4	5	6	7
1.79	In our business no overlapping of responsibilities exists between my spouse and I.	1	2	3	4	5	6	7
1.80	My spouse and I have agreed on the vision for our business.	1	2	3	4	5	6	7
1.81	My spouse and I appreciate each other.	1	2	3	4	5	6	7
1.82	My spouse and I enjoy spending special time together.	1	2	3	4	5	6	7

<p style="text-align: center;">Statements relating to your copreneurial business</p> <p style="text-align: center;">(husband & wife team)</p> <p style="text-align: center;">(If you are no longer in business with your spouse these statements should be read in the past tense and answered in relation to how it was in the final year that you were in business together))</p>		Extent of agreement						
		Strongly disagree	Disagree	Somewhat disagree	Neutral or no opinion	Somewhat agree	Agree	Strongly agree
1.83	My spouse and I trust each other.	1	2	3	4	5	6	7
1.84	My spouse and I trust each other's ability to manage our copreneurial business.	1	2	3	4	5	6	7
1.85	My spouse and I have policies (ground rules), which guide (govern) our actions and decisions.	1	2	3	4	5	6	7
1.86	My spouse is deeply committed to continuing this business with me.	1	2	3	4	5	6	7
1.87	The spouse that takes the lead in our business has the ability to effectively lead the business.	1	2	3	4	5	6	7
1.88	It is my own choice to be involved in our copreneurial business.	1	2	3	4	5	6	7
1.89	Our copreneurial business has adequate access to the resources required to function effectively.	1	2	3	4	5	6	7
1.90	The financial well-being of our copreneurial business is secure.	1	2	3	4	5	6	7
1.91	I am proud to tell others that my spouse and I work together in our business.	1	2	3	4	5	6	7
1.92	If necessary my spouse and I draw on the expertise of non-family members to assist us with business matters.	1	2	3	4	5	6	7
1.93	Our copreneurial business has experienced growth in employee numbers over the past two years.	1	2	3	4	5	6	7
1.94	My spouse and I respect each other.	1	2	3	4	5	6	7
1.95	My spouse and I are emotionally attached to one another.	1	2	3	4	5	6	7
1.96	I experience my involvement in this business together with my spouse as rewarding.	1	2	3	4	5	6	7
1.97	My spouse and I have agreed on each other's relative ownership stake in our business.	1	2	3	4	5	6	7
1.98	My spouse and I possess complementary competencies.	1	2	3	4	5	6	7
1.99	In our business clearly demarcated areas of authority and responsibility exist between my spouse and I.	1	2	3	4	5	6	7
1.100	My spouse and I have agreed on each other's positions of authority and responsibility in our business.	1	2	3	4	5	6	7
1.101	The spouse that takes the lead in our business encourages others involved in the business to voice their opinions.	1	2	3	4	5	6	7
1.102	Our copreneurial business DOES NOT require that I receive business related calls after hours.	1	2	3	4	5	6	7
1.103	Our copreneurial business has employees with the necessary competencies.	1	2	3	4	5	6	7
1.104	My spouse and I acknowledged each other's achievements in the context of our business.	1	2	3	4	5	6	7

2. Demographic Information

The following questions provide demographic information about you, your family and your copreneurial business (the business you are in with your spouse). Copreneurs are couples (husbands and wives or life-partners) that share the ownership and/or the management of a business, which includes sharing the responsibility for all the activities within that business. According to this definition a share of ownership by each spouse is not a requirement to qualify as copreneurs. If you are **no longer in business** with your spouse please answer all questions relating to the business that you were in with your spouse in a manner that describes how it was in the final year that you and your spouse worked together. Please indicate your response by making a cross (X) in the appropriate numbered block as requested.

2.1 Based on the **description** above (please select one option only):

My spouse and I are currently in a copreneurial business.	1
My spouse and I were previously in a copreneurial business.	2
My spouse and I are not (never have been) in a copreneurial business.	3

2.2 Please indicate your **gender**:

Male (husband)	1
Female (wife)	2

2.3 Please indicate the **ethnic background** of your family:

White	1
Black	2
Asian	3
Coloured	4
Other	5

2.4 Please indicate your **age**: I am _____ years old.

2.5 Please indicate **how long** you have been in **this** business with your spouse: _____ years.

2.6 Please indicate whether your copreneurial business **operates** primarily from your family home:

Yes	1
No	2

2.7 Please indicate which statement best describes **your involvement** in your copreneurial business with your spouse (please select one option only):

I am actively employed in the business (I earn a salary from the business).	1
I am not actively employed in the business, but am active in decision-making .	2
I am not actively employed in the business nor am I active in decision-making .	3

2.8 Please indicate which statement best describes the **leadership** situation between you and your spouse in your copreneurial business:

The spouse with the strongest personality takes the lead among us in our business.	1
The spouse with the most leadership skills takes the lead among us in our business.	2
The spouse that is most knowledgeable takes the lead among us in our business.	3
The spouse, who has been involved the longest in our business, takes the lead among us.	4
Leadership is shared equally between my spouse and I in our business.	5
Because of traditional gender roles the husband (man) takes the lead among the spouses in our	6

copreneurial business.	
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2.9 Please indicate the number of **full-time employees** employed by your copreneurial business (excluding you and your spouse but **including other family members**): _____ employees.

2.10 Please indicate the **specific activities** of your copreneurial business (e.g. manufacturing of leather products, building contractors, grocery store, hairdresser, fr **P.T.O** printing, restaurant): _____.

3. Family Information

Please indicate the number of children that you have (including "his, hers and ours") in the following age groups:

	Ages category	Number of children
3.1	0 – 3 years	
3.2	4 – 6 years	
3.3	7 – 13 years	
3.4	14 – 18 years	
3.5	19 years and older	
3.6	Total number of children	

3.7 Please indicate **how long** you and your spouse have been married (living together): _____ years.

4. Ownership Information

Please indicate how the percentage **ownership** of your copreneurial business is shared:

	Person	% share
4.1	Husband (male spouse)	
4.2	Wife (female spouse)	
4.3	Children (combined)	
4.4	Other family members (combined): cousins, uncles etc.	
4.5	Non-family members (combined)	
	Total (the cumulative total should add up to 100%)	100%

4.6 Please indicate which statement best describes you and your spouses' **share of ownership** of your copreneurial business (please select one option only):

My spouse and I each have an equal share in our business.	1
My spouse and I each have a share in our business but our shares are not equal .	2
The male spouse owns 100% of the business.	4
The female spouse owns 100% of the business.	5

5. Comments and/or Suggestions

5.1 Please make **any comments or suggestions** relating to spouses in business together, and what you think can be done to improve their chances of success. _____

6. Other Spouses in Business Together

If you know of **any other** spouses in business together, who could possibly help us with this research, can you please give us their names and contact details?

6.1 Name and Surname: _____

6.2 Telephone number: _____ 6.3 Email address: _____

7. Research Findings

If you would like the final research **findings** to be made available to you, please provide your details below.

7.1 Name and Surname: _____

7.2 Telephone number: _____ 7.3 Email address: _____

7.4 Postal address: _____

THANK YOU FOR YOUR TIME AND COOPERATION

ANNEXURE B: RESPONDENT DEMOGRAPHICS

Figure B1: Status of the copreneurship

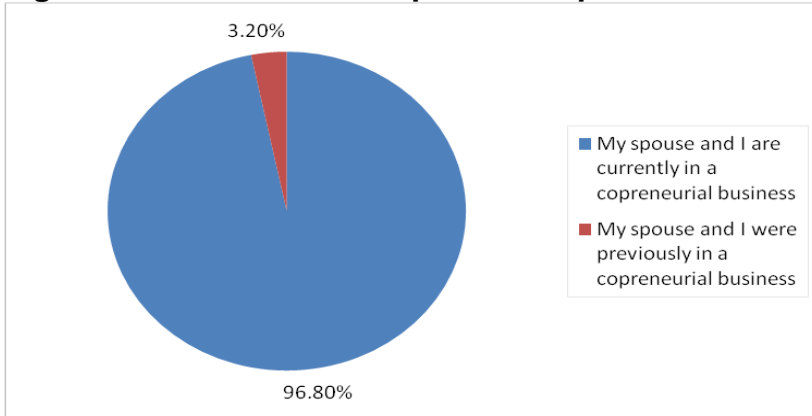


Figure B2: Gender

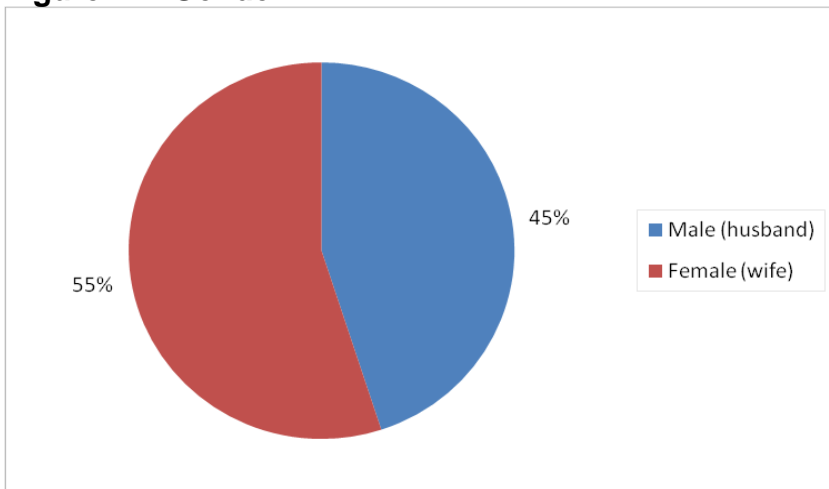


Figure B3: Ethnic background

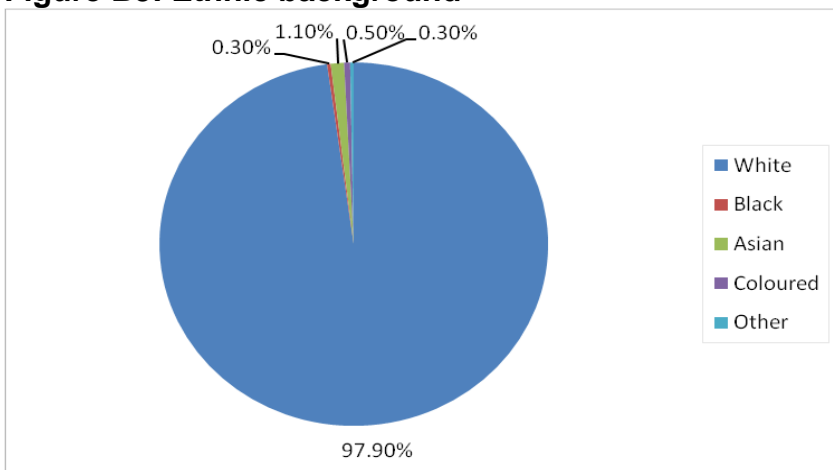


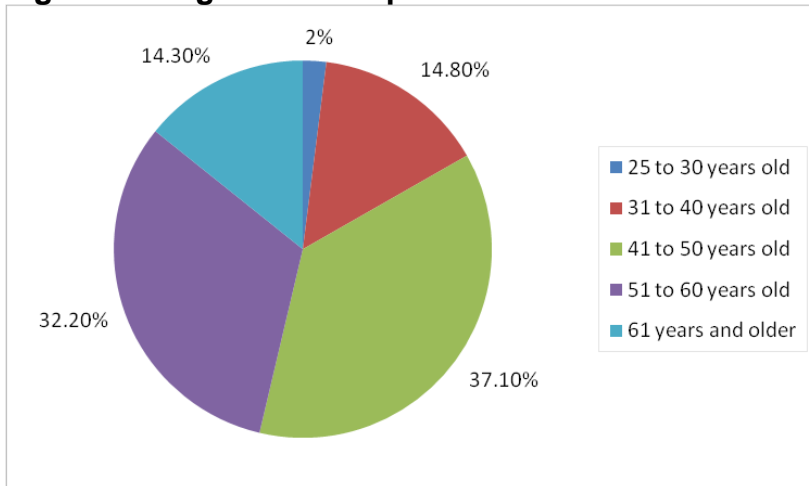
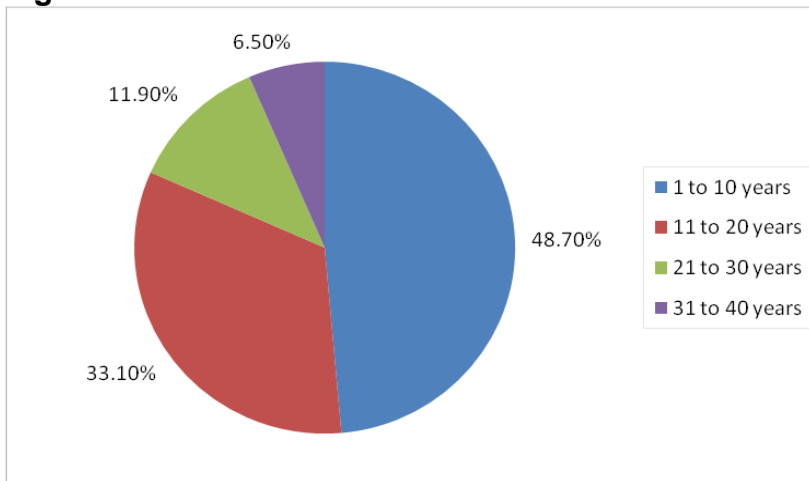
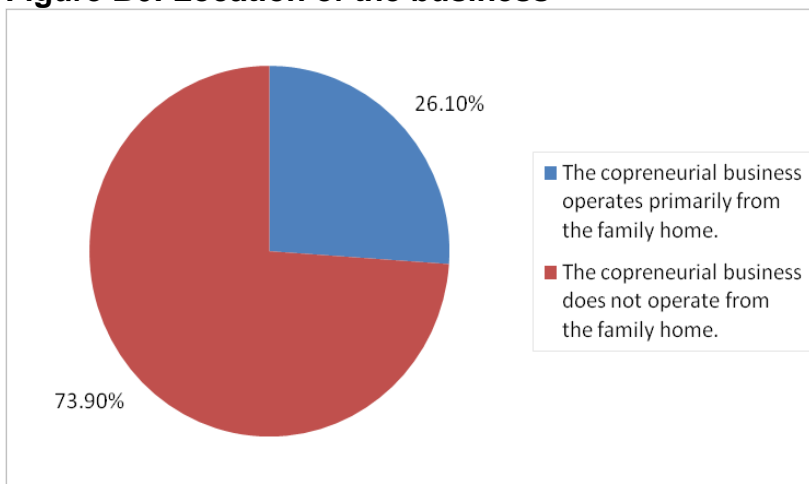
Figure B4: Age of the respondent**Figure B5: Tenure of the business****Figure B6: Location of the business**

Figure B7: Involvement in the business

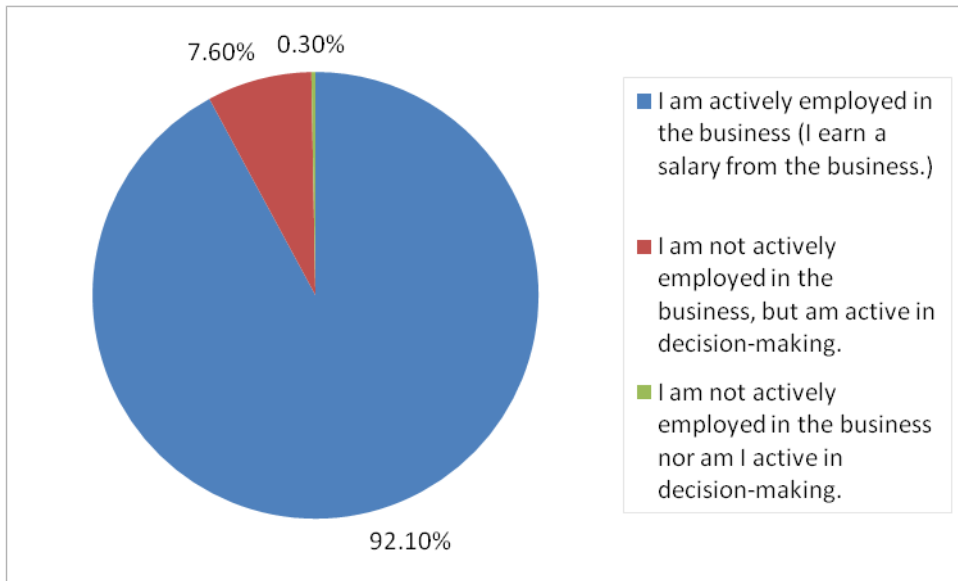


Figure B8: Leadership

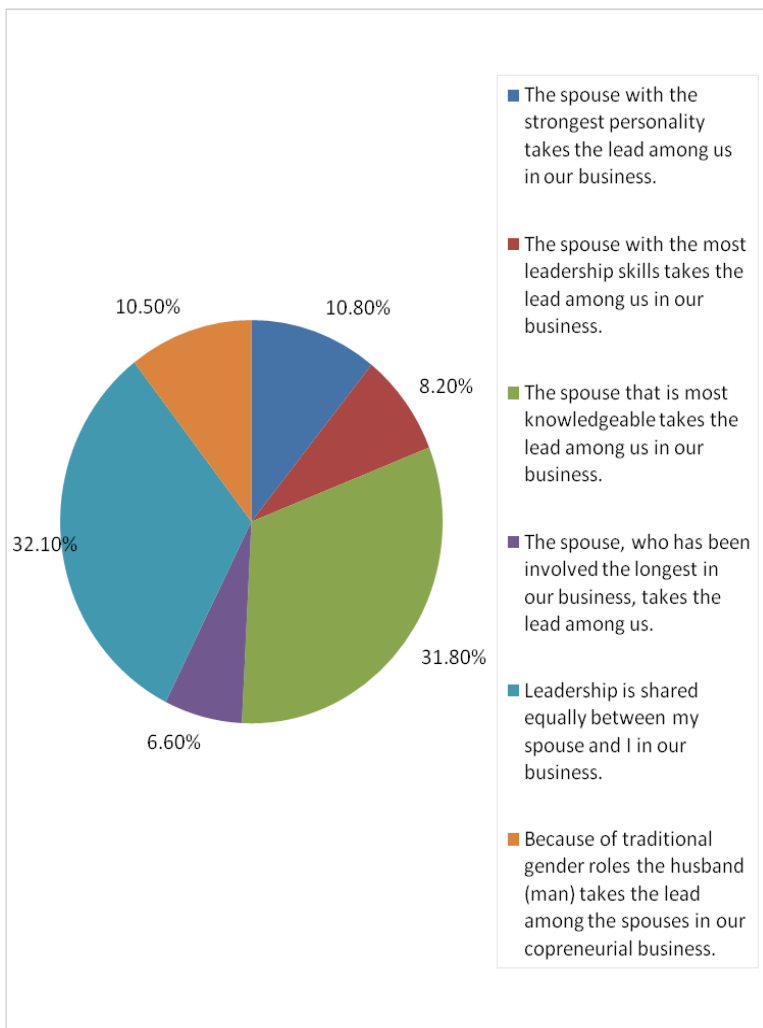


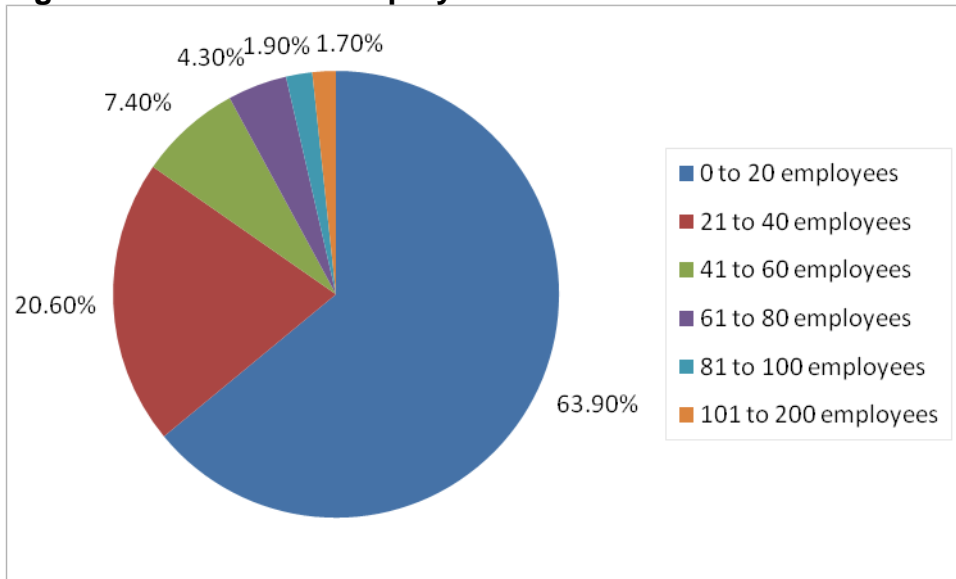
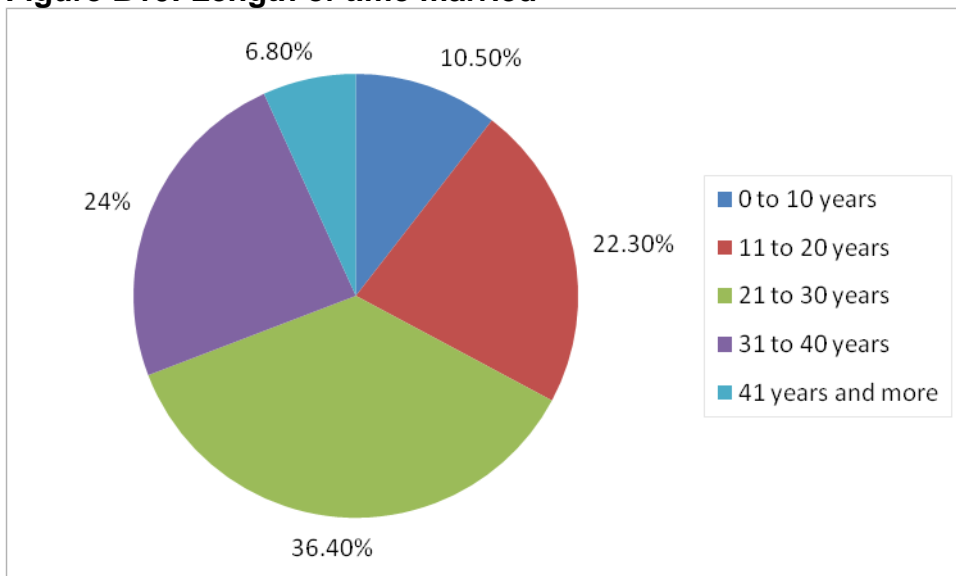
Figure B9: Number of employees**Figure B10: Length of time married**

Figure B11: Activities of the copreneurship

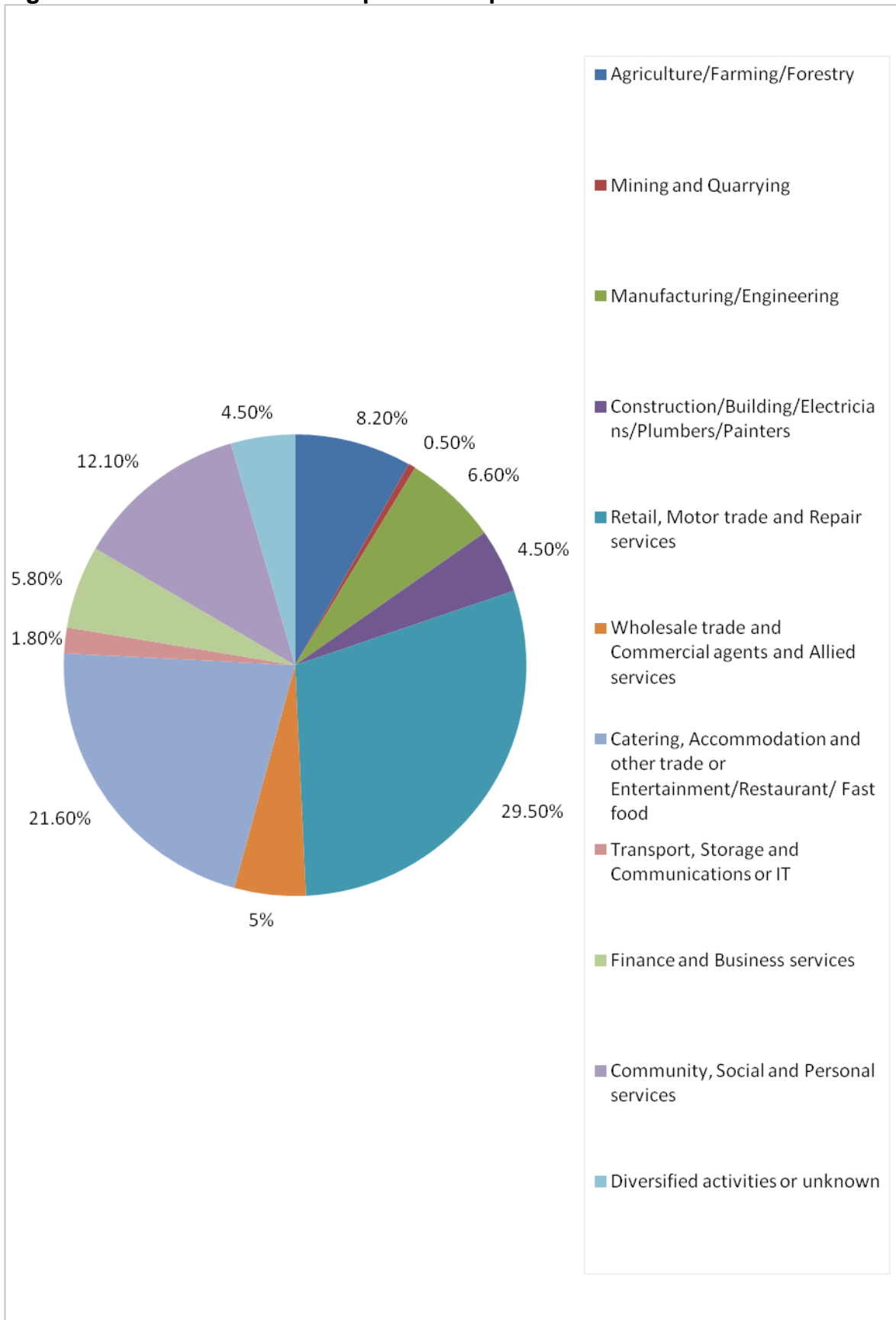


Figure B12: Stage of the children

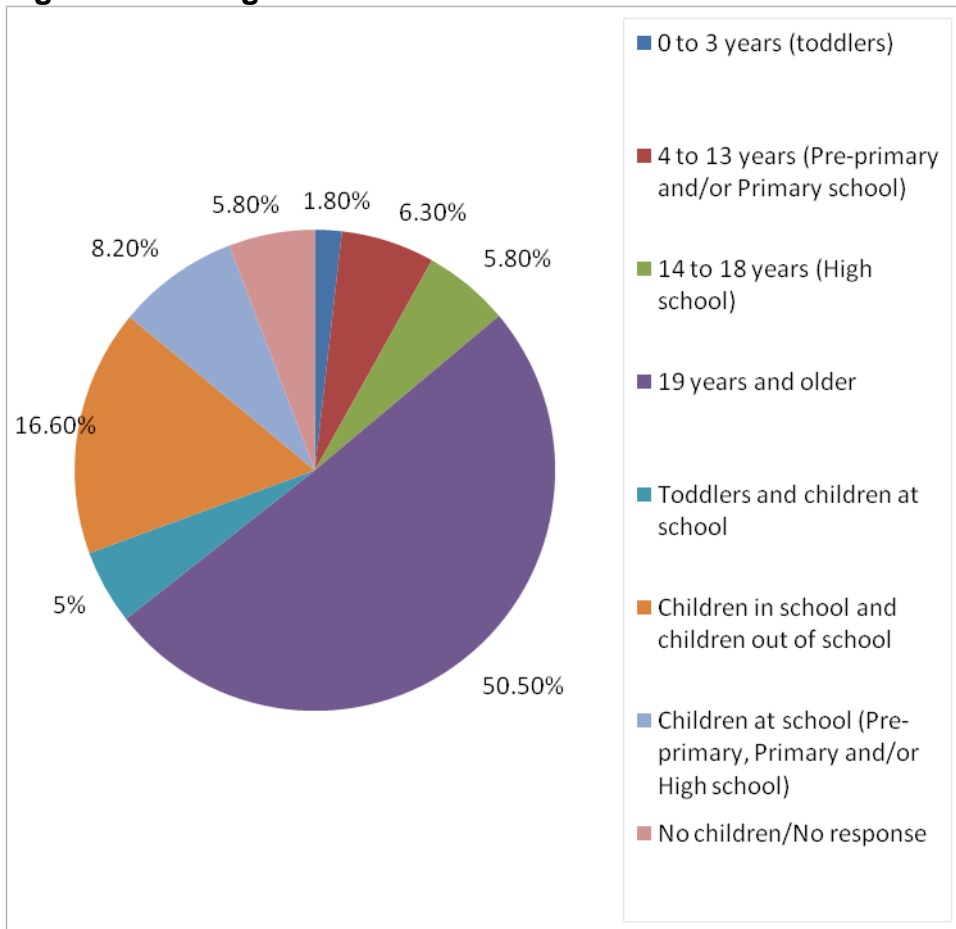


Figure B13: Number of children

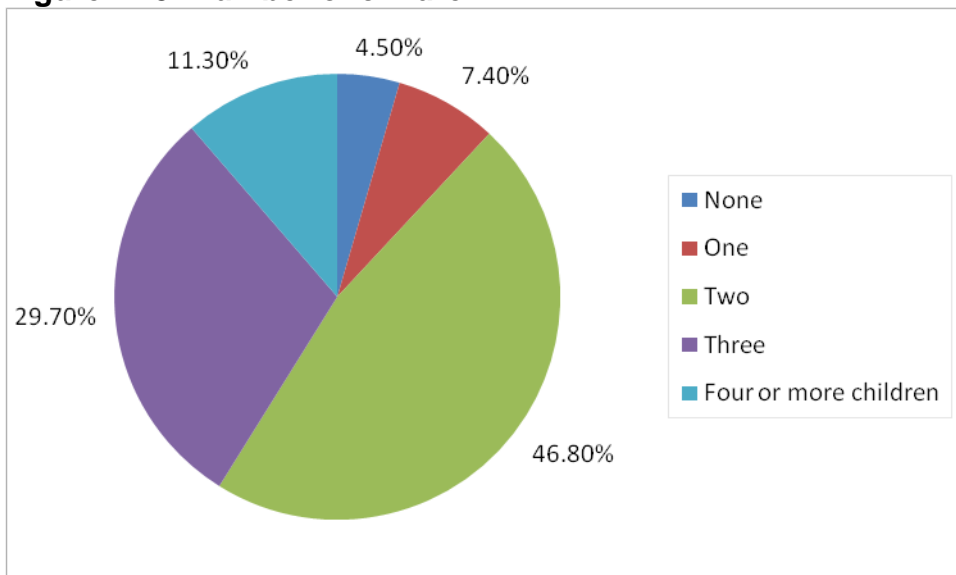


Figure B14: Ownership

