Digital Transformation and Succession Planning Effectiveness in South African Family Enterprises

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Abstract

The study investigates the role of digital transformation in improving the effectiveness of succession planning for South African family businesses. Digital technology is an avenue through which succession planning can be enhanced by improving communication, knowledge transfer, and decision-making. The research was done in Johannesburg, Pretoria, Cape Town, and Durban, using a mixed method. Only primary data was collected from surveys and interviews with 160 respondents, consisting of 40 people from each city. The findings showed a low level of formalization (low level of documenting related processes and actions), although family businesses had confidence in business continuity. Digital transformation was found to have a positive relationship with succession-planning effectiveness, especially in the areas of communication and training. The conclusion was that digital transformation creates greater efficiencies in succession planning; however, it does not address all aspects of governance or family issues. It recommended formalizing succession plans, ensuring regular review, and strengthening digital capacity alongside effective governance structures.

Keywords: Digital transformation, Succession planning, Family enterprises, Leadership transition, South Africa

Abstrak

Penelitian ini mengkaji peran transformasi digital dalam meningkatkan efektivitas perencanaan suksesi pada perusahaan keluarga di Afrika Selatan. Teknologi digital merupakan sarana untuk menyempurnakan perencanaan suksesi melalui peningkatan komunikasi, transfer pengetahuan, dan pengambilan keputusan. Penelitian ini berlokasi di Johannesburg, Pretoria, Cape Town, dan Durban, dengan menerapkan metode campuran. Data yang digunakan murni data primer yang dikumpulkan melalui survei dan wawancara terhadap 160 responden, yang terdiri atas 40 individu dari masing-masing kota. Hasil penelitian menunjukkan tingkat formalisasi yang rendah (minimnya pendokumentasian proses dan tindakan terkait), meskipun perusahaan keluarga memiliki keyakinan terhadap kelangsungan usaha. Transformasi digital terbukti memiliki korelasi positif dengan efektivitas perencanaan suksesi. khususnya pada aspek komunikasi dan pelatihan. Kesimpulan dari studi ini menyatakan bahwa transformasi digital menciptakan efisiensi yang lebih besar dalam perencanaan suksesi; namun demikian, hal tersebut tidak mengakomodasi seluruh aspek tata kelola maupun dinamika permasalahan keluarga. Penelitian ini merekomendasikan penyusunan rencana suksesi secara formal, pelaksanaan evaluasi secara berkala, serta penguatan kapasitas digital yang selaras dengan penerapan struktur tata kelola yang efektif.

Kata Kunci: Transformasi digital, Perencanaan suksesi, Perusahaan keluarga, Transisi kepemimpinan, Afrika Selatan.

INTRODUCTION

The world of business has changed a lot over the few decades. This is because of technology the world becoming more connected and the rise of digital economies. Companies around the world are using digital technologies to make their businesses run better and to stay competitive. Digital transformation is what we call this change. It is when companies use technologies like artificial intelligence, big data, cloud computing and digital platforms to completely change how they do business. Digital transformation is not about using new technology it is about changing the way companies work so they can innovate talk to customers and operate better in the modern digital world. Many researchers, like Vial (2019) and Verhoef et al., (2021) have written about transformation. They say it is a change that helps companies innovate, talk to customers and work better. Now businesses around the world know that digital transformation is important if they want to stay competitive and be around for a long time. Companies that use technologies are better at dealing with changes in the market making good decisions and coming up with new products and services. On the hand companies that do not use digital technologies might lose their place in the market. This is because the world is becoming more digital. So companies of all sizes have to think about what's important to them and how they are led as asserted by Warner & Wäger, (2019); Kraus et al., (2021),

As long as there are advances and changes to technology, family owned businesses are a vital part of business development around the globe. Family businesses make up a large portion of the economic activities throughout the world, and they significantly impact the creation of jobs and wealth as well as support for entrepreneurship. Family Businesses have a strong presence in both developed and developing economies, with family businesses being major contributors within the small and medium enterprise sector, as well as supporting the local economy and community development for the regions in which they operate. Family businesses often have specific characteristics that define them from non-family businesses, such as family ownership and management, long-term strategic focus, and a commitment to passing the business on to succeeding generations (De Massis et al., 2018; Dyer et al., 2019). Unique organization characteristics found in Family Businesses often relate back to the Influences of Family Values, Family Bonding and a long-term commitment, and typically will provide the family business with advantages that include having a strong organizational identity, less disruption during economic downturns and strategic continuity across generations of ownership in the business. In addition to the positive aspects of family being involved in ownership and management of the business, there are also challenges associated with family being involved in areas concerning partnership succession, decision-making, and conflict resolution as it relates to governance. The accomplished ability of family businesses to address and navigate through the various challenges facing their business in these areas will ultimately determine whether the business has the ability to sustain itself long-term and remain competitive within their market place. (Chrisman et al., 2018; Kammerlander & Ganter, 2020). The issue of succession planning is one of the biggest challenges facing family firms, and it can be a major contributor to long-term success or failure. Succession planning is a systematic process used to identify, develop, and transfer leadership or ownership responsibilities from one family member to another over time within the family-owned business. If the company has effective succession planning processes, it will be able to replace its current leader(s) without disrupting operational continuity and preserve institutional knowledge to enable the company to maintain its strategic direction.

While there are many variables involved, family firms experience significant difficulties with succession due to a lack of preparation, inadequate formal governance structures, and conflicts between or among family members. As a result, family firms do not develop their successor(s) prior to their departure from the business or family firm, with many family members not even considering a successor until they are several years from departing from the business or family firm (Le Breton-Miller & Miller, 2018; Nordqvist et al., 2020). There are numerous empirical studies that support the notion that succession planning is one of the main challenges facing family firms globally from all regions of the world. The research demonstrates that the vast majority of family firms do not transition successfully from the founding generation to subsequent generations. The estimated survival rates for family firms are approximately 30% to the second generation, with less than 15% surviving to the third generation (Miller & Le Breton-Miller, 2020). These statistics illustrate the sensitivity of family firms to changes in their leadership and highlight the importance of establishing a formalized process of succession planning. Succession planning is complicated in developing nations; one reason is that many family businesses in these locations are operating in an environment that has few rules and regulations. Due to the lack of rules and regulations, succession planning often takes a long time or happens informally, which leads to uncertainty about who will be in charge and the instability of the organization when there are changes. Cultural expectations, the way that males lead businesses, and many potential successors not getting enough training before they start running their family-owned businesses also result in complications for many family-owned businesses in developing countries when they plan for succession (Alderson, 2019; Muriithi et al., 2021).

There is a large number of family-owned businesses in Africa, and these businesses are a huge part of the private sector in Africa. Family-owned businesses are responsible for a lot of the economic growth of Africa and are the basis for a lot of the entrepreneurship in Africa. Family-owned businesses operate in many segments of the economy, including agriculture, wholesale and retail, manufacturing, construction, and service. Family-owned businesses in Africa are primarily responsible for creating most of the small and medium-sized enterprises (SME) in their countries and employ many people. Even though family-owned businesses play an important role in developing the economy, family-owned businesses in Africa face many challenges related to doing business, including governance, professionalism, and succession planning (Acquaah, 2020; Khavul & Bruton, 2022). South Africa, as one of the most advanced economies in Africa, has a lot of family businesses that greatly contribute to the country's economic growth. Family businesses generate Jobs and support entrepreneurial growth in South Africa, across many sectors; much like they do in other areas of the world (South Africa has a significant number of family owned businesses). The vast majority of family businesses still face challenges transitioning their businesses to the next generation; one significant reason that has been found through research (in South Africa) is that there is often no formal process to plan for succession; thus creating conflict, uncertainty and potentially failing as a business during transition (Venter et al., 2018; Nieman & Nieuwenhuizen, 2021).

Succession planning has been identified for many years as one of the major contributors to the long-term sustainability of family owned businesses; however, as companies are moving to digital technology, there now is a new set of dynamics that will affect succession plans and processes. The majority of new technology is rapidly changing company structures, communication and decision-making processes for all industries. Digital transformation will enable an organization to increase operational efficiency, have better data driven decisions and provide better governance through increased transparency and accessibility of information (Verhoef et al. 2021; Kraus et al. 2021.) In family owned businesses, digital transformation may play a significant role in how succession planning occurs because of the increased ability to transfer knowledge, enhance leadership development, and improve governance. Digital resources can help document what companies know and track how they perform. They can also help evaluate potential successors' managerial capabilities. Digital communication tools may also enhance collaboration between generations in family businesses, which can help facilitate successful leadership transitions for families (Nambisan et al., 2019; Soluk et al., 2021). The use of digital technology by family-owned businesses reflects larger generational changes in managerial attitudes and technological capacity. Younger generations involved in family businesses typically have greater proficiency using various forms of digital media and adopting new and emerging technologies than older generations. Accordingly, next generation leaders in family firms often serve as catalysts for digital transformation. Their involvement in the day-to-day operations of the family business can spur innovation within the organization, enhance the company's competitive position, and lead to the modernization of traditional business operations (Soluk et al., 2021; Kraus et al., 2021).

Although there are many potential reasons family businesses should consider implementing digital transformation, many family businesses face significant obstacles associated with adopting new technologies. The decision-making structures unique to family businesses, where major decisions are often made centrally by a small group of individuals and the close emotional ties to long-standing practices, can create barriers to the adoption of technology-driven innovations. Family business owners may not want to implement digital technologies because they fear the potential threat of loss associated with an investment in technology, potential loss of control, or disruption to established business models. As such, numerous family business organizations are experiencing an ongoing slower rate of digital transformation (DT), relative to their non-family business peers (Kammerlander & Ganter, 2020; Soluk et al., 2021). The digital transformation-succession planning nexus represents another significant research opportunity for academics to study. In addition to effective succession planning, researchers increasingly highlight the importance of the effective management of digital transformation initiatives by the future leaders of the family business in the sustainability of family businesses. In today's business climate, it is critical that successors possess both managerial competencies and digital capabilities to effectively lead their businesses through increasingly technology-based markets (Warner & Wäger, 2019; Verhoef et al., 2021). For the representatively of emerging African economies, the importance of embedding digital transformation within succession planning frameworks is particularly pressing. African economies are currently undergoing rapid technological advancement as a result of the continued rise in internet penetration, increasing uptake of mobile technologies, and the emergence of digital entrepreneurs. Across the continent, both governments and private entities are actively encouraging and pursuing digital innovations as a means of diversifying their economies and competing globally. However, the ability of family businesses to adapt to and sustain competitiveness amid technological advances represents inconsistent success rates across countries and sectors (Khavul & Bruton, 2022; Acquaah, 2020).

Digital transformation is becoming increasingly important for businesses that want to stay competitive in South Africa, whether in domestic or international markets. South Africa has invested heavily in digital infrastructure and technology innovation, which creates opportunities for businesses to use digital solutions in supply chain management, marketing, financial management, and customer engagement. While some family-owned firms have adopted these technologies, many family enterprises still use traditional forms of management and therefore may find it difficult to integrate digital technologies within their strategic planning processes. These types of gaps between technological development and organizational adaptation create significant barriers to the long-term viability of family businesses within South Africa (Nieman & Nieuwenhuizen, 2021; Kraus et al., 2021). The success of succession planning in family enterprises is increasingly dependent upon businesses' development of their leaders through incorporating digital transformation into both their leadership development and strategic planning processes. Therefore, when younger generations take over leadership roles, their ability to lead digital innovation will significantly affect the future of competitiveness for family businesses. Including digital transformation in succession planning may help ensure that leaders of the future have the skills to effectively operate in an environment where businesses operate with a high level of technology.

While this topic is becoming increasingly important, there is little empirical evidence in Africa on the connection between digital transformation and succession planning in family firms. Most studies focus on either succession planning within family firms or on corporate organizations, without much consideration of how these two areas interact with each other. In addition, empirical studies conducted on family businesses in South Africa are few and far between. Therefore, the problem examined in this study lies in the limited understanding of how digital transformation affects the successfulness of succession planning within Family businesses operating in developing economies in Africa. There are still many family-owned businesses that utilize traditional models for planning succession that do not take into account utilizing digital skills to prepare future leaders for positions of authority. Consequently, as leadership shifts occur, they are not adequately prepared to meet today's technology intensive business environment.

The rationale for conducting this research is that there is currently a gap of understanding between succession planning and how digital transformation will impact succession planning in family enterprises, particularly in terms of understanding how digital technology influences leadership transitions. Identifying the ways in which digital technology impacts the leadership transition process will provide organisations with more data on ways to improve their governance structure, build more capable leaders and to assist long-term sustainability of family enterprises. The results of this research will add to the body of academic knowledge, aid in creating business practices and support the development of policies that will enhance family enterprises in emerging economies throughout Africa. The primary objective of this research is to establish how digital transformation affects the effectiveness of succession planning for family enterprises in South Africa and to discover the implications for families within emerging Africa's economy regarding this relationship.

Theoretical Integration Framework

This study is anchored on the integration of Digital Transformation theory with the Resource-Based View (RBV), Dynamic Capabilities Theory, and Socio-Emotional Wealth (SEW) Theory to explain how digital transformation influences succession planning effectiveness in family enterprises. From the perspective of the Resource-Based View, digital transformation is conceptualized as a strategic organizational resource that can generate competitive advantage when it is valuable, rare, inimitable, and non-substitutable. In family enterprises, digital technologies such as cloud systems, enterprise platforms, and digital communication tools constitute critical resources that enhance knowledge sharing, operational efficiency, and managerial decision-making. However, RBV alone is insufficient to explain how these resources are developed, renewed, and adapted over time in rapidly changing environments. To address this limitation, Dynamic Capabilities Theory is incorporated to explain the processes through which firms integrate, reconfigure, and renew digital resources to respond to environmental changes. Digital transformation capability represents a dynamic capability that enables family enterprises to continuously adapt their systems, improve succession processes, and enhance leadership continuity. Through sensing, seizing, and reconfiguring capabilities, family firms are better able to align digital tools with succession planning needs, particularly in knowledge transfer and successor development.

However, in family business contexts, strategic decisions are not only economically driven but also emotionally and relationally influenced. This is captured through Socio-Emotional Wealth (SEW) Theory, which emphasizes the non-financial goals of family firms, including family control, identity, emotional attachment, and intergenerational continuity. SEW explains why family firms may adopt or resist digital transformation depending on whether it supports or threatens family cohesion, legacy preservation, and control over succession processes. For example, digital systems that improve transparency and succession documentation may be resisted if they are perceived as reducing family autonomy or exposing internal governance structures. By integrating these three theoretical lenses, this study positions digital transformation as both a strategic resource (RBV), a renewable capability (Dynamic Capabilities Theory), and a socio-emotionally influenced process (SEW Theory). The interaction of these theories explains not only whether digital transformation improves succession planning effectiveness, but also how and why this effect varies across family enterprises. In this integrated framework, digital transformation enhances succession planning effectiveness through improved knowledge transfer, communication, and leadership development. These outcomes are strengthened when firms possess strong dynamic capabilities and are more willing to reconfigure resources. However, the extent of adoption and effectiveness is moderated by SEW priorities, which shape family firms' willingness to formalize succession processes and invest in digital systems.

Conceptual Framework

This study is underpinned by a conceptual framework that explains the relationship between digital transformation and succession planning effectiveness in South African family enterprises. The framework identifies digital transformation as the independent variable and succession planning effectiveness as the dependent variable. It proposes that the extent to which family enterprises adopt and integrate digital technologies influences the effectiveness of succession planning by improving communication, knowledge management, decision-making, and leadership development. Digital transformation is operationalized through indicators such as technology integration into business operations, digital communication, data-driven decision-making, knowledge sharing, accessibility of digital resources, performance monitoring, regular updating of digital systems, and operational efficiency. These dimensions reflect the organization's digital capability and provide the foundation for improving organizational processes and supporting leadership continuity.

Succession planning effectiveness is measured using indicators including successor preparedness, leadership continuity, knowledge transfer, succession strategy, communication of succession plans, documentation of succession procedures, regular review of succession plans, and business continuity after leadership transition. These indicators collectively assess the extent to which family enterprises are prepared to achieve successful intergenerational leadership transition. The conceptual framework proposes that higher levels of digital transformation are associated with greater succession planning effectiveness. Digital technologies facilitate the documentation and transfer of organizational knowledge, strengthen communication between generations, support leadership development, and improve strategic decision-making, thereby enhancing the overall succession process. However, the strength of this relationship may also be influenced by organizational factors such as leadership support, technology readiness, and generational differences in digital competence.

The framework directly supports the study hypotheses by proposing that digital transformation has a significant positive influence on succession planning effectiveness. Specifically, the dimensions of digital transformation are expected to contribute positively to the various dimensions of succession planning effectiveness. This relationship forms the basis for testing the study's hypotheses using correlation and regression analyses. Accordingly, the study tests the null hypothesis that there is no significant relationship between digital transformation and succession planning effectiveness in South African family enterprises, against the alternative hypothesis that digital transformation significantly enhances succession planning effectiveness.

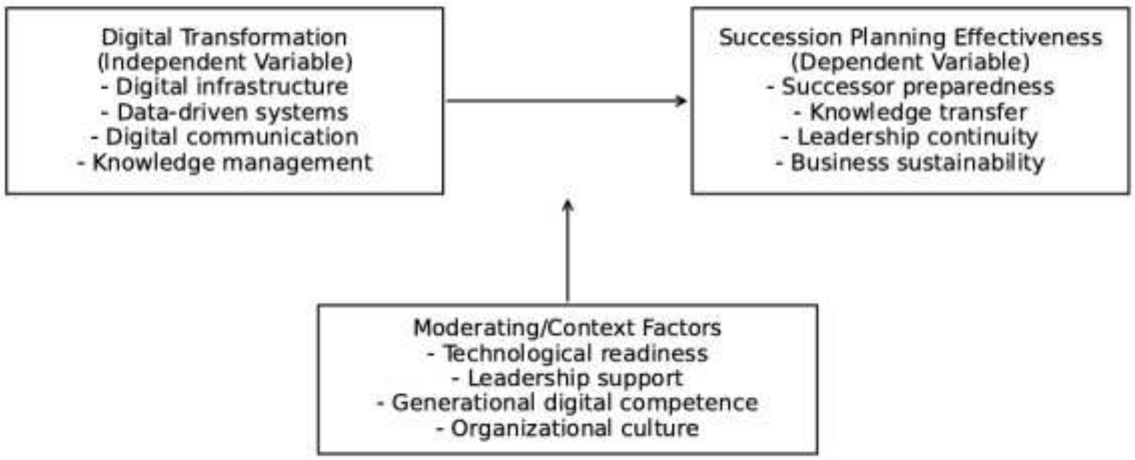

Figure 1: Conceptual Framework

METHODOLOGY

Study Area

The study was conducted in South Africa, focusing on four major cities: Johannesburg (26.2041° S, 28.0473° E), Pretoria (25.7479° S, 28.2293° E), Cape Town (33.9249° S, 18.4241° E), and Durban (29.8587° S, 31.0218° E). Family-owned businesses are a significant and growing base of enterprise in these cities (Johannesburg, Pretoria, Cape Town & Durban) and in most areas of the South African economy, including the major sectors of retail, manufacturing, agriculture, and services. The cities' climatic variations influence how family enterprises operate seasonally, particularly in the retail and tourism sectors, by way of impacting the demands placed on digital infrastructures (such as electricity and internet) to support those businesses. Therefore, while the cities were selected based on differing levels of economic activity, population density, and technology adoption, they were also selected as major city hubs: Johannesburg (commercial and administration), Pretoria (commercial and administration), Cape Town (tourism and services), and Durban (port and industrial). Thus, the four cities had an appropriate context for studying how digital transformation has impacted family enterprise succession planning.

Research Design and Justification

The study employed a mixed-method approach which included both quantitative and qualitative methods. This combination of methods was necessary to allow the researcher to collect both numerical data for statistical analysis and descriptive data to better understand how family business leaders perceive and experience digital transformation. The quantitative portion of the study used structured questionnaires to collect information on digital transformation practices and the effectiveness of family business succession planning implementation. The qualitative portion consisted of semi-structured interviews with specific participants in order to develop a deeper understanding of how digital technologies impact family businesses' leadership transition processes. The integration of both types of data helped create an overall picture of the research problem.

Method of Data Gathering

The primary form of data gathered in this study utilized the administration of structured questionnaires and semi-structured interviews to family-owned business owners, managers, and potential successors. The structured questionnaires contained demographic data, digital transformation data, and succession planning data. The majority of questions used a Likert scale so that respondents could express their opinions and experiences. Semi-structured interviews with specific participants were conducted to gain a more comprehensive understanding of how digital transformation impacted the decision-making processes, transferred knowledge, and prepared leaders to lead in family businesses.

Population of the Study and Its Size

The sample population for the study was made up of family businesses located in South Africa. A 'family business' refers to any organisation where the members of one and the same family hold ownership and management positions; and where the expectation for leadership transitions between generations exists. The appropriate respondents to the research study included individuals who are owners of the business, senior management staff, and family members who are involved with managing or passing on the business. The study would focus on four large metropolitan cities (40 respondents from each city) for a total of 160 respondents that were deemed to have the appropriate knowledge of digital transformation practices and succession planning processes within their organisations, only 82 respondents participated in the semi-structured interviews.

Sampling Technique

The research employed a multi-stage sampling technique in order to identify eligible respondents. The first step was to use purposive sampling to create a list of family businesses meeting the selection criteria of being family-owned and having been operating for five or more years. The next step was to employ stratified sampling to divide the family businesses that had been identified into their respective industry sectors in order to ensure adequate representation. Finally, the last step was to select respondents using simple random sampling from the family businesses that had been identified.

Data Analysis

The data collected from questionnaires were analyzed through the use of descriptive and inferential statistics. Descriptive statistics provided an overview of both the characteristics of the participants and the level of digital transformation experienced within their organizations through the use of frequencies, percentiles, means, and standard deviations. Inferential statistics using correlation analyses provided additional insight into how well the variables were related to each other when comparing digital transformation to the effectiveness of succession planning. Results from qualitative data gathered from interviews were analysed using thematic analysis through identification of the primary themes and patterns related to how and to what extent digital transformation affected succession planning practices within family-owned businesses. The qualitative results supported the quantitative results by providing more comprehensive contextual understanding of the research variables.

Questionnaire Development and Construct Operationalization

The questionnaire was developed from relevant literature on digital transformation and succession planning in family businesses and adapted to the South African context. It had four sections covering demographic data, digital transformation adoption, and succession planning effectiveness. Items were measured on a 5-point Likert scale (1 = Strongly Disagree to 5 = Strongly Agree). Constructs were operationalized into measurable indicators such as technology integration, digital communication, knowledge sharing, decision-making, successor readiness, and leadership continuity. This allowed the variables to be quantitatively assessed for analysis.

Qualitative Sampling Strategy and Coding Procedures

The qualitative component of the study adopted a purposive sampling technique, where participants were selected based on their direct involvement in family business operations and succession processes. This ensured that only individuals with relevant experience in digital transformation and succession planning were included. Data were collected through open-ended survey responses and analyzed using thematic analysis.

The coding process followed a structured approach. First, responses were read repeatedly to gain familiarity with the data. Second, initial codes were generated by identifying recurring ideas and patterns. These codes were then grouped into broader categories, which were refined into key themes such as digital transformation adoption, succession planning effectiveness, and the relationship between both concepts. NVivo software was used to support the organization and management of the coded data, ensuring consistency and accuracy in theme development.

Measurement Validity and Reliability Tests

Prior to the main data analysis, the measurement instrument was assessed for validity and reliability to ensure that it accurately measured the constructs of digital transformation adoption and succession planning effectiveness. Content validity was established through expert review by three specialists in family business management, digital transformation, and research methodology. Their suggestions regarding the clarity, relevance, and wording of the questionnaire items were incorporated before the final administration of the instrument.

The internal consistency reliability of the instrument was evaluated using Cronbach's Alpha coefficient. The results showed that all constructs exceeded the recommended threshold of 0.70, indicating satisfactory internal consistency.

Table 1: Reliability Statistics

Construct	Number of Items	Cronbach's Alpha	Decision
Digital Transformation Adoption	8	0.89	Reliable
Succession Planning Effectiveness	8	0.91	Reliable
Digital Transformation and Succession Planning Relationship	7	0.87	Reliable
Overall Instrument	23	0.90	Reliable

Validity Statistics

Construct validity was assessed using item-total correlations. All questionnaire items recorded corrected item-total correlation coefficients above the recommended minimum value of 0.30, indicating that each item contributed meaningfully to its respective construct. Furthermore, the expert validation process confirmed that the instrument adequately captured the dimensions of digital transformation adoption and succession planning effectiveness within South African family enterprises.

Table 2: Measurement Validity Summary

Measurement Criterion	Recommended Value	Obtained Value	Decision
Content Validity	Expert Review	Achieved	Valid
Corrected Item-Total Correlation	≥ 0.30	0.47–0.81	Valid
Cronbach's Alpha	≥ 0.70	0.87–0.91	Reliable

Ethical Principles

All ethical principles were adhered to during all aspects of the study. Participation in the study was totally voluntary, and informed consent was obtained from each participant prior to the collection of any data. Prior to participating in the study each participant was informed of the rationale for the study and their right to withdraw from the study at any time. Confidentiality and anonymity of the participants were guaranteed at all times throughout the study. The identities of each participant (and their respective business or organization) were not published in the final research document. All data resulting from this research project was used for academic purposes only and was stored in a manner that would not allow for unauthorised access. Ethical approval for the study was obtained from the relevant institutional research ethics committee before the commencement of data collection. This ensured that the research complied with accepted ethical standards in academic research.

Results Presentation

Digital Transformation Adoption

The results presented in Table 3 indicate a generally high level of digital transformation adoption among the surveyed family enterprises, as reflected in the mean scores, all of which are above 3.80. The highest mean value (4.03) was recorded for the integration of digital technologies into day-to-day operations. This is further supported by the high proportion of respondents who selected Agree (50%) and Strongly Agree (28.1%), showing widespread adoption of digital tools. Similarly, the use of digital tools for communication recorded a high mean of 4.02, with over 79% of respondents agreeing or strongly agreeing. The improvement in decision-making through digital platforms also showed a strong mean score of 4.00. However, slightly lower mean scores were observed for accessibility of digital resources (3.90) and performance monitoring via digital systems (3.90). The lowest mean score (3.82) was recorded for regular updates of digital tools. Enhanced knowledge sharing (3.97) and positive influence on efficiency (3.97) both recorded relatively high mean scores.

Table 3: Digital Transformation Adoption

Statement	SD	D	N	A	SA	Mean	Std. Dev.
1. Integration of digital tech	5 (3.1%)	10 (6.3%)	20 (12.5%)	80 (50%)	45 (28.1%)	4.03	0.96
2. Use of digital tools for communication	3 (1.9%)	12 (7.5%)	18 (11.3%)	85 (53.1%)	42 (26.3%)	4.02	0.91
3. Improved decision-making	4 (2.5%)	15 (9.4%)	20 (12.5%)	75 (46.9%)	46 (28.8%)	4.00	0.98

Statement	SD	D	N	A	SA	Mean	Std. Dev.
4. Accessibility of digital resources	6 (3.8%)	18 (11.3%)	25 (15.6%)	70 (43.8%)	41 (25.6%)	3.90	1.03
5. Enhanced knowledge sharing	3 (1.9%)	14 (8.8%)	22 (13.8%)	80 (50%)	41 (25.6%)	3.97	0.95
6. Performance monitoring via digital systems	5 (3.1%)	15 (9.4%)	28 (17.5%)	70 (43.8%)	42 (26.3%)	3.90	0.99
7. Regular updates of digital tools	7 (4.4%)	18 (11.3%)	30 (18.8%)	65 (40.6%)	40 (25%)	3.82	1.05
8. Positive influence on efficiency	4 (2.5%)	12 (7.5%)	25 (15.6%)	75 (46.9%)	44 (27.5%)	3.97	0.96

Pearson Correlation Analysis of the Interrelationships Among the Dimensions of Digital Transformation Adoption

The Pearson Product Moment Correlation analysis showed statistically significant positive relationships among all dimensions of digital transformation adoption ($p < 0.01$). The correlation coefficients ranged from $r = 0.53$ to $r = 0.76$, indicating moderate to strong positive associations among the variables. The strongest relationship was between improved decision-making and positive influence on operational efficiency ($r = 0.76$, $p < 0.01$. Likewise, use of digital tools for communication was strongly correlated with enhanced knowledge sharing ($r = 0.76$, $p < 0.01$), indicating that digital communication supports effective knowledge exchange within family enterprises. Furthermore, integration of digital technologies into business operations showed strong positive relationships with operational efficiency ($r = 0.74$), knowledge sharing ($r = 0.71$), and digital communication ($r = 0.72$), all significant at $p < 0.01$. Although regular updating of digital tools recorded comparatively lower correlations ($r = 0.53$–0.65), the relationships remained positive and statistically significant.

Table 4: Pearson Correlation Matrix for Digital Transformation Adoption

Variables	1	2	3	4	5	6	7	8
Integration of digital technologies	1.000							
Use of digital tools for communication	0.721**	1.000						
Improved decision-making	0.693**	0.748**	1.000					
Accessibility of digital resources	0.584**	0.618**	0.665**	1.000				
Enhanced knowledge sharing	0.712**	0.756**	0.701**	0.639**	1.000			
Performance monitoring through digital systems	0.646**	0.668**	0.724**	0.692**	0.681**	1.000		
Regular updating of digital tools	0.531**	0.547**	0.603**	0.576**	0.592**	0.648**	1.000	
Positive influence on operational efficiency	0.737**	0.742**	0.761**	0.659**	0.748**	0.703**	0.611**	1.000

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

Succession Planning Effectiveness

The results in Table 5 indicate a moderate level of succession planning effectiveness among the surveyed family enterprises, as reflected in mean scores ranging from 3.51 to 3.84. The highest mean score (3.84) was recorded for confidence in leadership continuity. This is supported by the high proportion of respondents who selected Agree (50.0%) and Strongly Agree (23.8%), suggesting a general sense of optimism about the future of the enterprise. The effectiveness of knowledge transfer strategies also recorded a relatively high mean score of 3.75. Similarly, preparedness of potential successors had a mean of 3.65. However, lower mean scores were observed for documentation and communication of succession plans (3.56) and regular review of succession planning (3.51), which was the lowest among all items. The standard deviation values, ranging from 0.96 to 1.15, indicate moderate variability in responses, reflecting differences in how family enterprises approach succession planning.

Table 5: Succession Planning Effectiveness

Statement	SD	D	N	A	SA	Mean	Std. Dev.
1. Preparedness of potential successors	8 (5.0%)	18 (11.3%)	30 (18.8%)	70 (43.8%)	34 (21.3%)	3.65	1.07
2. Documentation and communication of succession plans	10 (6.3%)	20 (12.5%)	35 (21.9%)	60 (37.5%)	35 (21.9%)	3.56	1.12
3. Effectiveness of knowledge transfer strategies	6 (3.8%)	15 (9.4%)	28 (17.5%)	75 (46.9%)	36 (22.5%)	3.75	1.01
4. Confidence in leadership continuity	5 (3.1%)	12 (7.5%)	25 (15.6%)	80 (50.0%)	38 (23.8%)	3.84	0.96
5. Regular review of succession planning	12 (7.5%)	22 (13.8%)	32 (20.0%)	60 (37.5%)	34 (21.3%)	3.51	1.15

Relationship Between Digital Transformation and Succession Planning

The results in Table 6 indicate a strong positive relationship between digital transformation and succession planning effectiveness in family enterprises, as reflected in mean scores ranging from 3.74 to 4.02. The highest mean score (4.02) was recorded for the role of digital technology in facilitating smooth communication between leaders and successors. A large proportion of respondents selected Agree (53.1%) and Strongly Agree (28.8%), reinforcing this observation. Similarly, digital transformation improving training and development of successors and contributing to overall succession planning effectiveness both recorded high mean scores of 4.00. Digital platforms supporting knowledge transfer (mean = 3.92) and enhancing decision-making during leadership transitions (mean = 3.91) also showed strong agreement among respondents. These findings imply that digital systems enable better access to organizational knowledge and historical data, which aids continuity and informed decision-making. However, relatively lower mean scores were observed for clarity of succession planning strategies (3.83) and the role of digital tools in reducing conflicts (3.74), the lowest in the table. The standard deviation values, ranging from 0.89 to 1.07, indicate moderate variability in responses, suggesting a reasonable level of agreement among respondents with some differences in experiences across enterprises.

Table 6: Relationship Between Digital Transformation and Succession Planning

Statement	SD	D	N	A	SA	Mean	Std. Dev.
1. Digital transformation improves training and development of successors	4 (2.5%)	10 (6.3%)	20 (12.5%)	80 (50.0%)	46 (28.8%)	4.00	0.95
2. Digital technology facilitates smooth communication between leaders and successors	3 (1.9%)	8 (5.0%)	18 (11.3%)	85 (53.1%)	46 (28.8%)	4.02	0.89
3. Digital tools enhance decision-making during leadership transitions	5 (3.1%)	12 (7.5%)	22 (13.8%)	75 (46.9%)	46 (28.8%)	3.91	0.98
4. Digital adoption improves clarity of succession planning strategies	6 (3.8%)	14 (8.8%)	25 (15.6%)	72 (45.0%)	43 (26.9%)	3.83	1.02
5. Digital transformation contributes to overall succession planning effectiveness	3 (1.9%)	10 (6.3%)	20 (12.5%)	78 (48.8%)	49 (30.6%)	4.00	0.93
6. Digital platforms support knowledge transfer between generations	4 (2.5%)	11 (6.9%)	24 (15.0%)	76 (47.5%)	45 (28.1%)	3.92	0.97
7. Digital tools reduce conflicts during succession processes	7 (4.4%)	16 (10.0%)	30 (18.8%)	65 (40.6%)	42 (26.3%)	3.74	1.07

Qualitative Analysis

Qualitative analysis of the data using NVivo, demonstrated three key themes: Adoption of Digital Transformation, Effectiveness of Succession Planning, and the Relationship Between Digital Transformation and Succession Planning. The top theme identified was Adoption of Digital Transformation, as 72% of participants indicated they currently use digital tools for their daily operations. Improvements in communication and efficiencies were also noted. For example, one participant commented, "We use digital platforms to conduct daily operations, thus helping to make communication quicker and more effective.” Another participant noted, "Digital systems give us the ability to instantly share information throughout the company." On the other hand, nearly 28% of participants identified issues related to digital skills and accessibility, as illustrated by this comment: "Most of the older family members in my family do not feel comfortable using digital tools."

The Effectiveness of Succession Planning demonstrates that 65% of participants believe their successor(s) are somewhat prepared through engagement and mentorship; for instance, one participant explained, "We gradually involve the next generation so they understand the business before taking over the business." However, approximately 55% of the participants indicated that there is no formal written succession plan for the business, one participant stated, "There is no written succession plan, however, we all know who will take over." In addition, 48% of participants stated that succession plans are not regularly reviewed, which demonstrates a lack of structure in their process. According to survey respondents, 75% of those surveyed reported that digital technology has made training, communication and transferring knowledge much easier for leadership transitions. One participant stated, “Digital tools make it easier to train successors and share knowledge between generations.” Another added, “Digital technology has improved communication between leaders and their successors.” However, about 30% of survey respondents indicated that digital transformation could not solve all the challenges posed by interpersonal or familial relationships. As one survey participant stated, “Technology helps, but family conflict still determines how successful a succession plan will be.”

RESULT AND DISCUSSION

Digital Transformation Adoption

The findings of this study indicate a high level of digital transformation adoption among family-run businesses, particularly in relation to operational integration, communication, and decision-making. This aligns with evidence from Vial (2019), who found that organizations increasingly adopt digital technologies as a strategic response to environmental complexity and competitive pressure. Similarly, Verhoef et al. (2021) empirically demonstrate that firms embed digital systems into core business processes not merely for efficiency gains but to achieve long-term strategic renewal and adaptability. The high level of integration observed in this study therefore reflects a broader global trend in which digital transformation has shifted from optional adoption to structural necessity. However, unlike findings from Kraus et al. (2021), who reported that many SMEs still experience low to moderate levels of digital maturity due to financial and capability constraints, the present study suggests a relatively advanced stage of adoption among surveyed family enterprises. This difference may be explained by contextual variations, particularly the increasing availability of low-cost cloud-based platforms and mobile technologies that reduce entry barriers for digital adoption in emerging economies. It also suggests that family firms in the South African context may be gradually overcoming traditional resistance associated with conservative ownership structures, as earlier documented in family business literature.

Communication and decision-making outcomes in this study further confirm findings by Nambisan et al. (2019), who established that digital technologies improve organizational connectivity and enhance the speed and quality of information flow across organizational hierarchies. In their study, digital communication platforms were found to reduce information asymmetry and improve responsiveness, which is consistent with the improved coordination reported in this research. However, Kammerlander and Ganter (2020) caution that while digital tools improve communication efficiency, they do not necessarily resolve underlying governance tensions in family firms. The present findings support this limitation, as improvements in communication did not eliminate structural challenges related to decision-making centralization within family leadership. The observed improvements in knowledge sharing and organizational efficiency are consistent with Kane et al. (2019), who empirically demonstrated that digital maturity enhances organizational learning capabilities and facilitates the codification of tacit knowledge. In family business contexts, where knowledge is often concentrated within founding members, this finding is particularly significant. The present study extends this literature by showing that digital systems not only support knowledge preservation but also facilitate intergenerational knowledge transfer, which is critical for succession continuity. This supports Cabrera-Suárez et al. (2018), who emphasize that effective succession in family firms depends heavily on structured knowledge transfer processes.

Nevertheless, disparities in digital transformation outcomes across employee groups highlight important inconsistencies with prior studies. Kraus et al. (2021) found that digital transformation success is strongly dependent on organizational digital capability and workforce readiness. The present findings similarly show that differences in digital literacy, age, and access to infrastructure significantly influence employee engagement with digital systems. This suggests that digital transformation is not uniformly experienced within organizations, even when adoption levels appear high at the organizational level. It reinforces the argument that digital transformation is as much a human capability issue as it is a technological one. The relatively weak performance in the regular updating of digital tools further reflects findings from Verhoef et al. (2021), who argue that digital transformation is an ongoing process requiring continuous investment and strategic alignment rather than a one-time implementation. The stagnation observed in this study may therefore indicate a partial stage of transformation, where firms have achieved adoption but not yet progressed to continuous innovation and optimization. Evidence from Warner and Wäger (2019) similarly suggests that firms that fail to continuously renew their digital capabilities risk stagnation in dynamic environments, even if initial adoption levels are high.

Succession Planning Effectiveness

The findings of this study indicate that family-owned enterprises demonstrate a moderate level of succession planning effectiveness, suggesting that while awareness and appreciation of succession planning exist, its formal institutionalization remains limited. This aligns with De Massis et al. (2018), who empirically established that succession processes in family firms are often informal, relational, and embedded within family norms rather than structured organizational systems. However, the present findings extend this argument by showing that even in contexts where firms recognize the importance of succession planning, this awareness does not necessarily translate into formal strategic integration, indicating a persistent gap between intention and institutional practice. The relatively high confidence in leadership continuity observed among respondents is consistent with the socioemotional wealth perspective, which emphasizes the importance of legacy preservation, family identity, and intergenerational continuity in family enterprises. Studies by Kammerlander and Ganter (2019) similarly show that family firms often maintain strong optimism regarding continuity due to emotional ownership and long-term orientation. However, contrary to assumptions that such confidence leads to formal planning structures, the present study reveals that high confidence may actually reduce the urgency for formal succession planning, as families may rely on implicit trust and perceived stability rather than structured transition mechanisms.

Findings relating to knowledge transfer and successor preparedness indicate that most firms rely heavily on informal mentoring, experiential learning, and observation-based development processes. This is consistent with Cabrera-Suárez et al. (2018), who demonstrate that tacit knowledge transfer is dominant in family businesses and is typically achieved through direct involvement of successors in daily operations. Nevertheless, the present study adds nuance by showing that while informal learning may enhance practical competence, it does not always ensure systematic leadership readiness, particularly in complex or rapidly changing business environments where structured learning frameworks may be more effective. The low level of formal documentation and communication of succession planning reflects a critical weakness in governance structures within many family enterprises. This finding supports Michel and Kammerlander (2019), who argue that succession planning is often avoided due to emotional resistance, fear of conflict, and founder reluctance to relinquish control. However, the current study further suggests that avoidance is not only emotional but also structural, as many firms lack formal governance systems such as advisory boards or succession committees that could institutionalize the process. This indicates that succession planning challenges are both psychological and institutional in nature.

The infrequent review of succession plans observed in this study aligns with Baù et al. (2020), who highlight that succession planning in many family firms is treated as a static rather than dynamic process. However, this study extends their findings by showing that the absence of regular review mechanisms is not merely a neglect of best practice but also reflects resource constraints and prioritization of short-term operational survival over long-term strategic planning. This suggests that succession planning effectiveness is constrained by competing organizational demands, particularly in smaller and founder-led firms. The observed variability in responses regarding succession planning practices is consistent with De Massis et al. (2018), who found that the degree of formalization varies significantly depending on generational stage, firm size, and level of professionalization. The present study strengthens this argument by demonstrating that heterogeneity in succession practices is not random but systematically linked to structural differences across firms. For instance, more established and multi-generational firms tend to exhibit more structured succession planning processes, while founder-led firms rely more heavily on informal arrangements and personal trust.

Relationship Between Digital Transformation and Succession Planning

The correlation between succession planning success and digital transformation is positive and significant based on the findings, signifying that the application of digital technology enhances succession planning effectiveness by facilitating leadership transitions into new family businesses. The high mean scores across all items indicate that respondents feel digital transformation is a vital factor in effective succession planning. This is due to the increasing importance of digital technologies in transforming how organizations work through changes in organizational processes, communications systems, and knowledge management practices within modern organizations. Furthermore, the digital technology's highest mean score for facilitating communication between leaders and their successors demonstrates how much use digital technologies have in connecting two generations and different types of management in family businesses. Traditionally, family businesses have struggled to communicate because there may be discrepancies among incumbent leadership's perspectives compared to the perspectives of their successors leading to a poor understanding of one another. The introduction of collaborative platforms, enterprise-level systems, and instant messaging applications have improved communication problems by providing enhanced levels of transparency and access to information and opportunity for more interaction between leaders and successors. This aligns with the findings of Nambisan et al. (2019), who argue that digital technologies enhance connectivity and enable more fluid communication across organizational levels, thereby improving coordination and reducing information asymmetry.

The success of digital transformation in supporting training and developing successors, as well as how well those companies plan for succession overall, is closely tied to the growing number of digital learning platforms and data-driven management systems available today. These systems enable potential successors to learn new things about their businesses, perform their jobs better, and engage in continuous learning, regardless of where they are located or how complicated their organization is. According to Verhoef et al. (2021), digital transformation gives companies the ability to create new competencies through the integration of technology into both HR development and organizational learning processes. With regard to family businesses, developing successors often involves both formal training and experiential learning. Family businesses also have relatively high average scores related to the transfer of knowledge and decision-making, both of which support the conclusion that digital systems play an important role in maintaining and sharing organizational knowledge. Family businesses tend to rely heavily on the "tacit" knowledge of founders or key senior members and therefore cannot easily transfer it through conventional means. Digital platforms such as databases, cloud-based file storage, and enterprise-application systems make it possible to codify and store knowledge, thus making it available to successors. This process ensures that knowledge will continue to be available and thus minimizes the risk of losing knowledge when there is a change in leadership. Research by Kraus et al. (2021) emphasizes that digital transformation enhances knowledge management capabilities, enabling firms to leverage information more effectively for strategic decision-making.

The lower average scores for succession planning strategy clarity and digital technology's ability to resolve disputes indicate that digital transformation may not adequately address all elements of succession planning. Although digital technologies enhance operational and informational elements of succession planning, they do not have much impact on people's behaviours, emotions, and governance-related issues that are ingrained in family businesses. Family business succession involves sensitive topics, such as how to share control among family members, how to manage family relationships, and what individual family members expect from each other. These cannot be addressed through the use of technology. Many authors note that succession planning in a family business is complex; thus, to ensure that the succession process works well, there needs to be a level of trust and good negotiation capability, as well as alignment in goals and interests among family members. These social dynamics cannot be accomplished through technology. The finding that general clarity on succession strategy was lower than other measures may indicate two things: (1) while digital tools can provide access to information, they cannot guarantee that the succession strategy will be successfully executed in a clear manner and/or in a formalized succession plan; and (2) achieving strategic clarity requires that the organisation has committed leadership and welldefined governance structures that enable the effective management of the succession process; technologies will NOT guarantee this. According to Warner and Wäger (2019), for the potential of digital transformation to be fully realized, it must occur in parallel with organisational change and leadership alignment. The moderate variability in responses suggests that the extent to which digital transformation influences succession planning differs across enterprises. This variation may be attributed to differences in digital maturity, organizational size, generational stage, and management practices. Firms with higher levels of digital capability and more progressive leadership are likely to experience stronger benefits, while those with limited technological adoption or resistance to change may not fully realize the advantages of digital transformation.

MANAGERIAL IMPLICATIONS

The study shows that digital transformation plays an important role in improving succession planning effectiveness in South African family businesses. Digital technologies enhance communication, knowledge sharing, leadership development, and decision-making during leadership transitions. However, technology alone cannot resolve family conflicts, governance challenges, or interpersonal issues associated with succession planning. The findings imply that family businesses must combine digital innovation with strong governance structures and effective relationship management to ensure long-term sustainability. The study recommends that family enterprises should develop formal and documented succession plans, regularly review succession strategies, and integrate digital technologies into leadership development and knowledge management systems. Businesses should also invest in continuous digital skills training for both current and future leaders. In addition, stronger governance structures such as advisory boards and family councils should be established to support succession processes and conflict resolution. Policymakers and business support institutions are encouraged to promote digital literacy, provide digital infrastructure support, and create programmes that strengthen family business sustainability in emerging African economies.

This study contributes to the literature on family business management by linking digital transformation with succession planning effectiveness in emerging African economies. The study provides empirical evidence from South African family enterprises and demonstrates that digital technologies can strengthen organisational continuity through improved communication, training, and knowledge transfer. It adds theoretical value by integrating digital transformation into succession planning discussions and offers practical recommendations for family business owners, managers, successors, and policymakers. The study also highlights the importance of preparing future leaders with both managerial and digital competencies to ensure long-term competitiveness and sustainability in a technology-driven business environment.

CONCLUSION AND RECOMMENDATIONS

This research examined how digital transformation has been adopted by family-owned businesses in South Africa, analysed the effect of succession planning on organisational effectiveness as well as investigated the relationship between these phenomena. The results demonstrated a high level of adoption of digital transformation primarily for the purposes of communication, decision-making and sharing of knowledge. Findings also showed moderate levels of effectiveness with regards to succession planning where various family enterprises relied on informal methods of succession and lacked documented evidence, regular review or monitoring of these processes. In addition to this, significant positive relationships have been established between digital transformation initiatives and effective succession planning. Digital technologies have contributed to improved communication, training, sharing of knowledge and quality of decision-making during leadership transitions; however, they have also proved to be of limited assistance in solving issues such as strategic clarity and family-related conflict. This study examined the relationship between digital transformation and succession planning effectiveness in South African family enterprises, with particular attention to the implications for emerging African economies. The findings revealed that family-owned businesses have increasingly adopted digital technologies to improve communication, decision-making, operational efficiency, and knowledge sharing. The study further established that digital transformation positively influences succession planning effectiveness by enhancing leadership development, facilitating knowledge transfer, and improving communication between incumbent leaders and successors during leadership transitions.

Despite the growing adoption of digital technologies, the findings also revealed that succession planning within many family enterprises remains moderately effective due to the continued reliance on informal succession processes, limited documentation of succession plans, and inadequate review mechanisms. While digital transformation contributes significantly to organisational continuity and leadership preparedness, the study found that technology alone cannot fully address interpersonal conflicts, governance challenges, and family-related dynamics that often influence succession outcomes in family businesses. The study therefore concludes that digital transformation serves as an important strategic enabler of effective succession planning in family enterprises. However, sustainable leadership transition requires the integration of digital innovation with formal governance structures, continuous leadership development, and effective family communication processes. Family businesses that successfully combine technological advancement with structured succession planning practices are more likely to achieve long-term sustainability, competitiveness, and continuity across generations. Furthermore, the study contributes to the growing body of knowledge on family business management and digital transformation within emerging African economies by providing evidence from South Africa. The findings provide practical insights for family business owners, policymakers, and researchers regarding the importance of integrating digital capabilities into succession planning frameworks. The study highlights that preparing future leaders with both managerial and digital competencies is essential for ensuring the sustainability and resilience of family enterprises in an increasingly digital and competitive business environment.

In light of these results, family enterprises should establish formal, documented succession plans that promote continuity of leadership through a systematic approach. The plans should undergo routine reviews to ensure alignment with the current business environment's needs. Family enterprises should continue to invest in digital technologies while strengthening competencies related to the use of these technologies across all employees in order to achieve maximum value from digital transformations. Digital tools should be embedded into the leadership development process and knowledge management system, as this will enable family enterprises to develop their successors. Finally, family enterprises should complement their digital transformation initiatives with good governance practices and effective communication methods that address interpersonal and structural challenges related to succession planning.

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