An-Najah National University
Faculty of Graduate Studies

Factors Affecting the Success of Family Business in the West Bank - Zalmout Companies Group as Case Study

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الإهــداء

أهدي هذا العمل إلى من علمني الصبر حتى النجاح... إلى من علمني النهوض وقت السقوط... إلى ذلك الرجل العظيم... أبي العظيم أسامة.

إلى تلك المرأة العظيمة ... ذاك الحضن الدافئ ... إلى من طالما لجأت إليها في الأوقات الصعاب .. أمي الحنونة كريمان.

إلى أخواتي الحنونات .. زوجتي الغالية .. ابنتي العزيزة

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Love you all.

الإقرار

أنا الموقع أدناه، مقدم الرسالة التي تحمل عنوان:

Factors Affecting the Success of Family Business in The west bank - Zalmout Companies Group as Case Study

أقر بأن ما اشتملت عليه هذه الرسالة هو نتاج جهدي الخاص، باستثناء ما تمت الإشارة اليه حيثما ورد، وأن هذه الرسالة كاملة، أو أي جزء منها لم يقدم من قبل لنيل أي درجة او لقب علمي أو بحثي لدى اي مؤسسة تعليمية او بحثية أخرى.

Declaration

The work provided in this thesis, unless otherwise referenced, is the researcher's own work, and has not been submitted elsewhere for any other degree or qualification.

Student's Name: **اسم الطالب:**

Signature: **التوقيع:**

Date: **التاريخ:**

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Abstract

This study aimed to identify the factors that are related to family that cause family company to succeed or fail, and the factors that are related to company that cause family company to succeed or fail. The study sample consisted of all thirteen individual of owners and managers of Al-Zalmout companies group.

To achieve the study objectives the researcher used a qualitative (case study) approach, which is represented in the detection of the factors that cause family company to succeed or fail. A questionnaire of open questions was designed for this purpose which covers the objective of the study. A structured interview analysis was conducted through developing nodding system for the main and sub themes to find network of concepts for each family business domains that explain the success and failure factors for family business in The West Bank using NVivo10 program.

The reliability of the tools was measured by Holsti coefficient the total reliability coefficients is 80.5% and this indicates that the reliability

index has acceptable reliability coefficients and satisfies the current study. After collecting the data by direct interviews.

The result for the main success factors for family business are (Believe in company vision and mission, diverse investment, family business governing, and holding the core values of honesty and heartfelt). While the main factors for family business failure are (variation in the children number for partners, limitation for the capability component in assessment, lack of accountability, and the influence by the external factors).

Major family factors that influence the family business are (The distribution of decision making authority, relationship among family and business members, preparation level of family members and the transition) that cause family company to success or failure, and the main results for the company factor that comprised the family business success are (Planning, Non-family turnover High, going public and Use of outside consultants, advisors and professionals) this, also, means the main factors that have inter correlation to produce a network of influencing factors.

Chapter One
Introduction

Introduction

Family business is one of the most popular enterprises worldwide, it is defined as a business in which all or part of family members are working together. It might be as a small business or might extended to be as multinational businesses. Family business is involved in all economic sectors in any country, where it contributes effectively in the GDP (Gross Domestic Product) for any country depending on its percentage compared to the total enterprises in the country.

Women's enterprise (2011) demonstrated that family business is a small business in which relatives work together like brothers and sisters, uncles and aunts, nephews and nieces, and fathers and children. Carsrud (1994) defined that family businesses as businesses in which family members dominate the ownership and policy making. Daily and Dollinger (1991) stated that two of the characteristics of family businesses which can be in one, because they are connected and cannot be separated from each other are the ownership and the management. Handler (1989) found that family business is a business in which the family members control main decisions, operational plans, transfers and replacements of leadership and are responsible for the main roles. But Sabri (2008) found that family firms are those owned, and managed by families, while firms owned by family and managed by professional employees are considered as non- family firms. Family means a person and his sons and/ or brothers, in some cases, there are groups of first cousins. Miller and Le Breton Miller (2005) reported that multidivisional enterprises such as Michelin, Armani, Wal-Mart, Home Depot, and IKEA were found and are still controlled by families.

The characteristic of family business:

One of the characteristics of family businesses is that the family dominates the property completely; usually one of the owners is working in the business even if he or she is formally employed to help it out (Handler, 1989). Abuznaid (2014) stated that family business is the one in which family controls business operations, in many cases family members fill top management positions and usually it is influenced by family relationship.

Lee-Chua (1997) pointed out that in family businesses, families possess at least 50% of the ownership and the management, and this family business may range from small store to a large multinational company. Families own businesses differ in many aspects including size (as measured by number of employees, sales, profits etc.), levels of technology use, and operations expansion "locally, nationally, regionally, or globally"(Kaunda & Nkhoma, 2013).

One of the most important characteristics of family businesses is that one third of family businesses survive the succession from the first generation to the second generation, and one third of those who survived the succession for the second generation tend to survive it from the second to the third generation and so on (Poutziouris, 2000; Ibrahim, 2001). Walter (2009) indicates that 70-80 percentage of all family businesses during the initial 4 to 5 years lifetime fail.

Family business in Palestine

Family business plays a major and constructive role in the Palestinian national economy, it plays a pioneering role in the Palestinian economic development. It also works as the safety valve against the spread of unemployment as a result of the deteriorating political conditions and continuous closures imposed by Israel which prevents thousands of Palestinians employees from crossing the so called green line into Israel (Abuznaid and Doole, 1999). In addition to that, it contributes to the reduction of unemployment.

The number of private national operating establishments is 88,421 in The West Bank and 42,853 in Gaza Strip (PCBS, 2013).In a survey conducted by PCBS it was found that 97%of private business firms in Palestine are classified as small business of which 925 businesses are employing less than 10 employees. The survey also added that Palestinian small businesses employ 65% of the total 1,000,000 employees in Palestine. The number of sole proprietorship in The West bank is 66.4% and 33.6% in Gaza (PCBS, 2013).This applies to all business sectors including commercial, industrial, agricultural and service sector. Family business accounts for more than 90% of The West Bank businesses. Therefore, we can conclude that the Palestinian private sector is mainly family business and it applies to all sectors including the industrial sector. The number of family firms in Palestine reaches 80808 firms. Of those businesses in The West Bank, there are 45 family businesses that employ more than 50 employees, 30 family businesses employ 50 -99 employees while 10 businesses employ 100 employees and above (PCBS, 2009).In The West Bank 18% of the total family firms have exclusive agents and representatives to distribute their products. Exhibitions and trade fairs remain the best arena for promoting a product, though there are relatively few of them.

What distinguish Palestinian family businesses from international ones are the managerial positions filled with family members and relatives like sons, cousins and in-laws, where this may affect the performance and the leadership of other employees for the lack of merits and rewards among the them (Hania, 2012). Elfara (2005) demonstrated that there is a lack of formal planning in most of Gaza's family establishments without any kind of influence to their sizes. Gaza's family businesses suffer from a lack of formal, and organizational structure hence, they are dominated by the use of verbal communication in following-up and passing orders. In addition, decision making is centralized in the hands of the family grand (father or old brother). Moreover, the study concluded that there is a significant positive correlation between the capital size and the practice of planning. Also there is a significant correlation between establishment size and its organizational aspects. Furthermore, a significant correlation existed between the establishment size and the effectiveness of controlling systems. Finally, a significant negative correlation was realized between the capital size of the establishment and the level of involvements of the lower levels in decision making.

Problem Statement:

As mentioned earlier one third of family businesses survive the succession from the first generation to the second generation and one third of those who survive in succession for second generation tend to survive the succession from second to third generation and so on, with a poor succession planning attributed as the primary source of the problem (Poutziouris, 2000; Ibrahim, 2001). As shown in the previous literature reviews, globally there are many factors which are affecting the family business companies, especially during the succession process. Many factors are leading these companies to failure.

Based on researcher's study in the scientific magazines and the academic theses, the volume of family businesses in Palestine is huge, they count for more than 90% of The West Bank businesses, and they contribute effectively in the Palestinian economy. This research is considered to be as one of the recent studies in this field and one of the few studies searched for and focused on these factors which affect the success or failure of family businesses in the West Bank. Parts of these factors are related to family members and the other parts are related to the company and its Strategy.

1.1. Research questions

Main research question:

* What are the factors affecting the success or Failure of family business in the West Bank from the view of experts from Al Zalmout Companies Group?

Research sub questions:

* What are the factors that are related to family (The distribution of decision making authority, the preparation level of family members, the relationship among family and business members and The transition) that cause family company to success or failure?

* What are the factors that are related to the company (Planning, turnover of non-family members, Going public and Use of outside consultant, advisors and professional) that cause family company to success or failure?

1.2. Research Factors

The Literature pointed out many factors that are affecting the success or the failure of the family businesses and their continuity such as: (The distribution of decision – making authority, Planning, the Preparation for family members levels, the Relationships among family and business members, the turnovers of non-family members, Going public, Use of outside consultants, advisors, and professionals and Successful transition-Succession). The researcher needs to examine and make the research about all of these factors fit and Compatible with the companies in the West Bank, whether they are related to their culture or not.

1.3. Importance of the study

This study will be useful to those in charge of the family business, and are experts, where they will be targeting a large segment of society.

This research will provide vital clues for those first and second generation enterprises on the verge of transfer. On the other hand, this will hopefully reduce emotional and financial losses for those enterprises, by maintaining both harmony and stability within the family, the business and the society.

In this research the researcher will study these factors and, apply them on Al Zalmout companies group they will determine which of them will be considered as success factors and which will be considered as obstacles.

1.4. Objectives of the study

General objective:

* Determine factors influencing the success or the failure of family business in the West Bank.

Specific objectives:

* Identify factors influencing the success of family business from the view of experts from Al Zalmout companies group

* Identify obstacles affecting the success of family business from the view of experts from Al Zalmout companies group

* Develop special recommendations to ensure applying factors which support the success of family business.

* Develop special recommendations to ensure avoiding the obstacles that can Impedes the success of family business.

1.5. Definitions

Family business succession: The transition of family business leadership and ownership from one generation to the next. Succession is a lifelong process of planning and management that encompasses a wide range of steps aimed at ensuring the continuity of the business through generations.

Factors affecting family business: Any fact or situation that influences the success or the failure of the family business.

Experts: Are the people who has special skills or knowledge in family business, like owners, academics, who are related to this field. In this case study the research will be conducted by Experts from Al Zalmout Companies Group represented by the owners and the managers

Factors related to family: They are (The distribution of decision making authority, Preparation level of family members, Relationship among family and business members and the transition).

Factors related to Company: They are (Planning, turnover of non-family members, Going public, and Use of outside consultants, advisors and professionals)

Chapter Two
Methodology

Methodology

This chapter includes description of the methods and procedures employed by the researcher regarding: the methodology determining, the design study, the population and the sample of the study, and also the tool of the study preparation, as well as its validity and reliability, in addition to the procedure description employed by the researcher in executing the study and the statistical treatment used in data analysis.

Research design:

The case study has emerged as a prominent methodological approach for qualitative researchers interested in family business (FB). The researcher emphasizes the case study research on the grounds that this methodology may provide the contextualization for important processual FB phenomena. Case study term refers to qualitative research which examines, through the use of a variety of data sources, a phenomenon in its naturalistic context. Methodology design included iterations between the existing methodological literature and the data set of published case studies, after reviewing Internet research. The publication and the literature about family businesses and the factors affecting their success and failure, the researcher designed the tool which covers different questions affecting FB success and failure.

Research approach:

The plans and the procedures for the research that describe the steps from assumptions to detailed methods of data collection, analysis and interpretation are called research approaches. This plan encompasses many decisions; the comprehensive decision encompasses the approach that should be used to study a topic (Creswell, 2014). Researchers choose either the quantitative or qualitative research approach depending on the nature of the research problem and the questions (Creswell, 2012).

The researcher has used the qualitative approach which seeks to explore and understand the circumstances of targeted phenomenon in the research problem (Creswell, 2012), and generates or uses non-numerical data (Sanders et al., 2009).

In this research the researcher has used the direct interview, so the direct interview has several advantages: Easy correction of speech, Selection of suitable candidate, Interview can help the fresh & new information collection, Sufficient information can be collected through the interview process, Time saving, Less costly, Increasing knowledge: Any interview increases the knowledge of both the interviewer and the interviewee. They can interchange their views and ideas, Explore the cause behind the problem, through planned interviews, detailed information can be collected which enables a proper and a flexible analysis of a problem.

Study Population and sample of the study

The study population consists of: all individuals of owners and managers of Al Zalmout Companies Group who are thirteen individual.

Brief about Al Zalmout Companies Group:

Al-Zalmout Distribution Company was established in 1948 by the Father "Mohammad Rawhi Zalmout" in Palestine - Nablus. This establishment was the first step of a long procession in supplying materials and foodstuffs trading. By Allah’s blessings, the Company has laid deep-rooted bases to build a strong company by the efforts of the father of Al-Zalmout family and his sons, who have been able to build during the last few decades a company that has become one of the largest companies in Palestine. The name of the family has been adopted as the Distribution mark of the Company to denote the originality of the company.

Al-Zalmout Distribution Company is considered as a pioneer company in Palestine for importing and distributing foodstuffs, consumables, confectioneries sweets, candies and supermarket requirements. The Company employs 130 employees distributed at six main branches in the largest cities of Palestine. In this way, the Company covers more than 1160 sales point in the geographical area of the Palestinian market from north to south, through modern distribution network which comprises the Sales Department of the Company

The mother company of Al-Zalmout Distribution Company has dedicated its main objective to satisfy the needs of the local Palestinian market by supplying various types of foodstuffs.

After that the company expanded, and established other sister companies which covered different segmentations of the market like cleaning materials, children care instruments, Drugs Store for medications, and then established one of the largest and the most advanced Pharmaceutical Factories in Palestine.

The mother company of Al-Zalmout Distribution Company, in cooperation and coordination with the sister companies (Al-Zalmout Companies Group), attempts to supply Palestinian consumers not only with the best quality brands but also with the most suitable prices.

Table (1): Sample of the Study.

#	Gender	Family Member	Age	University Level	Years of Experience	Position
1	M	Yes	62	Mechanical Engineering Bsc	30 Years	Chairman of Board of Directors, Owner
2	M	Yes	60	Tawjihi Degree	30 Years	Member of the Board of Directors, Owner
3	M	Yes	58	Civil Engineering Bsc	30 Years	Member of the Board of Directors, Owner
4	M	Yes	32	MBA Msc	9 Years	International Department Director
5	M	Yes	29	Civil Engineering Bsc	6 Years	Internal Purchase Department Director
6	M	No	65	Accounting Msc	25 Years	Financial & accounting Director
7	M.	No	50	Management Bsc	10 Years	Sales Manager

8	M	No	48	Pharmacy Bsc	10 Years	Deputy of Sales Manager
9	F	Yes	35	Computer Engineering Bsc	7 Years	IT Manager
10	F	No	27	Civil Engineering Bsc	3 Years	Deputy of Engineering Department Director
11	M	No	57	Management PhD	10 Years	General Manager
12	M	No	31	Mechanical Engineering Bsc	7 Years	Engineering Department Director
13	M	No	26	doctor of pharmacy	2 Years	Drug Registration Department Director

- How to Collect the Data?

Interviews (qualitative method): Al Zalmout Companies Group was taken as a case study and interviews with their owners and managers was held, to discuss their success and what factors are affecting their success, beside to what obstacles are facing them.

The interview is developed and divided into two main sections covering: The first is the demographic information (gender, age, university level, and years of experience. The second one covers thirteen questions that are related to the factors which are affecting the success of Al Zalmout Companies Group and these question are:

1- The advantages that the company achieves from being family company to non- family companies.

2- Factors that contribute to the success of family companies.

3- Challenges that are facing the company as a family company.

4- Mechanisms and procedures that are needed to address and face these challenges.

How the factors that are related to the family members contribute to the success of the family business in terms of:

5- The distribution of decision - making powers and authorities on the success of family business.

6- Relationship between family members in terms of the power of communications, trust, commitment, belonging, jealousy, competition and discrimination and the role of these factors in the success and continuity of the family company.

7- The process of preparing family members and giving them the training to lead the administrative sites efficiently and its role in the continuity and development of the family company.

8- Develop a mechanism for succession process and its role in maintaining the family company.

How the factors that are related to the company contribute to the success of the family company as follow:

9- The importance of the planning process in the succession development and expansion of the family business.

10 - Employee's turnover is high in family businesses, what is the impact of that on the family company's efficiency.

11- If the family Company (Goes - To - Public), can this factor affect its stability?

12- The use of external experts, consultants, specialists, contribute to the improvement and maintaining of the family company.

13- Suggestions that contribute to the sustainability of family business.

Validity of the Tools:

The researcher ensures the validity by these ways:

1. For verifying the validity of the tool and knowing if the tool with its sections really measure what they were designed for, it was presented to arbitrators and the items were adopted after being accepted by the arbitrators, as well as accepting the modifications which were made by the researcher on the tool.

2. A pilot testing was done to detect potential problems that respondent could face in answering the questions of the tool, to ensure that the collected data will answer research questions, and to enable researcher to obtain some assessment of the validity and suitability of the tool.

3. The tool was tested by a group of experts and arbitrators to make sure that the questions of the tool are valid and easy to answer and cover the objective of the study.

4. Collecting data was done by more than one person - three researchers, where each of the researchers worked by himself and not at the same time in order to reduce research bias.

5. The data collectors were from outside the organization to ensure that the responses are genuine and not influenced by “what we want to hear.”

6. Demonstrating clarity in terms of thought processes during data analysis and subsequent interpretations

7. The sample of the study covers all of the population. The researcher includes all owners and managers of Al Zalmout Companies Group to answer the tool, when the sample results are high this ensure the validity of the study.

Reliability of the tools:

The researcher uses Holsti coefficient, this measure is the most popular coefficient because it is easy to understand and calculate, this method can also be applied to more than two coders (Lombard et al., 2002).

To verify the stability of the tools, the Holsti coefficient was calculated to confirm the stability of the qualitative instruments by calculating the percentage of agreements and disagreements number of times between the three researchers using the following equation:

Agreements number of times / (Agreements number of times+ Disagreement number of times) × 100%.

Table (2) builds the reliability results of the tools

Table (2): Validity of the Scale according to Holsti Coefficient.

NO	Subject	Holsti coefficient
1	The advantages that the company achieves from being family company to non- family companies.	80.0%
2	Factors that contribute to the success of a family companies.	74.0%
3	Challenges that are facing the company as a family company.	78.0%
4	Mechanisms and procedures that are needed to be addressed for facing these challenges.	83.0%
5	The distribution of decision - making powers and authorities on the success of family business.	85.0%
6	Relationship between family members in terms of the power of communications, trust, commitment, belonging, jealousy, competition and discrimination and the role of these factors in the success and continuity of the family company.	75.0%
7	The process of preparing family members and giving them the training to lead the administrative sites efficiently and the role of that in the continuity and development of the family company.	77.0%
8	Develop a mechanism for succession process and its role in maintaining the family company.	82.0%
9	The importance of the planning process in the success, and the development and expansion of the family business.	89.0%
10	Employee's turnover is high in family businesses, and its impact on the family company's efficiency.	77.0%
11	If the family Company (Goes - To - Public), factor can affect its stability.	87.0%
12	The use of external experts, consultants, specialists, contribute to the improvement and maintaining of the family company	82.0%
13	Suggestions that contribute to the sustainability of family business	78.0%
Total		80.5

From Table (2) it is clear that the reliability coefficients of the scale ranged between (74.0% -89.0%) and that is the stability of the scale.

The advantages that the company achieves from being family company to non- family companies are 80.0%, Factors that contribute to the success of a family companies are 74.0%, Challenges that are facing the company as a family company are 78.0%, Mechanisms and procedures that are needed to address and face these challenges are 83.0%, The distribution of decision - making powers and authorities on the success of family business are 85.0%, Relationship between family members in terms of the power of communications, trust, commitment, belonging, jealousy, competition and discrimination and the role of these factors in the success and continuity of the family company are 75.0%, The process of preparing family members and giving them the training to lead the administrative sites efficiently and its role in the continuity and development of the family company makes 77.0%, developing a mechanism for succession process and its role in maintaining the family company makes 82.0%, The importance of the planning process in the success, development and expansion of the family business is 89.0%, Employees turnover is high in family businesses, and its impact on the family company's efficiency is 77.0%, If the family Company (Goes - To - Public) factor can affect its stability it makes 87.0%, The use of external experts, consultants, specialists, that contribute to the improvement and maintaining of the family company forms 82.0%, Suggestions that contribute to the sustainability of family business forms 78.0%, The total reliability coefficients is 80.5% and this indicate that the reliable index has acceptable reliability coefficients which satisfy the current study.

The study is carried out in accordance with the following steps:-

1) After the preparation of the study tool, and the verification of the validity and reliability of the study tool, beside to the determination of the required sample for the purposes of applying the study administration, obtaining the official approvals for the application of the study, in order to facilitate the company visits, and meet their owners and managers, the following procedures were carried out:

2) Obtain an important facilitation book from An-Najah National University to the Directorate of Al Zalmout Companies Group.

3) Obtain statistics on the number of study samples in Al Zalmout Companies Group.

4) The researchers applied the direct interview by using a recording machine, indicating that their use would be for the purposes of scientific research.

5) The researchers began the implementation of the procedures since the beginning of the first semester of the academic year 2016-2017.

6) Data were qualitatively analyzed to answer the study questions.

7) Data emptying and management: It was literally emptied from the tape recorder. The researcher and his assistants listened to the recording machine and re-listened to it, to make sure that the data was verifiable, and then recorded on paper.

8) The interviews of the study sample were analyzed after viewing them. They were abstracted by the researcher and three of the viewers. The data were input and analyzed on (NVivo 10) program to find results for each question. (Kotlar and De Massis, 2013 ; Graves and Thomas,2008; Irava and Moores,2010 ; Kotlar and De Massis, 2014).

NVivo

NVivo is one of the computer-assisted qualitative data analysis software applications (CAQDAS) developed by QSR International (Melbourne, Australia), the world's largest qualitative research software developer. It has been designed for qualitative researchers working with very rich text-based and/or multimedia information, where deep levels of analysis on small or large volumes of data are required. This software allows for qualitative inquiry beyond coding, sorting and retrieval of data. It was also designed to integrate coding with qualitative linking, shaping and modeling. The following sections discuss the fundamentals of the NVivo software (version 2.0) and illustrates the primary tools in NVivo which assist qualitative researchers in managing their data.

The NVivo software has been revolutionized and enhanced recently. The newly released NVivo 7 (released March 2006) and NVivo 8 (released March 2008) are even more sophisticated, flexible, and enable more fluid analysis. These new software applications come with a more user-friendly interface that resembles the Microsoft Windows XP applications. Furthermore, they have new data handling capacities such as enabling tables or images embedded in rich text files to be imported and coded as well. In ad8dition, the user can also import and work on rich text files in character based languages such as Chinese or Arabic.

NVivo is a qualitative data analysis (QDA) computer software package produced by QSR International. NVivo is used predominantly: by academic, government, health and commercial researchers across a diverse range of fields, including social sciences such as anthropology psychology, communication, sociology, in addition to other fields such as forensics, tourism, criminology and marketing.

The first NVivo software product was developed by Tom Richards in 1999, originally called NUD*IST, it contained tools for fine, detailed analysis and qualitative modeling.

NVivo is intended to help users organize and analyze non-numerical or unstructured data. The software allows users to classify, sort and arrange information; examine relationships in the data, and combine analysis with linking, shaping, searching and modeling.

The researcher or analyst can test theories, identify trends and cross-examine information in a multitude of ways using its search engine and query functions. They can make observations in the software and build a body of evidence to support their case or project.

NVivo accommodates a wide range of research methods, including network and organizational analysis, action or evidence-based research, discourse analysis, grounded theory, conversation analysis, ethnography, literature reviews, phenomenology, mixed methods research and the Framework methodology. NVivo supports data formats such as audio files, videos, digital photos, Word, PDF, spreadsheets, rich texts, plain texts, web and social media data. Users can interchange data with applications like Microsoft Excel, Microsoft Word, IBM SPSS Statistics, EndNote, Microsoft OneNote, SurveyMonkey and Evernote; and order transcripts from within NVivo projects, using Transcribe Me.

NVivo has clear advantages and can greatly enhance research quality. It can ease the laborious task of data analysis which would otherwise be performed manually. The software certainly removes the tremendous amount of manual tasks and allows more time for the researcher to explore trends, identify themes, and make conclusions. Ultimately, analysis of qualitative data is now more systematic and much easier. In addition, NVivo is ideal for researchers working in a team as the software has a Merge tool that enables researchers that work in separate teams to bring their work together into one project.

Advantages of using NVivo:

* can be very useful to bring rigor to the data analysis phase.

* It supports researchers in systematically coding and organizing voluminous amounts of data and in managing the work analysis of developing categories.

* tracing linkages between concepts, and understanding relationships among categories.

Chapter Three

Theoretical background & Literature review

3.1. The Family Business Concept and Elements

A firm is owned by members of one family who hold the brunt of managing it; therefore, the head of the family who creates the firm is so called the founder. This firm is almost lunched with an occupation, activity, service or a particular craft, which is mastered by the founder who accordingly widens it either vertically or horizontally in terms of, basically, his family members' assistance. In such a way, the founder employs all his strengths, seizes, and all available investments for the sake of benefits.

As Abu Baker (2005) explained, this kind of firms appears to be linked to the following elements:

1. The Founder (the head of the family)

2. The Founder is almost an artisan or a practitioner who starts and continues humbly.

3. The firm is gradually grown whether vertically (by increasing its activities) or horizontally (by varying activities to include harmonic or interlinked activities).

4. The ownership of the firm or the large part of it, is limited to different descent generations of the family

5. Members of the family occupied most of administrative, supervisory and leadership ranks in the firm.

6. It is unnecessary that all the members of the family to be employed in the firm.

7. The links between the firm's interests and the family's interests are fixed and so they cannot be formed away from each other's.

8. The firm's objectives and the family characteristics influence the philosophy of setting up the firm's policies, regulations and strategies.

9. The family's objectives and ambitions influence the methods of leadership and management in terms of decision-making, problem solving and dealing with crises.

10. The family principles and values influence the work values and nature, as the large-scale is exchanging area locations in-between the general atmosphere of the family and the general atmosphere of the firm as well.

3.2 Difficulties Faced by Family Businesses:

Family Businesses face many difficulties because of their nature, their interconnected relations and some features which distinguished them from other businesses, Al Rayes (2011) pointed out some of these difficulties:

* To plan and prepare for transferring management control of the family to other specialists.

* To Pay money to, as a back returns of the management that, the family members or others in leadership positions achieve.

* To determine the ownership of the family members in the company, and to determine how to convert and sell them.

* To plan how to provide and attract senior experienced managers (non-family) members.

* To define a particular method, in order to transfer properties, investments, and the company's shares assets to the next generation.

* To assign in and fire, family members from the company, and define their roles.

* To identify a strategic plan of expansion, and to identify the method to apply in practice.

* To determine an appropriate financial structure and a method to activate it (profit exchange, investment, borrowing, etc.).

* To set up a frame to separate personal income from the company's private investments.

* How to deal with family disputes, which may affect the performance within the company.

* To determine the family benefit (value-added), their shares or their goals, and to determine how individuals could be activated in the company.

3.3 Features and Characteristics of Family Business:

In terms of its features and characteristics, most of the studies on family business were directed to deal with administrative and management practices, and some individual incorrect practices within the family business, which are attributed to it. Accordingly, Abu Baker (2005), pointed to his refusal to this principle and carefully pushes towards the differentiation between natural features that are linked to the family business and what is resulted from administrative and management practices that are tracing such a firm. Abu Baker(2005) added , The followings are some of the features and characteristics that almost go along to the creation of the firm:

1. Most of the family businesses are set up through practicing of one particular occupation by the head of the family/ the founder who holds what is related to financial issues, technical issues and administrative issues as well as every single and complex matters.

2. The founder usually cares to teach his (sons/ daughters) technical issues, and not to teach them any of administrative, financial, or marketing issues, except for tasking them with a few practical jobs since that general information is usually owned by the founder/ the father who does not spill them. On the contrary, keeping information may influence sons/ daughters negatively in two ways:

* The slowness in acquiring such an occupation with a less understanding of financial, administrative and marketing skills resulting in a slight opportunity to replace the founder if necessary.

* Sons/ daughters growing desire to leave the father/ founder's main occupation while they perform what they do not recognize.

3. In some cases, the founder intentionally departs his sons/daughters from the job in order not to engage them in the job as they are early-aged, which is usually resulted in a generation incapable of holding the brunt of the work.

4. A founder of a family business rarely thinks of passing administrative and leadership tasks and decision-making as long as he lasts, unless he recognizes that he is incapable to continue the same way. Consequently, when the firm administration is passed to the first generation, after the death of the founder, the new manager (CEO) will be certainly under heavy pressures and challenges, as he will be trying to keep the firm on.

5. Usually, the work atmosphere has an area for containing personal considerations and psychological and humane situations in order to face up particular situations and to take multiple decisions.

6. Likelihoods of overlapping between work issues and family issues are increased since the job issues are usually discussed within the family sessions and vice versa. This, by the way, increases the chance of clashes, which in turns affect negatively the job.

7. An orientation towards allocating leadership's occupations to the members of the family is clear that could override qualifications necessary for applying such a job. In such a way, negative repercussions emerge, resulting in clashing and misleading as different unstudied perceptions are being intersected.

8. Most of family businesses are specialized with a particular occupation or particular field of work, which is considered and concerned by the founder of the firm himself. Through that, expertise and experiences are accumulated to attribute to the development of the occupation.

9. Unofficial relationships, administrative communications, and direct jobs are attributed to clarity. In addition, the scale of the self-monitoring is so wide because of the quick information transmission (exchange).

10. The founder of the business pushes with strong determination and motivation in order to develop jobs, uphold performances, and motivate innovations and modernity. This has been surfaced out of deep feeling of the strong correlation between ownership and the returns.

11. The relation between the business, the family and the firm administration is very clear which results in a mixed, complex and accumulated network of complex and overlapping relations that require adequate rules, policies and management.

12. There is a strong membership relation between the firm's objectives whether they are social, humanitarian, economic or socio- environmental.

Within the depth of this correlation, one objective may have many attributes such as social and socio-environmental at the same time, which could lay a strong challenge to the regulations and management of the family business.

13. Personal relations and connections could be extended out of the scale of the family business to those external relations of the family business that were connected to foundations or official and unofficial organizations or agents who have strong effects on the development of the firm whether the effects are positive or negative.

14. Basic ingredients of development are available at the same time, restricted factors of the quality of relations among family members existed. The scale of leveling among them influences the sufficiency of management rules and policies of the firm, which set up employments, administrations and decision- making that in return avoid conflicts and crises with the family and the family business.

15. In terms of secrecy attribute, property protection and growth in family businesses, the author views those common extra-curricular errors, which are directed to the family businesses in terms of secrecy, are risking the firm. At the same time, there is an agreement that the feature of secrecy is considered to be one of the most important ingredients to achieve the followings:

A. to create an environment for moderation and innovation.

B. to prepare an environment to grow up strategic thinking and set up plans and strategies for the organization.

C. to create ingredients that help in tackling strong competitions with contemporary firms.

D. to support negotiation and discussion with other related firms.

Comment:

Those firms have powerful abilities to keep the secrecy of their private information, the way they create their own competitive feature, so their competitors cannot attain any information or any secret they hold.

Here, the researcher agrees with the author and wants to confirm that identifying those features and properties attributed to family businesses are not aiming to call them negative features the same as others refer to, which are totally linked to family businesses. As well, to oppose that idea others would refer to (as it is a necessity to separate family relations and commitments from the firm ones). However, identifying those features purporting to take care of them in order to organize and control those relations that are hard to separate them away from each other. Accordingly, there should be an administrative discipline to function those relations in an integrated construction, which contributes in developing and stabilizing the growth of the firm and the family at the same time.

3.4 Factors Affecting Family Business

The previous literature shows that there are many factors that are affecting the success of family business which are (The distribution of decision-making authority, Planning, Preparation level of family members, Relationships among family and business members, Outsider Manager, turnover of non-family members, Going public, Use of Outside Consultants, advisors and professionals, Compensation Issues and Successful Transitions / successions):

3.4.1. The Distribution of Decision – Making Authority

It's one of the most important factors influencing family business behavior and success. This factor aims to determine how much centralized and de-centralized approaches are affecting family businesses and how much the use of team management versus autocratic decision-making. Team management involves parents, children and siblings in the firm all having equality and participative involvement in important decision-making actions. Aronoff (1998) developed this suggestion further to determine the level of decision-making authority and the use of team management versus autocratic decision-making, even if one family member is still the nominal leader of the business. Aronoff furthermore, reported that 42 percent of family businesses are considering co-presidents for the next generation. Dyer (1988) found decision-making to be more centralized in first-generation family firms than in subsequent-generation family firms.

Cadieux, L. (2007) investigates the degree of family business centralization, which is related mainly to the firm decision.

3.4.2. Planning

It’s a major point for any business worldwide, where it's considered as a part of any business. Most of family business specially the small-medium ones are lacking for this core step and which lead them to the fall and stop of their continuity. There is a wide range of Planning aspects and some of its sides are suggested to be taken in consideration for family business which ensure its success and its continuity like (Cash flow forecasts planning, Profit and loss planning, Sales/demands forecasts planning, Succession Planning, Product/service costing planning and Contingency planning). Stan & Allans (2013) observed (particularly in the businesses that failed) that the original owners could not envision or appreciate what their businesses could be or could achieve in the foreseeable future. As such the owners did not bother to plan about effective continuity in leadership in their businesses. Stan & Allans (2013) added that most of the businesses that had succession failure did not develop plans or have a formal planning process for a majority of the key organizational functions and the cumulative lack of planning in these key areas – both before and after succession definitely left the businesses in a weak state.

3.4.3. Preparation Level of Family Members:

One of the factors that participate in the success of family business is how much you prepare your family members, and how much they are ready to occupy the key positions. This factor if not taken in consideration, will lead to failure and loses, and if this factor is planned and executed in a right way it will lead for progress and growth. Formal education, training, work experience, experiences from outside the firm, motivation to the firm, entry-level positions, hierarchy to arrive for the key positions and top management positions, years of working within the firm (and/ or industry), and self-perception are part of the preparation process. One would assume that the presence of more people with a tertiary level of education facilitated effective business planning and provided a base of people with broad experience and knowledge to advise and support the businesses (Stan & Allans, 2013). Stan & Allans (2013) stated that with more educated people in a family network, this potentially implies that most of the family members have their own independent economic base and thus would most likely not resort to grab property once a relative dies, but would possibly rather be based on their education, knowledge and experience support, to help the family to be heir of a business. Level of preparation refers to the extent of which the heirs have the requisite business skills, managerial capabilities, knowledge of company operations and attitudinal predisposition to handle the running of the business (Doescher, 1993; Fenn, 1994; Hyatt, 1992; Osborne, 1991).

3.4.4. Relationships among Family and Business Members:

Many factors can affect family business and its performance, such as growth and sustainability. Some of these factors are not part of business procedures but they have a direct and a significant influence on the business and its operations and performances. Relationship among family members is one of these hidden factors, it can affect any family business significantly, it can support this business but it also can destroy it if this relationship was poor. Relationship among family members included many sub factors like (Communication; Trust; Commitment; Loyalty; Family turmoil; Sibling rivalry; Jealousy/ resentment; Conflict among family members; Shared values and traditions) and each one of them has an influence that can really be considered as an obstacle or facilitator and supporter for any business. Conflict among members of the family is another key factor that can have a devastating effect on the success of succession in family businesses (Stan & Allans, 2013). Ellin (2001) writes that the failure of management to come to grips with disagreements that arise when family members closely work together can often cause the high level of succession failure. About the family businesses that failed over 95 percent of respondents cited poor relationships among family and business members as a key factor for the failure (Stan & Allans, 2013). Stan & Allans (2013) added that Sibling rivalry and the lack of cohesion and unity in the family put immense stress and challenges on the businesses and this is only intensified around the succession period. Interpersonal dynamics, including conflict and disagreement among family members, has been a major focus of family firm research (Sonfield and Lussier 2002). Morris et al. (1997) found that the relationship within the family has the single greatest impact on successful succession between generations of family businesses.

3.4.5. Turnover of Non-Family Members

It's one of the main factors that affect family business, and it has a significant impact on family business performance. It is the most dangerous way for losing effective employee if he/she feel that he/she cannot achieve any progress because he/she compete with any relative. Sometimes non-relative maybe more qualified than that relative and being biased to relative will frustrate him/her and lead him/her for thinking outside the organization and start planning for his/her future away from that family business. One way to obtain best performance in the business and to reduce this danger is to make and establish the system based on the qualifications and skills regardless the employee is a relative or a non- relative, and encourage all employees both relatives and non- relatives to increase their efficiency and skills to be their way for progress. Women's enterprise (2011) refers that some family-owned companies are plagued with a high turnover among their non-family executives. In other cases, top-notch managers and workers leave because promotions are closed to the relatives and they are pushed into executive offices. Women's enterprise (2011) added that the exit interview is a useful device for getting at the root of this type of turnover. A key employee who has decided to leave may be eager to tell you the true story -- or at least enough of the facts to help you develop a course of action.

Palestine Governance Institute (2014) stated that the most important weakness factor for family company governance is the excessive attention for the relatives, especially concerning the decisions made on hiring, upgrading, deficiencies treatment, so there are many negative results for these practices, especially with the employees working in the finical affairs. The following recommendations have to be taken in considerations:

1- The employees are selected on the basis of efficiency and ability to achieve the required tasks, to ensure that they have academic qualifications and appropriate practical experiences.

2- There should be an active system for observing and evaluating the performance, besides applying this system on all the employees regardless to their family ties.

3- It is advisable to make it compulsory for all the employees to take their annual vacations, and take advantage of this to take new information and ideas about the possibility to increase the performance proficiency in the place of the absent employee for the vacation.

3.4.6. Going Public

It is also one of the factors that can affect family business. It is considered as a way to enable the consultants, investors and others from the public to invest in this project and to be part of stockholders. It is also a way for new funding for the firm and new experiences in the management. This way allows for non-family members to enroll in this project and in its management. As firms grow, opportunities and needs for “going public” may arise. Publicly owned companies can continue as “family businesses,” if management or financial control is maintained by the family (Sonfield and Lussier 2002). McConaughy (1994) found that twenty percent of the 1000 firms are family-controlled. Hania (2012) stated that Family businesses are not always privately owned. As firms grow, opportunities and needs for “going public” may arise. The family may not be able, or may not choose, to provide sufficient management or financial resources for growth, and outsider ownership can resolve this situation.

Palestine Governance Institute (2014) referred to that Most family businesses are later exposed to complicated changes in ownership and management, which may require consideration of appropriate transfers in the legal form of a company, where the goal is to strengthen the Competitiveness capacity or expand production capacity .Therefore it is recommended that the company's management take the necessary measures in order to meet the demands for the transfer to which the beneficiary is entitled, and benefited, following are some ideas about the issue:

1- There are strong reasons and motivations to think about moving from an individual to an ordinary company where other people contribute, some of these people are maybe from the family and others are from out of the family. So one of the main pillars of governance is accompanying the process of transforming with setting an internal system for the company.

2- In addition there might be a great advantage to transform the ordinary company to a Private Partnership Company, but there are important cautions resulting from the increased number of partners, from the transfer of shares to the heirs upon the death of any of the owners where the number of partners might reach in this case to more than (50) partner which constitutes a clear violation of the law.

3- Transforming to a Public Partnership Company is one of the best choices for some family companies, and of course, it is supposed to provide the required conditions according to the provisions of the law. As it is evident by the practical experience in many countries, it is important to mention here that transforming the company to a Public Partnership is not necessarily to cancel the family character from it.

3.4.7. Use of Outside Consultants, Advisors, and Professionals

Researcher's trend that consultants especially if they are from outside the firm and outside the family are very important. This approach has a significant impact for the family and business. Outside consultants decisions usually are not affected by emotions. Aronoff *et. al* (1994), pointed out that the availability of a consultant or a group of consultants is one of the most important factors that affect the success of family business at the long term. Davis and john (1998) added that consultant or group of consultants can help the success of family business at the long term and can help these family businesses in their succession to the next generation, with harmony and stability. This use of external resources leading to more mature family firms, more professional and better decision-making (Aronoff 1998, Dyer 1988). Sonfield and Lussier (2002) stated that some family business researchers have postulated that as family businesses grow and move into subsequent generations, these firms increase their use of outside consultants, advisors and professional services. Hania (2012) referred that several researchers of family firms have studied differences in “paternalistic” versus “professional” management. As family firms age, they also progress from informal, subjective and paternalistic styles of leadership to more formal, objective and professional (Aronoff 1998; Coleman and Carsky 1999; Dyer 1988; Filbeck and Lee 2000; McConaughy and Phillips 1999; Miller, McLeod, and Oh 2001; Schein 1983).

Palestine Governance Institute (2014) referred to the existence of the advisory committee of the family company whether it is (ordinary (public or limited) or private partnership) is an important element of the governance structure, But the effectiveness and performance of this Committee require to consider the following factors:

1- The committee shall consist of persons of distinguished competence in the relevant fields and shall have the confidence of the company Board of Directors.

2- It is assumed that the Advisory Committee should be consulted before decisions are made on the issues raised and after sufficient data are provided to the members of the Committee.

3.4.8. Successful Transition (Succession)

Most of the literatures were about this stage. This factor is the main factor for the long term, all of the other factors working to succeed the business and to succeed this factor. If this factor fails, it is a sign for the whole failure. This is why all of the family business owner's fear from this stage and most of the family business researchers recommended planning for this stage. Succession is the process of transitioning the management and the ownership of the business to the next generation of family members. The transition may also include family assets as part of the process (Hania, 2012). As defined by Massis *et. al* (2008), refers to the situation where both the current leader who relinquishes a business's managerial control and the successor who take over are from the family members. Brockhaus (2004) stated that succession is a significant phenomenon in a family business's life and an issue that requires analysis from the perspectives of the key stakeholder groups of the business: family members, management, employees, and other non-family owners of the firm. According to Surdej (2010) succession in family businesses is focused on dealing with the dilemma of how to preserve (and possibly increase) family wealth while at the same time ensure the positive transformation (in terms of managerial, technical, operational etc. capacity) of a business. Planning for Succession, Potential Successor's preparation and Successor's Selection are the major steps for successful succession. The successes of family business transition, and the continuance of the family business, depend on the coherent planning for performing common activities between old and new generation, holding family business, utilizing technical counselors, successor`s preparation, successor`s selection(Zareie,2011). Succession planning is defined as a deliberate and systematic effort to ensure leadership continuity in key positions, retain and develop intellectual and knowledge capital, and encourage potential individual successors (Davis, 1986). Dyck et. al .(2002) argue that the process of succession planning demands three steps: identifying and analyzing key tasks, creating and assessing candidates, and Selecting the right individuals who will fill the key positions. Family business heirs ought to have requisite business skills, managerial capabilities, knowledge of company operations, and the right attitudinal predisposition to handle the running of the business (Morris et. al., 1996). Planning for family businesses is one of the most important duties of family business leaders; they have to start their planning in first stages of business life cycle (Carlock and Ward, 2001). Stan & Allans (2013) stated that Succession planning should take into consideration the preparation level of successors. Zareie (2011) pointed out that preparation is a process with succession planning which provide the opportunity for improving children abilities. Poza (1998) referred that after successor’s preparation step, successor has to have necessary preparation for the leadership transition but the transition should occurred slowly. Zareie (2011) said that first, there should be considered and recorded criteria to evaluate successor’s performance, then successors should take mid-level management positions, next leadership roles delegate from current leader to new leader slowly. In this process, successor performance is evaluated, to determine the potential successor that has necessary merit for the transition or not.

Palestine Governance Institute (2014) said the existence of a studied plan for portions, shares and administrative responsibilities in the company is an essential requirement to ensure the growth and continuity of the company, and not to let it be exposed to shakes when it is transformed from one generation to the other. A plan like this is supposed to be written and agreed on from the board of directors, such a plan should take in consideration the following points:

1- Not to use favoritism among children, either on gender or work basis.

2- To get a close knowledge of the abilities and desires of the children, and to evaluate their ability to take responsibility related to administrative, or technical positions.

3- Provide appropriate academic qualification for children.

4- Provide practical training in the fields related to work, bedside to observe and evaluate the children's performance concerning the academic study and the practical training.

5- Identify appropriate roles for children on the basis of their real potential.

3.5. Pillars of Family Business

When the firm is called (Family Business)? or what are the pillars of family businesses?

Despite the increasing diversity and concern in the family business's affairs, there is a great deal of variation in defining the family business within the literatures involving, and determining the basic pillars upon which the family business stands. To illustrate the disparity we should raise this general question mentioned above- when the firm is called (Family Business) or what are the pillars of family business?

Abu Baker(2005) found that there are those who believe that the family business is a unique model of persons' corporations, as if the family businesses are not, in any way, formed of the capital companies. There are also those who believe that the family business is a form of clearly distinctive small-sized companies, which are created by two or more members of the same family for the purpose of trade, as if the family business is limited to small-sized companies exist away from medium or large-sized companies in areas other than the area of trade. There are those who believe that family businesses usually begin with craft industries and Art professions Co., Ltd. as if it is difficult to the family businesses to start large-scale specialized activities.

In addition, most literatures consented that the family business totally undergoes administrative, technical, financial and economic aspects to serve the goals and interests of the members of the family, as if the family business is unrelated to the objectives of the society, the environment and other parties outside the family and outside the family business scale.

The dictum mentioned above, shows the importance of the general question mentioned before:

When the firm is called (Family Business) or what are the pillars of family businesses?

Abu Baker (2005) stated that the family business is often based on five pillars:

Table (3): Pillars of Family Business.

Pillar 1:	It begins with "founder" who is sometimes called the "Lord of the family" or the original founder of the company.
Pillar 2:	Its ownership or majority ownership is usually confined to family members.
Pillar 3:	Family members control all or most aspects of the administrative process of the company, especially aspects that include the process of planning, as well as monitoring and controlling, whether through workers of family members or by those who are elected or tested.
Pillar 4:	In order to benefit from their views and suggestions in defining and guiding the path of the family business, the non-working family members or occupants of management and leadership positions in the firm, have good opportunities to participate.
Pillar 5:	Family business depends, in its inception, growth, thrive and stability of a large extent, on the quality of personal and professional relationships between the founder of the family business, the family members, and many others who are parties to the company's family-based environment.

3.6. Examples of Family Businesses

The researcher Reviews here some famous Arabian and global family businesses, which started as small businesses and grew till they were largest companies worldwide, where they have their effects in global economic. The names of these families have become a symbol in the trade and economic world, as well as these families names have become very famous trademarks. Also the researcher reviews here what storms and events these family businesses suffered and faced during their, that nearly destroyed and almost finished them and how they were able to deal with obstacles.

The researcher reviews this glance to give the evidence that family businesses have their opportunity as non-family businesses, and to be leaders in their segment whether locally or globally, where these multinational companies are family businesses.

3.6.1. Bin Laden

AlShahrani (2004) said when the late Sheikh Mohammed Awad bin Laden immigrated from Hadramout, he did not know what fate is preparing for him of wealth. However, he certainly had honesty, perseverance, seriousness and ambition, which enabled him to win the Saudi government's confidence through his simple emerging company that was specialized in roads, real estate, construction contracting. Consequently. He signed contracts by which they made his company one of the first, and later of the largest Saudi construction companies.

The first implementation contract held was (Jeddah-Madinah) for a road in 1951, and then the (Taif-Makkah) through Al-Huda Mountains. In addition to (Jeddah - Jizan) road, many other primary and secondary projects for many of the Kingdom's airports and their main roads were also held through his company. Most importantly, the expansion of the Grand Mosque and the Prophet's Mosque were also implemented through his company.

AlShahrani (2004) added, The late Mohammed bin Laden, was an intelligent businessperson, as he ventured to accept the first major contract (Jeddah - Madinah) after an English company called (Thomas) apologized for the execution because of miscalculating the cost estimate.

Sheikh Bin Laden died when his private plane crashed in the southern region as he was usually watching his work 1966, Sons of bin Laden had not reached the age and experience amount that their parents could trust when he died. Accordingly, there was no one who had his ability and administrative stature to receive the company's management and its business, which were widely spread throughout the Kingdom, the majority of them were either too young or still in schools (it is a strange irony that his eldest son Salem died by years after his father's death in a plane crash accident when he was personally flying). Bin Laden company has been the largest construction company in Saudi Arabia at that time. Not only that, but the company was implementing a number of important projects, such as natural strategic expansion of the

Two Holy, airports , main roads and others. The late Sheikh Mohammed bin Laden was known for his loyalty, sincerity and sacrifice among the Saudi government. He did not ask about the size of the profits nor the interfering in the political leadership, as he did not hesitate, in times of financial and non-financial crises, to harness all his capabilities to serve the nation and to guide the political leadership. He was God's mercy model of businessperson citizen who loved goodwill deeds, and applied his honesty in work, in the implementation and kept workers' rights. He did not only earn everyone’s love, trust and admiration, but also trust and respect of the Saudi leadership, in which Saudi Government at a certain stage was directly costing his company commissions without the requirement of the competition. That was in the sense that his company's relationship with the Saudi government has become a partnership, which was based on mutual trust. Saudi government trusted that bin Laden Company was a quality-based company, which did not take advantage of the government's confidence but it was negotiating on price, cost level, profit margin and the method of payment, taking into account the economic and financial situation.

In return, the company was in confident that its rights were safeguarded by the government that has advanced the company by contracting with it without any competition to other companies. That was the situation, and it is still found on the reputation and efficiency of the founder late Sheikh Muhammad bin Laden. The in-effect question is: how the company continued, and even how was it expanded into many offshoot companies, at a time it was at the edge of probable collapse after the sudden death of the founder?

The answer lies in the positive government intervention after the death of Sheikh Muhammad bin Laden directly. First, the government formed the tutelage of the governing body for a period of adjustment after the death. Second, the government supported the company consistently, morally and financially, through reinforcing the government's confidence and the assignment of the company's head of major projects. Therefore, when the founder died in 1966, King Faisal (God bless his soul) directly interfered and appointed a respected engineer, who had his own institution, his name was Muhammad Baharith for the management of the institution. (AlShahrani,2004)

3.6.2. Ford Family - Patriarchal Oppression:

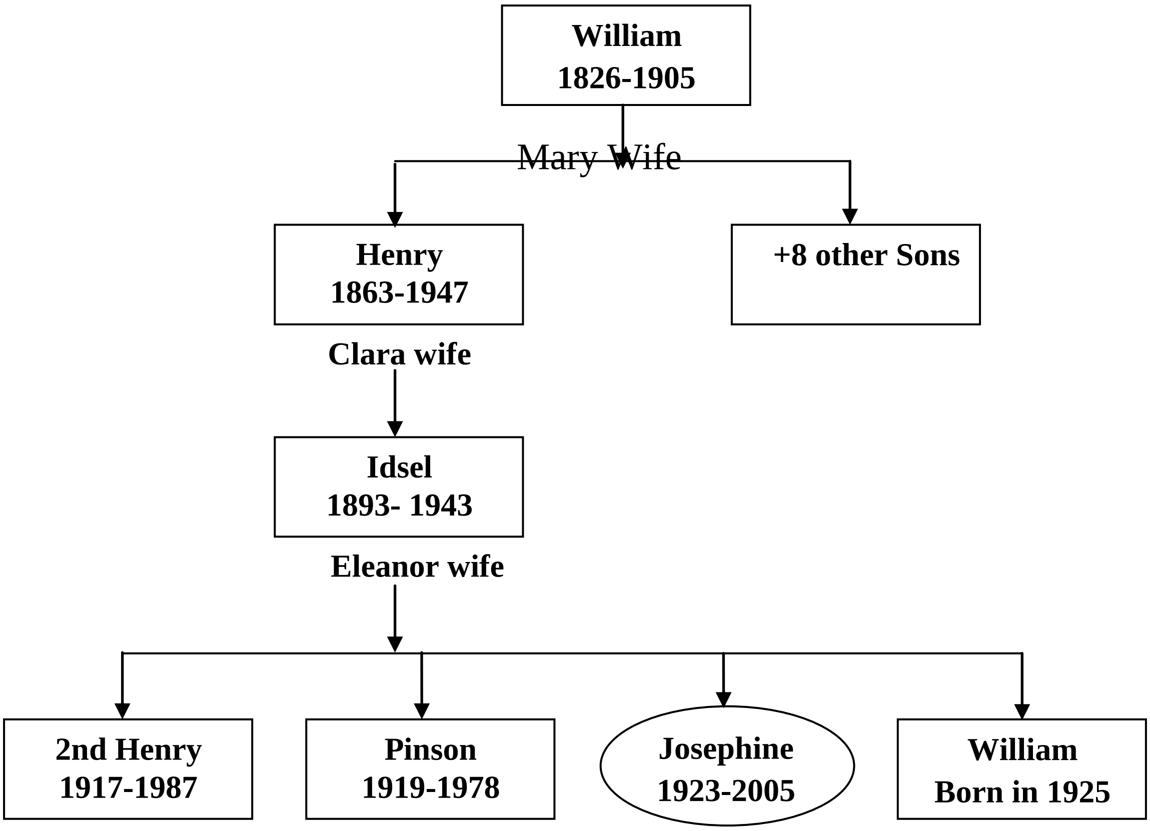


Figure (1): Ford Family.

Henry the Young:

Gordon and Nicholson (2008) Stated that Ford Motor Company is part of the industrial history - it remains as an Icon in the modern era to the point that one tends to forget about the family origin and its bond relevance to the same link. This family story is full of storms, emotions and ambitions- It's the story of a powerful businessperson who lost his only son and heir prematurely, at the time his wife forced him to give up power and collapse psychologically.

Ford's story is also an evidence to the success of the company through which classical values of diligent work, innovation, perseverance and strong determination have been achieved. Those qualities contributed to build America, where Henry Ford was the embodiment of them. Nevertheless, there is a dark side to these qualities; Henry Ford embodied, too, his astonishing hiding of the operation of realization and total negligence of management succession.

Henry Ford was born in Dearborn Michigan in 1863, and was the eldest son of Mary and William Ford. He studied locally and acquired engineering interest in early age. His mother encouraged him as she allowed him to play with her needles (darn) in order to create screwdrivers to mend clocks. The family had collapsed when Mary died through giving birth to the ninth boy, therefore Henry the young lost his biggest aid but he went on his obsession of engineering. Henry worked day and night on his inventions and passed his free time in studying trades' skills that he thought he needed them to succeed. He struggled and faced hardships and difficulties until he became one of the most important businesspersons of his time. With his strong determination, he established mobile manufacturing in North America, so he opened a new era of global industry.

Henry was a person who was obsessed with possession. He was crazy and intelligent who struggled to attribute all the company achievement to him, without showing any appreciation to others' contributions. On the contrary, he issued an order to the local news outlets to mention his name only. After the period of wide recession, Henry was not able to remain the high-fees policy. As the labor negotiation stalemated, Henry became (the ghost) who scared labor unions. Then he went on his stubborn attitude till the end, rejecting to conduct any change in the company even after the change became necessary.

Henry's life was dedicated to all the previous contradictions. He was automobile manufacturing pioneer, depending on the large industries system, who made a large-scale change in the community, even he launched the term (Fordism) in socio-industry science, and nevertheless, he was a stubborn man who did not accept any rejection. During world war two, his reputation was shuttered since he was suspected of sympathizing with Nazi, for one reason he refused his son's decision to supply the military by producing Rolls-Royce aircraft engines.

Idsel:

Gordon & Nicholson(2008) added as the son of the legendary father, he was imposed on to achieve excellence from the inception. To the male sons of great persons, the best advice is to pave an independent way for them and to tap a fingertip. However, the existence of great Henry was more than a shadow since he was able to tighten his grip as he actually did.

He imbibed his son from the early beginning with the idea of succession, as he the latter will lead Ford Motors, and prevented his son from conscription in the world war one under the pretext of the need for the company. Since an early stage, it would almost certainly be that Idsel will join the family business and this is what he did when he graduated from the secondary school.

Henry did not allow his son to join a university because he alleged that practical experience is more important than education, nevertheless the necessary experience that was needed to gain success in business was the real experience (education).

During his lifetime, Idsel worked as an Executive Director under the authority of his father. Against the background of Henry refusal to do any change, the family misery was about to happen. In the beginning of twenties under the pressure of the speed growth of Chevrolet, the special mark for GM that was established by Bill Knodsin (former manager in Ford who had been fired by Henry as he thought he didn't worth to work in Ford), Idsel asked to re-design (Model T), but his father responded horribly. Since then, Idsel backed down and froze any other developmental initiations which leave no doubt that he loved his father who did not miss any chance to undermine him whether in public or in secret.

Accordingly, Idsel had to choose either to confront his father or to separate from his company, and since he was more sensitive than his father he has chosen a less confronted way.

Idsel modified his priorities, so he withdrawn from his father company and concentrated on his private life. He believed that if he went on work with his father, he would never escape his father tightened grip and strange demeanors. However, Idsel's ways of escaping his father included addiction to alcoholic drinks, which affected his health and caused him death by cancer in 1943 before he reached 50. Henry lost his only son who left a large and bitter vacuum in his life.

Henry Irritation:

Gordon & Nicholson(2008) pointed that the ancestry of Ford did not end yet; therefore, Henry reinstalled his authority through firing lots of Idsel's backers and aids-he might be in need to get rid of his feeling of loss after the death of his only son.

Inflexibility of Henry along with his trading thoughts became stumbles for the company as the need to new leadership is grave, but Henry responded in a step back by which he assigned one of his old friends (Harry Bennett) as his right hand. The picture of strength, which had faded away, might attracted Harry Bennett to the old man since he first had unmerciful picture that resembles gangsters. During that period, Ford ancestry was continued and joined by the third generation, (Benson's eldest son of Idsel joined the company, followed by his younger brother Henry II in 1941). Henry was more talented than his brother, and the fact was that Henry the father realized the talent in his younger grandson and accordingly acted negatively towards it. He, the old man, feared over his authority over the family, so he tried to prevent his grandson from advancing by ignoring him when he came to the job and he even tried to halt him from walking through to his father's office.

From his side, Henry II trials to re-achieve his father's practical and occupational experiences which had been terminated, in Ford Company, and which might be the cause of Idsel’s death . Occasionally, Henry II and his mother bent in respect to the old man but the attack on Pearl Harbor that coincided with American declaring that it entered the war, interfered to delay this mounting drama as the siblings had been called on, to join in the army the time that the war in Ford Company had already begun.

Year Long Knives :

The succession conflict started in 1949 in the form of clear standoff between Henry the second and Bennett. Throughout previous events in the year before a will of the founder had appeared and stated that there must be a consignment (deposit) in order to manage the company shares after a complete decade in which Bennett was the only guardian who had the right to manage this custody. The out fronts of the war had outlined clearly as one of the two parties was Bennett, who was not a member to the family where in the second front Henry the second, who aided and supported all the family members. All were in a family session, which had been held the day after, suddenly in a moment through which Bennett surprised all the participants when he sparked a match and fired the will-which the conditions were not against the second generation.

Until this moment, young-aged generation avoided confronting the founder but the moment of change had come. Eleanor, Idsel's widow who had 40% of the hereditary shares, directed an ultimatum to Henry. She thereby flouted all traditions, either to receive authority or to sell all her shares. At the same time, Clara the wife of the founder lectured Henry and told him that he was destroying the unity of the family. As he was in stalemate, he agreed to assign his grandson as the head of the company but on a condition that he can apply any change, he wants. In the day-after convention, he announced his resignation. He was the weak Henry who cried before the public as his professional life had ended. So to speak, two years after he did not have anything to live for. He died in April the 7th, 1947.). (Gordon & Nicholson,2008; Collier & Horowitz,2002).

Comment:

World leaders mourned Henry as he was a man of industry, he made a strong company and he made an industrial revolution. Today he still has that strong effect in marketplaces and he is still a unique example of (the spirit of the family), the role of the family is still in effect (as the author of this book) one of the shareholders (Bell Ford the son). (Gordon & Nicholson,2008; Collier & Horowitz,2002).

To what limit would the company be stronger if Henry Ford would have confessed that the future would never be like the past? Work facilities should go on its way while the succession is a part of this process. It is difficult to the trailblazer to realize when he should review a vision that was great and rare one day but the more difficult is that this pioneer needs to accept the challenges of the new perspectives.

A bond connection between leadership and a personality that both of them can make the greatness and can open the locked gate as the woman solved that difficult problem throughout Idsel's lifetime. Suppose that happened early, Idsel's mother could have lightened his father sharp mood and intransigence or could have helped Idsel to escape. Handing down the authority, the founder could survive Ford ancestry and keep it united. In short, the next generations' perceptions and realizations are completely in need for change as they survived the company.). (Gordon & Nicholson,2008; Collier & Horowitz,2002).

3.6.3. Guinness Family: Slip into the Scandal:

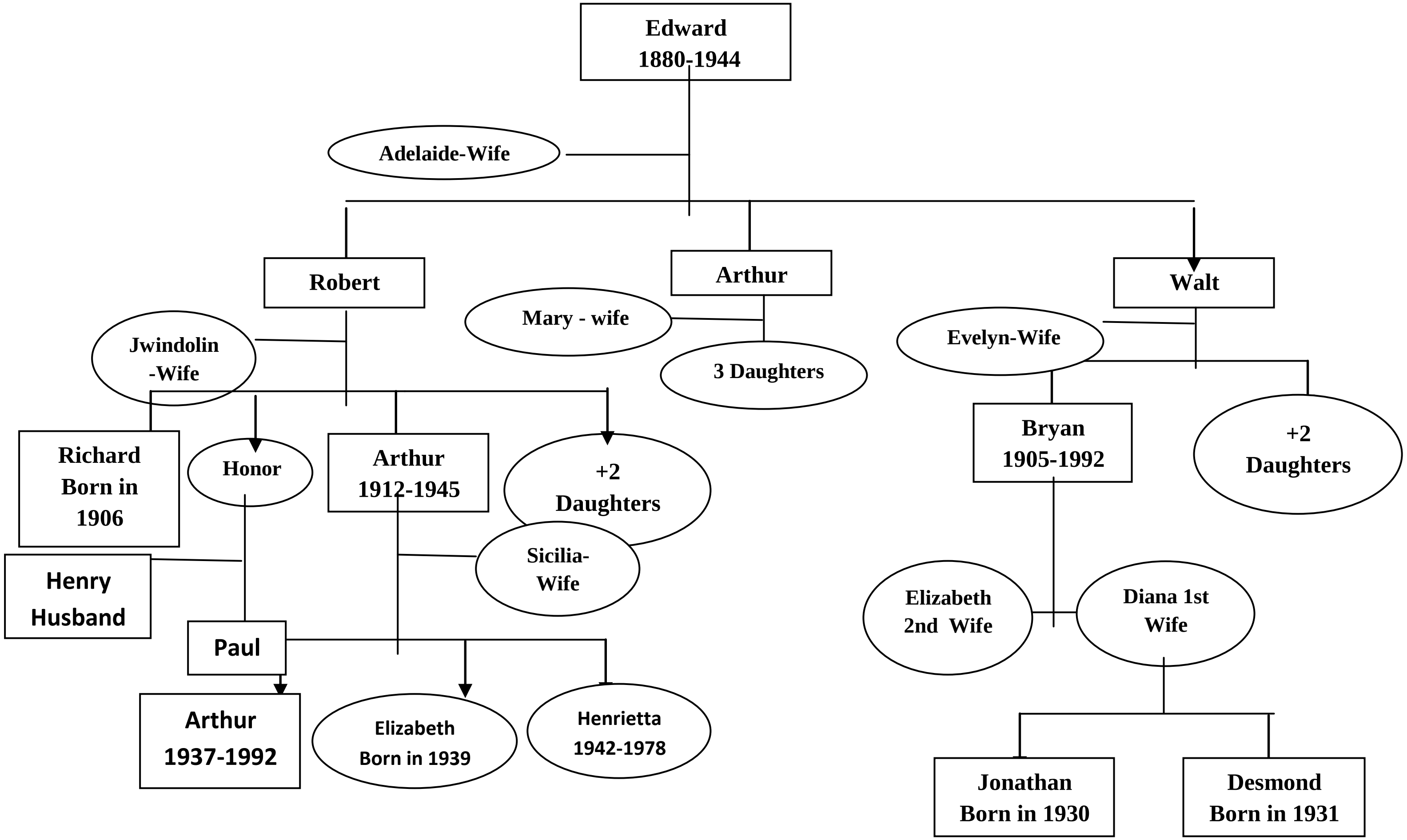


Figure (2): Guinness Family.

Origins: The Guinness family was one of the families who manufactured historic beer in Europe. It emerged from Dublin by the end of 18th century to become an industrial power in the 20th century. The company grew quickly and took advantage of workers class in their local market power and extended business to sell beer products all over the world and they still have popularity until now. The truth is that they have invented a commercial brand through advertising campaigns and they got many prizes by the beginning of the 20th century and the following years. (Gordon and Nicholson,2008; Eaglesham,2007; Wilson,1999; Guinness,1998).

Early Succeed:

The family members showed strong enthusiasm and motivation. Beside the wine factory, they set up a financial center (Guinness Mahon), which became very famous.

The family life was decorated with competences and talents that pushed its members to the excellence in sectors other than commercial and financial such as sport, politics and armed forces. With the expansion of the wine empire, the company gradually and naturally began to play a smaller role in the life of a family that its wealth had grown massively. Moreover, the family members became members in the British and the Irish aristocratic communities and they were enjoying their high social status. According to his friend the Prince of Wales advice he became Sir Edward the Seventh and bought a land. Sir Edward the seventh bought Elvened

Hall in 1894 which is a rural manor with 23000 acre. Later on it hosted the royal family members and aristocracy people from England. Symbolically, the possession of the manor placed The Guinness family On par with Rothschilds Family and Astor family as one of the elite families in that time.

At the same time, the company had to be mange, so the family continued the administration but when the new consecutive generation came to service the company slowed down. Accordingly, the family has attracted non-family members to help in managing the company but they didn't appoint its first manager out of beer production sector in the existence of Sir HeoBever until 1945. At that time, the employees who were not part of the family were only the scientists and the qualified workers in the wine factory. This helped in instilling a complete institutional culture that was clearly directed to the product.

During the early stages of the company growth, the family tightened its grip over the ownership of the family Business. However, with the upcoming of the fifth generation, the shares started to be dispersed between the family members on large scale.

Although he offered the company share in 1886, he had still controlled more than half of the ownership rights and when he died, in his will, he stated that the shares should be distributed equally to his sons.

Pushed with motivation and noble duty, the family then hanged on the authority because in their perspective, the company earned them a great wealth so it was necessary to keep it in work. (Gordon and Nicholson, 2008; Eaglesham, 2007; Wilson, 1999; Guinness, 1998).

Noble line :

The disadvantage of this method was thinking about a stable principle of conscience, so it turned a blind eye on whether family members have any education or formal training that enables them to hold such a responsibility. They have been born individuals to Guinness, which was enough to the family. Moreover, this situation was ruled by the standards of traditional norms, by which the succession was to eldest male in each new generation. The custom is still in place when they choose their heirs, it was not that example of controversy, as the eldest was enjoying his sanctity while the family believed it; the best way was to prevent discord and conflict between relatives.

This mix of isolation and complacency had extended through the representatives of the board of directors, where the family members did not assign the members of the board depending on their qualifications. For example, Bryan Guinness - Lord Moyne later - joined the company's board in 1953. He had trained as a lawyer but stopped to practice the occupation at an early stage, in order to become a farmer. The worst thing is that many of the family businesses today still reflect the diversity of the appointment of family members regardless of efficiency, it is not to bear the cost of isolationism usually immediately, but it poses a threat to the ability to the adaption in the future, and it clearly shows the case of Guinness family.

The feeling of comfort, confidence and stability that prevailed Guinness leadership was an obstacle to abandon the authority, where the older generation has begun to get used to exaggerate prolonging his power term.

In many cases, this generation remained clinging to power after they reached their peak for a long period, as Robert Guinness did not step down his post of chairperson until 1962, after he reached the age of 88.

World War II exacerbated the shrinking number of family males as Robert lost his younger brother and his son together, but his conviction that the heading of the board of directors is a privilege for his descendants after him motivated him to stick to his position until his successor, his grandson Benjamin succeeded him. Benjamin was appointed as a member of the Board of Directors in 1985 when he was at the age of 21. He was appointed as chairperson of the board of directors just after four years at the age of 25. Benjamin Guinness had not received formal training in preparation for the job beside, he was a shy person, had a small number of qualities and traits that were associated with strong leadership.

During his job as the head of the Board of Directors, the family began to lose its grip on the company - even though their representation in the House was intense. That was because of the company distinction and separation from the group's activities, and the combination of Benjamin's reservation and family members from the company and its business. Within the vacuum in leadership, the board of Directors has remained under the control of the family, while the daily decisions were being made more and more on the part of managers from outside the family in the absence of an adequate system of accountability and control of the board of Directors.

By the seventies, the need for a stronger commander who may become concrete was strong and it was the obvious candidate Jonathan Guinness the eldest son of Lord Moyne (Bryan Guinness). Jonathan was a man who embraces right-wing political views, so the family has hesitated in choosing him as a leader. He could have the ability to play the role as a strong leader; however, did he have the qualities to unite the family and the Board of Directors? We will never know the answer. However, he published a book entitled "Hymn to the spirit of a dead family business" which tells his family story.(Gordon and Nicholson,2008; Eaglesham,2007; Wilson,1999; Guinness,1998).

Losing leadership:

Now the family engagement in the Guinness Brewing entered its last stage. The number of the executives who were not a party to the family was increasing along with the growth of the company, which was achieved through merger and acquisition resulting in a hike in executives' numbers.

Without a leadership, the company started to lose concentrations where through that time the distance between the family and the company performances were getting wide and wide. In the light of precise decisions absence, the necessary decisions were taken in accordance with conditions by persons who had lacked a suitable authority. More important than that, was the direct (paying) as the financial issues in the company had been affected negatively. After conducting several steps to spread the company's activities in the seventies, earns had collapsed in 1980 causing financial crisis as the members of the board who owned only 20% were standing idol.

A man called Arnest Saunders led the Guinness family empire into a shameful end. His mandate started with a successful performance for the company by concentrating on its main product. Their famous beer and cleaning stable operation were growing. After that they started to think of strengthening their company through the acquisition on the other companies, therefore he bought Bells Whiskey in 1985 then he took over Distillers Company. Lately it appeared that the darkest moment in Guinness was where Saunders embroiled in meddling in shares. In brief the process of possessing was totally succeeded in terms of developing the company and trade relations but reached the peak as Saunders was sentenced and jailed.

The family stands as an onlooker after all these disgusting problems whereas the name Guinness exists, as a trademark owned by Diego the biggest marketer for spiritual distillery drinks in the world. (Gordon and Nicholson, 2008; Eaglesham, 2007; Wilson, 1999; Guinness, 1998).

Comment :

This story shows a well-known phenomenon (the failed success) that means that the companies which indorsing the market success are the most prone to what is unexpected. Those companies are the less motivated towards the change, amendments and future challenges where the situation is fraught of dangers if success dominates the early years for those companies.

No doubt, that in the light of the thirst of the industrial world the family took after a principle of the (the success is always along with it). May be the conflict represented by the eldest son over the way should be followed, for the sake of solving the matter of who would lead the company with every new generation, but this method is fraught of danger.

Guinness family was neglecting two important issues: first of them that the company management is a very complex issue, which is not available for amateurs and good- faith. Second, is that the genetics lottery does not guarantee that the succession of the eldest son will provide people who are enjoying the basic capabilities required. In the case of Guinness simple story, separation between owners and managers to open the doors to what he called Economists "agency problems" was the super matter. Also, putting managers in a position that enabled them to issue false provisions and even commit criminal acts without any charge, laid the solutions in the three familiar areas: self family, leadership evaluated a strong government and a governance, an increased awareness of the threats, and measures to avoid them in time. (Gordon and Nicholson,2008).

From The previous global examples the researcher points out some lessons to learn:

- The distribution of decision making authority - the lack of this factor that almost finished Ford's empire.

- Team management is more Vital an effective than Paternalistic management.

- Clinging to management may lead for failure.

- Preparing the family members - the lack of this factor affect negatively and almost finished Guinness Empire.

Accountability - the lack of this factor put Guinness Empire in shameful situation and almost destroyed that empire.

3.7. Literature Review

Family Businesses in General:

Women's enterprise centre (2011), demonstrated that in many family owned businesses, the elder statesman of the family becomes president or chairperson of the board of directors, although, day-to-day management is in the hands of other members of the family. A manager may be in a bind because of emotional involvements- emotional reactions create bottlenecks that work against an efficient operation. In some family-owned companies, the day-to-day manager could be the bottleneck.

One could stood as a bottleneck, because he does not have the ability to delegate work and authority since he could be the manager regarding the age or the amount of the capital he shares in the business, regardless a minimum level of qualification. The only solution is, other members of the family, to persuade the manager to let someone else runs the day-to-day show, perhaps a hired manager. One way, to obtain objective control in a family-owned business, is to hire an outsider to manage the day-to-day operations, whenever the company can afford it. Since any manager affiliation to the family may become as biased as any other family member, a hired manager may not, because only the family members will totally control policy- setting and growth- planning.

Hania (2012), mentioned that Family businesses are large and successful worldwide, due to their organizational structure, and are managed and operated by family members who usually hold key positions in the organizational hierarchy. However, the division of power varies from one family business to another, but it is possible to identify a certain pattern of power division based on two important factors. The first is the organizational structure, which means, whether the key positions are managed by one, a few, or many persons in the company and the succession, which means that the succession of the family business from one stage of development to another is due to several factors (Ibrahim, 2001). The researcher confirms that only about one third of family businesses survive the succession from the first generation to the second generation of owner-management. Moreover, of those who do survive the first stage, only about one third tend to survive the succession from second to third (and beyond) generation of ownership (Poutziouris, 2000; Ibrahim, 2001).

So to speak, one of the characteristics of Palestinian family businesses are the managerial positions filled with family members of sons, cousins, in-laws, and relatives. This can be negative to performance and leadership because of the lack of merits and rewards between employees especially in large family businesses operating worldwide. Unfortunately, there is no specific law in Palestine defining the size of the enterprises whether family type, small, medium or large business.

Family firms play a significant role in emerging and developing economies in terms of GDP growth and employment (Carraher, 2005, 2006). Moreover, Miller and Le Breton Miller (2005) reported that multidivisional enterprises such as Michelin, Armani, WalMart, Home Depot, and IKEA were found, but are still controlled by families such family-owned firms continue to dominate most of the world’s economies, and remain as the major source of entrepreneurship amid under-researched, especially in a cross-cultural way.

Inevitably, besides business concerns and market challenges, family business faces unique challenges due to family members' involvement in the business (Zumilah, 2010).

Because conflicts are commonly found in managing the business in which majority of its board of members are family members (Yong et al, 2004), only about one-third of family businesses survive the first generation to second generation (Poutziouris, 2000). In addition, only about one-third that survives from the second generation to the next.

Family owned businesses are an important source of wealth creation and employment growth (Ward, 2004). In the same sense, Cespedes and Galford (2001) stated that family businesses make up forty percent of the Fortune of 500 companies in the United States of America, generate about two thirds of the German Gross Domestic Product (GDP), and employ about one-half of the labor force in Britain.

Furthermore, in India seventy percent of the country’s 250- largest private companies’ sales and net profits are derived from dealing with family enterprises (Sharma and Rao, 2000). Moreover, the contribution of family enterprises to the GDP of Asian nations is large, with the following rates: South Korea 48.2%, Malaysia 67.2% and Taiwan 61.6% (Kaunda, S. and Nkhoma, A. ; 2013). Consequently, family owned business differs in many aspects including size (as measured by number of employees, sales, profits etc.), level of technology use, reach (with operations locally, nationally, regionally, or globally) (Kaunda, S. and Nkhoma, A. ; 2013).

Succession in Literatures:

Family business succession is the process of transitioning the management and the ownership of the business to the next generation of family members. The transition may also include family assets as part of the process (Hania , 2012)

Family business literature indicates that succession can be viewed as a process with specific pre-arrival and post-arrival phases (Gersick, K. et al. 1999) that means that the succession can be classified. Accordingly, Handler (1994) suggests that succession can be categorized into distinct stages based on the functions and roles played by the incumbents and their offspring. However, Stavrou et al. (1998) proposed a three-level model that explains the succession process. The first level represents the successor's pre-entry stage where he/she can learn from the incumbent about business operations while the second is an entry stage where the main issue is integrating the offspring into the business operations and the final level involves the potential successor's promotion to a managerial position.

Consequently, family business succession is the process of transitioning the management and the ownership of the business to the next generation of family members; nevertheless, the transition may also include family assets as part of the process. By the way, family members typically play a controlling role in both the management succession and ownership succession. As such, the effective integration and management of the family component will have a determining effect on the success of the succession process.

In terms of successful transition, the level of preparation refers to the extent of which the heirs have the requisite business skills, managerial capabilities, knowledge of company operations and attitudinal predisposition to handle the running of the business (Doescher, 1993; Fenn, 1994; Hyatt, 1992; Osborne, 1991).

Thus, in evaluating a given succession, it has also been suggested that, one should distinguish between the “quality” of the experience and the "effectiveness” of the succession (Handler, 1990; Kets de Vries, 1993). Therefore, the quality is a reflection of how the successor personally experiences the process, whereas effectiveness is related to how others judge the outcome of this transition.

In the case of Salvatore Ferragamo (1998), the business owner namely Wanda suggested that the next generation could only earn a position through education and experience. As well, the Chief Executive Officer of Carlson Company concluded that 3GO in the family business should have the intellectual capital, the education and the experience to make the best decision in the business (Barach et al, 1998).

Succession as defined by Massis et. al (2008), refers to the situation where both the current leader who relinquishes a business’s managerial control and the successor who takes over are family members. Moreover, Surdej (2010) points out that succession in family businesses is focused on dealing with the dilemma of how to preserve (and possibly increase) family wealth while at the same time ensuring the positive transformation (in terms of managerial, technical, operational etc. capacity) of a business.

According to Brockhaus (2004) succession is a significant phenomenon in a family business’s life and an issue that requires analysis from the perspectives of the key stakeholder groups of the business: family members, management, employees, and other non-family owners of the firm, similarly, Chrisman et.al. (2003), argue that success in family business succession has the important implication of affecting and influencing the positive performance of the firm and satisfying its varied stakeholders. They further argue that a successful family succession can help maintain the intrinsic and tacit business knowledge that family members have accumulated and that such knowledge helps family businesses maintain competitive advantage over non-family owned businesses. This knowledge is the premise basic in tackling upcoming stumbles, problems or even stalemates, therefore, Matthew et.al. (1999) argue that one of the main reasons for the high rate of family business failure of succession emanates from the business owners' managerial incapacity to cope with the complicated procedure of passing over ownership as well as leadership of the business. The factors that are related to the incapacity and/or reluctance of the owner to enable smooth succession are termed incumbent related factors, and in the same course, Massis et.al. (2008) argue that in a situation where an incumbent is too attached to the enterprise, the likely successor might not be granted the chance to acquire the skills or attain the experience and respect is necessary to manage the business. In addition, Ibrahim and Ellis (2003) suggest that an owners' reluctance is often due to a number of reasons such as emotional attachment to the business, fear of retirement, and lack of other interests and pastimes outside the business.

Massis et.al. (2008) points out that if the likely successor does not acquire the requisite skills to assume the leadership of the enterprise, the succession may fail because the deficiency in skills may either lead to the successor declining the position or cause other key players to resist the potential successor. In same fashion, Sharma and Rao (2000) state, a willing and dedicated successor is a recipe for succession success, thus for successful succession to take place, the successor must be adequately motivated and willing to face the challenges and opportunities lying ahead.

Handler (1990) writes that succession in family businesses is not a one-off process but is a continuous, multi-staged and reciprocal interaction between the predecessor and the successor, so there ought to be concerted effort between the incumbent and the likely successor in a bid to develop the successor.

Literature on family business succession emphasizes the importance of the relationship between the successor and the incumbent in determining the process' timing, and the effectiveness of the succession (Brockhaus, 2004). Among the characteristics of family businesses is the high anticipation of leadership and ownership transfer to the next generation of family members. Ubiquitous, as family businesses are few that successfully manage the succession to the second or third generation of family members and the succession process, and period are riddled with risks and setbacks, as well as a large number of those formally employed, or also partake in varied business ventures. However, when it comes to the condition of these businesses after the demise or retirement of their founders most of them do not succeed, grow, or survive. For example, Beckerd and Dyer (1983) argued that in the United States of America only 30 percent of family businesses survive into the second generation and 10 percent into the third generation Similarly, in their study, Barach and Gantisky (1995) reported that only 30 percent of family businesses survive into the second generation, whilst 14 percent function into the third generation as family businesses. As well as Ward (2004) starkly pegs the failure rate for succession in family businesses at 70 percent.

Conflicts within Family Businesses

A conflict within the family may arise because of business issues such as disagreements over growth targets, successions, product offerings, or even from seemingly mundane issues like hours of operation. It may also be driven by family issues such as time spent away from the home, marital differences, or inattention to important family events. In either case, the origins of these conflicts are often the direct result of the close and repeated interaction between family members, the family, and the business.

Therefore, a great challenge dedicated to entrepreneurs in a family business is the wisdom to lead through the separation between the family and the relationship between the family and the way to go in a business. Accordingly, the intersection between family members, the family and the business that is believed to represent the unique set of features that explain performance differences between family and nonfamily businesses (Habbershon, Williams, & MacMillan, 2003). This intersection also represents a source of conflict within the family and within the business (Daily & Dollinger, 1993; Harvey & Evans, 1994; Kellermanns & Eddleston, 2004).

Here, dysfunctional conflicts, jealousy and sibling rivalries further worsen the relationships and affect business stability (Barnes and Hershon, 1976; Handler, 1991; Kepner, 1983; Kets de Vries, 1993; Schlossberg, 1992). Conflict among members of the family is another key factor that can have a devastating effect on the success of the succession in the family businesses. Ellin (2001) stated that the failure of management to come to grips with disagreements that arise when family members closely work together can often cause the high level of succession failure. Similarly, Levinson (1971) argued that there are likely to be extreme consequences from conflict among family members resulting in destructive effects to both the business and the family and that intra-family conflict discourages adequate planning and rational decision making in the business. In this sense, Beckhard and Dyer (1983) suggested that the high mortality of family owned firms might be a direct result of failure to control intra-family conflicts.

In fact, Ibrahim and Ellis (1994) stated that in the United States of America and Canada major sources of conflict in family businesses include:

a. an unfair or hasty succession process;

b. rivalries among family members, in particular between the founder and the offspring as well as between siblings;

c. lack of clear guidelines concerning career advancement of family members

d. lack of proper boundaries between siblings;

e. Power and status differences in among and between family and non-family members are conflict issues.

Ibrahim and Ellis (1994) added that most family businesses lack conflict resolution skills and as such conflicts adversely affect succession and even appointment of family members to the company.

In respect of family cohesion and cultural values, In the family businesses that failed over 95 percent of respondents cited poor relationships among family and business members as a key factor for the failure. Additionally, sibling rivalry and the lack of cohesion and unity in the family put immense stress and challenges on the businesses and this only is intensified around the succession period. Therefore, when the founder died or became incapacitated there was fighting for a share of the wealth, and consequently some of the businesses liquidated through asset stripping.

For the businesses that survived intact, there was often resentment and lack of support towards the chosen heir from the other family members. Accordingly, in the businesses that failed a contributing problem was the lack of bonding between the founding father and his children and spouse. As a consequence in these businesses the children and spouse were rarely involved in the business leaving a knowledge gap in business operations among the heirs and also negatively affecting the children's desire or motivation to learn the business and develop the ambition to run it one day.

Thus, in the businesses that succeeded on the other hand there were family values that encouraged the children to learn as much as possible of the business and the founders involved their children in the business starting at a tender age. Further, another challenge to the succession that success is the practice of property grabbing when the owner of the business dies, so property grabbing is culturally common because most of founders do not write wills. Finally, without the presence of a will a legal defense to protect the assets of the family business is not available (Kaunda, S. and Nkhoma, A. ; 2013).

Management and Decision Making:

Dyer (1988) studied "paternalistic" management culture and style as they are compared to "professional" style of management. The "Paternalistic" management was characterized by hierarchical relationships, top management control of power and authority, close supervision and distrust of outsiders while the "Professional" management involves the inclusion and sometimes the predominance, of non-family managers in the firm. Therefore, many family business' researchers have found that management style in younger first generation family firms tends to be more informal and subjective. On the contrary, it tends to be more formal and objective in mature second- and third generation family firms (Aronoff 1998; Cole and Wolken 1995; Coleman and Carsky 1999; Dyer 1988; Filbeck and Lee 2000; McConaughy and Phillips 1999; Miller, McLeod and Oh 2001; Schein 1983). Under those circumstances, McConaughy and

Phillips (1999) studied large publicly owned family controlled companies and concluded that:

(a) Descendant-controlled firms were more professionally run than founder-controlled firms;

(b) First generation of family managers are entrepreneurs with the special technical or business backgrounds necessary for the creation of the business, but the descendents of the founder face different challenges, to maintain and enhance the business, and these tasks may be better performed in a more professional manner, often by nonfamily members. To say nothing of, Schein (1983), suggested more professional forms of management include non-family managers

Dyer (1988) found decision-making to be more centralized in first-generation family firms than in subsequent-generation family firms. In the same fashion, Aronoff (1998) developed this suggestion further, to determine the level of decision-making authority and the use of team management versus autocratic decision-making, as the followings:

(a) Team management involves parents, children and siblings in the firm all having equality and participative involvement in important decision making, even if one family member is still the nominal leader of the business.

(b) Aronoff furthermore reported that 42 percent of family businesses are considering co-presidents for the next generation.

In terms of growth, although most of the second-generation successors are more educated, the knowledge acquired from the college or university might be too general and not specific enough to serve as reference in juggling dynamic changes taking place in the market.

Palestine Governance Institute (2014) stated the first establishing generation for the company might play a main role in supporting the sustainability of the company and this can be by taking the following procedures:

1- Establish an organizational and administrative structure based on objective basis, which targets in the first place achieving profit and reinforcing the stability, continuity and growth of the company.

2- Delegate powers to officials on clear and well-known basis

3- Define future goals and visions and ensure that family members understand and adhere to them.

However, the successors might think that they know how to run the business, but they might not know the ways to grow it.

Walter and Yuen (2003) made some observations and delineated a matrix of performance measurement which dictates how the successor can cultivate skills necessary for changes in people, processes and systems in Chinese family owned business organization early enough to avert the decline of fortune.

Further, environmental factors, characteristics of people owner-managers – and enterprise practices characteristics influence future growth for Family Business. Thus, faced with numerous challenges and depending on the readiness, capabilities and competencies of the successor, not every entrepreneur is willing to expand or grow the family business.

Dun (1999) contended that working in a different industry might provide a broader perspective and give the child a sense of worth when he come to join the business. That is to say family owned businesses make a substantial contribution to the social and economic welfare and development of societies, countries, and regions in the world.

Planning:

Succession planning is defined as a deliberate and systematic effort to ensure leadership continuity in key positions, retain and develop intellectual and knowledge capital, and encourage potential individual successors (Davis, 1986). According to Dyck et. al .(2002) this process demands three steps:

a. identifying and analyzing key tasks,

b. creating and assessing candidates,

c. Selecting the right individuals - will fill the key positions.

Consequently, succession planning should take into consideration the preparation level of successors; therefore, Family business heirs ought to have requisite business skills, managerial capabilities, knowledge of company operations, and the right attitudinal predisposition to handle the running of the business (Morris et. al., 1996). Accordingly, if family businesses are a transition from the founding owner to another family member there ought to be appropriate career advancement structures and succession plans in place. (Kaunda, S. and Nkhoma, A. ; 2013).

Equally, financial illiteracy and indiscipline are both matter, therefore, one of the major challenges for the failed businesses was the inability to differentiate between cash flow and profit leading to spend on personal expenses that consume business operating income. As the research found, contrary to the literature, that access to finance per se was not a challenge for the studied businesses, however the nature of source of financing strongly differentiates the successful businesses from the failed ones. Correspondingly, the businesses that failed mostly obtained their financing from agencies that attract higher interest rates such as loan sharks, non-governmental organizations, and micro-finance institutions.

As a result, most of the businesses that failed did not prepare financial statements. And on the contrary, in the few situations where financial statements were developed it was not to use them as control and decision making tools but rather as one-off tools for obtaining financing or satisfying the requirements of bodies such as revenue authorities. Not to mention that the financing options also chosen by the failed businesses were not efficient from a cost perspective. (Kaunda, S. and Nkhoma, A. ; 2013).

Likewise, the companies that had succession failure had poor planning or lacked any real planning at all for key organizational functions, therefore, most of the businesses that had succession failure did not develop plans or have a formal planning process for a majority of the key organizational functions, so the cumulative lack of planning in these key areas – both before and after succession definitely left the businesses in a weak state (Kaunda, S. and Nkhoma, A.; 2013).

One of the possible reasons for the total absence of succession plans in all the businesses is cultural, then it was observed (particularly in the businesses that failed) that the original owners could not envision or appreciate what their businesses could be or could achieve in the foreseeable future. As such, the owners did not bother to plan about effective continuity in leadership in their businesses, which means that the cumulative lack of planning in all these areas conspired to bring the businesses down. (Kaunda, S. and Nkhoma, A. ; 2013).

Getting in to the" lack of business networking", a key difference was observed between the businesses that had successful successions and those that had failed ones in the area of networking, so the successful businesses fostered and nurtured a network of partners. These networks helped during the harsh and volatile time of succession through continued provision of supplies, softening debt repayment conditions etc, therefore, the businesses that failed did not have this network to act as a cushion and support during the difficult times of succession. Furthermore, in the few businesses that failed they had established networks which were managed and known only by the founder and not disclosed to employees and other family members (the founders generally feared that employees and other family members might take business away if they knew and dealt with suppliers, customers etc.), and accordingly, as an indicator of the depth of personal relationship and understanding nurtured with the business founder, in some of these businesses certain customers and suppliers refused to deal with the new management after the founder had departed (Kaunda, S. and Nkhoma, A. ; 2013).

This means, that the general challenges affecting succession in family businesses are similar across countries and societies, it is evident that family values, structures, and relationships differ across societies and countries. Thus, the economic, socio-cultural, legal, and historic conditions of a country would also influence matters of family business succession.

In respect of staff from family members and outside the family, Palestine Governance Institute (2014) stated that Perhaps the mistakes made by the top management in the family companies, with regard to the recruitment and promotion of the staff, and monitoring their performance are the main factors in the failure of these companies, and the main mistake lies in the excessive consideration for the family relationships as the most important criterion specially in the process of taking decisions concerning the employees, hiring, determining salary, and other financial rewards. What increases the danger of this phenomenon is that the top management of these companies most of the times does not show serious interest observing and evaluating the family members employees, on the opposite they show leniency towards their ignorance in the work, and when violating regulations and generalizations applicable to the rest of the employees. Palestine Governance Institute (2014) added in order to avoid the shortcomings previously mentioned, the management of the Company must demonstrate a clear commitment to the following principles and provisions:

1- The interest of the family company requires designating the employees on competitive, objective, and professional basis, and this is applied on top management positions in the company.

2- It is crucial that all partners to be committed to the principle of determining salaries and annual increases to the employees based on market levels and not in order to meet their financial needs, or because of their close family ties with senior company officials.

3- All employees in the company must be subject to accountability when there is negligence, default or infringement of the assets and interests of the company, it is advised that the first official is notified about all these cases, and employees are informed of the actions taken against violators, including members of the family.

In terms of (lacking Full Control of Business Operations), the businesses that failed, had a tendency of personal grip lack on critical business processes such as cash management, asset management, and marketing by the owners. However, in these failed businesses, some of these tasks were carelessly entrusted in the hands of third parties such as employees who might not have full dedication to the tasks but at times also showed a spirit of dishonesty. This means, a number of the failed family businesses swindled large amounts of money at the time of succession because the founder (who in these situations had died) had entrusted some operational issues into the hands of third parties. Accordingly, in the successful businesses on the other hand the owners assumed total control of critical operational issues such as cash handling, offering of discounts, banking and other processes prone to theft (Kaunda, S. and Nkhoma, A. ; 2013).

Finally, going through (limited education), one would assume that the presence of more people with a tertiary level of education facilitated effective business planning and provided a base of people with broad experience and knowledge to advise and support the businesses. However, with more- educated people in a family network, this potentially implies that most of the family members have their own independent economic base. Thus that would most likely not resort to grabbing property once a relative dies but would possibly rather be based on their education, knowledge and experience support and help the family heir of a business (Kaunda, S. and Nkhoma, A. ; 2013).

Indeed, there are several basic recommendations that should be taken into considerations of people in charge to succeed and enhance family business. Initially, business owners/founders and, just as important (for ensuring business survival after succession), their family members should be given training in effective planning techniques for the varied key functions of a business. These functions would include cash flow management, balance sheet preparation, strategic planning etc.

In addition, another key area in businesses would need to be provided training in succession planning in which the training could be provided by non-governmental organizations, business associations, training institutions, financial institutions (which could make the development of e.g. successions plans a requirement for accessing loans). Similarly, Comprehensive and regular training on development of plans for key business functions would enable the businesses and their owners to take a strategic and long-term view of their businesses and thus to adequately and effectively plan for succession and business continuity. As a result, some of the topics that should be dealt with at different stages of the education system are financial planning and control, general business management, conflict resolution, and succession planning that means, a localized research into family business operations and functions should be encouraged.

Chapter Four
Study Results

Study Results

The purpose of this study is to explore factors influencing the success of family business as well as determining the obstacles that affect the success of family business in The West Bank.

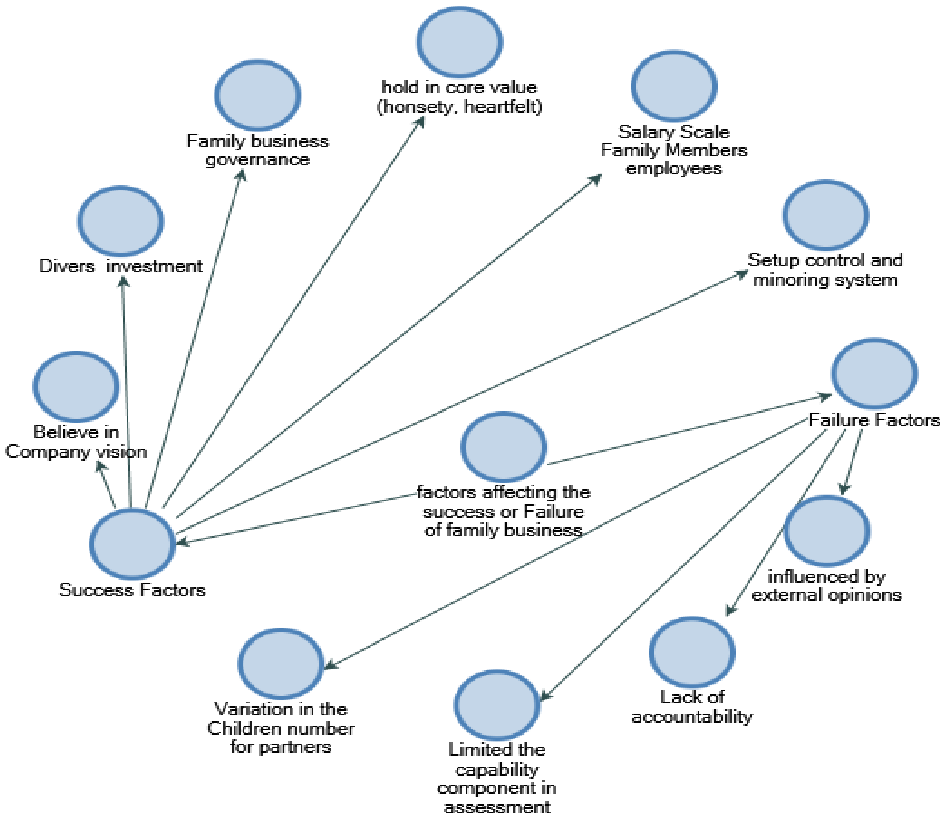
The study interviews were analyzed by using the NVivo 10 to build the result network of concept with inter concepts relationship, in addition to consider the similarity structure for each node system, the following are the result presentations according to the study of main and sub questions.

Study main question:

What are the factors affecting the success or Failure of family business in The West Bank from the view of experts from Al Zalmout Companies Group?

To answer this question a structured interview analysis was conducted through developing nodding system for the main and sub themes to find network of concepts for each family business domains that explain the success and failure factors for family business in The West Bank.

As it is representing in figure (3) the main success factors for family business are (Believe in company vision and mission, diverse investment, family business governing, and hold the core values of honesty and heartfelt). While the main factors for family business failure are (variation in the children number for partners, limitation in the capability component in assessment, lack of accountability, and the influence by the external factors). Both success and failure factors will be shown according to similarity cluster analysis



Figure(3): Family Business Success and Failure Factors.

- Similarity analysis for the factor influences the success of family business

Figure (4): Similarity Analysis for the Factor Influence the Success of Family Business.

From figure (4) the similarity clustered node for the factors that influence the family business success comes from the top which are very general to the bottom for more specifics, where it means that the company vision is considered as a major factor for family business success, whereas, the diverse investment and salary scale for employees from family members, as well as, the setup for control and monitoring system is intersect with both (diverse investment and salary scale for employees from family members). The conclusion is (diverse investment and salary scale for employees from family members, and setup for control and monitoring system) are more critical factors for family business success.

- Factor Influence the Failure of Family Business

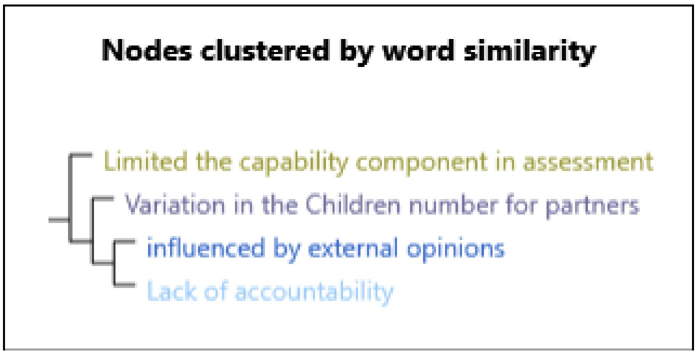


Figure (5): Similarity Analysis for the Factor Influence the Failure of Family Business.

From figure (5) the similarity cluster for the family business failure factors indicates that the influence of the external opinions and lack of accountability are most specific factors for family business failure, while the limited capability component for assessment consider major factor for family business failure.

First sub-question:

what are the factors that are related to family (The distribution of decision making authority, Preparation level of family members, Relationship among family and business members and the transition) that cause family company to success or fail?

To answer this question a structured interview analysis was conducted through developing nodding system for the main and sub themes to find network of concepts for each family business domains that explain the factor related to family in the success and failure.

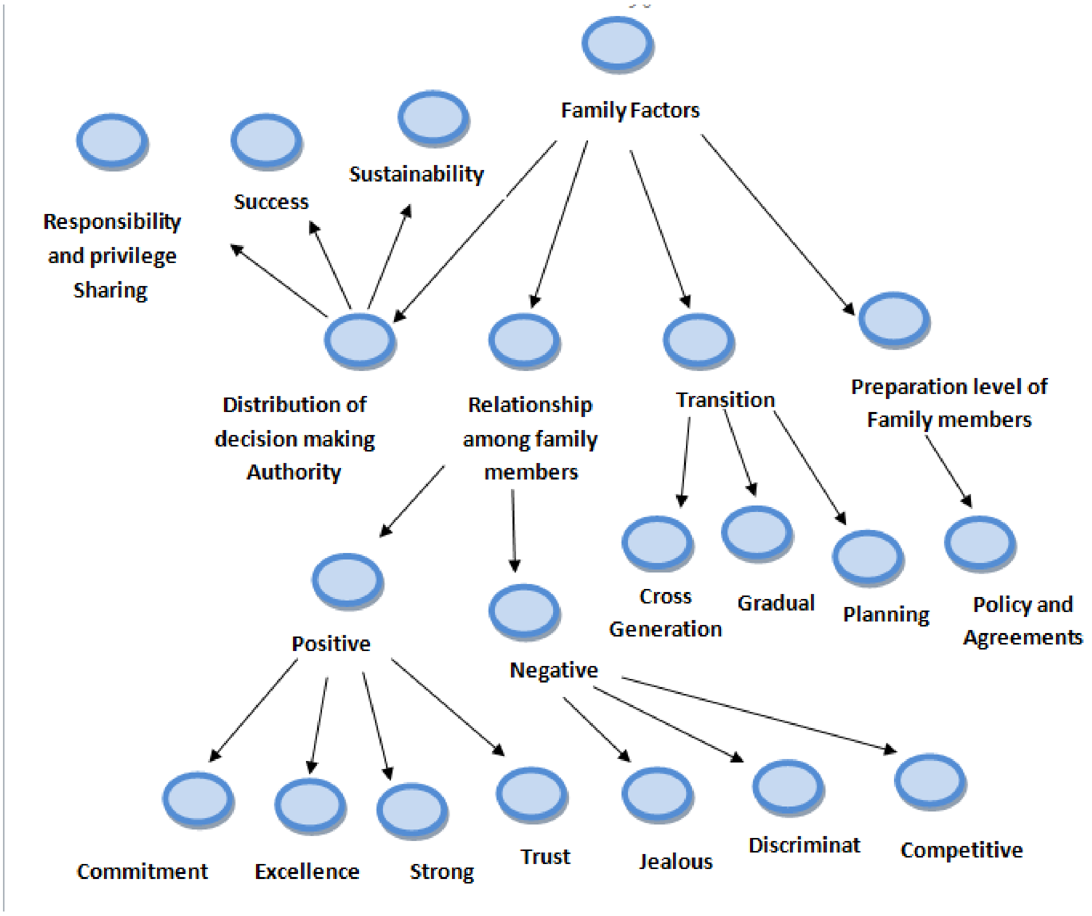


Figure (6): Factors Related to Family for Family Business Success or Failure.

From figure (6) its noticeable that major family factors that influence the

Family business are (The distribution of decision making authority, and relationship among family, business members and the transition) that cause family company to success or failure, those main nodes tends to cover the major family factors with some interferences between the nodes classification, the details about that will be presented in each domain.

The Distribution of Decision Making Authority

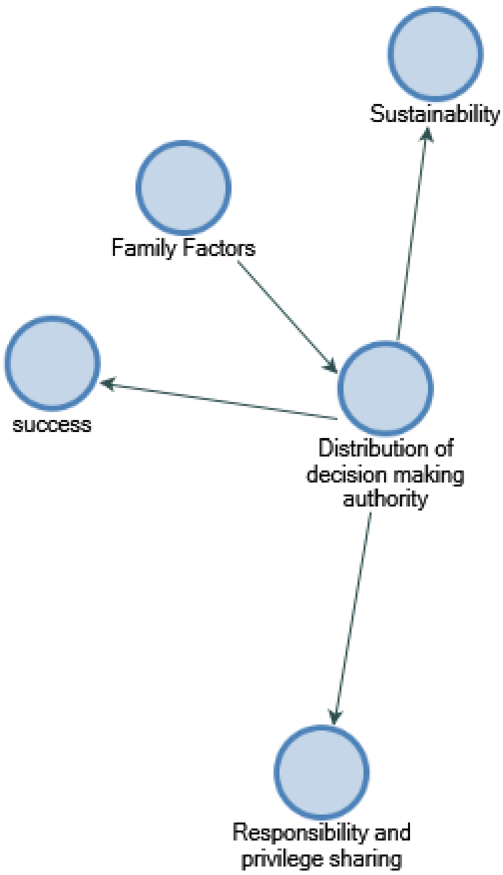


Figure (7): The Distribution of Decision Making Authority.

From figure (7) the main three factors for distribution of decision making authority according to the family business are share responsibility and privileges, create the ground for success, promote prosperity, and maintain stability and growth for the family companies.

Relationship among Family and Business Members

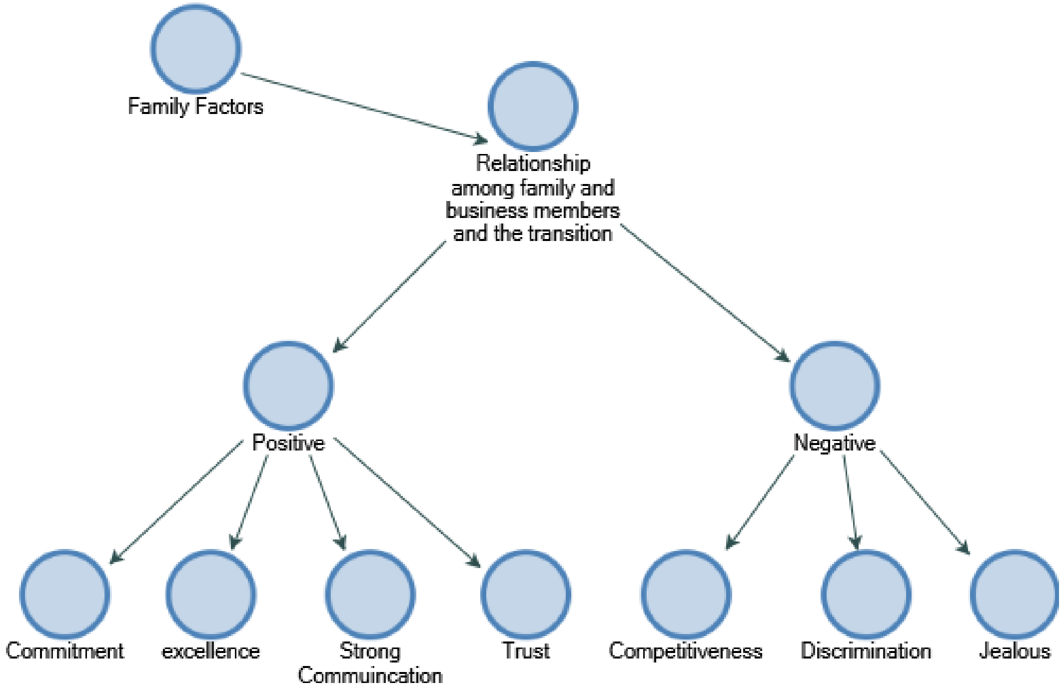


Figure (8): Relationship among Family and Business Members.

From figure (8) the relationship between family members of the family business could lead to two impacts, the first is considered positive that includes commitment, excellence, strong communication, and trust, whereas, the negative sides for the relationship between family businesses are competitiveness, discrimination, and jealousy. Both factors could be interacted to become as a mixed pattern of positive and negative influences.

Transition

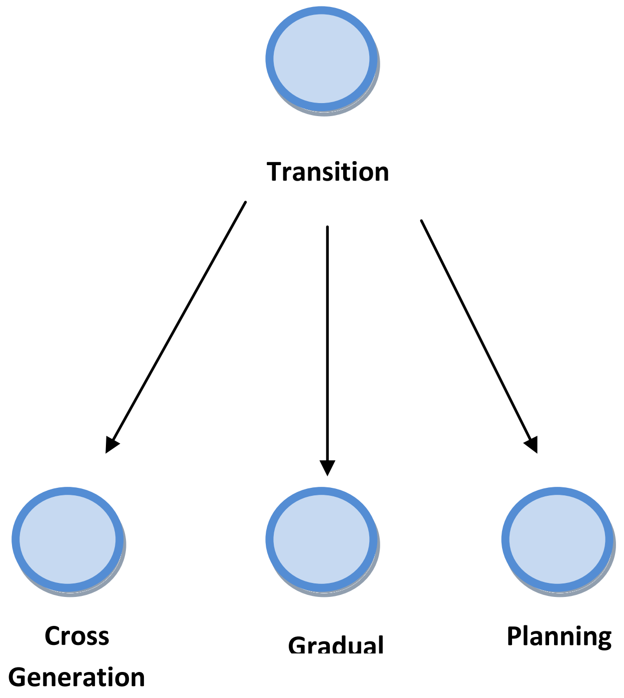


Figure (9): Transition

From figure (9) the transition as one of the family related factors, comprise from planning for the transition based on the family members' role and physical and mental conditions, then gradual which means that the plan has to be implemented through a period of time to guarantee smooth and hassle-free transitions. The transition has to be cross generation, which respects the family hierarchy and acknowledge of the previous generation's effort, beside appreciates the new generation tendency to become part of the leader party.

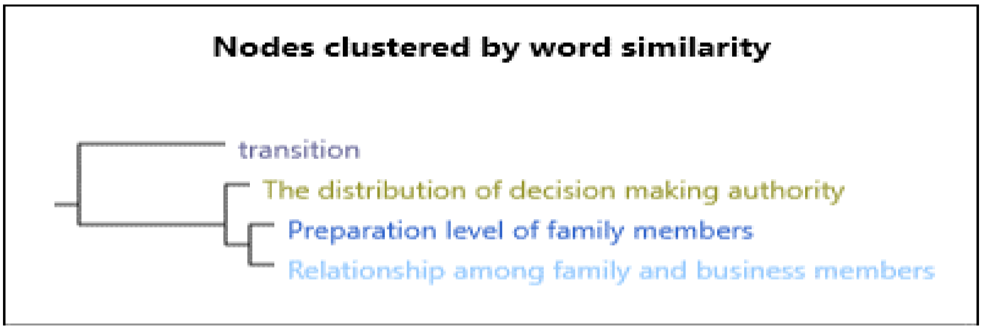


Figure (10): Family Factors Similarity Clusters.

From figure (10) the most important factors that are related to the family are relationship among family and business members and preparation level of family members where they both intersect with the distribution of decision making authority. Transition appears to be dominant and has cross connection with other main nodes.

Second Sub Question:

What are the factors that are related to the company (Planning, turnover of non-family members, going public and Use of outside consultants, advisors and professionals) that cause family company to success or failure?

The main question of this research is answered by developing a node system for classification which is presented in figure (11).

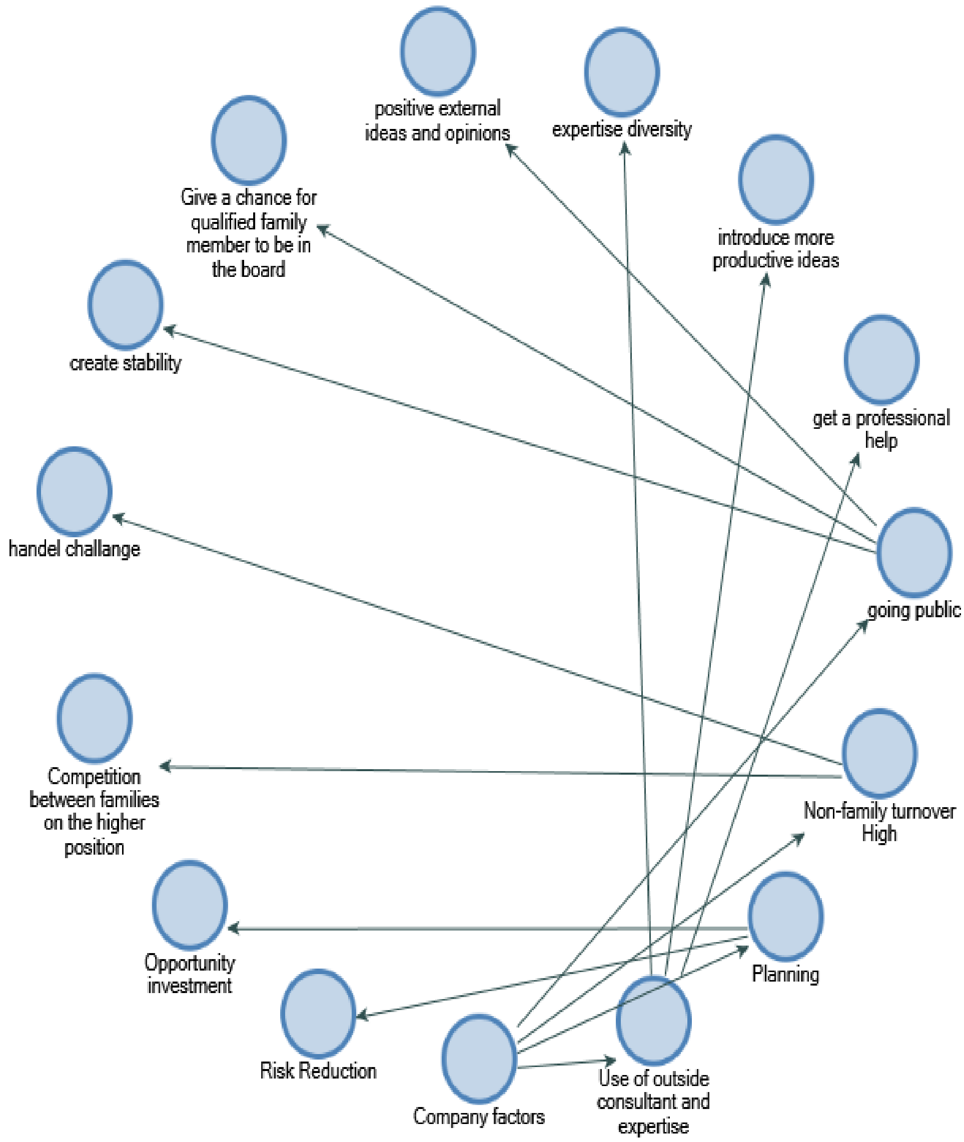


Figure (11): Factors Related to Company for Family Business Success or Failure.

From figure (11) the main node system for the company factors that comprised the family business success are (Planning, turnover of non-family members, going public and Use of outside consultants advisors and professionals) this, also, means the main factors have intercorrelation to produce a network of influencing factors. Nevertheless, the details for each factor will be presenting in the following section.

Planning:

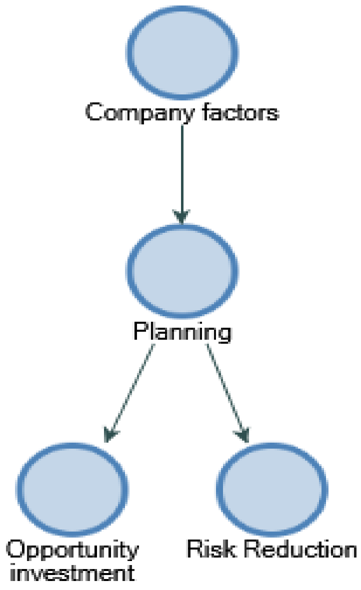


Figure (12): Planning for Risk Reduction and Opportunity Investment.

From figure (12) the planning as one of the company factors comprise from two major dimensions which are (risk reduction, and opportunity for investments, this means that planning creates prevention from the possible and potential risk, while, it also maximizes the opportunities for further investment.

Turnover of Non-Family Members:

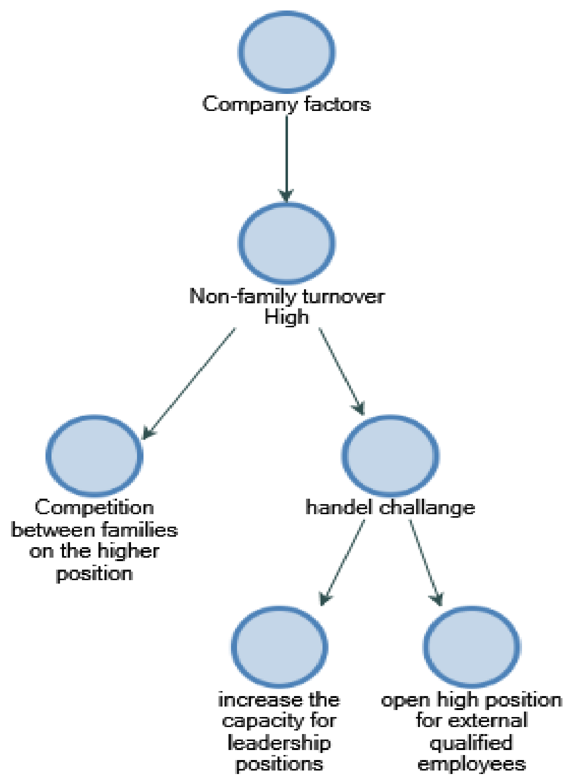


Figure (13): Non- Family Transformer Represents the Dominant of Family inside the Company.

From figure (13) the non-family turnover represents the dominant of the family inside the company, and it was mentioned as part of the competition among the family members in their rival to control the top managerial position. In this case the interviewees' suggestions to handle the turnover among non-family members' employees are (to increase the capacity for leadership position, and to open the top positions for people from outside the family.

- Going Public

The following figure illustrates the going public expected benefits according to the interviewees perspectives.

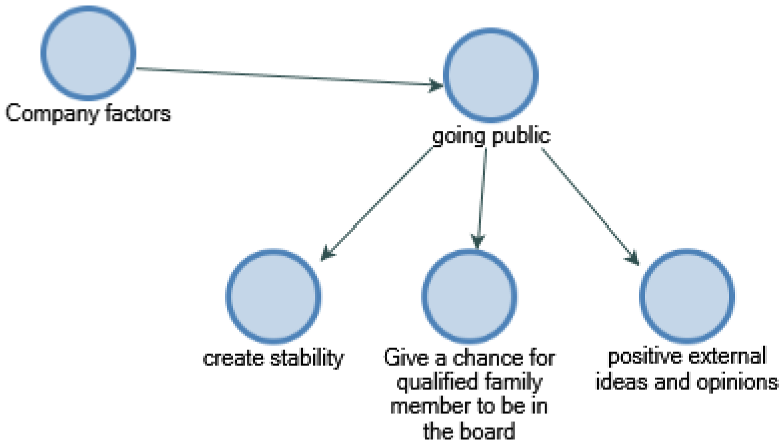


Figure (14): Benefits of Going Public.

From figure (14) going public or create public corporate has potential benefits from the interviewees point of view, one of the possible benefits is to create stability for the company, while the second benefit is to have a chance for the qualified family members to serve in the company board of directors, in addition to another expected benefit is to get positive external ideas and opinions. All the pervious mentioned benefits are correlated and together make a clear outcome if the family business decided to go public.

Use of Outside Consultants and Professionals

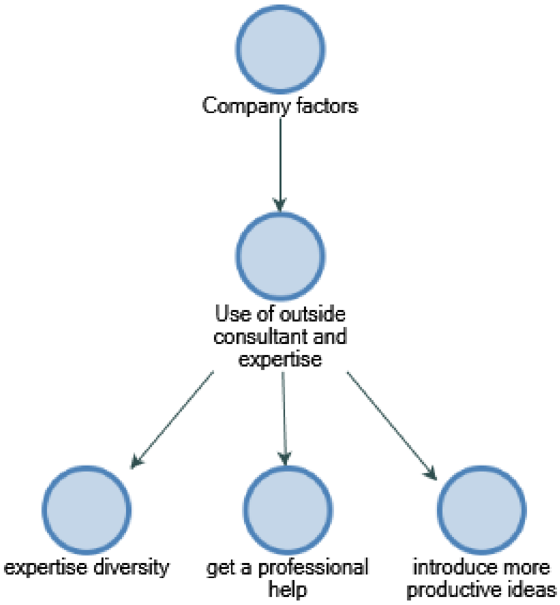


Figure (15): Getting an Outside Consultant and Professional.

From figure (15) the factors that are related to the benefits from getting external consultants and professionals comprised from getting expertise diversity, get a professional help, and introduce more productive ideas. All the mentioned nodes are interconnected and correlated, which means there are many benefits family company can get from hiring external experts.

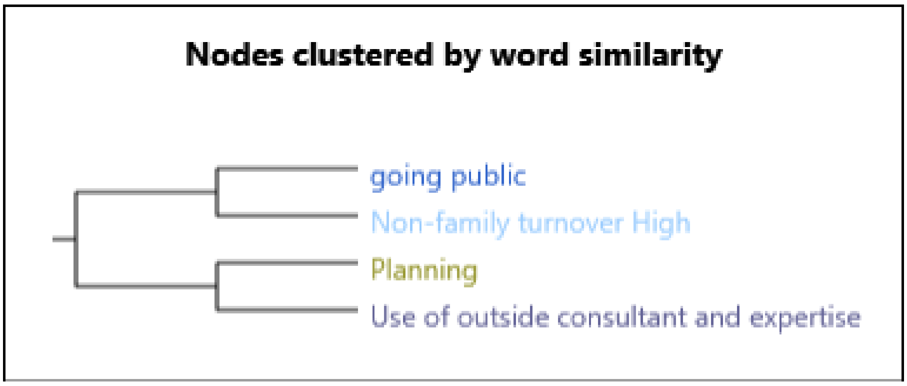


Figure (16): The Company Factors (Going public, Non-Family Turnover, Planning and Use of outside Consultants and experts) Clustering

From figure (16) the company factors are classified into two main clusters, the first is including both (going public, and non-family turnover), while the second cluster is aggregating both (Planning, and use outside / external consultants and expertise). Based on the two clustered classification, it could be concluded that planning comes very close to use external expertise in company.

Steps to Handle the Challenges

From the interviewees answers, the main aspects and steps that they suggested to handle the challenges that are facing family business will be presented in figure (17).

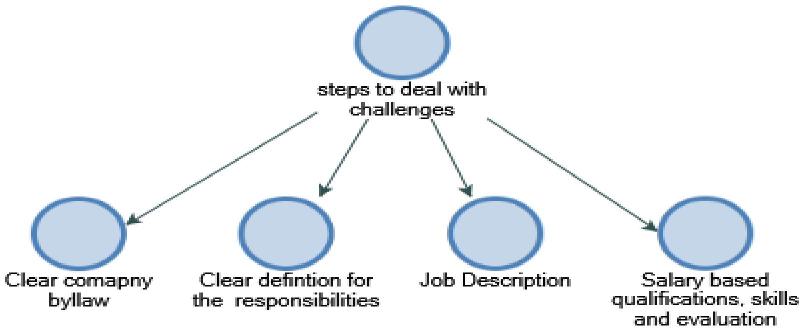


Figure (17): Steps to Handle Challenges.

From figure (17) the main aspects that are suggested by the interviewees are (establish a clear company bylaw, define clear responsibilities, have a job description, and setup a salary scale based on the employees qualifications, skills, and annual evaluations). All the suggestions mentioned above are interconnected and correlated which means; one of them may have one or more from the other suggestions.

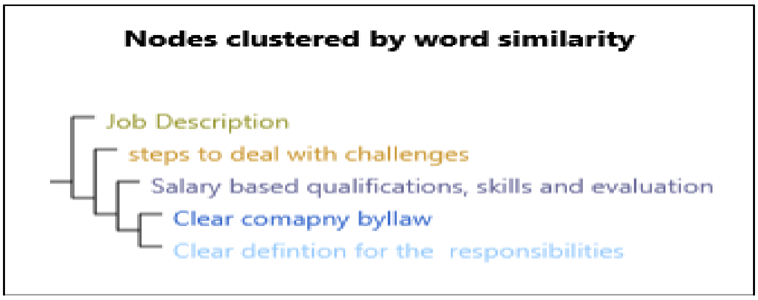


Figure (18): Establishing a Clear Definition for Responsibilities and a Clear Company Bylaw.

From figure (18) the most important cluster is including establishing a clear definition for the responsibilities, and a clear company bylaw). While the salary based on employees' qualifications, skills and annual evaluations is intersecting with other factors (establish a clear definition for the responsibilities, and a clear company bylaw) this interaction between the factors interconnect.

Suggestion to Maintain the Family Companies.

From the interviewees' answers, the main aspects suggestion to maintain the family companies will be presented in the figure (19).

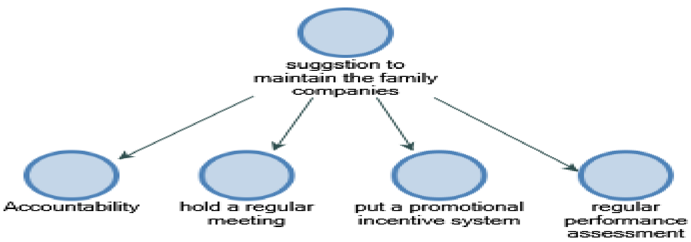


Figure (19): Suggestions to Maintain Family Companies

From figure (19) the main aspects that are suggested by the interviewees are (the accountability, holding regular meeting, setting up a promotional and incentive system, and conducting a regular performance assessment). All the suggestions mentioned above are interconnected and correlated which means one of them may have one or more from the other suggestions.

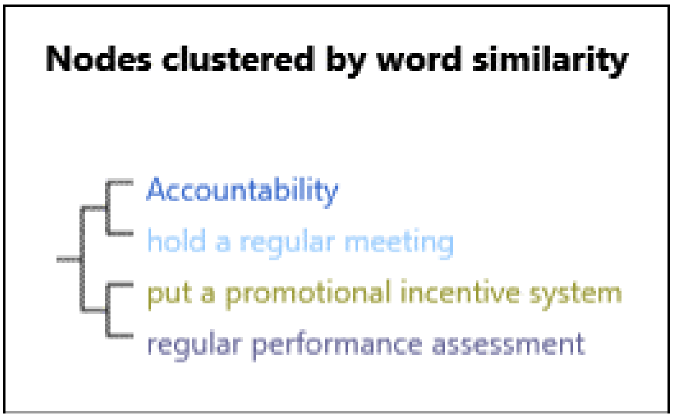


Figure (20): Suggestions to Maintain Family Companies Similarity Clusters.

From figure (20) the suggestions are classified into two main clusters, the first is including both (accountability, and holding regular meetings), while the second cluster is aggregating both (setup a promotional and incentive system, and conduct a regular performance assessment). Based on the two-clustered classifications, it could be concluded that accountability comes very close to regular meetings) and incentive system comes very close to performance assessment.

-Results Summary:

Table(4): Results Summary

Factors affect the Success or failure of Family Business	Success	Believe in company vision
		Divers Investment
		Family business Governance
		Hold in core value (honesty, heartfelt)
		Salary scale for family members and employees.
		Setup control and monitoring system
	Failure	Influenced by external opinions
		Lack of accountability
		Limited the capability component in assessment
		Variation in the children number for partners
Factors related to family members	Distribution of decision making authority	Responsibility and privilege sharing
		Create the ground for success and promote prosperity.
		Sustainability (maintain Stability and growth)
	Positive relationship among family members	Commitment
		Excellence
		Strong communications
		Trust
	Negative relationship among family members	Jealousy
		Discrimination
		Competitive
	Transition	Cross generation
		Gradual
		Planning
	Preparation level of family members	Policy and agreements
Factors related to the Company	Use of Outside consultants , professionals and advisors	Expertise diversity
		Introduce more productive ideas
		Get professional help
	Going Public	Create stability
		Give chance for qualified non family members to be in the board
		Positive external ideas and opinions
	Planning	Risk Reduction
		Opportunity investment
	turnover of non-family members	Competitions between family members and non family members on the higher potions
		Handle challenges
Handle Challenges and maintain family business	Steps to handle challenges	Clear Company bylaw
		Clear definitions for the responsibilities
		Job description
		Salary based on qualifications, skills and evaluation
	Suggestions to maintain family companies	Accountability
		Hold regular meeting
		Put a promotional and incentive system
		Regular performance assessment

Chapter Five
Result discussion

Result discussion

The aim of this research is to investigate the factors that affect the family business success in The West Bank, after the data has been analyzed and reported, the result will be discussed in this chapter.

The discussion for the main study question “**What are the factors affecting the success or the Failure of family business in The West Bank?**

The result shows that the main success factors for family business are (Believe in company vision and mission, diverse investment, family business governing, and hold the core values of honesty and heartfelt).

While the main factors for family business failure are (variation in the children number for partners, limitation in the capability component in assessment, lack of accountability, and the influence by the external factors).

By analyzing the similarity node for the factors that are influencing the family business success, the company vision considers a major factor for family business success, whereas, the diverse investment and salary scale for employees from family members, as well as, the setup for control and monitoring system is intersect with both (diverse investment and salary scale for employees from family members). The conclusion is (diverse investment and salary scale for employees from family members, and setup for control and monitoring system) are more critical factors for family business success. The researcher considers the specific factors are from functional and operational view, the family company is due to major personal factors that may interfere with daily company activities, thus, setup a control system will help in the early detection for any malpractice, and give early warning signs for steps to be taken and prevent any deterioration.

Also, the result identifies the major factor influencing the failure of family business, the analysis of nodes indicates that the influence of the external opinions and lack of accountability are most specific factors for family business failure, while the limited capability component for assessment considers major factor for family business as a failure. This result means that the external factors play as functional criteria for the family business operations, which provides feedback about major elements and about how the family business is connected with the market needs and fulfill the customers' demands. Moreover, accountability plays a main role to keep intact administration system and maintain the customers' trust to family company system, thus external opinion and accountability could protect the family from the failure.

The discussion for the first sub-question "what are the factors that are related to family (The distribution of decision making authority, Preparation level of family members, Relationship among family and business members and the transition) that cause family company to success or failure?"

The result of the question shows that the major family factors that influence the family business are (The distribution of decision making authority, relationship among family and business members and the transition) can cause the family company success or failure, those main nodes tend to cover the major family factors with some interferences between the nodes classification.

Regarding the distribution of decision making authority for the family business share responsibilities and privileges, create the ground for success, promote prosperity, and maintain stability and growth for the family companies. This means the values that control the family business authority play fundamental role in terms of creating a balance between responsibilities and privileges for the company and the customer's, as well as, maintain the scope of the company growth and further its stability.

Moreover, the result about the relationship among family and business members shows that there are two impacts, the first is considered positive that includes commitment, excellence, strong communication, and trust, whereas, the negative side for the relationship among family business members are competitiveness, discrimination, and jealousy. Both factors could be interacted to become as a mixed pattern of positive and negative influences, which means the conflict and the diminished aspects of the relationship among family members have a possible short and long terms impact in case the relationship is diminished without limits, borders, and bounders. Albeit, the main risk of family relationship comes from the nature of low professional practices.

Also, the most important factors that are related to the family factors similarity clusters are relationship among family and business, and preparation level of family members where they both intersect with the distribution of decision making authority.

While the result that is related to the transition shows that planning for the transition based on the family member role and physical and mental conditions is one of the major factors that influence the family success of the family business. In addition to, the transition has to be the gradual process through a period of time to guarantee smooth and hassle-free transitions, and examine the impact of transition on a certain business factors. As well as, the transition has to be cross generation, which respect the family hierarchy and acknowledge the previous generation effort, beside appreciate the new generation tendency to become part of the leader party.

The second sub question discussion “What are the factors that are related to the company (Planning, turnover of non-family members, going public and Use of outside consultant, advisors and professionals) that cause family company to success or failure?”

The result of this question shows that the main node system for the company factor that comprised the family business success are (Planning, turnover of non-family members, going public and Use of outside consultants, advisors and professionals) this also, means the main factors have intercorrelation to produce a network of influencing factors.

Referring to planning as one of the company factors comprise from two major dimensions which are (risk reduction, and opportunity for investments, this means the planning create prevention from the possible and potential risk, while, it also maximizes the opportunities for further investment. The researcher explains the importance of planning and its role in risk reduction, the planning considers most of the factors that are associated with risk, and develop actions and step to handle them. Besides, planning is considered as one of the major activities that open opportunity for further investment and exploration for new avenues and new chances. Thus, planning put the base for company success and growth.

The results mention another factor that predicts the family business success relating to Non-family turnover, this factor is considered critical, as the high turnover creates lack of stability, thus, the reason why this factor occurs due to competition among the family members in their rival to control the top managerial position. This risk of turnover of the employees could be solved through the increase in the capacity for leadership position for non-family members, as well as, opening the top positions for people from outside the family. Promotions and leading positions should be based on qualifications and expertise rather than the family membership. This ideal situation requires effort and vision to be implemented.

The result also, referred that one of the major factors influences the company success related to the chance of going public or create public corporate has potential benefits, from the interviewees point of view, one of the possible benefits is to create stability for the company, while the second benefit is to have a chance for the qualified non-family members to serve in the company board of directors, as well as, another expected benefit which is to get positive external ideas and opinions. All the pervious mentioned benefits are correlated and together make a clear outcome if the family business decided to go public. The researcher explanation for this result, that going public increase the chance to follow-up with the current development in the company fields as well as, managing the area of challenges based on accountability, and a govern based decision-making, rather than the decisions to be dominated by only the family members' sense and expectations.

Furthermore, the use of outside consultants and professionals is considered as one of the factors that determines the company success, this means the company using the policy to be opened and get knowledge and consultation for outside resources and expertise, the benefit from getting external consultants and professionals are comprised from getting expertise diversity, get a professional help, and introduce more production and ideas. All the mentioned nodes are interconnected and correlated, which means there are many benefits family company can get from hiring external experts, especially the market competition requires external input from expertise who are widely exposed to diverse experiences.

The cluster analysis classified the factors into two main clusters, the first is including both (going public, and non-family turnover), which means that the external administrative positions are very much important to maintain the company working and operating effectively.

While the second cluster is aggregating both (Planning, and use outside / external consultants and expertise), which means the external expertise is very much important to flourish the company input and nourishing the company profile.

Generally, the company related success factors are intercorrelated and produce very unique ingredients if it was carefully managed, and insightfully reviewed.

Moreover, the interviewees suggested steps to handle the challenges, and the main aspects that are suggested by the interviewees are (establish a clear company bylaw, define a clear responsibility, have a job description, and setup a salary scale based on the employee's qualifications, skills, and annual evaluation.), the suggestions are major aspects for any governed company system that guaranties transparency and accountability, and increases the customers trust as well as, reduce the personal factors risk to interfere with customers best interest.

In addition to, the cluster analysis for the main suggestion is the classification in two main categories including (establish a clear definition for the responsibilities, and a clear company bylaw). This comes from the point where paper based writing documents reflect the company awareness in their administrative needs and demands. While the salary based on employee's qualifications, skills and annual evaluations is intersecting with other factors (establish a clear definition for the responsibilities, and a clear company bylaw) this reflects the company awareness with financial bounders, and expertise opportunities.

Although, maintaining the family companies is covered through the interviewees' suggestions which are mainly about establishing accountability system in the company, holding regular meeting, setting up a promotional and incentive system, and conducting a regular performance assessment). All the mentioned factors are important to increase the companies monitoring activities, and support informed decision-making, controlled by internal governed operations, which ultimately leads to company stability and growth.

Regarding to cluster analysis the factors classified into two main clusters, the first is including both (accountability, and holding regular meetings), this shows how govern the company activities are interconnected and functionally supported to each other. Also, the second cluster is aggregating both (setup a promotional and incentive system, and conduct a regular performance assessment), which stresses on the importance of human resource management.

Recommendations:

Based on the study results the researcher suggests the following recommendations:

1. The importance of instilling in all family members to believe in company vision and mission and to hold the core values of honesty and heartfelt.

2. The importance of setting-up High professional standards to appointments, promotions and incentives for employees regardless if they are from the relatives or not.

3. To reduce discrepancy and lack of transparency, it is suggested to have a clear company bylaw, job description, clear definitions for responsibilities, and setup a salary scale based on the employee's qualifications, skills, and annual evaluations.

4. The importance of setting-up control and monitoring system to follow the company's activities.

5. The importance of setting-up Key Performance Indicators (KPIs) for each department to avoid the limited capability components in assessment and to have regular performance assessment.

6. Establish accountability system for the company to maintain a clear bounders and limitation between customers' interest and company owner's benefits.

7. The importance of setting-up reporting systems and developing them continuously.

8. Use the Governance for Family Businesses to control all aspects of the company systemically.

9. The importance to hold regular meetings.

10. It's necessary to use planning to reduce risk and maximize investment opportunities.

11. The leaders of the family business should to have plans to diverse their investments.

12. The importance of decision - making distribution authorities and how much it is valuable for sustainability for the company, sharing the responsibilities and privileges and create the ground for success and promote prosperity.

13. Taking care about turnover for non-family employees in order not to lose effective and qualified employees.

14. Taking care about relations between family members, focus and improve the positive side which includes trust, commitment, strong communications and excellence and reduces the effect of negative side which includes competitiveness, discrimination and jealousy.

15. The importance of the use of outside consultants, professionals and advisors and how much they are valuable for expertise diversity, get professional help and introduce more productive ideas.

16. The need for going public whenever the family business growing up and getting the benefits from it to create stability for the company, give the chance for the qualified non-family members to be in the board and get the positive external ideas and opinions.

17. Be careful from external factors and external effects and prevent them to affect the company negatively.

18. Take care about the differences in the number of partners' Sons and Inability to regulate their rights and this numerical differences.

19. Focus on planning for the succession and how to execute it gradually and cross the generations.

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Appendices

Interview Tool

Q1: What are the privileges that the family company achieved compared with non- family companies?

Q2: what are the factors that contribute to achieve family company success?

Q3: What are the challenges that the firm faces as being family company?

Q4: What are the necessary procedures to face these challenges?

Q5: How do the factors affecting family members contribute to the success of family company according to power distribution and decision making?

-How do the relations of family members according to trust, commitment, relationship, jealousy, competition and discrimination play a role in the success and the continuity of family company?

-How do the family members' preparation and training for professionally managing top positions affect the continuity and the development of family company?

-What is the importance of drawing a strategy for generation succession and its role in protecting family company?

Q6: Do the factors related to the company affect the family company success according to:

-The importance of planning operation in the success and the development of family company?

-Family companies are known for the instability of their outside employees for being unable to take high positions and proceed in it, how does this affect family businesses and how can we reduce the effects of this factor?

- How does depending on the help of experts, supervisors and specialists contribute to improve the company?

- Does going Public factor increase the stability of the family businesses?

Q7: what are the suggestions that contribute to maintain the family company?

الأداة

بسم الله الرحمن الرحيم

جامعة النجاح الوطنية

كلية الدراسات العليا

تخصص الإدارة الهندسية.

الإخوة المحترمين:

تحية طيبة وبعد:

يقوم الباحث بدراسة حول "**العوامل المؤثرة في نجاح الشركات العائلية في منطقة الضفة الغربية من وجهة نظر الخبراء**"، حيث سيتطرق لأخذ شركتكم الموقرة كحالة دراسية ، من أجل الحصول على درجة الماجستير في الإدارة الهندسية، وتعاونكم في الاستجابة على أسئلة الدراسة يُسهم في تطوير البحث العلمي، وهو موضع الشكر والتقدير.

شاكرين لكم حسن تعاونكم

الباحث

محمد أسامه زلموط

المعلومات الشخصية

العمر: ....

الجنس :............................

المستوى التعليمي : ....

الخبرة العملية في الشركات العائلية: ....

الموقع الوظيفي:..............................

من افراد العائلة الماكلة ....

السؤال الأول: ما هي الامتيازات التي تحققها الشركة من كونها عائلية مقارنة بالشركات غير العائلية؟

السؤال الثاني: ما هي العوامل التي تساهم في تحقيق نجاح الشركة العائلية؟

السؤال الثالث: ما هي التحديات التي تواجهها الشركة كونها شركة عائلية؟

السؤال الرابع: ما هي الآليات والإجراءات اللازمة لمواجهة هذه التحديات؟

السؤال الخامس: كيف تساهم العوامل الخاصة بأفراد العائلة في نجاح الشركة العائلية من حيث:

توزيع صلاحيات اتخاذ القرار على نجاح الشركة العائلية؟

العلاقة بين أفراد العائلة من حيث قوة التواصل، الثقة ، الالتزام، الانتماء ، الغيرة ، التنافس ، التمييز ودور ذلك في نجاح و استمرارية الشركة العائلة؟

عملية تهيئة أعضاء العائلة و تدريبهم لقيادة المواقع الإدارية بكفاءة ودور ذلك في استمرارية وتطور الشركة العائلية؟

وضع آلية لعملية تعاقب الأجيال ودورها في الحفاظ على هذه الشركة العائلية ؟

السؤال السادس: هل تساهم العوامل الخاصة بالشركة كشركة عائلية في نجاح الشركة من حيث الآتي:

أهمية عملية التخطيط في نجاح وتطور وتوسع الشركة العائلية؟

يؤخذ على الشركات العائلية عدم استقرار الموظفين من غير أفراد العائلة فيها لعدم القدرة على التقدم و التطور فيها فما مدى تأثير ذلك على كفاءتها وما آلية تخفيف حدة هذا العامل عليها ؟

كيف تساهم الشركة العائلية كونها شركة مساهمة عامة في استقرارها و ثباتها بحيث يسمح لغير أفراد العائلة بالاستثمار فيها في ؟

كيف يساهم الاعتماد على / الاستعانة ب الخبراء / مستشارين / أخصائيين خارجيين في تحسين مستوى الشركة والحفاظ عليها ؟

السؤال السابع: ما هي الاقتراحات التي تساهم في استمرارية الشركات العائلية؟

جامعة النجاح الوطنية

كلية الدراسات العليا

العوامل المؤثرة على نجاح الشركات العائلية في الضفة الغربية – مجموعة شركات الزلموط حالة دراسية

إعداد

محمد أسامة "محمد روحي" زلموط

إشراف

د. سامح العطعوط

قدمت هذه الرسالة استكمالاً لمتطلبات الحصول على درجة الماجستير في الإدارة الهندسية، في كلية الدراسات العليا، في جامعة النجاح الوطنية، نابلس– فلسطين.

2018

العوامل المؤثرة على نجاح الشركات العائلية في الضفة الغربية –

مجموعة شركات الزلموط حالة دراسية

إعداد

محمد أسامة "محمد روحي" زلموط

إشراف

د. سامح العطعوط

الملخص

تهدف هذه الدراسة إلى تحديد ما هي العوامل المتعلقة بالعائلة وما هي العوامل المتعلقة بالشركة التي تؤثر في نجاح أو فشل الشركات العائلية في الضفة الغربية. تم أخذ مجموعة شركات الزلموط كحالة دراسية وتكونت عينة الدراسة من جميع المالكين والمدراء في مجموعة شركات الزلموط من أبناء العائلة ومن خارج العائلة والبالغ عددهم ثلاثة عشر شخصاً.

لتحقيق أهداف الدراسة استخدم الباحث المنهج النوعي (دراسة حالة) والتي تتمثل في تحديد العوامل التي تؤثر في نجاح أو فشل الشركات العائلية. تم تصميم الأداة والتي كانت عبارة عن أسئلة مفتوحة تغطي أهداف الدراسة من خلال عمل مقابلات مع العينة المحددة. تم إجراء تحليل منظم للمقابلات من خلال إنشاء وتطوير نظام يعمل على تركيز وتجميع الإجابات المتشابهة والمتقاربة وما مدى تقارب هذه الإجابات لكل عامل من العوامل الرئيسية والعوامل الفرعية لإيجاد شبكة لهذه المفاهيم و العوامل ومدى ترابطها مع بعضها البعض ومدى تأثيرها على نجاح أو فشل الشركات العائلية في الضفة الغربية من خلال استخدام برنامج NVivo 10. تم قياس مدى دقة وموثوقية الأداة المستخدمة في الدراسة باستخدام معامل Holsti وكانت قيمة المعامل الكلي للأداة 80.5% وهذا يشير إلى أن مؤشر الدقة عالي وبالتالي معامل الدقة والموثوقية مقبول للدراسة الحالية.

وكانت عوامل النجاح الأساسية للشركات العائلية هي (الإيمان برؤية ورسالة الشركة، تنوع الاستثمار، حوكمة الشركات العائلية، التمسك بالقيم الأساسية من الصدق والإخلاص) بينما

كانت عوامل الفشل الأساسية للشركات العائلية هي (الاختلاف في عدد أبناء الشركاء وعدم ضبط حقوقهم وضبط الفرو قات العددية، تقييد عنصر التقييم لأداء أبناء العائلة العاملين، ضعف بل عدم وجود المحاسبة والمراجعة لأبناء العائلة، تأثر أبناء العائلة بالعوامل الخارجية). وكانت العوامل الأساسية المتعلقة بالعائلة والتي تؤثر على نجاح أو فشل الشركات العائلية هي (توزيع صلاحية صنع القرار، العلاقة بين أبناء العائلة العاملين أنفسهم والعلاقة مع غير العاملين، تهيئة أفراد العائلة للعمل والدخول إلى مجال الشركة وتدريبهم، والخلافة) بينما كانت العوامل الأساسية المتعلقة بالشركة نفسها والتي تؤثر على نجاح أو فشل الشركات العائلية هي (التخطيط، معدل خروج العاملين من غير أبناء العائلة من العمل، التحول إلى المساهمة العامة، الاعتماد على الخبراء والمستشارين الخارجيين).