

# **DOCTORAL (PhD) DISSERTATION**

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## **AUTHOR’S DECLARATION**

I, the undersigned **Firas Zeidan** doctoral candidate, declare that I have not submitted my dissertation in another institution in the same discipline and it has not been rejected before. I am not under a procedure aimed at the withdrawal of my doctoral degree, and a doctoral degree awarded previously was not withdrawn from me. At the same time, I declare that the dissertation/Thesis titled “**Family Business in Lebanon: Leadership Practices and Continuity,**” is my own work under the guidance of Dr. Szilárd Berke; the references in the literature are clear and complete. Whereas my college “Hungarian University of Agriculture and Life Sciences - MATE Kaposvár Campus” is in no way responsible or liable for the opinions, ideas, ideologies, thoughts and content of the theses, memoirs, dissertations, projects and reports of its students. They should be considered proper to their authors.

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## **ABSTRACT**

The research study is composed of 300 companies which represent 300 family business leaders from all Lebanese regions of small medium-sized family business and from various economic activities. Data had been collected by using a LPI questionnaire defined by Kouzes and Posner (2012) during the period from 06-02-2020 to 31-05-2020.

Many reasons stand behind its establishment, but the most essential one returns to the family member will to find an opportunity to develop his business and nourish it from one generation to another, despite all the challenges that he /she could face. Thus, family business has its unique rules, and management system.

In Lebanon, family business forms a huge proportion of business, and it plays fundamental role in the Lebanese economy development and nourishment. However, the leader in such companies faces many challenges; that constrain its business from one generation to another. Here it comes the importance, and the need for good leadership management to ensure its company succession and continuity.

There is no doubt that the legacy on which the leader of the family business builds continues over the past years and years by making him exercise his duties with more confidence and determination to continue to preserve what has been inherited and improved and to develop advanced stages.

Family businesses require sacrifice by who take the lead to preserve the basic principles set by the predecessors, especially in a country like Lebanon where the economic situation is unstable and linked to the political situation. This is a burden on the family business to maintain the same benefits, and the same previous quality finally achieving the sustainability of the family business to a later generation.

Thus, the main aim of my dissertation is to detect the relationship binding the individual leadership practices i.e. Model the way, Inspire a shared vision, Challenge the process, Enable others to act, and Encourage the heart and family business performance. In addition, to investigate the factors that bolsters family business continuity.

This dissertation studies the impact of individual leadership practices on the family businesses performance in a service sector economy. The outcomes of this research show some positive significant correlations exist between the leadership practices and the family business performance for the first- and second-generation leaders. In addition, only 3 effective correlations exist between the independent variables and the dependent variables for both generations. Whereas there are some differences and lack resulted from different adaption of the leadership practices.

Learning is the art of self-folding and a vision for a better future. It is one of the basic things in life as you learn how to take full responsibility for family and work. As a result, this research work suggests assisting family business leaders to train their inheritors and the chosen successor in leadership practices.

*“Behind the Success of every Small Business, there is a Family, Leadership, and Strive” \_Firas Zeidan*

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# 1. INTRODUCTION

Family businesses are old-fashioned styles of doing business. The labor force of the ancient kingdoms was family (Joseph, 2018). And with the scarcity of historians to the contribution of these companies to the prosperity of society. But we find that history has saved us a document proving that the first lending for interest has emerged four thousand years ago. Since then, family businesses have become the backbone of the world's most powerful economic system (Nwankwo and Gbadamosi, 2020). Not only that, but family companies were the mechanisms of renewal in those systems (De Paula and Dymski, 2005). They were offering products and services to the consumer as stated by De Paula and A. Dymski (2005).

Family businesses flourished in all the countries of the ancient world, among the Arabs, the Babylonians, the Egyptians, the Jews, the Greeks, the Phoenicians, Romans, and Indians (Ochsenwald, and David Barnett, 2020). Small family businesses spread civilization all over the world; during their commercial travels they carried Babylonian astronomy, Greek philosophy, Jewish calendar, and Roman law according to Ochsenwald, and David Barnett (2020), and Zeidan (2017). These companies had a set of industrial and commercial laws and rules governing product quality. The growing number of family businesses in the 20th century has played a major role in the early stages of industrialization throughout the world. Industry and trade historians see small family businesses as preserving the old. The development of capital has made a difference in the development of family businesses (AL-Hayat, 2014; Tharawat Magazine, 2014; Bizri, 2016).

Ashkar et al. (2019) said that in the Arabian Gulf, most family businesses have lived for forty-five years; they are newly established companies.

As for the simplicity of establishing a family business, these companies will not disappear or stop establishing new ones in different parts of the world (Duh, 2012). Whatever the challenges posed by economic transformations in

the world, these kinds of companies stay with people who are able to achieve commercial and economic success attributed to them, and move to their children or grandchildren to inherit (Hashash, 2011; Hakim, 2014; Qasar, 2017).

The current global economy is based on family businesses, accounting for 69% of those companies to Britain's economy and 81% of Italy's economy and 85% of Lebanon's economy (Duh, 2012; Saidi, 2004). Family business founded by the idea, and grow slowly, and sometimes become a multinational company (Hashash 2011; Bechara, 2013).

Family businesses have an important factor in the Lebanese economy business (El-Kassar et al., 2018). Where it goes beyond just profit maximization and income, to be interested in family values and traditions (Sharma et al., 2003a); for forming a small project that will develop and nourish between generations, and to be large entrepreneurship and perform an ideal story of success (Koe, & Sa'ari, 2015).

In this research, the results of the field study reflect the reality of some Lebanese family companies regarding size and establishment, which reached the second generation by 50%.

SMEs in Lebanon are 98% of the economic sector; it is led by the private firms (Mezher et al, 2008). According to Fahed Sreih (2010), private sectors composed of 85% of family firms. This research represents small country in the Middle East which is Lebanon. Moreover, this country is characterized by its traditions, cultures, and diversities. In choosing the successor we must take into consideration the gender in family business decision-making. It is true that women have joined the work force to compete men but it is still dominated the choice of family business leader (Sarkis et al., 2009).

Little information is collected about the interest of family business members in social activities (Fitzgerald et al., 2010).

According to Observatory of European SMEs (2003), reveals that SMEs represent 98% of the businesses in the economy. Moreover, SMEs are responsible to serve their clients and satisfy their needs in the community they operate in to behave socially responsible manner (Besser, 1999; EMSF, 2004; European Commission, 2003).

Family business plays a significant role in all over the world because of their managements, and the responsibilities hold by their family members. These organizational structures vary from one business to another; they managed by one or more family members, and the succession process in transferring the leadership from one generation to another is a great factor (Ibrahim et al, 2001; Beyrouti, 2010; Bencsik et al., 2016; Cseh-Papp et al., 2017). In Lebanon, the structure of most family business varies depending on its size, structure, etc... For example, some family firms have a board of directors, and others have a president, and each firm can be divided into departments vertically or horizontally depending on the firm size, or needs or policies. Each department has its own manager. As usual the number of employees determines the size of family firms while in Lebanese family firms it is filled by family members, and their relatives. This will have a negative effect on a business performance as no incentives received by the employees (Beyrouti, 2010). Hence, leaders look for workers who can lead and make decisions autonomously. They employed skilled and experienced employees who adapt firm's values, such as teamwork and collaboration, industry, trustworthiness, honesty, and integrity. Such values contribute to the business success (Héder-Rima M. and Dajnoki, K., 2019; Krajcsák, 2018; Marek, 2018; Pató, 2015). The leaders and managers bolsters the values by talking daily about it according to Sorenson (2000). Development of family business throughout

generations participates in the industrial growth and revolution because of their independence, talented, educated, and skilled family members, their commitment, and succession plan (Poutziouris, 2000; Beyrouti, 2010).

Research studies indicate that in innovative businesses, industries, family firm performance depends on maintaining highly skilled and talented employees and individuals (Block et al., 2013). Family business characterized by low survival rates and not all of them succeeded to transfer to the third generation. Most of them survive to transfer to second generation (Ibrahim et al., 2001). Studies show that there are several requirements to run the business at different stages (Stavrou & Swiercz, 1998). The succession process and its effectiveness on the business continuity and family styles and operations, shows that leadership plays an important role in it (Beyrouti, 2010).

Family businesses give a basic framework for financial action and create wealth economies (Poutziouris et al., 2004). Family businesses have played an imperative part within the financial and economic improvement across the globe. A consider assessed that over two-thirds of all around the world businesses are claimed or overseen by families' enterprises and account for approximately half of GDP (Gross Domestic Product) (Shanker & Astrachan, 1996). Approximately 90% of all the businesses within the USA and Canada are assessed to be family-owned (Ibrahim et al., 2004); while in Australia, approximately half of all businesses are detailed to be family businesses (Getz & Carlson, 2000). Family businesses play a significant role in the financial and economic development over the globe, whether in developed or developing countries. In Spanish, family businesses account for 85% of the Spanish private business sector (Galván et al., 2017). Family businesses play an imperative part in financial and economic development of the developing countries (Basu, 1998).

Sharma et al. (2003b) stated that succession plan is a great independent factor required by the family business due to its contribution to succession process and chances. As stated by Davis (1992); who defines succession plan as a process to maintain leadership control across generations, and to transfer the assets from the owner to the successor and to have a good family relationship. Sharma et al (2003b; 1996) and Morris et al (1997) said that succession plans increase the good relation between family members and chances of success. As mentioned by File and Prince in 1996, without succession plan many problems will appear and at the end business will fail. Many opinions insist that family business leader should plan to transfer the business to their inheritors and should prepare the successor before 5 to 20 years (Shulman, 1991). Without business plan the future of the family business will lead to a decline in their numbers (Ward, 1987).

The succession of Family business could be an exceptionally complex and challenging process that requires serious efforts from all the involved family members (Csizmadia et al., 2016). It has several distinctive measurements that ought to be taken into account (Csizmadia et al., 2016). In their research they had been reflected to a few of them, with an extraordinary insists on structural characteristics of succession and how knowledge transfer plays in it (Csizmadia et al., 2016).

Csizmadia et al. (2016) added that both the owner and the policy makers have to consider the issues specified briefly as mentioned above. Family businesses ought to be supported in creating their competencies related to planning succession and knowledge transfer to guarantee the success of transferring the business between generations and maintain the resources and values expanded within the family businesses. If the progression and succession is well arranged, the leaders and the whole community can benefit from the decrease in financial, social and emotional costs.

Block et al. (2011) presents the effects of (founder) involvement on family firm performance and give an establishment for further hypothesis improvement and practice within the field of family business research.

In the Lebanese family business, the older family member has inherited the leadership position. Some of them are prepared to hold the responsibility and run the business, and others may suddenly run the business.

Most owners must prepare a capable successor to manage and run the business ownership. In Lebanon one top level positions are inherited because the successor is known from the date he born.

Effective successor is important for the business; it start from the period of training him/her at a small age to gain experience across time. Innovation and leadership plays an important role to have a successful leader.

In specific, the role of some administrative practices, such as the adopting succession plan, the principle for choosing the successor inside the family individuals, the involvement of outside experts, or the selection of appropriate financial tools, ought to be precisely analyzed as they might contribute altogether to the successful heritage of business inside the family (Cucculelli & Micucci, 2008).

The instability of the economy in Lebanon leads to having a negative impact on the private sector and the family firms, makes the family business face challenges, in selecting the successor, because most of them has traveled abroad, and these successors has chosen a new career in a foreign country (Hourani and Sensing-Dabbous, 2007). That's why some siblings may stay out of business and search for outside employment.

In Lebanon these companies have withstood, and pass through generations despite the wars, the conflicts and various economic crises. Lebanese family

businesses were established in a society where the factors of change are rapid (Saidi, 2004). They are also experienced wars, security incidents and various economic crises in their impact, depending on the location of the business and its geographical proximity to the seam zone or the battlefield. Some of these businesses established since 1857, but the study focused on the period from 1950 to 2010 because most of the family businesses established at the end of the 19th century was characterized by craftsmanship and simplicity at its beginning, but despite its own family-oriented development, traditional inheritance has been able to pass through generation. Its modernity and mastery of modern art and technological development, and its proud of its long-established history, it was enabled to be reestablished in the 1950s.

Family businesses in Lebanon are an important pillar of the Lebanese economy. They represent 85% of the productive sectors and employ workers from different social groups (Al Akhbar News, 2019; AL-Hayat, 2014; Bizri, 2016; Tharawat Magazine, 2014).

Research study present the Leadership Practices in Family Business in Lebanon to determine whether these practices affect does it have on family business performance and continuity?

**This research is composed of eight chapters:** Chapter 1 deals with the Introduction. Chapter 2 discusses the literature review, Family Business History, and Background, its definitions, attributes, concepts, family business success factors, challenges, failures, the Emphasis on Rational over Emotional in the Selection of a Conscious Successor for Business Succession, and the importance of Leadership in finding the most important solutions to the problems of family business continuity. The review about Leadership and Family Business situation in Lebanon, and its administrative structure. It then talks about Family Business Performance history, approaches and indicators. It then presents some examples of successful



family business in developing countries like Africa and Lebanon, and focuses on Lebanese and Middle East Culture. It provides an overview about the Leadership and Family Business, Quinn's leadership theory, Kouzes and Posner exemplary leadership theory, the five leadership practices inventory model LPI.

Chapter 3 discusses the research model, Purpose and Justification of the Study, Research Questions, Hypotheses, The Objective of the dissertation, the Significance of the Thesis, and Kouzes and Posner Exemplary Leadership Practices Inventory LPI Theory (The Five Leadership Practices Inventory Model (LPI)

Chapter 4 talks about the research methodology of the Study which includes the followings: description of research variables, target population and sampling size, Methods applied for data collections (qualitative or quantitative method), and which data analysis instruments and methods used to analyze and interpret the results.

Chapter 5 presents the results and their evaluation, data analysis, which includes the evaluation and interpretation of the results obtained. For data analysis and to achieve the objective of the dissertation, and hypothesis of the research, the statistical package for social sciences (SPSS) version 23 for windows was used to analyze the data collected from the questionnaire and AMOS 24 program (Analysis of Moment Structure), to test several data analysis, and we depend on structural equation modeling (SEM), the latter PLS-SEM to interpret the results and to test empirically the proposed hypotheses. We conclude with Chapter 6 that summarizes the whole study, Chapter 7, an overview of new scientific results, and Chapter 8 provides summary and recommendations that address the research questions and objectives. And shows the limitations for any future research.

## **2. LITERATURE REVIEW**

### **2.1. Family Business: History and Background**

#### **2.1.1. Family Business Definitions and Concepts**

With the help of family attributes, we can analyze how these attributes affect the family business behaviors and outcomes.

Family is a group of characteristics forming a couple family, having children because of heterogeneity. These attributes are: family structures, family functions, family interactions, and family events.

Family structure is a group of people who share family values, who are part of a family and interact with each other through traditions including the entire family and the extended one (Galvin et al., 2012). The interaction between individuals inside family structures affects an opportunity recognition, resource mobilization, and new start-up activity (Aldrich and Cliff, 2003).

The traditional family structure is the most common one among the worlds it composed of the most individual's ages of 18 years old and younger who lives with their parents (Blackwell, 2010). Since 2007, US alternative family on firms witnessed a new kind of family structure like single mother couples, etc.... This shedding the light on the importance of understanding the relationships between family members (Silverstein and Bengtson, 1997; Vespa et al., 2013).

Research reveals that the more family bonded, the more it faces challenges the more successful of family business. Some research reveals instability inside a family which means fewer investments in the next generation (Galbraith, 2003), and it will deteriorate the performance of the family firm because of conflict or divorce. Single parent is better to have family firm

more flexible and more successful, and its future concerns about the benefits, and costs beyond these alternative family structures.

Family functions held by the family members (Popenoe, 1996), in the 20th century families their care was for education, childcare, or elders, employment (Klein, 2010).

Nowadays, things and values have changed, people becoming with less care of their elderly members, and they just care for their status and employment as family firms provides family functions.

The type of interaction is very useful for family member relationships and for family business performance and outcomes (Davis, 1983; Jaskiewicz et al., 2005; Hollander and Elman, 1988). Family has a system like regime, they interact to each other and to the environment they live in it, healthy family interactions and behaviors are good for the business, and its success through generations and for the future of the business and entrepreneurship (Danes et al., 2008).

High conversation, communications and conformity leads to higher self-esteem inside a family and helps the family firm to be successful (Huang, 1999). In contrast, low conversation and low conformity leads to failures, and conflicts.

Providing jobs, an opportunity, and employment gives the family firms a competitive advantage among others and having decision-making and commitments it is a competitive advantage.

It is a measuring tool for the interaction between family business members taking into account the feelings, the association, the consensus, the function, the norms, and its geographic structure (Bengtson and Roberts, 1991; Silverstein and Bengtson, 1997). These are an important source of outcomes and entrepreneurship.

Family events are a good chance to have a good relationship between family members inside a firm. They can gather in marriage, birth and different occasions (Rodgers, 1964).

Each life stage of family has its own challenges. Children education may lead to less entrepreneurial behaviors in the family business due to less financial resources because money goes for education while when children are adults, they are good human resource for employment and more engaged in entrepreneurial behaviors (Minola, Brumana, Campopiano, Garrett, and Cassia,2016).

Some bad choices or behaviors like accidents or divorce and diverging of family structure their interaction, and function leading to close the family business, we can say that we have low outcomes due to low performance (Galbraith, 2003).

In Asian, they try to retain family and increased family capital like family members, money, and social interaction to ensure stability over time. This leads to legitimacy and power in family's decision-making.

Eisenhardt (1989) describes the relationship between the owners, and the manager without any selfish behavior. Thoreson & Niléhn (2014) said that if the manager works for the interest of the principal under certain governance, the latter enacts. So, he will increase the performance of the family firm. This is because as Eisenhardt (1989), and Jensen and Meckling (1976) emphasized that managers works for self-interest only, showing the needs of governance.

Family firm characterized by family relationship between parents, and their children (W.S. Schulze et al., 2003). These relationships are built on generosity, respect and moral values, these values and unity help in overcoming problems and conflicts that may occur, and this reflects the

family firm leaders' behaviors in monitoring such events as said by Chua et al., (2011) and Eddleston et al (2010).

Family firms may face problems and conflicts when hiring family members instead of selecting from outside the family regardless of how these family members are qualified or not, this will decrease the performance of family firm (Wright and Kellermanns, 2011).

Some evidence from life shows the link between behaviors and performance inside family firms, such behavior may be examined by employee motivation and identification, the higher the employee motivation and identification, reflects a positive impact on family firm's survival and profitability.

Stewardship Governance who shows certain organizational culture that includes rules for empowering employees to make decision and to get involved in the work environment and enhancing firm performance (Davis et al., 1997).

Stewardship governance contributes in monitoring employee behaviors like commitments and helping the collaboration between family and non-family members in the family firm decision-making, helps them to identify, and exploit entrepreneurial opportunities (Eddleston et al., 2012).

A family member spends more time on discussing family issues instead of business issues (Zhang et al., 2011).

### **2.1.2. Administrative Structure of Lebanese Family Business**

The distribution of administrative work on family members represents family relationships within a practical framework aimed to the continuation of the family business and the adoption a management strategy with clear objectives.

The joining of the family members in the business is considered a fundamental indicator of the importance of continuity (Salman, 2012). Hakim (2014) and Qasar (2017) talks about the cooperation between the two generations describes the establishment of exciting projects and forming a leading business. This collaboration promises a bright future as the generation of children joins parent businesses, because the new generation has more technical knowledge than the previous generation, and a mechanism for scientific change to meet challenges with enthusiasm and energy. This is why parents have involved them, developed their capacities and loaded them the management responsibility. They have also set up dialogues to create a balance between the expectations of the traditional parents, and their interests and development according to new technical possibilities (Hakim, 2014; Qasar, 2017).

Hakim (2014) and Qasar (2017) said that in light of the technological, scientific, and administrative revolutions today, the family adopts the concept of dialogue and cooperation between the generations, to achieve compatibility between the administrative requirements in the company, and this concept is accepted between the generation of-children. Family businesses today can absorb about 75% of their children, and their grandchildren in employment compared to 20% since three, or four decades ago, because the concepts that governed the work and linked it to the concept of masculinity and eliminate the role of women in family businesses were quickly eliminated, as well as the concept of the priority of the eldest son, who has become of the concept of the one who possesses the knowledge, in other words, age no longer means family members but only a number, ability and sense of responsibility more than others; the growth and expansion of the family business has become an attraction for the young generation in the family (Hakim, 2014; Qasar, 2017).

## 2.2. What is Family Business History and why –and how –It Matters?

This title talks about the historical of business and its progress through years (Jones & Zeitlin, 2008).

Business history is relevant even of wide different of management studies (O’Sullivan & Graham, 2010).

A family firm is owned and managed by the family members; who expected to pass the leadership business on to their descendants (Gulzar & Wang, 2010).

Testing existing theories, the useful of proven data provides historical evidence to theories and concepts. This helps us to understand the **structure** of family business and to have a deep knowledge about its concepts and resources.

Peter Buckley mention the point that is sensitive to history (Buckley, 2016), he developed the theory of time and space.

Family business is a good business to rely on as it deals with long-term approaches such as leadership succession (Chua et al., 2003). Transmission of experience and knowledge, and corporate culture when investing in the primary source of family leader member, family firms archives and data basis that describes the personal relations among family members produces a good business leadership history and having family related motives in the top management’s decisions (Chua et al., 2003; Hu et al., 2018). Top management who addresses problems, managing sources, drawing solutions, thus, historical research is very beneficial and a good source of data to rely on (Chua et al., 2003; Hu et al., 2018; Child, 1972).

For family business research it shows the different culture of family traditions. Values and goals inside a family firm may change through time and in which share a fruitful role in an entrepreneurial choice and it cannot be separated from the business strategy according to Grant (2016), Chua et al. (2003), and Otley (1999).

Starting from the availability of historical research, performance analysis plays a significant role in defining what to measure, then historian's goals becomes a significant source in measuring performance as stated by Grant (2016), Chua et al. (2003), and Otley (1999).

### **2.2.1. Family Business Performance: The Perspective of a Business History**

Family leader members start relying on performances, and its measures in their research, in the last century. First, they used financial measures of performance, to measure the relationship inside the family business regarding ownership, governance, and family business structures (Chandler, 1990).

Anybody becomes familiar with the use and terms of financial statements can know the lack of data and its uncertainty which differs from one organization to another, and also from period to another (Chandler, 1990).

This lack of primary data was impossible to indicate it before the World War Two (Chandler, 1990).

Concerning financial performance business historians still has no homogeneous evidence, it was dispersed and non-systematic (Chandler, 1990).

According to Alferd Chandler, Alferd in 1990 considered measuring performance is more important than measuring profits, incomes and other financial indicators, and he was concerned about companies which lived for a long run with a consistent growth and the adopting of right policies strategies, and organizational structure by the entrepreneurs (Chandler, 1990). This period noticed the process of transmission of the Ownership of family firms between generations and showing the ability, the behaviors of skilled managers and family leader members (Chandler, 1990).

Till World War 2, some family firms achieved profit, but there were some problems due to the behavior of some family firms to maintain a



monopolistic position in the market which pushed the family firms to make low-income (Chandler, 1990).

Reputation good relationships with clients, strong family relationships lead to workers' commitment and participation. (Chandler, 1990).

### 2.2.2.

**M**

#### **Measuring Family Firms' Success in Historical Perspective**

It is the leadership by the same family over time managing and leading the family business is a good indicator of success of a firm, easily to measure.

Concerning longevity, it is transmission of ownership and control through family firm's structure and through generations.

**Survival:** Survival is in the transformation in the role of family members who became unable to perform well the family business (Colli, 2012), and this successful transformation is a good measure of performance, so, this is linked to the selection of the qualified manager and leadership member of the same family (Colli, 2012).

**Embeddedness:** represents the local community the family firm members belong to, live, get educated in; achieve their experience (Niehm, Swinney, & Miller, 2008). This is related to Corporate Social Performance (CSP) (Niehm, Swinney, & Miller, 2008). Family firms create values and benefits from the society where they live and work (Niehm, Swinney, & Miller, 2008). They also create a survival way for continuity of the business and for the family members to flourish in the community (Niehm, Swinney, & Miller, 2008). These are good measures for the survival and performance of the family leaders which in turn has an added value for the reputation of their company, of their own business in a way that the components of the corporate social responsibility (CSR) and corporate social performance (CSP) share a non-financial performance, and social responsibility for the

entrepreneurial families (Niehm, Swinney, & Miller, 2008). CSR contributes to the ethical, economic, environmental and legal issues of a society (Niehm, Swinney, & Miller, 2008). While CSP focuses on the set of the impacts, effects, and outcomes in the society (Niehm, Swinney, & Miller, 2008). Unity and cohesion play an important role in the supporting embeddedness (Niehm, Swinney, & Miller, 2008). As much as the family members are united as much as we have a positive impact on their company, local community and on workers who live and work with the owners of the family firm (Niehm, Swinney, & Miller, 2008).

**Reputation:** Embeddedness deals with the reputation in many ways (Niehm, Swinney, & Miller, 2008). It shows the relationship between family identity and performance and it deals with its profitability and growth (Niehm, Swinney, & Miller, 2008). Good reputation gives value for the family and for the business they perform (Niehm, Swinney, & Miller, 2008). Family leaders put their efforts to keep the reputation of their family business (Niehm, Swinney, & Miller, 2008). This will give us an image of the quality of the family (Niehm, Swinney, & Miller, 2008). Reputation is a capital for the family firm (Niehm, Swinney, & Miller, 2008). So, it is a component of social capital (Niehm, Swinney, & Miller, 2008). It also preserves the survival of the family business and enhances the ability to access the market with a well-known brand name for the family (Niehm, Swinney, & Miller, 2008). For example you as a buyer will buy a Toyota car or Ford because of its well reputed brand name (Niehm, Swinney, & Miller, 2008).

**Sustainability** is a measure of performance; it is a great challenge for family firms to maintain growth and sustain persistence of their control and ownership through promoting skilled internal people and at the same time recruiting from skilled external people to maintain professionalization (Niehm, Swinney, & Miller, 2008).

### 2.3.

#### **Family Business Challenges**

As a matter of fact, many cases express the survival of family business from a one generation to another. For instance, in the United States reveals that only 1% of family firm leader member run the business, while 80% managed by entrepreneurial owner. Most of the family business members search for more profitability with fewer debts and more family wealth (Greenwald et al., 1995).

#### **Challenges that face the family business growth and don't survive among generations:**

Family owned business characterized by their responsibilities, cultures, and traditions, good relationships with employees (Dyer, Jr., 1988).

One more problem is that family business leaders own just one business, and they just take care of it and don't think on new growth possibilities (Lansberg, 1988). After the maturity of business and no changes and development occurred, this led to a declining, and downward cycle. Less leadership practice due to less energy and few resources.

Research reveals that US family firms has many family members, and the owners of this family business try to pass the ownership and leadership to one or two or more of their siblings (Nelton, 1996). Most of the partnership inside family business ended in a split-up because of conflicts that exist in ownership structure (Ward and Aronoff, 1992). Partnership between sibling's success if they invest in this relationship and sharing thoughts, understand each other. For these siblings the family interaction is more important than the business itself and this will give them the strength to overcome business crisis and risks (Ward and Aronoff, 1992).

Sharing thoughts and decisions in family business reflects a health family, and a healthy relationship (Aronoff and Astrachan, 1996). With health family

relationship and mature sibling's conflicts will decrease, and they will together work on a business growth.

Most family business owner, think that the way of success is one of the stagnations. Choosing a one successor leader is the most important action the family business does rather than business held by more than one family member, which will increase the chances of growth and to pass through generations. Moreover, most family business leader successor avoids such challenges (Ward, 1987). With each other new leadership generation, new ideas are generated, new strategic plans are known (Zeidan, 2017).

Breakup of a family is a disturbance that regularly challenges families and their firms: studies recommend that separate inside family and conflicts leads to less investment in another generation especially by the founder and it harms family business performance (Jaskiewicz & Dyer, 2017).

More than the third of companies surveyed in the Global Family Survey (2014), mention that the internal challenges in the family business focus on the significance of the succession and business transfer from one generation to another. The other internal challenges are the continuous innovation; hiring and keeping qualified workers; and implementing new ideas and technologies and company succession planning (Makó et al., 2016; Héder-Rima M. and Dajnoki, K., 2019; Krajcsák, 2018; Marek; 2018).

#### **2.4. Factors of Success in Family Business**

Succession planning is very important for the transition from one generation to another, without any conflicts between family members will occur (e.g., Lansberg, 1988). Succession strategic planning enhances the good relation between family business leaders (Astrachan, & Dean, 2000).

There is a need to plan for succession which must be written to overcome any future conflicts that may occur. However, in some countries like in Philippine

shows that their family business doesn't depend on succession plan but only on socialization and on family values (Santiago, 2000; Distelberg and Blow, 2010).

Some family members will not continue their family business, those family members do not need a succession planning and their heirs will search outside employment. While others consider succession planning is a great step to continue their business (Santiago, 2000; Distelberg and Blow, 2010).

Family business do not have one single goal are as maximizing profit, family business is a good source of employment to make sure of maintaining good relationship between family members, and achieving financial performance. Responsibility is one of the main requirements by the family business leader to implementing firm's vision through management and good governance (Chua et al., 1999). Good relation is a good sign for family members to continue their business.

Roles and responsibilities should be defined clearly by the individuals; this will help them to show their commitments and contributions. According to Handler (1989), when each member of the family knows and understands his role and responsibilities conflicts, possibility of jealousy decreases, consequently succession chances increases.

Family relationships which build on respect, trust, and understanding among siblings show a family harmony with an open line of communications (Lansberg and Astrachan, 1994). Mutual acceptance of the role that is built on trust, respect and understanding, these help in accepting the business roles between siblings.

Family relationship and organizational traits and attributes affect the satisfaction with the succession process. Success is a tool of satisfaction of

family business leaders, and the effectiveness on organizational performance (Sharma et al., 2001)...

#### **2.4.1. Why we need a Succession Plan**

Most of the family firms try to survive and pass through the next generation. They used to set a strategic plan for their business growth and wealth. Strategic planning must take in consideration family attributes and issues in their thinking (ward, 1987). Ward insists the importance of formal strategic planning which is necessary for most family business. Some failures may face the family firms when transferring the leadership from one generation to another. Many family firms are small and have a few numbers of employees and less financial strength than big family firms. Some conflicts happened inside a family firm between family members.

#### **2.4.2. Strategic Planning**

Business plan facilitates the share of decisions and values orientations in which they are required for family business success.

A strategic plan which must be formal is very important to achieve company's mission, and it help in achieving its growth and business success. Moreover, it supports in determining the steps behind business growth and process by fetching which market we want to compete? And how we can compete market? Family strategic plan is required for long-term goals (Ward, 1987).

Formal written strategic plan helps in decreasing conflicts inside family firm. Insist the commitment from family members to companies' strategies in reinvesting, assessing net income, confirming to keep money for future use. This business plan provides family members with the necessary knowledge and training program, and this will help in choosing the successor and the

new family leader member of the firm. Conflict happens due to the difference in salaries, values, treatment among family members (Ward, 1987).

## **2.5. Family Business Performance**

There are many active measures that are an objective of family firms not only the financial outcomes or performance (Zellweger & Nason, 2008).

Family members are great actors that play non-financial roles that were adopted by family firms to have a family business succession through generation and having a good reputation (Mckenny et al., 2012).

Some empirical researches and reports reveal many various goals held on and influenced family firms and contributed to society (Mckenny et al., 2012).

Performance, accounting and financial measure differs from one economy to another, and may change from time to time, from place to place, it's meaning may change through the different generations: 1) The growth and expansion of market. 2) Profit, consolidation, diversification. 3) Revenues and values.

This research shows the different types of performance in family business, through history performance measurement, and family business studies.

### **2.5.1. Factors influencing performance in family business**

Some research results show us the different Factors that are mostly important behind family business succession that's why El-Chaarani (2014) indicates in his study the significant factors of family business success including the use of planning for succession, the use of network strategy, the high level of emotional intelligence, and the professional HR practices. According to Kemayel (2015), investigates the factors that impacted the SMEs business success which were divided into two groups as internal factors (Manager Characteristics, ways of doing business, and SME characteristics), and external factors (Investment environment, market share, customer, banks,

relation with employees, suppliers, and competitors). The performance of family business is necessary to validate the success in family business (Morris et al. 1997; Goldberg, 1996). According to Daily et al. (1998); and Chaganti et al (1994), works on the relationship between succession process and business performance. While others focus on the comparison between family business and the non-family business. The selected successors who show their will to work at the earlier age of the business has a good relationship with their fathers.

Morris et al. (1997) propose 3 main issues that will determine the future successor. These determinants are the preparation of the level of the successor, the kind of relationship between family members inside family firms, the decisions and strategic plan taken by the top-level management of the family firm. These three issues are very important in the transition process of the leadership (Beyrouti, 2010).

Fernández-Aráoz et al. (2015) stated that most family businesses taken after a clear chain when choosing the successor, giving privileges to family first, then internal skilled member, and last outside CEOs. This practice is supported, given that the proper appraisal and advancement forms are input. In family businesses, where culture and individual's connections are critical, internal employees stand the most excellent chance of success.

Oudah et al. (2018) said that organized governance helps a family business leaders take important decisions that impact the business's performance and continuity; that influence the business's survival and long-term performance.

Lambrecht & Lievens (2008) state that, to maintain continuity, and to overcome difficult situations and conflicts, the family should clarify ownership, governance and organizational structures at the suitable time to realize family harmony, survival, and long-term business performance. Nevertheless, this assignment is very hard to do, since it requires liquidity,



which is able to influence the development of the business (Oudah et al., 2018).

According to Beyrouti (2010), leadership ought to be an essential element in the succession process. A family business leader ought to be with the individual who is willing to take the responsibility and be the chosen successor of the family business. Such traits and characteristics are not obtained in time; they are born made with the individual.

Hoffman et al. (2006), believes that **family capital** allow the family companies to move forward, and having a competitive advantage. According to Danes et al. (2009), family capital is composed of the total entire assets of the owners of family business and is represents 3 main elements: social, financial and human capital.

However, Sorenson and Bierman (2009), show that when family individuals keep up an extraordinary social capital, they will grow the family firm's financial money and human capital. In this way, the three elements of family capital are basic for a sustainable and successful for the family businesses from one generation to another.

According to Ward (1987) who says, "Keeping the Family Business Healthy", in his words he is describing the success of family business throughout years of experience and social behaviours.

## **2.6. Importance of the Successor and Generations**

As we noticed most family owned business doesn't grow, and they took themselves to be failed and destroyed in the field, they work in (Danco, 1980). On the other hand, despite many challenges, family business could have the chance to expand and develop.

Continuity and succession are the actions taken, and things happened in the process of transfer of leadership from the founder to the successor or from one family member to another inside one family firm (Sharma et al., 2001)

Many family firms can't pass their business to the next generation because they don't have a successor to hold the business (Astrachan & Dean, 2000). Many successors don't take a risk because it's not their own money it's the wealth of the family members (De Vries, 1993). And may face many challenges. Studies also revealed that 15% of family firms have their own business. Two third has succeeded to pass from one generation to another. This also found in European countries (Benson et al., 1990).

According to Ward (1987), family firms must take into account the requirements of a business growth, and this conveys the family business leader to pay family owners death tax and liabilities and their capital represents 80% of business assets. After the death of the owner some siblings left the ownership position and fetch outside employment and prefer personal independence. The rest of the members are ready to carry on their responsibilities (Ayres, 1990).

Some theories highlight the privilege of selecting the oldest siblings regardless of his gender or capabilities (Vera and Dean, 2005) that's why we may notice the predominance of the male instead of female daughter.

The new successor should have patience, should learn the policies of the family business, and its culture (Sharma et al., 1996).

Skills, motivation and some traits with the succession plan are needed by the successor to run and develop the business. Successful leader with a succession planning strategy become familiar with success (Danco, 1975).

As stated by Beyrouiti (2010), who recommend that succession planning and compensation issues are successful indicators of family business performance. He also talked about, succession planning as a strategic plan that gives instructions about how the transfer of business can be accomplished and passed from one generation to another.

Ignoring a planning strategy doesn't encourage business growth (Ploster, 1994). Owners traits changes with time and becoming more conservative and less risk taker (Zeidan and Berke, 2019).

Succession planning is an organized and important factor that will transfer the leadership position to the inheritor in the family business; succession plan can develop the leader's aptitudes that get prepared with the necessary training for the next generation (Sharma et al. 2003b). The lack of a business strategy affects the family business failure (Sharma et al. 2003b). Blumentritt et al., (2013) and De Massis et al., (2008) said that succession process is one of the most important challenges that face the family business leaders.

Eddleston et al. (2013) believes that succession planning and strategic planning has the most significant impact on family business performance.

### **2.6.1. Relationship between Family Members**

System in family business must be respected; they were selecting the successor who is a member of a system more than the non-family member which is viewed and developed by Distelberg and Sorenson (2009).

Good relationships between the owners of family business and the successor is essential for the transition and successful succession process which is built on commitment, respect, and understanding (Csizmadia et al., 2016; Seymour, 1993; Fiegner et al. 1994).

Pearson et al. (2008), demonstrate that family relationship creates Familiness, thus when we consider this approach, we are expecting that it may be an asset related to different generations working and managing together the family business inside the firm (Irava & Moores, 2010). This sheds the light on how family members inside the family company shares values and standards, because of the long-term in a family business share norms and values, often due to a long-term adaptation considered by the family companies (Lester & Cannella, 2006). Heidrich et al. (2016) in their study talks about the two components of paternalism and familiness. He analyzes that familiness

relates to the shared responsibilities, management and ownership of the family firm among family members (the founder or his children or his family relatives). They also considered in their investigation that paternalistic style is a driving force such as mentoring and directing family individuals, and the authorization of 'familiness' through sharing and transferring the family values, norms, and leadership to the children. In addition to the preparation of the successor with the necessary training and education (Heidrich et al., 2016).

Absence of parents creates a fear of conflicts that may occur in the business of their children. This leads to the need of the inter-generational relationship which in turn can reduce the barriers, and confusions, and facilitates the succession process. Owner-managers and their incumbent play an essential role in the succession process. The success of the family business depends on both the family business owners and their incumbent. Therefore, to have a successful transition, the successor should have a trustful relationship with the founder (Sharma et al., 2001).

Balance theory, is the result of social psychology that explains the individual's viewpoint of his/her relationship with other party's perspectives. This theory proposed a balance state depends on harmony relationships among family members and other entities (Peterson, 2006). The harmony relationship among entities, between family members, and between family business leader, and a non-family manager could influence the performance within family business (Madison et al, 2016).

## **2.7. The Emphasis on Rational over Emotional in the Selection of a Conscious Successor for Business Succession**

The transfer of the leadership and ownership from the incumbent to his/her successor is an important process according to Wennberg et al. (2011).

The transfer of leadership and ownership from one generation to another is one of the most compelling subjects. Where the concept of ownership

succession includes the transfer of shares and wealth from the founder to their inheritors. In addition, the will of transmission of the leadership from one generation to a later generation includes the transfer of the responsibilities for the management of a family company particularly the replacement of the retiring CEO or incumbent with a younger family member. Succession represents a period of continuity risk to a family company as stated by Royer et al. (2008). One of the most reasons for the main failure among first and second-generation family businesses is the failure to oversee the emotional features of the succession process as mentioned by Duh et al. (2009); particularly when there is a conflict or hesitation.

Dehlen et al. (2014) talks about the emotional decision making take an important part in old companies where the emotional level held by incumbent is high.

In rational decision-making, one would anticipate the leader proprietors to take an outside exit in such cases, and this affects especially the older firm.

Over time, as argued by Zellweger et al. (2012), family businesses increase their socioemotional wealth; and the family business leaders become more emotionally linked to their firms. Those links involve contribution effects (Knetsch, 1989) and a preferred for the status quo bias, which is, the continuation of the family impact and thus the exchange of the business to a family successor. In other words, proprietors will aspire to seek an exit course alternative that permits them to protect their socioemotional fortune.

The game theory sees management succession as a set of rational decision-making made by the leader, founder, and incumbent about a company's future leadership, with anticipated data about their process results resulting from the decision-making they made regarding the selecting of the new successor (Duh et al., 2009). By indicating the action taken company's succession, evaluating their payoff capacities, and demonstrating their

conceivable strategies, game theory provides a stage for understanding the complexities of the succession process (Duh et al., 2009).

Blumentritt et al. (2013) stated that game theory can offer assistance structure the components and decisions that distinguish a succession process. Succession decisions frequently include a dizzy amount of data with several interactions. More concern, succession decisions ordinarily need difficult choices, particularly when potential successors get problematic results: not everybody can be CEO. Accepting imperfect results is inherent in the succession process, which is never simple.

Game theory cannot decrease the mental and emotional difficulties in succession, but it can offer assistance to the decision-makers express the data on which they are making decisions. In doing so, CEOs may well be more comfortable around their decisions, indeed if the decisions stay difficult (Blumentritt et al., 2013).

Training, preparation level of successor and the knowledge in “succession process” and “strategic plan,” advisors can add to the succession progress by making a difference the partners characterizing a vision, objectives, and rules for the succession process, which adds to reducing concerns concerning the other parties’ eagerly and to adjusting objectives of all included people. Moreover, based on their earlier encounter with comparable cases, advisors can distribute the roles among family members (Chrisman et al., 2009; Le Breton-Miller et al., 2004; Morris et al., 1997). Such activities diminish instability among the family members and hence diminish the risk of conflicts based on error.

Moreover, to prevent more conflicts based on different objectives the trusted advisor can also moderate conflicts between the founder of a family business, the family members, and the successful candidate by moving the focus from emotional issues to more rational and objective prospects that focuses on the process and its different missions (Upton et al., 1993), subsequently

embracing the task of a neutral, determining external. As a result, the advisor will base his/her recommendation on selecting generally rational criteria and disregard the implied inclinations and needs of family individuals and the company (Hilburt-Davis & Senturia, 1995). Hence, the chosen successor suggested by the advisor is characterized by well-educated and qualified, however, that successor is not fundamentally a reasonable successor for the long term due to dismissed company specifics as well as family inclinations (Le Breton-Miller et al., 2004; Upton et al., 1993). In such a case the suggestions were given by the specialist concerning to whom to transmit the leadership, management, and ownership of the company do not match the vision of the incumbent.

## **2.8. Short History of Leadership**

Through reading we revised the characteristics or traits of how leaders should be. Many leadership styles have been used by leadership theories in this concern.

The most important writings of leadership traits, are of Thomas Carlyle and Francis Galton, *Heroes and Hero Worship* (1841), Carlyle mentioned individual traits like their talents, skills, and some physical characteristics which differentiate Leader from individual.

According to Galton (1869), who talks about the leadership qualities in which he reaches a conclusion that it is inheriting power especially when moving of the power from one generation to another inside family business. A hundred studies show a number of characteristics that differentiate the leader from the non-leader. These characteristics can be summarized by: intelligence, dominance, adaptability, persistence, integrity, socioeconomic status, and self-confidence (Dinh et al., 2014; Bakacsi, 2019; Kőműves et al., 2018; Kollár and Szabó, 2019).

At the end of 1940s and starting of 1950s, new theories have appeared and developed. Bird (1940), Stogdill (1948) and Mann (1959) reveals different forces that help Leadership. They found that common traits between many studies are noticed, and the certain situation could determine the leader from the non-leader as individuals are effective in certain situations, but not others.

Several investigations have been conducted by Seligman and Csikszentmihalyi (2014) like positive subjective experience such as well-being and satisfaction with the past, stream, and happiness within the present and hope and optimism into the longer); to the micro, personal level (i.e., positive characteristics such as the capacity for love, courageousness, tasteful sensibility, diligence, forgiveness and compassion, spirituality, high ability, genius, and intelligence); and the institutional and macro-level such as responsibility, benevolence and kindness, courtesy and respect, control and temperance, tolerance and resilience, and a solid work ethic (Luthans, 2002).

### **2.8.1. Trait Theory and the Leadership Attributes and -Styles**

The audience heard again about the trait theory of Leadership. Zaccaro (2007) came to result in that trait theories still rely on certain individual traits and attributes like motives, values, social skills, expertise, and solving problems. It fails to consider the importance of grouping all attributes together. They don't need considerable the necessity of the stable leader attributes to be a good leader.

After Zaccaro notes, researchers try to study the difference between the leaders and the individual attributes.

Lewin et al. (1939) also talked about the influence of leadership styles and their performance.

Theorists concluded that Leadership is a set of behaviours and leadership styles. Blake and Mouton (1964) mention five different leadership styles, based on their focus on the leader's behaviours and caring, and goals.



**Four of these leadership styles are: Bureaucratic, Autocratic, Democratic Leadership Style and Free Reign Style.**

**Bureaucratic Leadership Style:** Bureaucratic leaders impact the followers to take arrangements and policies outlined by them. As stated by Asbari et al. (2020), Wijayanti et al. (2020), the pioneers are exceptionally committed to considering their processes and methods but not to their individuals, which is not very effective. These pioneers concentrate on their assignments and tasks (Germano, 2010). Ojukuku et al. (2012) also indicate that bureaucratic Leadership has a negative correlation with organizational performance. Bureaucratic Leadership Style was valuable when accomplishing out long-term responsibilities and tasks (Sougui et al., 2015).

**Autocratic Leadership Style:** this style is utilized when pioneers tell their workers what they need and how they need it finished without getting their help. Autocratic leaders need their followers to work in understanding with them. Regularly, they sustain decision-making with them (Obiwuru et al., 2011). The control of autocratic leaders makes their subordinates carry out tasks according to their way. Purwanto et al. (2020a), Asbari et al. (2020), Wijayanti et al. (2020) stated that autocratic leaders are less imaginative and it is characterized by one-sided communication. This impacts the inspiration and level of fulfilment of followers. The autocratic leadership style is, known to be successful within the short term period. Autocratic Leadership limits the social work environment and two-way communication. Moreover, the Autocratic leadership style leads to organizational clashes that have a negative influence on the performance of the company, according to Iqbal et al. (2015). Autocratic leadership styles, as proposed by Bhargavi and Yaseen (2016), Al Khajeh (2018) that it have a significant influence on organizational performance. This could be done when the project is finished within the target time (Bhargavi & Yaseen, 2016).

Mirayani et al. (2020) clarify that leaders with autocratic leadership styles are the only ones who distribute responsibilities to the followers and expect them to follow the decisions they took. Moreover, these leaders do not have enough trust from their followers.

**Democratic Leadership Style:** This style includes the pioneer, the workers who participate in the decision making. Democratic leadership style is defined by Wijayanti (2019), Asbari et al. (2019) as a democratic leader who shares their decisions with their followers. Democratic Leadership inspires individuals and workers to do better and to share their values and thought. Asbari et al. (2019), in their study, reveals that the significance of the impact of democratic Leadership on organizational performance is also analyzed by Purwanto et al. (2020c), and Mirayani et al. (2020). At the same time, it empowers workers to share their decisions within the team and managers, according to Purwanto et al. (2019). This leadership style, appraisal, feedback, and give workers responsibilities are so important for all (Elenkov, 2002).

Karani, (2019), has talked about the concept of taxonomy in describing leadership situations, where leadership styles and situational variables are connected, and which is preferable according to the situation.

House, (1971) confirming the path-goal theory of Leadership and by developing it depending on Victor Vroom's theory as it emphasizes the effectiveness of the leadership practice in the circumstances, he works in.

Leadership style enhances the combination of different traits and behaviours that are utilized by pioneers to connect with their followers (Mitonga-Monga et al., 2012). Purwanto et al. (2020b), and Asbari et al. (2020) examine Leadership as a design concerned with administrative behaviour, which is designed to coordinated the organization or individual interface and impacts to realize certain goals. Asbari et al. (2020) emphasize the importance of a person to urge individuals to work in a team on shared goals and values and

based on advanced leadership styles, which can be classified as 1) transactional leadership styles, 2) transformational leadership style, 3) culture-based Leadership, 4) visionary Leadership, and 5) charismatic leadership (Harris et al., 2007). Leadership is the capability to impact team members to attain a shared vision and goals. Kalsoom et al. (2018) stated that Leadership is the most imperative ability for companies and leaders, which in turn affect employee performance. Othman et al. (2014) identify Leadership can anticipate the future path of an organization (Asrar-ul-haq & Kuchinke, 2016). The performance and the efforts of the team members are an imperative thing in enhancing the development and progress of an organization. Strategic and vital goals have a significant influence on organizational performance; this also affects team members' performance Othman et al., (2014).

**Free Reign Style:** In this style, the pioneer allows the workers to decide the choices. However, the pioneer is still capable of the choices that are made.

### **2.8.2. Transactional and Transformational Leadership**

History shows that Leadership has been a vital issue since the original times of humankind and which attracts scientists for over 100 years (Ayrancı & Ayrancı, 2015).

**Transactional Leadership:** Burns (1978) talks about the transactional leader who expects performance from his team management and his manager who leads a group of people who agree to follow him to achieve certain goals. This transactional leader has the power to evaluate, assess and expect the productivity level of the organization.

A transactional leader is a leader who is continuously willing to provide something back (Obiwuru et al., 2011). This incorporates empowerment, new responsibilities, and advancement. Thus, Ojokuku et al. (2012) clarify the importance of the interdependent relationship and benefits between leaders and followers). Longe (2014), in his study, shows that transactional

leadership style has a significant influence on the performance of an organization. As stated by Mirayani et al. (2020), Transactional leadership styles focus on maintaining an organization's performance depending on creativity and empowerment.

According to Bryant (2003), the transactional leadership style may be more effective at this level. Motivating individual interactions with employees is less critical than creating knowledge systems that routines activity, guidelines, and procedures (Bencsik and Horvath-Csikós, 2018). Knowledge systems make ideas and thoughts, knowledge, and arrangement created by others within the organization accessible to everybody within the organizations (Bryant, 2003). In addition to that, Bryant added knowledge could then be used in new products, new client arrangements, and improved practices. Organizations that are able to effectively make inferred knowledge express through their systems and exploit these ideas will create competitive advantages (Pató, 2015; Pierog, 2019).

**Transformational Leadership Style:** According to Purwanto et al. (2020a), Asbari et al. (2020), Wijayanti et al. (2020), the transformational leadership style focuses on developing followers and considering their needs. Leaders who focus on transformational Leadership, specifically on developing the overall value of subordinate systems, developing morality, skills, and their level of motivation. Transformational Leadership represents a strong bridge between followers and leaders to develop a clear understanding related to the level of motivation, values, and interests. Asbari et al. (2020) stated that transformational leaders show superior leadership performance. Transformational Leadership, as stated by Bass and Avolio (1994), occurs when leaders expand or increase employee interest. Transformational leaders are people whose organizational and human abilities are maximized because employees are always able to achieve tangible and intangible prizes.

Burns (1978) also enhances the transformational leader in his views about transformational Leadership when he tries to transform his vision into reality through motivating his team towards the organization and company's goals.

Purwanto et al. (2020a), Asbari et al. (2020), Wijayanti et al. (2020) stated that the transformational leadership style emphasizes creating subordinates and recognize their needs and skills. Leaders can share value and build a good relationship with the followers, and it enhances superior leadership performance, as stated by Asbari et al. (2020). Longe (2014) acknowledges that transformational leadership style particularly makes a difference in discovering an ideal environment for performance, additionally expresses appealing corrections that develop company's performance.

Barbera and Moores (2013) correlate the impact of family member involvement and his managerial ownership on the productivity of the family business. In spite of the significance of unique resources and capabilities on firm productivity, one of the more inquisitive perspectives of past research is that those using a Cobb–Douglas system have expected settled calculate flexibilities within the generation.

Transformational leaders inspire, motivate and give a vision and intelligently excite their followers. Nevertheless, they likely to be weaker on frameworks and systems, structures, and execution. Transformational leaders require employees that can support their weaknesses (Bryant, 2003; Bakacsi, 2019; Kollár and Szabó, 2019; Kőműves et al., 2018).

Innovativeness is generally known to be the ability to think or do in a unique (Lee and Mano, 2014), in addition to that, this uniqueness is considered in the leadership process to be very efficient towards followers (Ayrancı & Ayrancı, 2015). In other words, a leader may motivate their followers towards the goals as well as to apply the best approach to achieve these goals; in this way, Leadership is accepted to be well related to creativeness, which in turn, identifies that innovativeness ought to be one of the highlights of

Leadership (Ayrancı & Ayrancı, 2015). Transformational Leadership, ought to be a process to promote creativity to empower the change and transformation at the organizational level and is required for this innovativeness. Being transformational, a leader needs to empower followers' innovativeness (Suciu et al., 2010), utilize their own innovative skills for team and organizational success (Pihie and Bagheri, 2013), and promote followers' commitment through utilizing social and innovative skills.

## **2.9. Leadership and Family Business**

### **2.9.1. Leadership Practices**

Deloitte and Touche study (1999), Sharma et al. (2001) says that with the increasing number of population and demographic change, the succession of family business leaders will increase in the next coming years. 90% of the US family leaders follow family owners in their vision (Astrachan & Dean, 2000). Many researches show that approximate 30% of family business succeeded to Second generation and 10% to the third generation (Beckhard and Dyer, 1983; Ward, 1987). The model we are going to study is the process of leadership transition inside family business from one family to another.

Family business through generations, address some goals and practices overcoming challenges it may face, in most family firms' strategies set by family business leaders must be usually updated to assure family business growth for long period, and creating an opened door for new ideas.

Hernandez (2008) shows the importance of leadership in managing and leading family business. He suggests that supportive leadership behaviours that promote common believe and mutual trust between the leaders and his or her follower, and relevantly such behaviours creates loyalty relationship within followers. He set that pioneers depend on this establishment to encourage their followers to behave ethically and morally within the organization.

Samad & Abdullah (2012) explained that transformational leadership style had a positive and significant influence than classical leadership styles on organizational performance.

Eddleston (2008) also talked about the transformation of leadership behaviour that focuses on the role of setting up a family firm's culture. And how it is contended that a founder who shows transformational leadership behaviours may be more likely to set up a family firm culture that considers family member commitment, supervision, and flexible strategy.

The usage of independent directors: successful family business leader relies on external independent directors to assure new ideas, and who are able to face challenges. Some researchers reveal that success comes from hiring qualified and skilled CEO from external to run and manage their family business. This CEO will learn the culture of the organization and to build a loyal relationship with the owner, addressing their vision towards success.

The existence of board of directors inside family business composed of family members who are responsible to monitor the business (Anderson and Reeb, 2004). These monitoring and paying incentives lead to high level of performance (Chrisman et al., 2007).

Family firm board members incorporate family member, CEOs and individuals from outside that impacted firm's decision-making and enhance the board with leadership skill and expertise, and contribute for the family business performance, success, strategy and avoid conflicts (Reay et al., 2013). Craig and Moores (2010) said that a family business needs external guidance to solve certain issues such as conflicts and complicated situations that face the family business, and to get involved in the family's strategic plans, and to help in achieving its objectives.

Ayranci (2017) stated that when providing successful top decision-making, especially when conflicts occur between family members was a much more basic issue than keeping intra-family trust between individuals.

Ayranci (2017) indicates the employment process relate for top decision-making, the fundamental logic appears somehow different since family impact on the employment process was seen as attractive. In contrary, efforts to provide business continuity and make family members ready for leadership positions within the family business were positively correlated with the founding of intra-family trust.

Family businesses are not sure to rely on non-family managers, so family business leader doesn't think they can attract these managers. But this idea has changed because the non-family manager is in need to be appreciated, valued, and to be trusted and get empowered by the owner, or compensated (Carlson and Nager, 1993).

Non-family managers need these feelings and need to feel belongings and to belong to a professional career. Moreover, sharing business information openly, and allow the sharing of new ideas and positive thinking is a great approach for development, innovation and long-term growth (Carlson and Nager, 1993).

As the CEOs of old age have a desire to a move away from the day-to-day management of the company, it is necessary to prepare to the selection of family business leader of the new generation (Carlson and Nager, 1993).

According to Block (2012), has talked about family firm ownership is not a governance, because it fails to monitor family business conflicts, this leads to low productivity, Nicholson (2008) who describes the problems behind family firm ownership in their bad decision in choosing a qualified successor for the business.

Some family firms assure strategic budget to have a continuous development (Mintzberg and Waters, 1990). Now is the chance for the successor in family firms to lead the business growth, starting from his skills (Cohn, 1992). Successors invest the experiences gained by him from several resources in the succession of the business, either from education or outside the family



business. Strategies are very important for the long run family business, its development and continuity (Devins & Jones, 2016)

Mitter et al. (2014) found that the most successful family business leader is the one who had an international work experience or continued their study abroad; this is a good source for new ideas.

The role of the family members as family business leaders attracts the attention and curiosity of the researchers and scientists (Astrachan, 2002). Leadership is recognized by the researchers as a determinant factor in a business's success, and continuity (Oudah et al., 2018; Pierog, 2019). Leadership implies directing other people and knowing well what must be done and how; it is method of which the individual acquires information and the necessary knowledge to achieve a common goal (Oudah et al., 2018). Achieving efficient family leadership is one of the biggest challenges in a family business, to sustain business survival and performance to later generation (Le Breton-Miller et al., 2004). It is crucial to realize efficient family leadership without a well-chosen successor who has the will and leadership skills that impact the business's performance and success for later generation (Oudah et al., 2018).

In this respect, the owner or family business leader plays an important role in choosing the successor and preparing him/her with the necessary training, leadership skills and knowledge to become capable to lead the business in the next generation (Cater & Justis, 2010; Dyck, et al, 2002).

To sustain the continuity of the family business among generations, an effective leadership transfer must happen at the stage of retirement of the family business leader (Härtel et al., 2009).

### **2.9.2. Interactions and Collaboration between Generations is a Necessity for Evolution**

Prior studies revealed the impacts of ownership structure and control on firm's productivity. Work ethic gets to be portion of the organizational culture and it is a need to ensure higher productivity (Poza & Daugherty, 2020).

Day after day and with different circumstances, management and leadership changes and decisions are influenced by experience and age, and this is evidenced by the shifts, and transformations experienced by the family company through the multiplicity of roles played by the decision makers (Hakim, 2014; Qasar, 2017). The company often runs two or three generations as a result of generations succession, making it is an environment where family members come together through own methods, that may be congruent or sometimes contradictory (Hakim, 2014; Qasar, 2017). The rule of (repetition makes success) is no longer correct, because society is constantly changing, so decision makers should realize that inter-generational interactions is a fact, and an imperative necessity for the company's evolution (Hakim, 2014; Qasar, 2017). As stated by Georgescu (2012), the repeated interactions between the family members lead to the creation of the organizational culture, by putting together the faiths and the values of the people which make it up.

The main problem that family businesses may face lies in their continuity and the transition of leadership from one generation to another. It is a joint work between individuals who are related to one another and are united by strategic goals. The first is the continuity and prosperity of the company. Today, modern societies are thinking about the system of corporate governance. To the effectiveness of this trend as it maintains the continuity of the family company with minimal differences (Qasar, 2017; Hakim, 2014).

According to Barach and Ganitsky (1995) have confirmed the succession of the transfer of family business from one generation to another with avoiding the conflicts that could occur among the family members.

### **2.9.3. Leadership and Family Business Continuity**

Leadership is defined as a process, form of discipline, and organization of social work that combines contradictory: society and family (Qaroub, 2014; Saidi, 2012).

Family businesses may have some conflict issues such as ownership, profit ratios, hiring a family member, and other matters that make Leadership urgent, even if the company is behaving like an institution and still in the first, and second generation (Salman, 2012; Saidi, 2012; Qaroub, 2014; Hakim, 2014; Qasar, 2017).

Leadership comes as a result of the transformations, and changes undergone by the family company because this transformation leads to the partnership of the sons or brotherhood partnership. Since the real actors are the source of authority and decision and realize that the partnership between relatives should continue, they must move towards goals and systems that keep pace with development and draw a regulatory framework that keeps the family and society from collapse and disintegration (Saidi, 2012; Qaroub, 2014).

These transformations in a family company can elevate the society that is governed by a voice into a society governed by several voices. Moving it from unilateralism to pluralism, to form a state of integration that is in keeping with modernity, to put the dominant class in a position of confrontation with distant vision, Family Company (Qaroub, 2014).

Traditionally, large family businesses that have reached or are in the third generation tend to adopt a **leadership system** that controls all processes and challenges faced by the family. Whether in conflicts over ownership,

leadership, how family members are employed, family, or even the establishment of family and administrative councils (Qaroub, 2014).

Over time, a company seeking maturity is bound to develop its management and embrace the principle of transparency and clarity over its breadth. It can be said that the arrival of the company to the threshold of the second-generation is a strong motivation to activate the system of leadership. This is closely linked to the age of the company, and the size of the known growth and expansion of markets and geographical spread, which calls for greater clarity and transparency in administrative processes (Saidi, 2012; Bechara, 2013; Qaroub, 2014; Al-Hayat, 2014; Tharawat Magazine, 2014).

#### **2.9.4. Leadership in Lebanese Family Businesses**

Lebanese family businesses have reached a level of growth and administrative complexity of 48%, which necessitates the adoption of the principle of good leadership to maintain its continuity. Thus, 52% of our Lebanese companies did not reach this stage because they did not reach the stage that requires such procedures or expansion and growth in the size of the business. It is important to note that this does not negate the existence of professional management, administrative structure and organization, but at the level of size, especially since the size of Lebanese family businesses is 43% average and average age is 40 years (Saidi, 2012; Qaroub, 2014).

The more the company grew, and the family grew and became more complex, the need arose for a system of leadership that lay out frameworks and structure for matters related to work and organized the family relationship with the company (Saidi, 2012; Qaroub, 2014).

#### **2.9.5. Successful Family Business in Africa**

Family business plays an important role in Africa and a great pillar to its economy, and a primary source of employment and entrepreneurship.

This research argues the impact of family business on performance in developing countries. Return to Eco managerial social networking in which it fills the gaps (Khanna and Palepu, 1997); Acquaah (2011) by investing their resources and skills to support business activities in these developing countries like Africa.

Family business in Africa creates a privilege and competitive advantage depending on its resources and capabilities. According to Porter Miller and Friesen (1986) says that family business must implement business strategy to have a competitive advantage on market one must consider internal capabilities and external environment this will enhances organizational returns. As a sequence researcher reach to a conclusion that implementing a competitive strategy reflects high performance (Acquaah and Yasai–Ardekani, 2008; Miller and Dess, 1993). It's known that social networking relationships with other external elements, people, factors increase family firm's performance (Acquaah and Yasai–Ardekani, 2008; Li et al., 2008; Li and Zhang, 2007; Peng and Luo, 2000).

### **2.9.6. Lebanese and the Middle East Culture**

Sciences as a whole has contributed to the development of management, at the same time managers are maintaining their traditional values. This is due to the Islamic culture in the Middle East (Al Omian and Weir, 2005).

The Middle East culture, especially in Arab countries that focus on the impact of culture, values on the management practices and systems. According to Al Omian and Weir (2005), who insist on the impact of organizational behavior characteristics in the Middle East region, shows the best management practices and businesses in the 21st century.

Muslim religion characterized the Gulf and Arab countries; Managers as well the family leaders is affected by such Islamic culture throughout their work, transactions and daily activities. Religious interpretation promotes the

management and authoritarian styles in how doing work according to Welsh & Raven (2006).

Through the definition of family business which is owned and operated by family members we go to the extent values that are affecting the relationships between family members. Because of its Islamic culture family business leaders in the Middle East shows their respect to the elder family member who trust and support their work and get benefits from their experience and advices. This consultancy affects their work development and management styles as well as stated by Welsh & Raven (2006).

Tribal-family member depend on norms and values that enhances organizational commitment, conformity, stability and better business performance and this is reflected by the commitment level of the family business leaders. While the family members who have been educated in Western universities or work in Western businesses share new values and ideas to the family business like decentralization (Welsh & Raven, 2006).

Middle East community is becoming more diverse because it has workers from different area and different backgrounds (Welsh & Raven, 2006).

Nationality plays a significant role on the managers of the Middle East. Companies in Kuwait are the first who took the initiative to hire a well-educated manager (Yasin and Stahl, 1990). Like Kuwait, Iraq. And Qatar has a consultative management (AL. Ali, 1988; A. J. Ali, 1989).

Lebanese culture is characterized by its Islamic and Christian religions, and has an estimated number of populations about 4 million (World Facts, 2005). Its economy concentrates on paper, textile, tobacco, agriculture, wholesale and retail etc.... Many cultures have influenced the Lebanese culture; these cultures are Phoenicians, Greek, and Assyrians. Size plays an important role in family firms' behavior (World Facts, 2005).

In Lebanon, the economy is characterized by its service sector, where most of the jobs are filled by Lebanese people, where their concern is to focus on

customer service, organizational commitment, and the quality of service they introduce (International Finance Corporation, 2009).

In Lebanon, the commitment of family owned businesses is additionally critical and important. By their existence they perform a fundamental part as suppliers of innovation opportunities and act as key players for local progress (International Finance Corporation, 2009).

In Lebanon is characterized by a charismatic authority more than traditional authority. According to Georges Yahchouchi (2009), who conducted an investigation on a sample of 158 workers from two different regions and culture, from different companies, in which they answered if their leadership style is transformational or transactional, and its impact on their organizational commitment? Where Bass (1985) leadership style of transactional and transformational is used to study the Lebanese leadership style.

Lebanese society has a mixed of cultures and religions. A religion is an important factor of Lebanese culture, which composed of two main religious Muslim and Christian. This Lebanese Culture is built on the moral relationship between the managers, and the employees, which in turns enhances the harmony within groups.

Family Business plays an important role in the Middle East, where it dominates on Lebanese traditions over business, society, and politics (Zeidan, 2017).

Lebanon is one of the Middle East countries that have many characteristics which represents its family structure, and culture (Zeidan and Berke, 2019). Middle East differs in culture, politics, economics and many other factors in a great change. 30 years ago, the number of the Middle East people has increased in a faster way than any other countries (Dhonte et al., 2001). Level of education and the level of health care have been increased and also the

facilities in communications have changed the lifestyle of the people (A. J. Ali, 1990; A. ALI & AL-Shakhis, 1986).

The transactional leaders, who look for achieving their goals, understanding his responsibilities, acquire confidence toward level of performance they focus on. Transformational leaders are leaders who trust their abilities and focus on higher-level goals.

According to Griffith (2004) there are three important factors of transformational leadership are: Intellectual stimulation, individualized consideration, and charisma. Such factors lead the organization through a positive transformation and change which refers to the performance of the family business. **The definition of the transactional and transformational leadership can be found in Chapter 2.8.2.**

Griffith also insists there is an indirect impact of principal leadership on certain family business performance. Even if there is no direct relation between the principal behavior and the family leader behavior, but the interactions between family members has a positive impact on a business performance (Griffith, 2004).

Family members' interaction is very important for the family business performance. This implies the family business leader satisfaction. Where some studies show us the commitment of the family business leaders and his satisfaction to the position (Griffith, 2004).

Burns (1978) in his opinion about the transformational leadership wanted to highlight the connection between the relation that the leader and the follower inspire which creates positive outcomes.

Yahchouchi (2009) finds that the Lebanese leadership style is more transformational than transactional leadership.

Employee's commitment to their employer or their organization shows a transformational style.



Muslim and Christian Leaders are of transformational leadership styles. As Lebanese community characterized in its religious, Yahchouchi tried to study the influence of religion on the leadership styles. The results show a main difference between Christian and Muslim religion (Yahchouchi, 2009). Where Christian leaders are more transformational than Muslim leaders. This difference is due to which Muslim is composed of two religions Shiite and Sunnite. The influence of religion in the future research will show the better understanding what are the suitable managerial practices and leadership styles that will contribute to the research. **The transformational and transactional leadership definition can be discovered in Chapter 2.8.2.**

Masry (2017) states that managerial and leadership skills play very important in the role of business growth and productivity. Additionally, family business owners who adapt these managerial and leadership skills would treat their employees as human potential which in turn increases firm's productivity. According to effective monitoring lead to higher productivity.

## **2.10. Chapter Summary**

An appropriate measure of a successful business is the existence of powerful leadership characteristics. This chapter offers an introduction and analysis of the literature correlated to leadership and business performance.

Scholars have tried to employ the principles of scientific research to the topic over history, since identifying leadership as a topic of human interest from old times. After scholars failed to distinguish common characteristics or traits, which distinguish between the leaders from non-leaders, they turned to investigating other approaches; the style or behavioral approaches.

As we have mentioned, many variables form the family business success and performance, some objectives as the financial performance others subjective as family business leader view and his experiences, and wisdom were also, but a family business leader must have a basket of effective leadership

characteristics also and suitable way of behaving. Developed researchers for more than 30 years reached the concept of neo-charismatic leader focusing on the collaboration, development of a future vision, goals, and also the importance of the emotional side. Concepts could be summarized with the transactional Leadership, Bass transformational leadership, servant leadership, Kouzes and Posner exemplary leadership, Collins and his five levels in Leadership, all those forms the Neo-charismatic leadership approach.

The current literature and research work related to the family business, especially in Lebanon is insufficient in recognizing how theories and practices may advance leadership and the continuity of family businesses.

Few researchers talks about the factors behind business success and continuity combined together (Salvato & Aldrich, 2012; Stafford et al. 2010). Nevertheless, the main failure in most of the research works, the authors have not focused on the significance of each factor.

In this way, this dissertation is the primary to associate and prioritize all success factors reported in five exemplary leadership practices The Leadership Practices Inventory (LPI) sustaining higher level of family business performance, and its continuity.

The five leadership practices defined by Kouzes and Posner (2012) involve model the way (MTW), inspire a shared vision (ISV), challenge the process (CTP), enable others to act (EOA), and encourage the heart (ETH). The current research uses these five leadership practices to test the leadership practices being undertaken in family businesses and their influence on business performance and continuity.

### **3. RESEARCH MODEL**

#### **3.1. Purpose and Justification of the Study**

The research objective study the Lebanese family business experience from a continuity and leadership problems from one generation to another. And to show the combinations between family business performance, and individual leadership practices for 1<sup>st</sup> and Second generation leaders of small medium-sized family business located in Lebanon.

The research study focuses on the relationship and common themes between the Leadership practice and the family business performance for the first and second generation of the family business. An approved leadership index leadership practices inventory LPI applied in similar studies like in the USA (Weaver, 2008), and South Africa defined by Kouzes and Posner (2012), the five individual leadership practices model the way (MTW), inspire a shared vision (ISV), challenge the process (CTP), enable others to act (EOA), and encourage the heart (ETH) used to detect the types of leadership practices, and its effects on the generation and business success.

These independent variables used to examine whether Leadership practices has a positive impact on family business success and performance.

In addition, the dependents, and independents variables used to achieve the objective of this research and to conclude the success factors of the Lebanese family business. As these effectively five factors are considered as valuable keys for the family firm performance: Family firm's performance measured by the progress of the number of employees, perception of profitability, and satisfaction with leadership position, in these regressions, the company age, the company size and the industry sector has been used as control variables.

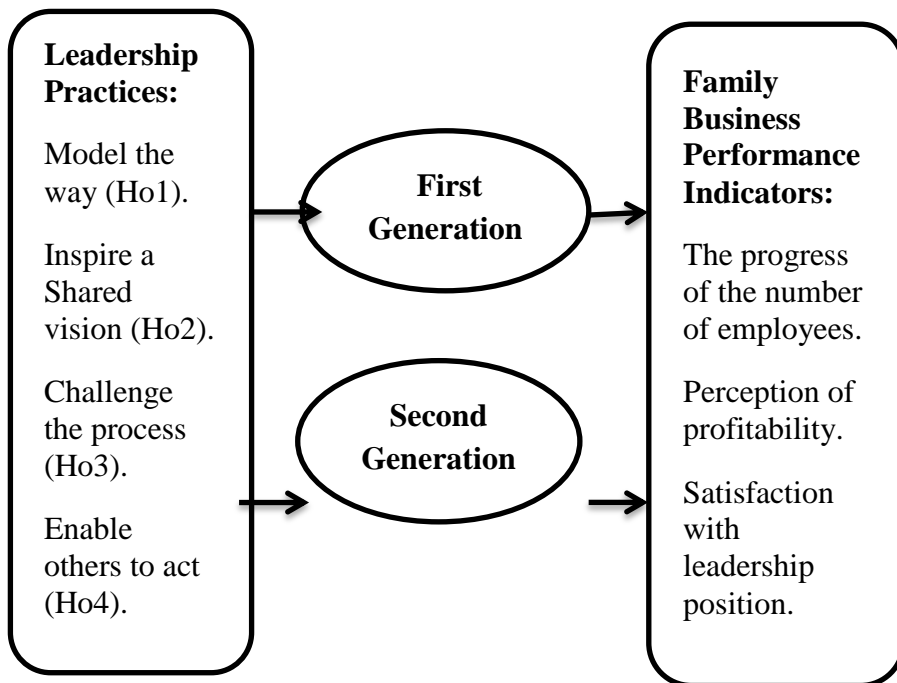
We can conclude what are the effective leadership practices that can be followed by the family business leaders of the second generation at the moment of choosing the successor in the absence of such practices.

### **3.2.**

#### **Research Questions**

The below questions are developed to direct the research focus:

- How the leadership practices have an effect on family business performance?
- How affect is the correlation between the 5 individual leadership practices, and the family business performance for the first-generation leaders?
- How affect is the correlation between the 5 individual leadership practices, and the family business performance for the second-generation leaders?
- Do leadership practices of the first generation differ from that of the second-generation leaders?



**Figure 1 A Proposed Research Model**

**Source:** Authors' own research contribution

### 3.3. Hypotheses

Hypotheses are expectations to the research questions as stated by Trochim & Donnelly, (2008), and (Clark & Creswell, 2005). The following hypotheses provided directions for the measurable tests to figure out the relationship binding the independent variables and the dependent variables, and to confirm whether there are differences between family business leaders of the first and second generation.

*Ho1. The leadership practice “model the way” is significantly and positively correlated to family business performance for the first- and second-generation leaders.*

*Ho2. The leadership practice “**inspire a shared vision**” is significantly and positively correlated to family business performance for the first- and second-generation leaders.*

*Ho3. The leadership practice “**challenge the process**” is significantly and positively correlated to family business performance for the first- and second-generation leaders.*

*Ho4. The leadership practice “**enable others to act**” is significantly and positively correlated to family business performance for the first- and second-generation leaders.*

*Ho5. The leadership practice “**encourages the heart**” is significantly and positively correlated to family business performance for the first- and second-generation leaders.*

*Ho6. The leadership practices of the first-generation differ from that of the second-generation leaders.*

### **3.4. Research Variables**

The research variables that I have used in my research study to show the relationship between the independent variable and the dependent variables, and the effect of a change in one variable, in the second variable, are:

**The independent variables consist of the following five leadership practices**

**1) Model the way (MTW):** Leaders sharing values with their actions.

**2) Inspire a Shared Vision (ISV):** Leaders share a vision of the future with their employees and team.

**3) Challenge the process (CTP):** Leaders take risk actions for new opportunities and innovative ways by relying on their own experience.

**4) Enable others to act (EOA):** Leaders adopt collaboration at work through good relationships and enhancing trust, and developing employee's capabilities.

**5) Encourage the heart (ETH):** Employee recognition, encouragement, and appraisal.

### **Family Business Performance Measure Values**

These dependent variables for this research study consist of the family business performance indicators that represent the measures for continuity and success in family businesses and which include the following: 1) The progress of the number of employees. 2) Perception of profitability. 3) Satisfaction with a leadership position.

### **Family Business Performance Indicators:**

These indicators for this research can be summarized by the following questions: 1) The progress of the number of employees. 2) The family business leader's perception of the profitability of the family business as compared to similar-sized businesses in the same industry and geographic area of the business based on a Likert scale ranging from Much Less to Much More. 3) The Family business leader's level of satisfaction with the leadership position and experience on a Likert scale ranging from very dissatisfied to very satisfied. These measurement tools lead to higher performance that represents the achievements done by the different roles involved by the leaders. Moreover, these indicators lead to the development of the internal components of the leaders and people within the organization, which in turn develops the organizations as stated by Kouzes and Posner (2002).

### **3.5. Objective of the Dissertation**

- The aim of the study is to explore whether the leadership practices have an effect on family business performance.
- The aim of the study is to detect if there is a correlation between the 5 individual leadership practices, and the family business performance for the first-generation leaders.
- The aim of the study is to detect if there is a correlation between the 5 individual leadership practices, and the family business performance for the second-generation leaders.
- The aim of the study is to show if there is a difference between the adaption of leadership practices by the first generation, and the second-generation leaders.

### **3.6. The Significance of the Dissertation**

The research study provides valuable data and an added value to the literature in different ways. It shares a new data and experience in a new culture like Lebanon. So, the results add new data about how to choose a new successor in different regions and cultures by applying the suitable leadership practices. This help family business leaders and owners in the Middle East and in the developing countries to rely on such recommendations and practical cases in their research.

### **3.7. Kouzes and Posner Exemplary Leadership Practices Inventory LPI Theory**

Kouzes and Posner has developed an exemplary leadership theory through 25 years of research where the result of this research can be summarized in four categories including emotional satisfaction, shared visions of the future, a focus on trust, and collaborative relations (Kouzes and Posner, 2012), those



qualities form the leader character that his followers admire most in the relationship practices between leaders and followers, their project has led to the development of the leadership practices inventory (LPI). The LPI of Kouzes and Posner help leaders with small capacities and it can be used in small companies also, it is formed with five practices, starting with leading by example and Model the Way, leaders Inspire a shared Vision, leaders embrace change and risk taking process by Challenge the Process, leaders fosters collaborative efforts and sharing powers to form Enable Others to Act, last practice where leaders celebrate victories and give encouragement to others by Encourage the Heart. Through those practices, followers will achieve success and face troubles and challenges.

### **3.7.1. The Five Leadership Practices Inventory Model (LPI)**

According to Abu-Tineh et al. (2009), who believes that the transformational leadership model of Kouzes and Posner, which depends on leadership practices that must be used and practiced contributing as a practical guidance for schools and leaders on how to lead and how to act in critical situations. He also acknowledged that the leadership challenge model contribute to the school leaders with the qualities and set of skills to be great leaders and to empower them to improve public schools, and achieve firm success (Abu-Tineh et al., 2009). Abu-Tineh et al. (2009) in their article came to conclusion that, more consideration ought to be given to Kouzes and Posner's Leadership Model in Jordanian schools since this Model has been identified by many scholars and researchers as an efficient leadership practices and it can serve as a basic principles for school to evaluate their leadership strengths and weaknesses.

Goewey, (2012), In his study examined and contributed an evidence-based on the five leadership practices Inventory-Self (LPI) of Kouzes and Posner,

and the leadership practices generated is validated by the participants of his study.

Ferry (2018), equipped the leadership practices inventory LPI of Kouzes and Posner in his research as a set of skills and leadership practices that are available to all researchers who need to know how to develop leader position and perform leadership differently. And who consider leadership practices inventory as an interpretation of good leaders and successful leadership. He emphasize that leaders to be seen as a beneficial and profitable, they are entitled to plan for the successful future of the organization, through other inheritor who will lead the business in the next generation. Therefore, this is the base of continuity, strategic planning for the future—a future that maintains one's inheritance.

The leadership practices (LPI) invented by Kouzes and Posner (2012) with more than 35 years of research where they show how leaders behaves and by adopting leadership behaviors call The Five Practices of Exemplary Leadership to achieve success and progress and firm's financial performance and improve employee engagement. With pressing one's hope, aspirations and dreams with mission, and vision of future, all this form a commitment.

Starting with **Model the Way**, in this practice Kouzes and Posner (2012) talks about "finding your voice by clarifying your personal values" and "setting the example by aligning actions with shared values". Where the real leader is committed to important group of values. In their opinion leader must have goals and inspire others to follow those goals is the secret for success. It is about how people should be treated at work and how Company's goals and standards are followed and achieved. Leadership is founded when the family business leader has credibility in his daily life this leadership will be earned with time, and it forms a good relationship with the people who are the followers, and they can expect their commitment. In Model the Way

leadership practices the exemplary leaders share a personal value with others that all can embrace, this behavior will earn them respect, their daily acts, and their consistent words will create progress to the family business (Kouzes and Posner, 2012).

**Model the way:** Exemplary leader is who behave as he believes, she says, is who knows how to model the way what he expects of others. They are clearing about their strategy, guiding principles, is who talks about their values and organization goals and principles (Csapai & Berke, 2015). Leadership isn't about your personality; it's about how you behave or feel. Anyone accepts the leadership challenges; he can apply the five practices of exemplary leadership. Such practices are relevant everywhere and anywhere at any time (Kouzes and Posner, 2003).

**The second practice: Inspire a Shared Vision**, the first step for the leader is to develop a dream and goals comprising of the leader's aspirations, hope desires, questions and concerns (Kouzes and Posner, 2012). When this step achieved the next step for the leaders is to focus on the actions that help on achieving such goals with the help of followers. Where a shared vision can be defined when you are clarified around your future, so, you can explain to others shared goals and making sure to look into the past and understand it to identify the things we face, the team roles in establishing a better thing, and visions of the future. Inspire a Shared Vision insists on inspiring others to be engaged and involved in the team, help them achieve their long-term aspirations (Kouzes and Posner, 2012). Family Business Leaders have to be thoughtful, visionaries who can listen to the team and engaging them to share their goals and aspirations in creating a successful and shared future. This is also according to Bill Mugavin (2018a).

**Inspire a Shared Vision:** Exemplary leader is the one who shares a common goals and visions with other people, is the one who feels with others, shares a

common thought understands them and know their opinions, needs, dreams, visions, and aspirations (Kollár & Szabó, 2019). Exemplary leader is the leader who is talking about visions, and any exciting future describes how people express their personal leadership experience. This leadership experience shows people belief in their abilities to make things happens. Leaders inspired a shared vision and dreams to make a better and fruitful future. The leaders are who talks about common values, and practice it in their daily actions. The exemplary leader is the one who trusts his team, and the team in turn trusts him. Employees always follow the leader then his plan, so his direct involvement in doing work, sharing thoughts, plans, values with their teams make others follow him then his plan (Kouzes and Posner, 2003).

**Third practice is Challenge the Process**, where in this field Kouzes and Posner (2012) talks about searching for opportunities, moreover seeking innovative way to change, grow and improve. A leader to succeed must always seek out for new opportunities and challenges that create productive environment between the leaders, and the followers, and also an innovative one, this is also identified by Pató & Illés (2018).. According to Kouzes and Posner (2012), and which also analyzed by Bill Mugavin in April 12, 2018b, where they talked about how to family business leaders who look for innovative ways and new opportunities to change and develop their quo status at their family company. Family Business Leader who accept their failures and learning from their mistakes, and taking risks are ready to improve their organization. They are testing out ideas, face failures, don't avoid mistakes are a good lesson and great opportunity to learn.

**Challenge the process:** any change, every new day puts us in a new direction, challenge, in new innovation, and in new process. Every day in every step there are adventure and challenge. Leaders who take the initiative

and accept the challenge to start a new thing, to change, to work with their team to improve their capabilities and acts to be up-to-date with any external challenge or change. Leaders contribute to innovation through increasing experiences of their teams to deals with external risks and failures, leaders trust in their teams' abilities and build confidence (Kouzes and Posner, 2003).

**The fourth step is Enable Others to Act** through fostering collaboration by promoting cooperative goals and building trust, and strengthens others by sharing power and discretion (Kouzes and Posner, 2012). In this process leader must encourage all team members to work together with accountability letting them feel with a sense of ownership to achieve more goals. According to James Scouller's book which was published in May 2011, *Enable Others to Act* It is a leadership practice that shows the capabilities of the confident family business leader who empower their employees to take care for the business and take enterprisingly initiatives. It is the best behavior that can be adopted by the family business leader to direct and lead their business. *Enable Other to Act* depends on the level of human brains works in dealing with information and relationships, it is very important when employees (followers) understands expectations, and having the skills, knowledge, and the ability to meet such expectations and knows how to connect with the family business leader.

**Enable others to act:** Working in a team is an important part inside the industry; it provides collaboration between groups of people. Teamwork generates new ideas. Team members build a trust relationship with each other, a collaboration to achieve success and progress at work. Leaders are who empower their team members, employees to take decisions, listen to their opinions, bring out new ideas, and make them are engaged to work (Héder-Rima M. and Dajnoki, K., 2019; Krajcsák, 2018; Marek, 2018).

Through the trust relationships between the leaders and the teams makes them a good leader to take risks and keep the good work (Kouzes and Posner, 2003).

**The final step in Kouzes and Posner (2012) practice is Encourage the Heart**, where the employees need encouragement to behave well, to be motivated and work more, and perform effectively, those employees when they feel appreciated, they will reach excellency and attain a sense of community. Encourage the Heart, is a practice that every human being, and especially the exemplary leader must hold, by caring of others, believing in the team and their capabilities, and always have their back. This is everyone's human need. Confidence in the team is very important, praising and recognizing people who share values and contribute for the projects' success, also celebrating accomplishments and telling stories of encouragement about the good work of others be very important actions taken by the family business leader to encourage the Heart (Kouzes and Posner, 2012).

**Encourage the heart:** In tough and hardest days. Leaders must encourage the heart of their employees. In certain situations, employees need to be encouraged and to be recognized. Sometimes the words thank you, keep it up, keep forward draws people forward and these words is very important and essential for the employees to feel that they are appreciated by their leaders. Celebration success is very important for both the leaders and the employees where they link rewards with performance this will lead to a common value and commitment towards their business (Kouzes and Posner, 2003).

### **3.8. Neo-Charismatic Leadership and Business Performance**

Collins (2006) considered that to business to be successful it must have strong leadership characteristics.

According to (Ready, 2004) who analyzed the effect of neo-charismatic leadership in enterprises, "Many developing leaders lacked the ability to lead larger enterprises even though they're owning difficult skills to lead smaller enterprises units. Others as Weaver (2008), Kőmüves et al. (2018), Bakacsi (2019), Gergely & Pierog (2016), mentions the neo-charismatic leaders' skills as being collaborative, visionary, and emotional. Stating that those skills help in the success of family business. On the other hand, he observes the relationship binding leadership and economic performance suggesting expanding the research of those factors.

### **3.9. Business Performance Indicators (The Dependent Variables)**

One of a Business performance indicator is the family business financial report. Miller and Besser (2005) talked about ways of measure small business performance. Other indicators measure non-financial matters like **satisfaction** and business future achievements as Miller et al, (2003) that represent symbols of role of the leaders. These are few studies that test the performance, especially in to smaller businesses, Wang in 2005 wrote about this problem where most of the researches, and experiments fits larger companies be proposed new research for organizations economic performance. Wolff and Pett (2006) developed this research talking about the increase of sales as a dependent variable of measuring family business performance and profitability.

#### **3.9.1. Business Performance Approaches**

In 1999 Chaharbaghi and Willis divided the business performance in to two categories, the objective and subjective measures. The objective business performance consists of financial statements as one of his faces, as sales revenues and investments returns, profit margins all those forms the financial statements according to Plakoyiannaki et al. (2008) and Lee (2004). Moreover, the working capital gross profit index also is essential in the

process of performance as observed by Galbraith in 2003. From the management review, the progress of the number of employees could also be a clue for positive performance has been proved by Sadler - Smith et al in 2003. In the marketing field, some studies should negative correlation with performance while others resulted positive one, as said by Jacob et al. (2004) measuring the accounting processes. An interesting study for Tobin's q be divided the market value of total assets by their cost of replacement (Tobin's  $q = \frac{\text{Total Market Value of Firm}}{\text{Total Asset Value of Firm}} = \frac{\text{Market Enterprise Value}}{\text{Total Asset Replacement Value}}$ ), after this step Jaskiewicz and Klein in 2005 also talked-about Tobin's q method, where they added the role of stock returns in large businesses, this is also applied by Anderson and Reeb in 2003.

### **3.9.2. On the Other Part the Subjective Measures**

It is different from the objective one, where according to Miller and Besser (2005); Wolff and Pett (2006), Haber & Reichel, (2005), the family business leader must involve in all the business to achieve success. The subjective measures improved its role in measuring the performance of small private enterprise has been stated by Miller and Besser in 2005, where the family business owners prefer to interfere in all business details regarding sales number, company position in the market, company management and operations.

### **3.9.3. The Third Subjective Measures, the Measurement of Satisfaction**

As stated by Lambrecht (2005) and Poza (2010), who shows **the level of satisfaction with the leadership position**, many are affected by the extent to which the family business leader deals with these competing forces. Studying the family business performance may be affected the category of the financial evaluation as Miller et al in 2003 observed in their study, for instance the fulfillment of the individual with work, the goal achievement, compared to



company capabilities, the expectation of the family business owner. Also, Lambrecht (2005) mentions an essential measure as the achievements of values regarding family inheritance, safe guarding the family name, and family history, all those factors combined effected by the family business leader satisfaction in his position in the family firm.

### **3.10. Quinn's Leadership Theory**

Quinn's leadership theory is based on collecting the best leader qualities and behaviors of the successful leaders to achieve a leadership Excellency Quinn (2005). He also talked in this theory about the importance of the decision taken by leaders in the crises time, at this time of stress, leaders according to Quinn (2005) face challenges, they perform with extremely high level of performance that gave them energy and vision. This will encourage the other leaders to perform in the same way and learn more.

## **4. MATERIALS AND METHODS**

### **Introduction**

The most suitable design that fits the study to define the problem is the descriptive correlational design that will show the relationship between the family leadership practice and the family business performance success and the most method used for these types of data is the quantitative research in which variables can be observed and measured. In addition, this study addresses the relationship between the leadership practices of Kouzes and Posner and their application to the Lebanese family business performance. The five effective leadership practices of exemplary leaders are very important than ever for the future of Lebanese family businesses to depend on it. Such practices are a key factor in a supporting family leader and essential to building successful family businesses.

### **4.1. Target Population, Sample size and Procedure**

This research study presents an interest in the economic sector since this issue relates directly to the Family Business companies in Lebanon, which constitute more than 85% of private sector companies. The private sector in Lebanon counts for 80% of all companies in Lebanon, which is very active in the national economy and contributes to job employment (Al Akhbar News, 2019).

The population that we are looking for owners (CEO's), family business leaders, who leads family businesses from all Lebanese regions and from various economic activities (because the enterprise size categories are different in the EU and in Lebanon. We should select for the study at least 300 companies, which represent 300 (first and second generation) family business leaders from 11808 family companies of the whole national Lebanese family firms database (Lebanon24, 2020; Al Akhbar News, 2019).

## **Sampling size**

It should be selected in proportion to the relevant population to assure the generalization of the results of the sample from the whole population. So, we should select at least 300 companies, which represent 300 (first and second generation) family business leaders from 11808 family companies of the whole national family firm database (Lebanon24, 2020; Al Akhbar News, 2019). In this research, the sample was randomly selected from all Lebanese regions and from various economic activities—the Lebanese family businesses established before 1950 till these days. We sought to draw conclusions in a scientific way.

The only statistical data available by the Ministry of Finance show that the number of statutory companies declared by the tax departments is 101,595 companies, but more than 85% of them declare an annual volume of business less than one billion pounds (663 thousand dollars), and 79% of them (i.e. 80,261 companies) does not declare about its worker, and nearly three-quarters of it are registered in trade, real estate, construction, car repair workshops and gas stations. The private companies are mostly small, weak, fragile, and concentrated in low-productivity service activities. They are dominated by the family, individual character, and often fraudulent in the law, and the largest share of their total business volume is dominated by a very small number of monopolistic, privileged companies, which enjoy low tax rates and many exemptions. However, it often uses fraudulent methods to smuggle its huge profits out of the tax liability.

In this context, statistics from the Imports Directorate of the Ministry of Finance reveal that the number of Lebanese companies declared at the end of November 2018 amounted to 101,595 companies, of which 6,274 companies (6% of all companies) do not operate according to their permits with the ministry. While only **21,388 operating companies declare the presence of workers in them**, which means that 78.9% of all regular companies are

small individual or family activities (stores or repair workshops) or companies that conceal their workers and do not declare their wages or shell companies. It is often used to own and exchange real estate to avoid paying the taxes and fees involved in the divestment operations. Note that half of the companies that declare their workers employ less than 5 workers, while only 0.6% declares more than 100 workers.

Furthermore, because the situation in Lebanon, and as a result of the economic crisis that preceded the pandemic and led to the decline of the economic wheel. Thousands of companies stopped operating and the increase in the number of companies that closed their doors because of the pandemic. So I used **21,388 operating companies of the official number declared by the tax departments in the Ministry of Finance** and I used the directory of the **Chamber of Commerce, Industry and Agriculture in Beirut and Mount Lebanon - Lebanon Business Directory**. Thus, the sample was **randomly selected** from all Lebanese regions (districts) and from various economic activities (sectors).

More than 2,200 Lebanese companies and establishments closed their doors during the year 2019, at the same time; the Ministry of Finance announced that 3,250 establishments and shops had submitted declarations that they would stop operating (Lebanon24, 2020). And the report prepared by "Info-Pro" company and published by "Business News", indicated an increase in the number of companies that closed their doors **by 20% in the past two months, 12% of all companies stopped working** or suspended their operations (Lebanon24, 2019; 2020).

So the 11808 family companies were calculated after removing the number of companies **which stopped operation and closed its doors**, because of the severe economic downturn, the Beirut Port Blast, along with Covid-19 and containment measures (Lebanon24, 2020; Al Akhbar News, 2019).  
Calculation:  $21,388 * 12\% = 2,566$ ;  $21,388 - 2,566 = 18,822$ ;  $18,822 * 80\% =$

15,058-3,250=11,808 Active Companies.

As a randomly test sample size to be acceptable, based on the market research exercise in Lebanon, it must be at least 2% of the basic sample size, in our case it represents the referred ratio of the active family companies in Lebanon, thus:  $300/11808=0.02541=2.541\%$ .

### **Representativity of the sample**

Basically it was a problem trying to ensure representativity, because the official services haven't got data about specified details (like gender, years as leaders, etc, as I know correctly, the situation is the same in Hungary, if we are looking for official data about the CEOs). I tried to find these data about the specified details like the origin of place (region), ratio of gender, level of education, industry (sectors) and number of employees. I found some, but these sources are unofficial and generated by other scientific research studies. So, the data about Lebanese firms is a critical issue, that the Lebanese governmental statistical office doesn't present actual (detailed) issues about the companies due the deep crisis.

Given this situation, I have not sought to ensure representativity, as my research is exploratory and without precedent in Lebanon. The following Table 1 summarizes the data I have found, and I cited the various sources.

**Table 1 Comparison between the Official Governmental Data Base and Primary Research Data**

	<b>Sample n= 21,388</b>	<b>Sample n=223</b>
<b>Gender</b>		
Male	92,00	93,50
Female	8,00	6,50
<b>Age of the Family Business Leader</b>		
18-28	no data available	3,00
29-39	no data available	35,00
40-50	no data available	28,00

51-60	no data available	24,00
61-70	no data available	7,00
More than 71	no data available	3,00
<b>Years as a Leader</b>		
1 -5	no data available	19,50
6 - 10	no data available	21,00
11 - 20	17,22	27,50
21 - 30	no data available	21,50
31 – 40	no data available	7,00
More than 41	no data available	3,50
<b>Level of Education</b>		
High school	5,40	39,00
Bachelor	62,20	39,00
Master	32,4	12,00
Ph.D.	no data available	3,00
Other	no data available	7,00
<b>Marital status</b>		
Single	no data available	18,40
Married	no data available	78,70
Divorced	no data available	2,20
Separated	no data available	0,40
Widowed	no data available	0,30
<b>Industry</b>		
Agriculture	6,45	5,50
Services sector	7,48	7,50
Construction	12,37	8,00
Food Industry	27,00	11,50
IDM wood and Furniture	6,95	5,00
Manufacturing	12,20	10,50
Textile	7,82	3,50
Wholesale and Retail	22,58	34,50
Electric machines	20,86	6,00
Plastic and Chemicals	4,34	4,00
Other	8,60	4,00
<b>Size (Number of the Employees)</b>		
Small Size Companies (Less than 20)	93,00	81,50
Medium-Size Companies (20-100)	3,50	15,00
Large Companies (More than 100)	3,50	3,50

<b>Age of Firm</b>		
Less than 5 years	29,03	6,00
5-10years	65,05	11,50
11-20 years	5.92	23,50
21-30 years	no data available	26,00
31-40 years	no data available	15,00
41-50 years	no data available	10,00
More than 51 years	no data available	8,00

**Source:** (Matta, 2018; Samara & Berbegal-Mirabent, 2018; Fahed-Sreih et al., 2010; El-Chaarani, H., & El-Abiad, 2019; El-Chaarani, 2014; Zeidan, 2021)

#### **4.2. Methods applied for data collections**

In scientific studies, the suitable method shall be used to solve problems quicker, and more carefully, and easily and brought the best solutions. The research methodology used in this research study: Qualitative method: analysis of documents, observations, and interviews.

Concerning the secondary data, it has been collected from well-known published books and articles, and from some consistent journals, we are going to conduct extensive interviews within which we sought to know the components of the family companies, its consequences, and the way it passed to later generations? That was the plan to make some interviews, but because of coronavirus COVID-19, we couldn't make the interviews.

To collect primary data Quantitative method was used: the data gathering method is the questionnaire because it is the best practical one and easiest method to collect narrowly defined numerical data out of the population and which is used for statistical analysis and also which describes the characteristics of the variables in testing the relationship between the independent and dependent variables to validate the research hypotheses as stated by Goertzen (2017), Watson (2015), Holton & Burnett (2005), Sukamolson (2007), and Sekaran and Bougie (2013).

Grohmann and Kauffeld (2013) and Creswell (2013) mentions that in common, scholars and researchers and adopt quantitative research regularly use the survey method; as a result, it is indicated as an economical and practical method to collect quantitative data related to the target population for the reason of generalizing the results.

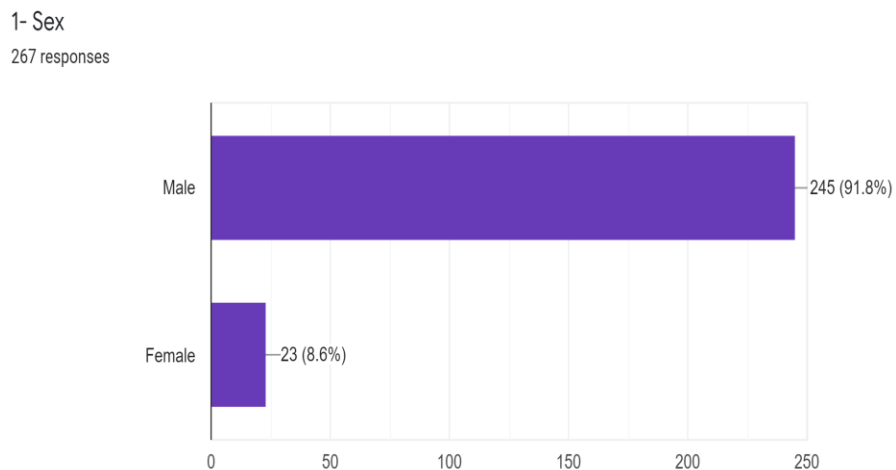
To collect primary data, a questionnaire of leadership practices inventory defined by Kouzes and Posner (2012) was used to detect the types of leadership practices and their effects on the generation and business success.

Challenge the process is the process of generating new ideas or developing others new ideas; leaders demonstrate their will to challenge the system to convert these ideas into actions. Leaders lookout for challenging opportunities to develop internal components like skills, abilities, in turn, developing the organizations (Kouzes & Posner, 2002). Inspire a shared vision is very important for promoting people to work together around a common vision of what the future of any organization could be (Kouzes & Posner, 2002). Enable others to act promotes people to work together and contribute to the decision-making and planning inside the organization. Model the way leaders set themselves an example for others to follow and build commitment through everyday acts that make advance and energy. They make a program about a group of principles regarding the way individuals ought to be treated and the way objectives ought to be sought that make the organization gain a competitive advantage (Kouzes & Posner, 2002). Encourage the Heart employees frequently require encouragement and motivation to attain the objectives set by the organization. Successful leaders achieve accomplishments by impacting employee motivation; recognize their commitment and efforts to realize job performance.

The research survey takes between 10-20 minutes to complete. It should be noted that the LPI-Self questionnaire consists of 30 statements based on a 5-



point Likert Scale ranging from (1) strongly disagree never engages in the behavior to (5) strongly agree, engages in the behavior and other methods. In the questionnaire, general information has been collected about the family business successor such as age, gender, educational level, experience. The data were collected during the period from 06th of February 2020 to 31th of May 2020. The questionnaire was distributed in person and in online by Google-Forms tool for data collection and sent via e-mail to 300 companies, which represent 300 (First and Second generation) family business leaders, out of which the completed returned questionnaire was 267 respondents with the response rate 89%. After collecting data, I removed 44 questionnaires (3rd generation Leaders) due to incomplete, missing and unreasonable data. Finally, 223 complete questionnaires were used in data analysis (N=115) for the first generation and (N=108) for the second generation.



**Figure 2 Gender Differences in the Family Businesses in Lebanon**

**Source:** Author's own results

**Figure 2** above shows that, according to the respondents, there are 245 male leaders (91.8%) and 23 female leaders (8.6%). **This gender composition**

**represents the family business leaders participants from the active family businesses in Lebanon** in 2020, where the male is dominated by the choice of the family business leaders.

### **4.3. Data Analysis Instruments**

I will conduct data analysis to test the objective and hypothesis of the research by relying on the statistical package for social sciences (SPSS) version 23 for windows to analyze the data collected from the questionnaire and AMOS 24 program (Analysis of Moment Structure) to test several methods related to descriptive analysis, factor analysis, the reliability, and validity analysis, correlation analysis, model fit analysis, and we depend on structural equation modeling (SEM) to interpret the results. Simple regression analysis, which involves a single independent variable, will be used to study and analyze the proposed hypothesis to show the relationship and the effectiveness between the independent variable and the dependent variable.

#### **Descriptive Analysis**

Where I can describe the characteristics of the sample data giving it a meaning, the relationship of variables, the obtained data will be shown in charts and tables, and frequency distribution.

#### **Frequency Distribution**

It is presented by tables and charts to show the research results. All kinds of charts are used to check the different elements of variables.

#### **Reliability of Study Instrument**

Reliability: To test the reliability, we will use Cronbach's alpha  $\alpha$ , **composite reliability (CR)**, and the **average value extracted (AVE)** to calculate the reliability and the consistency over time.

#### **Cronbach's Alpha a Method**

This internal reliability and consistency are measured by Cronbach's alpha  $\alpha$ . Alpha  $\alpha$  ranges between 0 and 1; the more the value of the results are closer to 1, the more we have reliable data, and if it is less so that we have less reliability of data. We use the SPSS program to calculate Cronbach's alpha, a value among the different samples between the different generations. Cronbach's alpha is used as an output for a scale's reliability in quantitative analysis. Which demonstrate the reliability and internal consistency of a latent construct (Fornell & Larcker, 1981). The acceptable threshold value Cronbach's alpha is greater than 0.70 as recommended by hair et al., (2010).

### **The Composite Reliability (CR)**

It is used to compute the internal consistency of the result that we are measuring.

### **Average Variance Extracted (AVE)**

We can apply AVE by checking the AVE for two generations whether it's greater than the square of correlations between the generations. The higher the AVE, the better it represents the factors. The recommended thresholds that confirms the internal consistency of construct as suggested by Fornell & Larcker, (1981):  $CR > 0.6$  and  $AVE > 0.5$

### **Validity of Study Instrument**

We are going to use **the validity of the measuring instruments** to study the **validity** of the variables, their measure, its accuracy, and the instrument's accuracy. Validity can be obtained by the **convergent** and **discriminant validity**.

### **Discriminant Validity**

It shows us the heterogeneity and the difference in result measures between the different generations. So, this research will study the correlation matrix to validate the discriminant validity of the research samples. This linear

correlation shows us how the points in the scatter plot are close to each other. These correlations represent the relationships between the independents and the dependent variables. The final results and conclusions must be real data and of logical reasons.

### **The Convergent Validity**

It represents the homogeneity within one sample; it shows us that every variable belongs to the other. These data can be measured by factor analysis that impresses the correlations between the variables and other factors, and it ranges between -1 and +1. The factor that will accept for the study must be closer to 1 or between 0.5 and 1, while the factor that is closer to 0 is treated as not similar to the factor or different from the factor. The factor loadings interval with loadings higher than the threshold value 0.50 can be shows that the items is statistically significant as suggested by Hair et al., (2006)

### **Structural Equation Modeling (SEM)**

It is a multivariate statistical analysis technique; it is composed of a factor and multiple regression analysis, it analyzes the structural relationship between two variables or two constructs (Schreiber et al., 2006). It shows the dependence of variables on one another. That's why this study used the Smart Partial least squares structural equation modeling PLS program in Structural equation modeling (SEM). It supports confirmatory and exploratory research, which is suitable for small sample sizes. It analyzes simultaneously the data measured of the proposed model to determine its consistency. SEM helps us to support the hypothesis of the proposed model of the research; this will be supported by the sample data so that the unobserved variable is linked to the observed one. These variables are a good indicator for the study; in this study, the variables are divided into two independent variables (exogenous) which are not influenced by any other variables or dependent variables (endogenous) which is influenced by another variable in the proposed model (Hair et al., 2010; Kline, 2011; McDonald and Ho, 2002). We used the Smart

PLS program to assess the final measure empirically through factor analysis (Ringle et al., 2005).

### **Confirmatory Factor Analysis (CFA)**

It is an analysis used to determine how the variables are linked to one another and compare the relationships between the variables and the factors that are subordinating the proposed model. This will determine the real influence of each factor this will show the certainty and validity of the constructs. Moreover, it will express the cause-effect relationship between the constructs.

### **Model Fit Analysis**

The study uses the Goodness of fit test to test if we are going to accept or reject the model; this will make sure that the results do examine by the structural equation model (SEM). CMIN/df must be smaller than 3 (CMIN/df<3). GFI, TLI, and CFI must be greater than 0.899 or 0.9 (GFI>0.9, TLI>0.9, CFI>0.9). RMSEA must be smaller than 0.08 (RMSEA<0.08), sometimes the NFI (Normed Fit Index), NNFI is called the Tucker Lewis index (TLI) (Schermelleh-Engel et al., 2003).

### **Hypothesis Testing**

After testing the hypothesis, we have noticed the comparison between the variables; we will see if the hypothesis is rejected or accepted and the difference that may exist between variables. In this research study, I used the structural equation model SEM, PLS-SEM, and model fit analysis to test each hypothesis for each dependent variable and present the results in tables and figures in the next chapter.

## 5. RESULTS AND THEIR EVALUATION

This chapter will present the analysis and interpretation of the data results obtained from my research study and addresses the key questions. So that, this chapter reviews the empirical results of my research model and the statistical approach.

### 5.1. Demographic Data

#### 5.1.1. Personal Information of the Respondents

**Table 2** would discuss research findings, which include the characteristics of the sample comprised of the personal information of respondents. As shown in **Table 2**, presents that the **first generation** (n=115) represent (51.56%) of the family businesses, 105 (91%) were males, and 10 (9%) were females, the majority of the family business leaders of the first generation leaders (30%) were in the age category within 51-60 years which show their desire to stay in business at their retirement age, most of them (32%) are 11-20 years of experience as a leader. The family business leaders are also well-educated in which most of them hold (44%) of them have high schools. **Table 2** also presents the **second generation** (n=108) represent (48.44%) of the family businesses, 104 (96%) were males, and 4 (4%) were females represented the family business leaders, the majority of the family business leaders of the second generation leaders (42%) of them have 29-39 years old, (29%) of them had 6-10 years of experience as a leader, and the majority of them (45%) were holders bachelor's degree. Finally, the dominant gender of the respondents in the sample is male. Hence, it can be concluded that family business leaders for the first and second generation in Lebanon are characterized by well-educated and male-dominated. Their profile reflects the spirit of educated people who build their own family business.

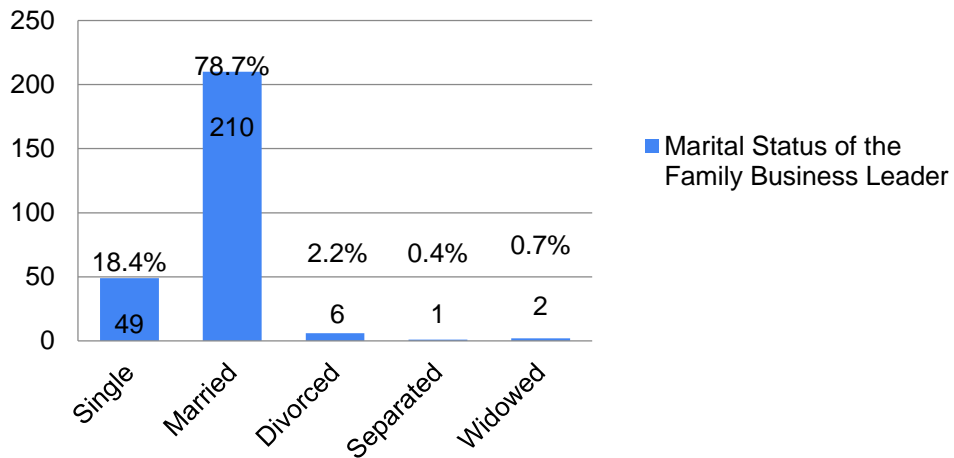
**Table 2 Respondent's Personal Information: Demographic Data Obtained by First and Second Generation Leaders in Percentage %**

	<b>First Generation N=115</b>	<b>Second Generation N=108</b>
<b>Gender</b>		
Male	91,00	96,00
Female	<u>9,00</u>	<u>4,00</u>
<b>Age of the Family Business Leader</b>		
18-28	1,00	5,00
29-39	28,00	42,00
40-50	27,00	29,00
51-60	30,00	18,00
61-70	8,00	6,00
More than 71	<u>6,00</u>	<u>0,00</u>
<b>Years as a Leader</b>		
1 -5	21,00	18,00
6 - 10	13,00	29,00
11 - 20	32,00	23,00
21 - 30	21,00	22,00
31 – 40	8,00	6,00
More than 41	<u>5,00</u>	<u>2,00</u>
<b>Level of Education</b>		
High school	44,00	34,00
Bachelor	33,00	45,00
Master	10,00	14,00
Ph.D.	3,00	3,00
Other	<u>10,00</u>	<u>4,00</u>

**Source:** Authors' own research results

### **5.1.2. Sample analysis Based on the marital status of the Family Business Leaders**

**Figure 3** below indicates the marital status of the family business leaders, where most of the respondents were married 78.7% of the total number of the respondents. 18.4% of our respondents were single because they are young and still students, and 2.2% were divorced. While separated and widowed were 0.4% and 0.7%, respectively. Married respondents made up the largest group because most family business leaders are in an age where they care for the family issue and its continuity.



**Figure 3 Marital Status of the Family Business Leaders**

**Source:** Authors' own research results

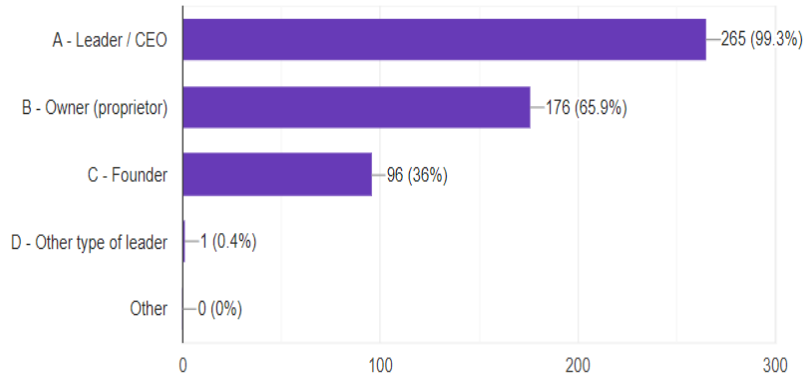
### **5.1.3. Sample analysis Based on the Role of the Family Business Leaders**

**Figure 4.** below identify the role of the Family Business Leaders in the Lebanese enterprises, where most of the participants 99.3% have a position as a Leader/CEO roles, 65.9% are the owner of the business, and 36% are founders.



10- What is your position in your Family Firm? You can choose more than one answer

267 responses



**Figure 4:** The Role of the Family Business Leaders

**Source:** Authors' own research results

#### 5.1.4. General Data of the Firms

The general data of the participated firms are presented in **Table 3**. It shows that the majority of the **first-generation** companies (28%) belonged to the wholesale and retail industry, which describes the profile of family businesses in Lebanon, and which also is popular among Lebanese business people. Most of the companies' age for **the first generation** in Lebanon has 11 - 20 years old (35%), followed by 5 - 10 years old (23%). Thus, it could be considered that the majority of the sample is at their relative retirement and the young age of business. The majority of family businesses of **first-generation** (86%) were small size companies employ a small number of employees, which is less than 20 people. For the **second-generation companies** (41%) belonged to the wholesale and retail industry, (77%) were small size companies with less than 20 employees, and (33%) were have 21-30 years old, followed by 31 - 40 years old (22%).

**Table 3 General Data of the Respondent of First and Second Generation Firms in Percentage %**

	<b>First Generation N=115</b>	<b>Second Generation N=108</b>
<b>Industry</b>		
Agriculture	7,00	4,00
Services sector	8,00	7,00
Construction	10,00	6,00
Food Industry	10,00	13,00
IDM wood and Furniture	4,00	6,00
Manufacturing	12,00	9,00
Textile	3,00	4,00
Wholesale and Retail	28,00	41,00
Electric machines	7,00	5,00
Plastic and Chemicals	3,00	5,00
Other	<u>8,00</u>	<u>0,00</u>
<b>Size (Number of the Employees)</b>		
Small Size Companies (Less than 20)	86,00	77,00
Medium-Size Companies (20-100)	11,00	19,00
Large Companies (More than 100)	<u>3,00</u>	<u>4,00</u>
<b>Age of Firm</b>		
Less than 5 years	12,00	0,00
5-10years	23,00	0,00
11-20 years	35,00	12,00
21-30 years	19,00	33,00
31-40 years	8,00	22,00
41-50 years	3,00	17,00
More than 51 years	<u>0,00</u>	<u>16,00</u>

**Source:** Authors' own research results

**Table 3** shows that the size of large companies reached 3% for the first generation and 4% for the second generation, where more than 100 workers work in it.

There is no doubt that the number of workers is a good measure of the size of the company, and it is a great variable regarding its significance on the contribution of Lebanese family businesses to economic and social

development. We found 86% of small businesses employing between 10 and 20 workers for the first generation and 77% for the second generation.

In this research, we found that medium-sized company, employing 30 to 100 workers and its 10% and 19% for the second generation, and it returns to the 50s, 60s, and 70s. This ratio is good compared to the age and size of the company. Medium-sized companies are the most prevalent in the Lebanese economic system.

The size of large companies with more than 100 workers is 3% for the first generation and 4% for the second generation. It is considered a large company compared to the size of Lebanon and its population, which have branches scattered and spread across the Lebanese territory. These companies date back to the period (1950-1980).

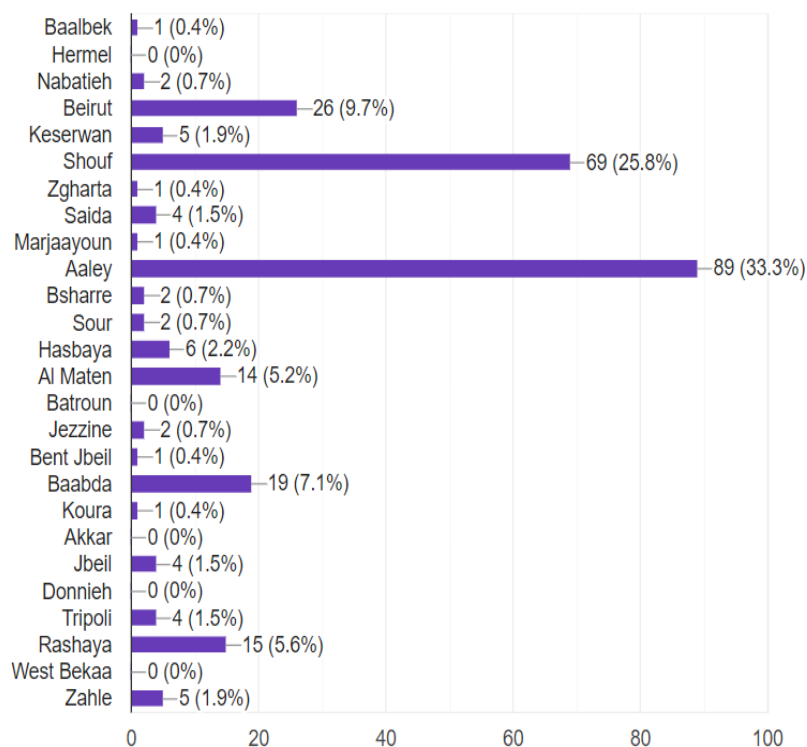
These findings are consistent show that the majority of the Lebanese family businesses leaders belong for the small and medium-sized enterprises for both generations, and they prefer to employ a small number of the employee. Whereas, the results show that the percentage of medium-sized family businesses (19%) for the second-generation firms is greater than that of the first generation firms (11%), showing that there is progress in the number of employees from one generation to another indicating that there is business performance.

#### **5.1.5. Sample analysis Based on the Location of the Family Business Companies**

**Figure 5** below indicate the location and geographical distribution of the family companies among Lebanese's districts

#### 4- District

267 responses



**Figure 5** The Location of the Family Business Companies

**Source:** Authors' own research results

## 5.2. DESCRIPTIVE STATISTICS

In statistical package for social sciences SPSS, the Descriptive method calculates a group of fundamental descriptive statistics for one or more constant numeric factors. In all, we compute the following measures: Means and standard deviation (SD).

**Table 4 Measuring the Leadership Practices Inventory (LPI) by First & Second Generation Leaders - Descriptive Statistics**

Parts of the LPI	First Generation N=115		Second Generation N=108	
	Aggregated Means*	S. D	Aggregated Means*	S. D
MTW	4.065	0.908	4.120	0.776
ISV	4.083	0.881	4.073	0.851
CTP	4.128	0.821	4.094	0.753
EOA	3.914	0.830	3.841	0.870
ETH	4.125	0.793	3.949	0.934
BP	3.841	0.893	3.880	0.863

MTW= Model the way, ISV= Inspire a shared vision, CTP= Challenge the process, EOA=Enable others to act, ETH= Encourage the heart, BP= Business performance  
\*1= Strongly disagree, 2= Disagree, 3= Neutral, 4= Agree, 5= Strongly agree

**Source:** Authors' own research results

**Table 4** presents descriptive statistics such as (mean and standard deviation). The overall trends of the respondents of the study sample are on average high towards the study variables. Moreover, the table shows that the highest mean scores of leadership practices (4.128-3.914) were for **first-generation** with standard deviation (0.908-0.793) while the mean scores of leadership practices (4.120- 3.841) were for **second-generation**, and the standard deviation is (0.934-0.753), and the mean score of a business performance (3.880) for **second-generation** and the mean score of a business performance (3.841) for first-generation with standard deviation is (0.863) and (0.893) respectively. We didn't find any big differences in descriptive statistics. The aggregated means are almost on the same level of both generations.

However, my research results somehow different from a previous research done by Abu-Tineh et al. (2009), in his descriptive statistics, where the highest mean scores is 3.36 and the lowest mean scores is 2.76 who apply Kouzes and Posner's Transformational Leadership Model in Jordan schools.

Abu-Tineh et al.'s result indicated that the means and standard deviations of the 5 leadership practices, the mean of enable others to act (EOA) has the highest mean score (3.36), followed by encourage the heart (ETH) (3.23) and model the way (MTW) (3.09), respectively. Challenge the process (CTP) (2.90) and inspire a shared vision (ISP) (2.76) have the lowest means. Further, the standard deviation scores in both enable others to act (SD=0.91) and encourage the heart (SD=0.91) leadership practices are equal and greater than other parts of LPI.

However, my results indicated that the leadership practices dimensions for the **first generation** leaders Challenge the process (CTP) has the highest mean, followed by Encourage the heart (ETH) (4.125), Inspire a shared vision (ISP) (4.083), and model the way (MTW) (4.065), respectively. Enable other to act (EOA) (3.914) have a lowest mean. The variability of the dimension Model the way (MTW) (SD=0.908) is greater than the other dimension.

Moreover, my results is different in the means and standard deviation for dimensions of the **second generation** leaders Model the way (MTW) has the highest mean, followed by Challenge the process (CTP) (4.094), Inspire a shared vision (ISP) (4.073), and Encourage the heart (ETH) (3.949), respectively. Enable other to act (EOA) (3.914) have a lowest mean. The variability of the dimension Encourage the heart (ETH) (SD=0.934) is greater than the other dimension.

The results are different because of the numerous reasons like the difference in culture and the target population of my results are representative to the Lebanese family business leaders which cannot be generalized to any distinctive culture.

### 5.2.1. Various Correlations between dependent and independent variables

I compared the variables with each other and found significant differences in nearly 80 cases. The correlations were significant in all cases ( $p < 0.005$ ), but the closeness of the relationships (Cramer V) was not higher than 0.3 in any case. Therefore I have selected the most interesting cases and briefly describe them in the following.

**Table 5 The distribution of responses to some questions on business performance (n = 223)**

Statement	Level of agreement (%)				
	1	2	3	4	5
What is your perception of the profitability of your business as compared to similar sized businesses in your industry and geographic area?	5,4	13,0	43,9	30,0	7,6
How satisfied are you with your experience as the leader of your family business?	1,8	4,0	15,2	36,8	42,2
How do you evaluate the progress in the number of employees in your family business?	1,3	-	10,3	51,1	37,2

**Source:** Authors' own research results

The results in **Table 5** shows 37,6% of the participants of the family business leaders who strongly agreed or agreed with the question "What is your perception of the profitability of your business as compared to similar sized businesses in your industry and geographic area?" And who undecided to answer is 43.9%, therefore we can say it is a high percentage of undecided. The economic crisis is probably the primary factor behind the reasons.

In addition **Table 5** presents high proportion of participants (79%) who strongly agreed or agreed to answer the question about "How satisfied are you with your experience as the leader of your family business?" This is encouraging, but it is questionable whether employees feel the same way. This could be the subject of another study in the future.

Moreover, **Table 5** presents high proportion of respondents (88,3%) who are fully agreed or agreed to answer the question "How do you evaluate the

progress in the number of employees in your family business?” The data suggest that business leaders are satisfied with the pace of growth and are able to recruit the right number of people from the labour market to keep their processes running, despite the crisis.

**Table 6 What would you say are the greatest factors contributing to the success of your business? (n = 223)**

Level of agreement (%)	Factors						
	1	2	3	4	5	6	7
	3,1	50,7	1,8	30,5	9,9	2,7	1,3

**Factors** = 1 (Answers related to Financial Issues), 2 (Answers related to Leaders Traits), 3 (Answers related to Environmental Issues), 4 (Answers related to Management Issues), 5 (Answers Related to Family values and issues), 6 (Mixed Answers), 7 (Others).

**Source:** Authors’ own research results

**Table 6** shows that the greatest factors that contributes to the success of family business is related to Leaders Traits (50.7%) followed by Management issues (30.5%), then Family values and issues by (9.9%), 3.1% for Financial issues, 2.7% mixed answers, followed by 1.8% environmental issues and 1.3% others. Based on the data, it seems that personal leadership characteristics are considered to be of high importance. Somewhat surprisingly, family values were mentioned by only one in ten respondents.

**Table 7 Percentage of Gender distribution of respondents on responses to statement MTW1 (I set myself as a personal example of what I expect of others.) (n = 223)**

	Strongly Disagree	Disagree	Neutral	Agree	Strongly agree
Male	1,9	8,1	29,0	42,4	18,6
Female	0,0	0,0	53,8	7,7	38,5

Own data (%), p=0,043, Cramer V=0,210

**Source:** Authors’ own research results



The results in **Table 7** indicate that 38.5% of women set a good example as a leader, fully agreeing with the statement. For men, the figure is only 18.6%. For those who agree, the situation is reversed: 42.4% of men agreed with the statement, compared with only 7.7% of women. The proportion of women who are undecided (neutral) is very high (53.8%), but the proportion of men is also significant (29.0%). Overall, a higher proportion of men claim to be good role personal example as leader than women (aggregated answers with value "4" and "5"). But among who is very confident, women are in first place. The reason for this is still unknown and is worth exploring in more detail in future research, probably they have more confidence because the way to be a leader as women its difficult, so they needed to be more self-confident and more aspirant than the others. In any case, the strength of the relationship (Cramer V) is low.

**Table 8 Correlation between some ISV statements and responses to the question „How satisfied are you with your experience as the leader of your family business” (n = 223)**

Statement	Level of agreement (%) with the statement	Level of agreement (%) How satisfied are you with your experience as the leader of your family business?				
		1	2	3	4	5
I describe an encouraging image of what our future could be like. <b>(Isv2)</b>	1	-	11,1	2,9	-	1,1
	2	-	22,2	14,7	2,4	2,1
	3	25,0	22,2	14,7	12,2	13,8
	4	75,0	44,0	44,1	<b>53,7</b>	<b>45,7</b>
	5	-	-	23,5	<b>31,7</b>	<b>37,2</b>
I appeal to others to share an exciting dream or a vision of the future. <b>(Isv3)</b>	1	-	-	2,9	1,2	1,1
	2	-	-	-	6,1	3,2
	3	25,0	44,4	29,4	15,9	20,2
	4	-	33,3	38,2	<b>48,8</b>	<b>42,6</b>
	5	75,0	11,1	29,4	<b>28,0</b>	<b>33,0</b>
I speak with complete certainty about the supreme meaning and purpose of our work. <b>(Isv6)</b>	1	-	-	5,9	3,7	-
	2	-	33,3	2,9	2,4	4,3
	3	25,0	22,2	11,8	22,0	14,9
	4	75,0	33,3	64,7	<b>47,6</b>	<b>41,5</b>
	5	-	<b>11,1</b>	<b>14,7</b>	<b>24,4</b>	<b>39,4</b>

Own data, 1 = Strongly disagree 5 = Strongly agree

p=0,374, Cramer's V=0,187....**(Isv2)** / p=0,419, Cramer's V=0,210....**(Isv3)** / p=0,412, Cramer's V=0,206....**(Isv6)**

**Source:** Authors' own research results

The results in **Table 8** indicate the Correlation between some Inspire a Shared vision's statements and responses to the question: "How satisfied are you with your experience as the leader of your family business?" The majority of the leaders (45.7%) are very satisfied with the leadership position and agreed with the statement "I describe an encouraging image of what our future could be like (Isv2)", 37.2% very satisfied with the leadership position and fully agreed with the statement Isv2 followed by 31.75% satisfied with the leadership position and fully agreed with the statement Isv2, 53.7% of leaders satisfied with the leadership position and agreed with the statement Isv2, and the proportion of leaders who are undecided (neutral) is very high 44.1% and 23.5% and agreed with the statement Isv2.

Considering the statement "I appeal to others to share an exciting dream or a vision of the future (Isv3)," the results shows that 42.6% of leaders are very satisfied with the leadership position and agreed with the statement Isv3, (48.8%) are satisfied with the leadership position and agreed with the statement (Isv3)", 33.0% very satisfied with the leadership position and fully agreed with the statement followed by 28.0% satisfied with the leadership position and fully agreed with the statement, and The proportion of leaders who are undecided (neutral) is very high 38.2% and 29.4% and agreed with the statement Isv3.

Concerning the statement "I speak with complete certainty about the supreme meaning and purpose of our work. (Isv6)," the results shows that 41.5% of leaders are very satisfied with the leadership position and agreed with the statement Isv6, (47.6%) are satisfied with the leadership position and agreed with the statement (Isv6)", 39.4% very satisfied with the leadership position and fully agreed with the statement followed by 24.4% satisfied with the leadership position and fully agreed with the statement, and The proportion

of leaders who are undecided (neutral) is very high 64.7% and 14.7% and agreed with the statement Isv6.

Perhaps the most important finding from the results is this: leaders who are satisfied with themselves, have good leadership experience, care more about the future and the vision, and try to pass this vision and purpose of the work on to their staff and their inheritor.

### **5.3. Analysis of the Leadership Practices Inventory (LPI) - Reliability and Validity for the First-Generation Leaders**

#### **5.3.1. Reliability of Scales Using Cronbach's Alpha**

Furthermore, it is also clearly visible that Cronbach's alpha is the commonly used output for a scale's reliability in quantitative analysis. Which indicates the reliability and internal consistency of a latent construct (Fornell & Larcker, 1981; Hair et al., 2009).. The reliability of the scales was evaluated using Cronbach's alpha coefficient as it is seen in (**Table 9**), Cronbach's alpha coefficient for all constructs ranges between 0.840 and 0.801 which are above the threshold value 0.70 which indicates that all the items are internally consistent (Hair et al., 2010). Therefore, this confirms that the measures used in this research are reliable.

#### **5.3.2. Convergent Validity**

In the following sections the findings of the convergent validity will be presented, analyzed and interpreted. The convergent validity of measurement scales was assessed by using the confirmatory factor analysis (CFA), and AMOS 24 was used to estimate convergent validity and discriminant validity. The convergent validity was assessed in three important indicators which are factor loadings, Average Variance Extracted (AVE), and Composite Reliability (CR). Hair et al., (2006) suggests that the items with loadings higher than 0.50 can be maintained. According to Lam (2012) Composite

reliability (CR) ranges between 0.79 to 0.95, which meets the acceptable level of 0.60 proposed by Fornell and Larcker (1981). These indicators displays that the estimated items have a high degree of internal reliability. The average variance extracted (AVE) reflects the amount of variance in the indicators that is accounted for by the latent constructs, and is a more conservative estimate of the validity of a measurement model (Fornell & Larcker, 1981). Most of the constructs in Study meet the 0.5 level prescribed by Fornell and Larcker (1981). **Table 9** and **Fig. 6**, shows that the item loadings all exceeded the threshold value and statistically significant ( $p < 0.05$ ). Composite reliability (CR) for all constructs ranges between 0.944 and 0.909 which are above 0.50 that indicates that all the constructs demonstrate a good level of composite reliability (CR) as recommended by (Hair et al., 2012). The average variance extracted (AVE) value for all the constructs is located between 0.769 to 0.666 which is above the threshold value 0.50 which is suggested by (Hair et al., 2010). This show that the scales used in **Table 9** and **Fig. 6** are internally consistent.

**Table 9 CFA Results: Reliability and Validity for First-Generation Leaders**

Measurement Items		Factor loading	$\alpha$	CR	AVE
Mtw1	1. I set myself as a personal example of what I expect of others.	0.776	0.802	0.923	0.666
Mtw2	6. I make certain that people adhere to the principles and standards that have been agreed upon	0.770			
Mtw3	11. I follow through on the promises and commitment that I make.	0.814			
Mtw4	16. I ask for feedback on how my actions affect other people's performance.	0.839			
Mtw5	21. I build consensus around a common set of values for running our organization.	0.853			
Mtw6	26. I am clear about my philosophy of leadership.	0.841			
Isv1	2. I talk about future trends that will influence how our work gets done.	0.800	0.840	0.943	0.735
Isv2	7. I describe an encouraging image of what our future could be like.	0.850			

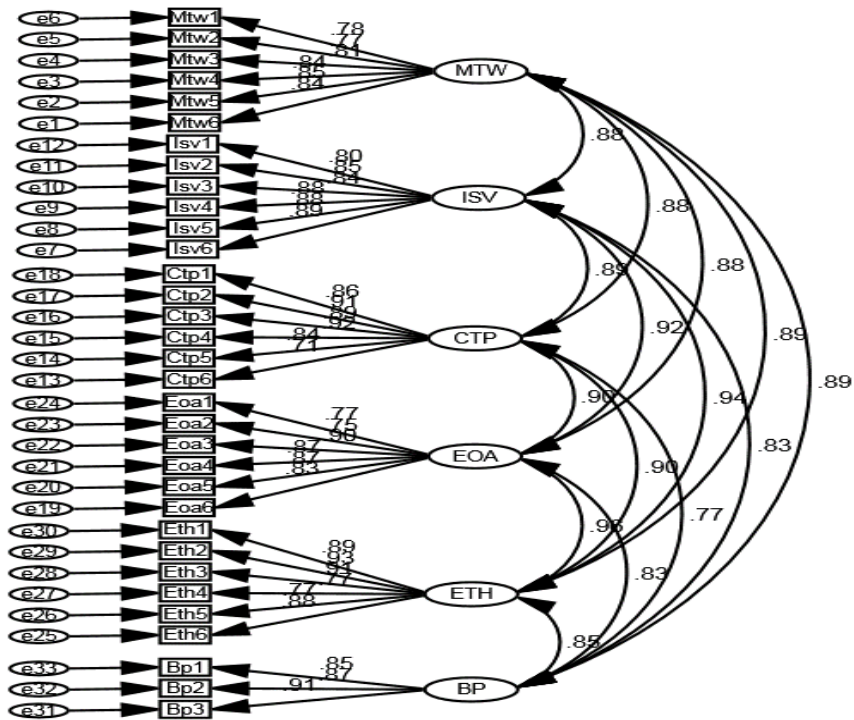
Isv3	12. I appeal to others to share an exciting dream or a vision of the future.	0.841			
Isv4	17. I show others how their long-term interests can be realized by enlisting in a common vision.	0.880			
Isv5	22. I paint the "big picture" of what we aspire to accomplish.	0.882			
Isv6	27. I speak with complete certainty about the supreme meaning and purpose of our work.	0.887			
Ctp1	3. I seek out challenging opportunities that test my own skills and abilities.	0.859	0.820	0.942	0.732
Ctp2	8. I challenge people to try out new and innovative ways to do their work.	0.908			
Ctp3	13. I actively search for innovative ways to improve what we do.	0.891			
Ctp4	18. I ask "What can we learn?" when things do not go as expected.	0.916			
Ctp5	23. I identify measurable milestones that keep projects moving forward.	0.836			
Ctp6	28. I experiment and take risks even when there is a chance of failure.	0.707			
Eoa1	4. I develop cooperative relationships among the people I work with.	0.770	0.810	0.931	0.694
Eoa2	9. I listen well to diverse points of view.	0.751			
Eoa3	14. I treat others with dignity and respect.	0.896			
Eoa4	19. I involve people in the decisions that directly impact their job performance.	0.871			
Eoa5	24. I give people a great deal of freedom and choice in deciding how to do their work.	0.869			
Eoa6	29. I ensure that people grow in their jobs by learning new skills and developing themselves.	0.832			
Eth1	5. I praise people for a job well done.	0.925	0.801	0.944	0.739
Eth2	10. I strive to let others know about my confidence in their abilities.	0.912			
Eth3	15. I make sure that people are creatively rewarded for their contribution to the success of our projects.	0.773			
Eth4	20. I publicly recognize people who exemplify the commitment to shared values	0.770			
Eth5	25. I get personally involved in recognizing people and celebrating accomplishments.	0.877			
Eth6	30. I tell stories of encouragement	0.925			

	about the good work of others				
Bp1	14. What is your perception of the profitability of your business as compared to similar sized businesses in your industry and geographic area?	0.850	0.822	0.909	0.769
Bp2	15. How satisfied are you with your experience as the leader of your family business?	0.871			
Bp3	17. How do you evaluate the progress in the number of employees in your family business?	0.908			

**p.value** = 0,00 in all cases

$\alpha$ = Cronbach's alpha, CR =Composite Reliability and Average, AVE=Variance Extracted  
 MTW= Model the way, ISV= Inspire a shared vision, CTP= Challenge the process,  
 EOA=Enable others to act, ETH= Encourage the heart, BP= Business performance

**Source:** Authors' own research results



**Figure 6 Model Measurement for First Generation**

**Source:** Authors' own research contribution

### 5.3.3. Discriminant Validity

According to Fornell & Larcker, (1981) discriminant validity is the extent to which a latent variable is accurately distinct from other latent variables. The discriminant validity was examined assessed by using Fornell & Larcker, (1981) method. He suggested if the square root of the AVE for a latent construct is greater than the correlation values among all the latent variables that mean the discriminant validity is supported. **Table 10** shows that the square root of the AVE values of all the constructs is greater than the inter-construct correlations which confirm discriminant validity. The goodness-of-fit measures were used to assess the fitness of a measurement model. The results confirm an adequate model fit (CMIN/df= 2.131, GFI=0.933, TLI= 0.968, CFI=0.919, RMSEA=0.051), sometimes the NFI (Normed Fit Index), NNFI is called the Tucker Lewis index (TLI) (Schermelleh-Engel et al., 2003). The findings show that the goodness-of-fit indicators are satisfied with the recommended threshold value by (Jacob et al., 2003). Thus, the measurement model indicates good construct validity and reliability.

**Table 10 Discriminant Validity for First-Generation**

	AVE	MTW	ISV	CTP	EOA	ETH	BP
MTW	0.666	<b>0.816</b>					
ISV	0.735	0.721**	<b>0.857</b>				
CTP	0.732	0.675**	0.594**	<b>0.856</b>			
EOA	0.694	0.578**	0.625**	0.805**	<b>0.833</b>		
ETH	0.739	0.487**	0.538**	0.703**	0.763**	<b>0.860</b>	
BP	0.769	0.785**	0.730**	0.766**	0.632**	0.646**	<b>0.877</b>

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

MTW= Model the way, ISV= Inspire a shared vision, CTP= Challenge the process, EOA=Enable others to act, ETH= Encourage the heart, BP= Business performance

**Source:** Authors' own research results

## 5.4. Analysis of the Leadership Practices Inventory (LPI) - Reliability and Validity for the Second-Generation Leaders

### 5.4.1. Reliability of Scales Using Cronbach's Alpha

**Table 11** shows that Cronbach's alpha coefficient for all constructs ranges between 0.945 and 0.879 which are above the threshold value 0.70 which indicates that all the items are internally consistent and reliable (Hair et al., 2010).

### 5.4.2. Convergent Validity

In the following sections most of the constructs in research meet the 0.5 level endorsed by Fornell and Larcker (1981). **Table 11** and **Fig. 7**, shows all items loadings ranges between 0.913 to 0.682 and statistically significant ( $p < 0.05$ ) which can be maintained. Composite reliability (CR) for all constructs ranges between 0.948 and 0.869 which are above 0.50 that indicates that all the constructs demonstrate a good level of composite reliability (CR) as recommended by (Hair et al., 2012). The average variance extracted (AVE) value for all the constructs is located between 0.753 to 0.592 which is above the threshold value 0.50 which is suggested by (Hair et al., 2010). This present the data results in **Table 11** and **Fig. 7** are internally consistent.

**Table 11 CFA Results: Reliability and Validity for Second Generation Leaders**

	Measurement Items	Factor Loading	$\alpha$	CR	AVE
Mtw1	1. I set myself as a personal example of what I expect of others.	0.816	0.910	0.919	0.655
Mtw2	6. I make certain that people adhere to the principles and standards that have been agreed upon	0.840			
Mtw3	11. I follow through on the promises and commitment that I make.	0.874			
Mtw4	16. I ask for feedback on how my actions affect other people's performance.	0.796			



Mtw5	21. I build consensus around a common set of values for running our organization	0.829			
Mtw6	26. I am clear about my philosophy of leadership.	0.687			
Isv1	2. I talk about future trends that will influence how our work gets done.	0.841	0.930	0.931	0.692
Isv2	7. I describe an encouraging image of what our future could be like.	0.847			
Isv3	12. I appeal to others to share an exciting dream or a vision of the future.	0.832			
Isv4	17. I show others how their long-term interests can be realized by enlisting in a common vision.	0.821			
Isv5	22. I paint the "big picture" of what we aspire to accomplish.	0.817			
Isv6	27. I speak with complete certainty about the supreme meaning and purpose of our work.	0.832			
Ctp1	3. I seek out challenging opportunities that test my own skills and abilities.	0.868	0.944	0.944	0.739
Ctp2	8. I challenge people to try out new and innovative ways to do their work.	0.857			
Ctp3	13. I actively search for innovative ways to improve what we do.	0.858			
Ctp4	18. I ask "What can we learn?" when things do not go as expected.	0.85			
Ctp5	23. I identify measurable milestones that keep projects moving forward.	0.868			
Ctp6	28. I experiment and take risks even when there is a chance of failure.	0.856			
Eoa1	4. I develop cooperative relationships among the people I work with.	0.859	0.898	0.896	0.592
Eoa2	9. I listen well to diverse points of view.	0.75			
Eoa3	14. I treat others with dignity and respect.	0.73			

Eoa4	19. I involve people in the decisions that directly impact their job performance.	0.693			
Eoa5	24. I give people a great deal of freedom and choice in deciding how to do their work.	0.682			
Eoa6	29. I ensure that people grow in their jobs by learning new skills and developing themselves.	0.88			
Eth1	5. I praise people for a job well done.	0.839	0.945	0.948	0.753
Eth2	10. I strive to let others know about my confidence in their abilities.	0.859			
Eth3	15. I make sure that people are creatively rewarded for their contribution to the success of our projects.	0.841			
Eth4	20. I publicly recognize people who exemplify the commitment to shared values	0.88			
Eth5	25. I get personally involved in recognizing people and celebrating accomplishments	0.91			
Eth6	30. I tell stories of encouragement about the good work of others	0.874			
Bp1	14. What is your perception of the profitability of your business as compared to similar sized businesses in your industry and geographic area?	0.792	0.879	0.869	0.709
Bp2	15. How satisfied are you with your experience as the leader of your family business?	0.815			
Bp3	17. How do you evaluate the progress in the number of employees in your family business?	0.913			

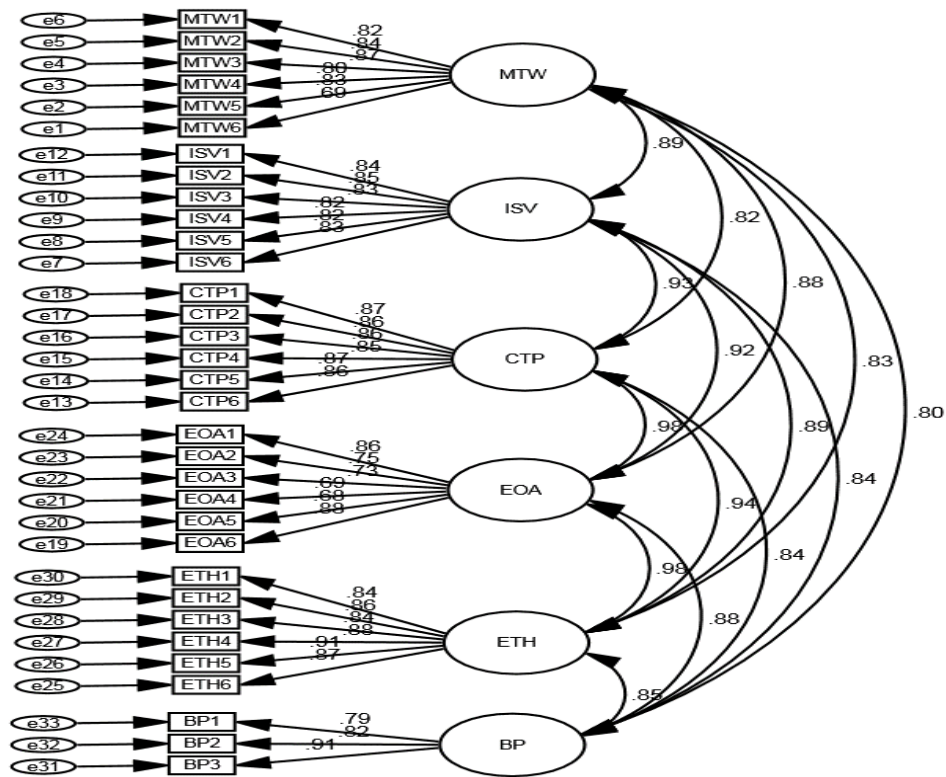
**p.value** = 0,00 in all cases

**α**= Cronbach's alpha, CR =Composite Reliability and Average, AVE=Variance Extracted

MTW= Model the way, ISV= Inspire a shared vision, CTP= Challenge the process,

EOA=Enable others to act, ETH= Encourage the heart, BP= Business performance

**Source:** Authors' own research results



**Figure 7 Model Measurement for Second-Generation**  
**Source:** Authors' own research contribution

### 5.4.3. Discriminant Validity

**Table 12.** Shows that the square root of the AVE values of all the constructs is greater than the inter-construct correlations which confirm discriminant validity. The goodness-of-fit measures were used to assess the fitness of a measurement model. The results confirm an adequate model fit (CMIN/df= 2.341, GFI=0.901, TLI= 0.899, CFI=0.900, RMSEA=0.062), sometimes the NFI (Normed Fit Index), NNFI is called the Tucker Lewis index (TLI) (Schermelleh-Engel et al., 2003). The findings show that the goodness-of-fit indicators are satisfied with the recommended threshold value by (Jacob et al., 2003). Thus, the measurement model indicates good construct validity and reliability.

**Table 12 Discriminant Validity for Second-Generation Leaders**

	AVE	MTW	ISV	CTP	EOA	ETH	BP
MTW	0.655	<b>0.809</b>					
ISV	0.692	0.489***	<b>0.832</b>				
CTP	0.739	0.721***	0.727***	<b>0.860</b>			
EOA	0.592	0.684***	0.617***	0.677***	<b>0.769</b>		
ETH	0.753	0.725***	0.590***	0.736***	0.582***	<b>0.868</b>	
BP	0.709	0.501***	0.644***	0.444***	0.379***	0.453***	<b>0.842</b>

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

MTW= Model the way, ISV= Inspire a shared vision, CTP= Challenge the process, EOA=Enable others to act, ETH= Encourage the heart, BP= Business performance

**Source:** Authors' own research results

### **5.5. The Structural Equation Modeling (SEM)**

**Structural Equation Modeling (SEM)** it is used to analyze the data measured, and the structural relationship between the latent variables and their dependent and independent variables or two constructs. It shows the dependence of the family business performance, and its indicators on the independent variables of the 5 exemplary leadership practices. SEM helps in interpreting the research findings and to support the hypothesis of the research model and indicates the significant of relationship between dependent and independent variables.

Particularly, Structural Equation Modeling (SEM) utilized to test and analyze hypotheses. This can be achieved by investigating the validity and reliability at internal and external level the exploratory factor investigation accomplished performed is measured by the confirmatory factor analysis. The model estimated of the study while utilizing 'maximum likelihood' as estimation method within the study (Hair et al., 2010; Kline, 2011; McDonald and Ho, 2002). PLS-SEM is used to test empirically the research proposed hypotheses (Ringle et al., 2005), where in **Figure 8** and **Table 13 (First generation)**, and **Figure 9** and **Table 14 (Second generation)** might be identified by looking at the negativity or positivity of the path coefficients

which are anticipated to be at least 0.2 and its preferred to be greater than 0.3 (Hair et al., 2010).

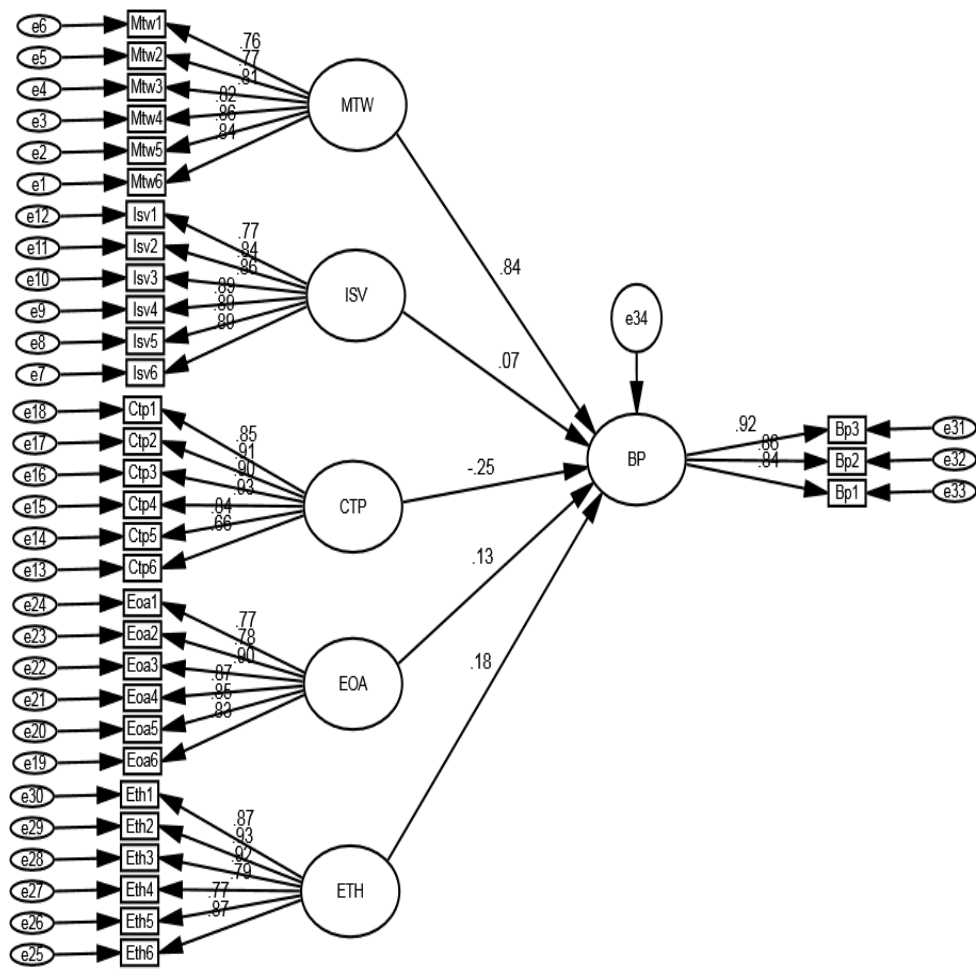
### 5.5.1. Hypothesis Testing for the First Generation

The structural equation modeling (SEM) was used to test empirically the proposed hypotheses. The model goodness-of-fit results for the first generation confirm an adequate model fit (CMIN/df= 2.102, GFI=0.890, TLI= 0.929, CFI=0.920, RMSEA=0.042), sometimes the NFI (Normed Fit Index), NNFI is called the Tucker Lewis index (TLI) (Schermelleh-Engel et al., 2003). The findings show that the goodness-of-fit indicators are satisfied with the recommended threshold value by (Jacob et al., 2003). The results of the hypothesis test are shown in **Table 13** and **Figure 8**. The results show that the leadership practices for the first generation, i.e. model the way (B=0.841,  $p < 0.001$ ), enable others to act (B=0.137,  $p < 0.012$ ), and encourage the heart (B=0.180,  $p < 0.013$ ) are significantly and positively impacts on a business performance, which lends significantly support Ho1, Ho4 and Ho5. However, the results show that inspire a shared vision (B=0.072,  $p < 0.219$ ), and challenge the process (B= - 0.0251,  $p < 0.0612$ ) have no significant impact on a business performance; hence, Ho2 and Ho3 are rejected.

**Table 13 Result of Hypothesis Test for the First-Generation**

NO.	Hypotheses	Beta Coefficient	P.Value	Result
<b>Ho1</b>	Model the way → Business performance	0.841	0.001	<b>Supported</b>
<b>Ho2</b>	Inspire a shared vision → Business performance	0.072	0.219	<b>Not Supported</b>
<b>Ho3</b>	Challenge the process → Business performance	- 0.0251	0.0612	<b>Not Supported</b>
<b>Ho4</b>	Enable others to act → Business performance	0.137	0.012	<b>Supported</b>
<b>Ho5</b>	Encourage the heart → Business performance	0.180	0.013	<b>Supported</b>

**Source:** Authors' own research results



**Figure 8 Structural Model Results - First Generation**  
 Source: Authors' own research contribution

The model illustrated in **Figure 8**. (Structural model results – **first generation**) and **Table 13**. The R<sup>2</sup> value for the dependent variable family business performance in **Figure 8** and **Table 13** for the **first generation** classification is 0.92, 0.86, and 0.84. This result shows that the family business leadership practices of Model the way (MTW), enable others to act (EOA) and Encourage the heart (ETH) interprets 92 percent, 86 percent, and 84 percent of the variation in the family business performance by first generation leaders. Hence these are the leadership practices that have a significant and positive

influence on family business performance for the **first-generation** family business leaders.

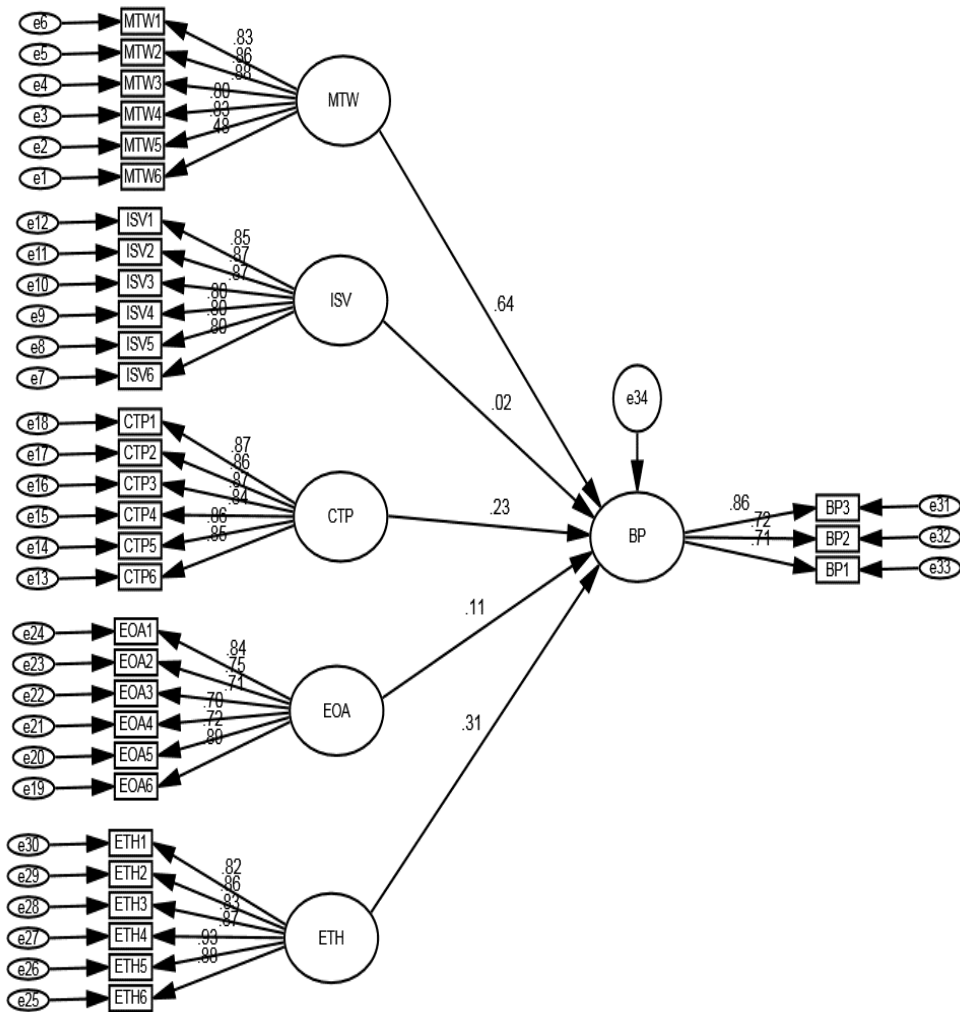
### 5.5.2. Hypothesis Testing for the Second Generation

The results of the hypothesis test are shown in **Table 14** and **Figure 9**. The results show that the leadership practices for the second generation, i.e. model the way ( $B=0.644$ ,  $p<0.001$ ), challenge the process enable others ( $B=0.226$ ,  $p<0.004$ ), and encourage the heart ( $B=0.315$ ,  $p<0.000$ ) are significantly and positively impact on a business performance, which lends significantly support Ho1, Ho3, and Ho5. Moreover, the results show that inspire a shared vision ( $B=0.023$ ,  $p<0.765$ ), and enable others to act ( $B=0.107$ ,  $p<0.176$ ) have no significant impact on a business performance, therefore; Ho2 and Ho4 are rejected.

**Table 14 Results of Hypothesis Test for the Second Generation**

<b>NO.</b>	<b>Hypotheses</b>	<b>Beta Coefficient</b>	<b>P.Value</b>	<b>Result</b>
<b>Ho1</b>	Model the way → Business performance	0.644	0.001	<b>Supported</b>
<b>Ho2</b>	Inspire a shared vision → Business performance	0.023	0.765	<b>Not Supported</b>
<b>Ho3</b>	Challenge the process → Business performance	0.226	0.004	<b>Supported</b>
<b>Ho4</b>	Enable others to act → Business performance	0.107	0.176	<b>Not Supported</b>
<b>Ho5</b>	Encourage the heart → Business performance	0.315	0.000	<b>Supported</b>

**Source:** Authors' own research results



**Figure 9 Structural Model Results - Second Generation**  
 Source: Authors' own research contribution

The model illustrated in **Figure 9**. (Structural model results – second generation) and **Table 14**. Where the results of the R<sup>2</sup> value for the dependent variable family business performance in **Figure 9** and **Table 14** for the **second generation** classification is 0.86, 0.72, and 0.71. This result shows that the leadership practices of Model the way, Challenge the process, and encourage the heart interpret 86 percent, 72 percent, and 71 percent of the variation in the family business performance by **second generation** leaders. Hence these are the leadership practices that have a significant and positive



impact on family business performance for the **second-generation** family business leaders.

**To verify the following hypothesis:** H6. The leadership practices of the first generation differ from that of the second-generation leaders. A comparison of the path coefficients and the significance of the p-values for the first- and second-generation business leaders are shown in **Table 15**. Based on the results, it can be seen that leadership practices such as challenge the process has no impact on a business performance for the first generation while it significantly impacts on a business performance for the second generation. Also, the results shows that enable others to act practice have a significant positive impact on a business performance for the first generation while it has no impact on a business performance for the second generation. Thus, H6 is confirmed.

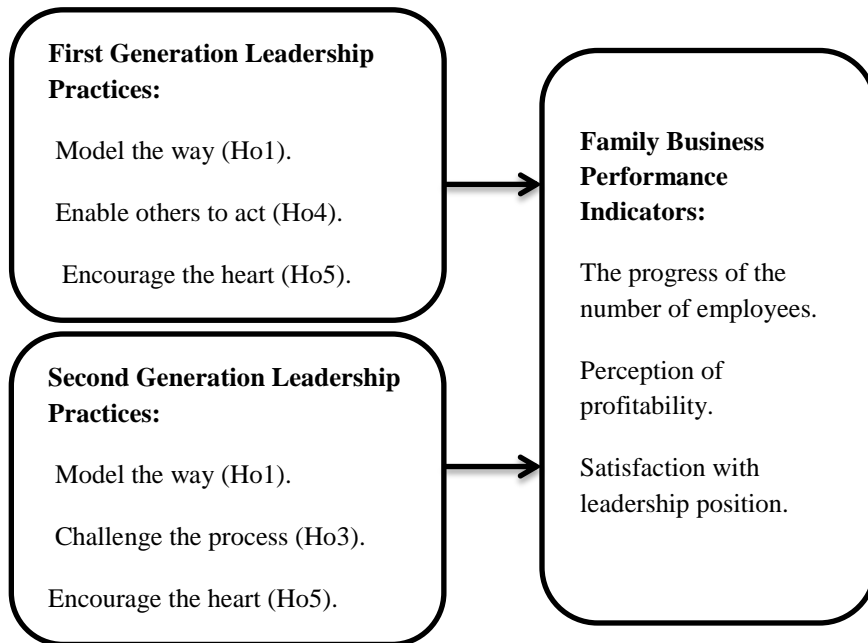
**Table 15 Comparison of Results for First and Second Generation**

Hypothesis	First generation			Second generation			
	Beta Coefficient	P. Value	Result	Hypothesis	Beta Coefficient	P. Value	Result
Ho1	0.841	0.001	Supported	Ho1	0.644	0.001	Supported
Ho2	0.072	0.219	Not Supported	Ho2	0.023	0.765	Not Supported
Ho3	- 0.0251	0.0612	Not Supported	Ho3	0.226	0.004	Supported
Ho4	0.137	0.012	Supported	Ho4	0.107	0.176	Not Supported
Ho5	0.180	0.013	Supported	Ho5	0.315	0.000	Supported

**Source:** Authors' own research results

The model illustrated in **Figure 10** shows us the significant and positive association between the tested and accepted hypothesis with Model the way (Ho1), Enable others to act (Ho4), and encourage the heart (Ho5) with the business performance by first generation leaders. Moreover, indicates the positive correlation between the approved hypotheses with Model the way

(Ho1), Challenge the process (Ho3), and encourage the heart (Ho5) with the business performance by second generation leaders.



**Figure 10 The Model of Leadership Practices and its Correlation to Family Business Performance**

**Source:** Authors' own research contribution

## 6. CONCLUSIONS AND RECOMMENDATIONS

### 6.1. Data Analysis and Interpretation of Results – First Generation Leaders

The model illustrated in **Figure 8**. (Structural model results – first generation) and **Table 13** the results show that the family business leadership practices Model the way (MTW), enable others to act (EOA) and Encourage the heart (ETH) have a significant and positive influence on family business performance for the first-generation family business leaders.

**Hypothesis Ho1.** Suggested the individual leadership practice “model the way” MTW is positively correlated to the family business performance for the first-generation family business leaders.

The results shows a positive ( $\beta=0.841$ ) and significant relationship ( $p<0.001$ ) between the leadership practice model the way (MTW) and family business performance. **Therefore, Ho1 is supported.** This result is consistent with the participants’ practices conducted by Kouzes and Posner (2012), this is also similar to Sandbakken, (2004) in a Norwegian context and Abu-Tineh (2009); and as stated by Goewey (2012).

The leadership practices of the family business leaders are very essential to the respect of others. Knowing that leaders must know their personal values, and beings clear about their tasks, guiding principles and how to link between words and actions then you can give your personal values the power and voice to share them with others. Family business leaders who know their capabilities and values can have an influence on others and can earn their respect, and could positively affect the performance of the family business.

**Hypothesis 2 Ho2.** The individual leadership practice “inspire a shared vision” ISV is positively correlated to the family business performance for the first-generation family business leaders.

The results indicates a negative ( $\beta=0.072$ ) and it has no significant relationship ( $p<0.219$ ) between the leadership practice “inspire a shared vision” (ISV) and family business performance. **Therefore, Ho2 is not supported.** This result is inconsistent with Kouzes and Posner (2012) model, and (Sandbakken, 2004; Goewey, 2012).

**Hypothesis Ho3.** The individual leadership practice “challenge the process” CTP is positively correlated to the family business performance for the first-generation family business leaders.

The findings reveals a negative ( $\beta= - 0.0251$ ) with no significant relationship ( $p<0.612$ ) between the leadership practice “challenge the process” (CTP) and business performance. **Therefore, Ho3 is not supported.** This finding is inconsistent with Kouzes and Posner (2012) model, and (Sandbakken, 2004; Goewey, 2012).

**Hypothesis Ho4.** The individual leadership practice “enable others to act” EOA is positively correlated to the family business performance for the first-generation family business leaders.

The results clarifies a positive ( $\beta=0.137$ ) and has significant relationship ( $p<0.0012$ ) between the leadership practice “enable others to act” EOA and business performance. **Therefore, Ho4 is supported.** This result is identified by Kouzes and Posner (2012), and confirmed by Sandbakken, (2004) in a Norwegian context and Abu-Tineh (2009); and according to Goewey (2012).

A major dream doesn't turn into a critical reality through the activities of only one individual; it requires collaboration between the team members. It requires trust, responsibility and solid relationships. This feeling of

collaboration extends beyond a couple of direct instructions, and these leaders regularly connect all together in teamwork to make a task done.

Kouzes and Posner (2012:31) emphasize the opinion that when you reinforce others by developing self-assurance and confidence, they are becoming loyal and bound to the business goals. It gets simpler to accomplish shared objectives when you include individuals in the dynamic cycle and empowering them to take a decision, trust them to deal with the execution, and give them duty and criticism during this time. By satisfying the needs of others, you construct trust relationship between the leader and others.

The more individuals trust their leaders and have trust in the team the more they face challenges, make changes, and keep the organizations developing, consequently the subsequent impact on family business performance.

**Hypothesis Ho5.** The individual leadership practice “encourage the hearts” ETH is positively correlated to the family business performance for the first-generation family business leaders.

The results of last hypothesis indicates a positive ( $\beta=0.180$ ) and significant relationship ( $p<0.013$ ) between the leadership practice “encourage the heart” (ETH) and family business performance. **Therefore, Ho5 is supported.** This finding is consistent with Kouzes and Posner (2012) 5 leadership practices and confirmed by Sandbakken, (2004) in a Norwegian context and Abu-Tineh (2009); and according to Goewey (2012).

This indicates that the higher degree of encourage the heart lead to a higher level of family business performance. Family business leaders recognize people by showing their appreciation and their caring push others to contribute to the business. These Family business leaders are consistently keeping watch for approaches to make an environment full of care and recognizing people there. Recognizing people and in businesses and giving

positive feedback is significant and effective for family business performances as it creates morale and collaboration at work.

The results of this study for the first did not indicate all the 5 practices of the exemplary leadership index. In sum, The Kouzes and Posner leadership practices for **the first generation** model the way (MTW) enable others to act (EOA) and Encourage the heart (ETH) are significantly and positively impacts on family business performance, which significantly support Ho1, Ho4 and Ho5. However, the results show that inspire a shared vision, and challenge the process have no significant impact on a business performance, hence, Ho2 and Ho3 are rejected.

## **6.2. Data Analysis and Interpretation of Results-Second Generation Leaders**

The model illustrated in **Figure 9**. (Structural model results – second generation) and **Table 14** where the results indicate that the family business leadership practices Model the way (MTW), Challenge the process (CTP) and Encourage the heart (ETH) have a significant and positive influence on family business performance for the second generation.

**Hypothesis Ho1.** Suggested the individual leadership practice “model the way” MTW is positively correlated to the family business performance for the second-generation family business leaders.

The results demonstrate a positive ( $\beta=0.644$ ) and significant relationship ( $p<0.001$ ) between the leadership practice model the way (MTW) and family business performance. **Therefore, Ho1 is supported.** This result is consistent with the participants’ practices conducted by Kouzes and Posner (2012), this is also similar to Sandbakken, (2004) in a Norwegian context and Abu-Tineh (2009); and as stated by Goewey (2012).

**Hypothesis Ho2.** The individual leadership practice “inspire a shared vision” ISV is positively correlated to the family business performance for the second-generation family business leaders.

The results illustrate a negative ( $\beta=0.023$ ) and it has no essential correlation ( $p<0.765$ ) between the leadership practice “inspire a shared vision” (ISV) and business performance. **Hence, Ho2 is not supported.** This finding is inconsistent with Kouzes and Posner (2012) model, and (Sandbakken, 2004; Goewey, 2012).

**Hypothesis Ho3.** The individual leadership practice “challenge the process” CTP is positively correlated to the family business performance for the second-generation family business leaders.

The findings indicate a positive ( $\beta=0.226$ ) and it has significant relationship ( $p<0.004$ ) between the leadership practice “challenge the process” (CTP) and business performance. **Therefore, Ho3 is supported.** This finding is identified by Kouzes and Posner (2012), and confirmed by Sandbakken, (2004) in a Norwegian context and Abu-Tineh (2009); and according to Goewey (2012).

Family business leaders who are pioneers who challenge the process they trust in their actions and abilities and they trust that things will occur. These pioneers need to look continually outside themselves and the business to look for opportunities and innovative ways and by searching externally for approaches to develop. This steady looking for of approaches to improve will undoubtedly affect the family business performance.

**Hypothesis Ho4.** The individual leadership practice “enable others to act” EOA is positively correlated to the family business performance for the second generation family business leaders.

The findings clarify a negative ( $\beta=0.107$ ) and it has no significant relationship ( $p<0.176$ ) between the leadership practice “enable others to act” (EOA) and family business performance. **Thus, Ho4 is not supported.** This finding is inconsistent with Kouzes and Posner (2012) model, and (Sandbakken, 2004; Goewey, 2012)

**Hypothesis Ho5.** The individual leadership practice “encourage the heart” ETH is positively correlated to the family business performance for the second-generation family business leaders.

In the last hypothesis, the result is identified by Kouzes and Posner (2012), and confirmed by Sandbakken, (2004) in a Norwegian context and Abu-Tineh (2009); and according to Goewey (2012), where it reveals a positive ( $\beta=0.315$ ) and significant relationship ( $p<0.000$ ) between the leadership practice “encourage the heart” (ETH) and business performance. **Therefore, Ho5 is supported.**

In sum, the results of the hypothesis test are shown in show that the leadership practices for **the second generation** model the way, challenge the process, and encourage the heart are significantly and positively impact on a business performance, which lends significantly support Ho1, Ho3, and Ho5. Moreover, the results shows that inspire a shared vision, and enable others to act have no significant impact on a business performance, therefore; Ho2 and Ho4 are rejected.

The results of this study for the first and the second-generation did not indicate all the 5 practices of the exemplary leadership index.

The inexperience of the chosen successors primarily based totally on the years as a leader; possibly they don’t understand the leadership behavior, or they aren’t satisfied with the leadership position.



Family business leaders prepare and lead others to achieve shared goals, and this means that, the leadership is a relationship between team members who have a common goal. It can be that these family business leaders have not enough experience to utilize these leadership practices as a pioneer.

The most important step a family business leader is to improve their personal values, and to have strong self-confidence. And this mean they have to insist and follow on their beliefs and own values. Moreover, the honest leaders play an imperative part in how empower others to behave and perform.

These first and second generations still ought to develop their leadership skills, and their behaviors to maintain family business performance for later generations.

The Lebanese family business leaders of the first generation only engaged in family business leadership practices Model the way (MTW), enable others to act (EOA) and Encourage the heart (ETH), which had a significant influence on family business performance. While the Lebanese family business leaders of the second generation only engaged in family business leadership practices Model the way (MTW), Challenge the process (CTP) and Encourage the heart (ETH), which had a significant influence on family business performance.

Ho6. The leadership practices of the first generation differ from that of the second-generation leaders is supported.

The following hypothesis was used in this research study to detect if there is a difference in the relationship between the 5 leadership practices and family business performance for first generation family business leaders as compared to that of the second-generation family business leaders. Such differences show us how the successors behave as a leader. This differences that may occur between the first and second generation, resulted from how

the family business leaders behave and how they used the 5 leadership practices of the exemplary leadership index.

According to Kouzes and Posner (2012), leaders who engaged in model the way, inspire a shared vision, challenge the process, enable others to act and encourage the heart has a significant effect on a business performance and individual's behaviors.

Based on the results, family business leaders of the first and second generation may utilize some of the 5 leadership practices in sustaining family business performance. For the first generation they may use Model the way (MTW), enable others to act (EOA) and Encourage the heart (ETH) where the second generation may use family business leadership practices Model the way (MTW), Challenge the process (CTP) and Encourage the heart (ETH) H6 is Confirmed.

## **7. NEW SCIENTIFIC RESULTS**

1. The empirical results for the first generation leaders showed that the individual leadership practices of model the way, enable others to act, and encourage the heart are significantly correlate with the family business performance, which indicates that these leadership practices used by first generation family business leaders have a positive impact on business performance.

2. The results for the first generation leaders showed that the individual leadership practices of inspire a shared vision, challenge the process have not significant correlation with the family business performance, which indicates that these leadership practices have no impact on business performance.

3. The empirical results for the second generation leaders demonstrated that the individual leadership practices of model the way, challenge the process, and encourage the heart have a significantly relationship with the family

business performance, which elucidates that these leadership practices have a positive influence on business performance.

4. The results for the second generation leaders indicated that the individual leadership practices of inspire a shared vision enable others to act have insignificant correlation with the family business performance, which means that these leadership practices have no impact on business performance.

5. The cultural differences cause limits and lack in the applicability of some of the Five Leadership Practices Inventory Model (LPI).

6. The result of the difference between the leadership practices of the first-generation from that of the second-generation leaders is confirmed in this study and it indicates that leadership practices such as challenge the process CTP has no influence on family business performance for the first generation leaders while it has a positive and significant influence on family business performance for the second generation leaders. In addition, the results indicate that enables others to act (EOA) practice has a significant and positive impact on family business performance for the first generation while it has no influence on family business performance for the second generation.

In summary, this research study was the first that adopted leadership practices inventory LPI successfully in Lebanon to investigate which the leadership practices that are the most associated to business performance. That share new data and experience to us up on a new and developed way of leadership practices to sustain superior business performance. Adopting such leadership practices helps small and medium-sized enterprise in Lebanon including Lebanese family business leaders to achieve company's goal and maintain continuity for later generation.

## 8. SUMMARY

This research study was the first attempt in Lebanon to detect which the leadership practices that are correlated to family business performance. Which brought to us new and developed way of behaving to sustain business performance and to have a successful family business from one generation to another, and avoid the problems that may occur for later generation.

By employing an approved leadership index of Kouzes and Posner, main goals of this research were to detect which are the most suitable leadership practices adapted to have an influence on family business performance for the first- and second-generation leaders of the Lebanese small and medium-sized family businesses. The males dominated the first- and second-generation family business leaders of the 223 returned questionnaires, with 11-20 years of experience as a leader for the first generation and 6-10 years of experience as a leader for the second generation.

Family business performance shares an important part in the development, and economic growth. Even though, they are facing difficulties in transferring the leadership to their inheritors (Poza, 2014). Choosing the successors, distributing the different responsibilities, and the ownership roles between the inheritors are some problems that may face the survival of the family business (McCann, 2005).

Determining whether the chosen successors have adapted. And developed the best leadership practices achieving the goal of the study which is the survival, and the family business performance. Where the leaders have the desire to transform the leadership and ownership from one generation to another (Poza, 2010).

As much you apply the leadership practices in the business of the family, the more the power you have to take decisions and to share visions with others. According to **Table 3**, the scores of the family business performance for

second generation family business leaders are higher than that of the first generation family business leaders, showing that the family business leaders for the second generation are more comfortable with the leadership practices that have a positive impact on family business performance due to their commitments and adaption of leadership skills and education.

Our results in this research study reveals the usage of three distinct individual leadership practices Model the way (MTW), enable others to act (EOA) and encourage the heart (ETH) that better fit the Lebanese culture for the first generation to sustain higher level of family business performance. Additionally, results of second generation leaders obtained shows the usage of Model the way (MTW), Challenge the process (CTP) and Encourage the heart (ETH) that better fit Lebanese culture for second generation leaders to maintain high business performance. Such results approve the aim of the research. These results are consistent with Kouzes and Posner (2012) of the exemplary leadership index. Moreover, Goewey (2012); Sandbakken (2004) Abu-Tineh (2009), and (Manríquez, Ramírez, and Guerra, 2010) described and supported the 5 leadership practices in their results.

According to (Sandbakken, 2006), the leadership practice model the way was partially supported and correlated with firms' performance in Norwegian work culture.

Every leadership practice has an effect on family business performance (Sandbakken, 2006).

(Bass & Avolio, 1994; Bass, 1997, Kouzes & Posner, 2002a) assumes that leadership practices may be applied in all countries, and in all cultures. Whereas (Hofstede, 1980, 1991; Den Hartog et al., 1999; Koopman et al., 1999; Hetland & Sandal, 2003, Schramm-Nielsen, et al., 2004) said that it may differ from one culture to another. Some studies done by Bass (1997), Avolio et al. (1999), Howell & Hall-Merenda (1999), and Elenkov (2002),

confirm the relationship between leadership and family business performance.

Thus, the leadership practice model cannot be applied illimitable to any countries because of the cultural differences that often determine the opportunities of development in the corporate sector.

Posner (2012), measuring leadership abilities creates awareness among family business leaders which lead to high level of family business performance.

The use of each of the 5 practices of the exemplary leadership model is to collect self-reported data about the family business leaders and to assess their leadership regarding 5 practices model the way, inspire a shared vision, challenge the process, enable others to act, and encourage the heart; this will lead to high performance (Posner, 2012). These 5 practices were also described and supported by Manríquez, Ramírez, and Guerra (2010). Three of LPI Self practices inspire a shared vision, challenge the process, and enable others to act are described and consisted by Anderson and Covin (2014). By assessing these five transformational leadership family business leaders can use and apply such behaviors in their work.

The aim of this research to investigate which of the 5 leadership practices is correlated to family business performance for the first- and second-generation Lebanese family business leaders.

We can notice the effect of leadership practice on Lebanese family business performance. The empirical data results of chapter 4 indicate 3 significant correlation between individual leadership practices MTW, EOA, and ETH and family business performance for the first generation while there is a positive correlation between the individual leadership practices MTW, CTP, and ETH with the family business performance for the second generation.

These highlights the importance of using such leadership practices by the 1st and Second generation which in turn could have a positive influence on family business performance.

We can conclude what are the successful leadership practices that can be adapted by the family business leaders of the second generation in choosing the successor. The use of those practices by the first and the second-generation leaders affects the success of the small medium-sized family business, and necessitates on them to improve and develop the other practices.

Our results are somewhat different in the lack of practicing inspire a shared vision ISV, and challenge the process CTP. The partial correlation observed between the leadership practices and the family business performance in this research, may be because the family business leader for the first and second generation have not yet developed the leadership practices required for the business regarding ISV, CTP for the 1st generation and ISV and EOA for the Second generation family businesses, to maintain the sustainability of the family businesses due to the inexperience as leaders or because of the different challenges they're facing in Lebanon.

The possible causes behind these results are knowledge transfer is on low level (between generations), in addition to the self-improvement as a leader is not a daily practice by first generation Lebanese leaders. Moreover, the unstable economy due the civil war and political situation.

The results show that to obtain the desired result, we need to build the index of the individual leadership practices inventory. Every leadership practice detected to have an important impact on family business performance (Sandbakken, 2006).

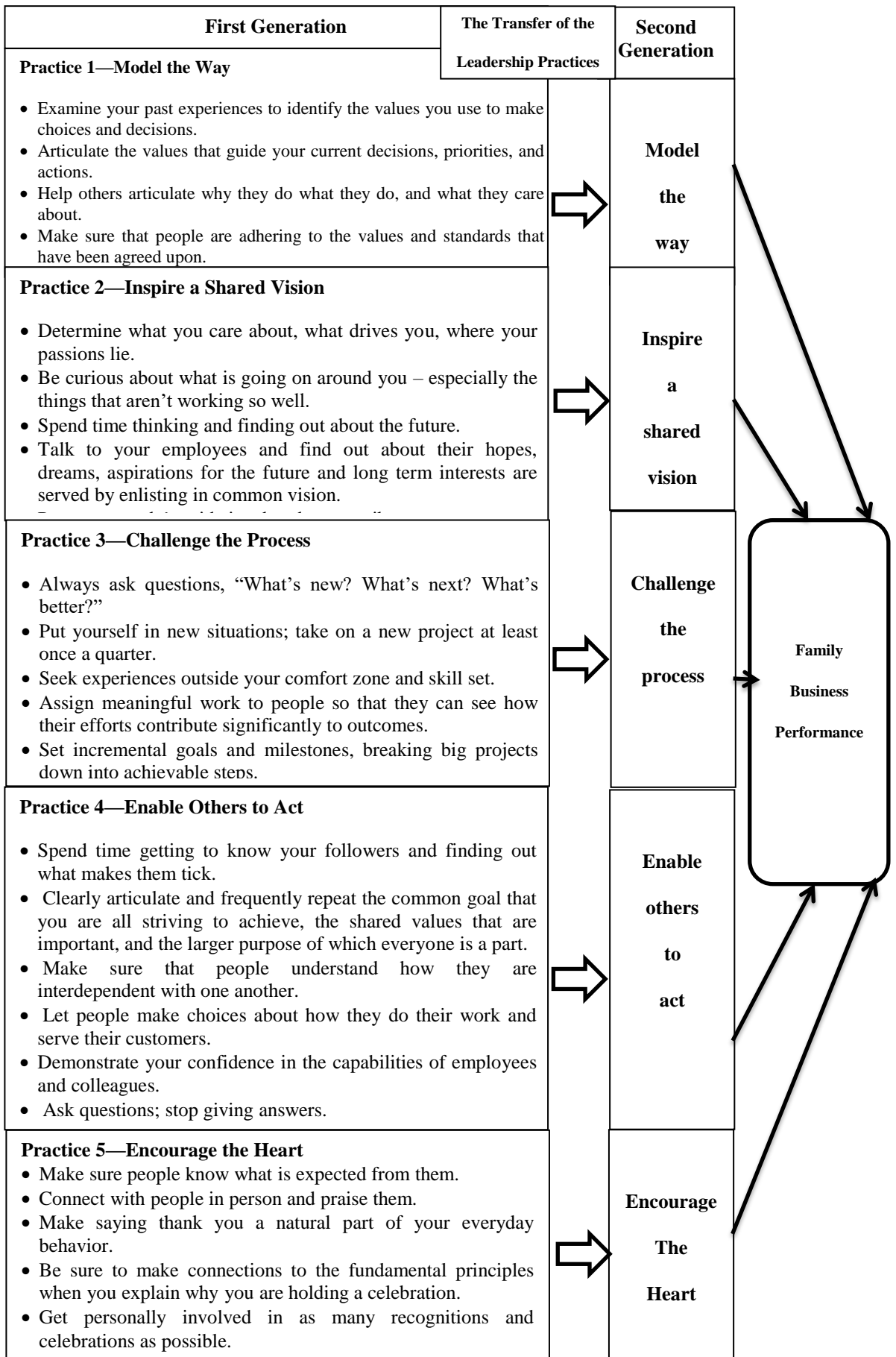
In today's in the increase of market competition, the survival and the development of family businesses face various challenges. So, the results obtained presents the suitable leadership practices that have more importance to the continuity, and success of the transmission of leadership and ownership from one generation to another in which the first- and second-generation family business leaders can benefit from this research, and because of some correlation is still lacking the family business leaders for the first generation must consider this issue to improve the two leadership practice inspire a shared vision (ISV) and challenge the process (CTP). And the family business leaders for the second generation must take into account developing the two leadership practices inspire a shared vision (ISV) and Enable others to act (EOA). First and second-generation leaders have to take in to account these notes to confirm higher family business performance and ensure continuity for their business.

All in all, the adaption of leadership practices is the basis of small and medium-sized enterprise including family businesses to achieve its goals. It affects the enterprises performance, profitability, satisfactions, and competitiveness, and its continuity. Any family business wants to maintain survival must be able to adapt the 5 exemplary leadership practices inventory in its respective businesses.

The model illustrated in **Figure 11** shows the development of leadership practices by second generation family business leaders, the model clarifies the activities and actions that can be taken by the family business leader to demonstrate how to improve the leadership practices of the chosen successor.

The family business leaders of first generation ought to provide that these activities and actions, skills and knowledge are transferred on to the family business leaders of the second generation to follow, and to be included and executed in any practical and training programs.





**Figure 11 Model of the Development of the Leadership Practices from one Generation to Later Generation in Family Businesses**

### **8.1. CONTRIBUTION OF THE RESEARCH**

This research uses the leadership practices inventory LPI of Kouzes and Posner (2012) to explore if there are correlations between the leadership practices and family business performance of the selected participants of family business leaders.

This leadership practices inventory has not yet been conducted in a developed country like Lebanon. So, the Lebanese family business leaders for the 1st and Second generation could take into consideration these research empirical results to improve and develop the leadership practices in their own business to maintain continuity of the family businesses to later generations.

The central contribution of the dissertation titled “**Family Business in Lebanon: Leadership Practices and Continuity,**” to leadership in family businesses is that existing hypothetical approaches to individual leadership practices were further developed and empirically tested.

The empirical result of the study showed that there is significant and positive correlation between the leadership practices model the way (MTW), enable others to act (EOA), and encourage the heart (ETH) and family business performance of the first-generation family businesses. And, there are significant and positive correlations between the individual leadership practices model the way (MTW), challenge the process (CTP), and encourage the heart (ETH) with the family business performance for the second-generation leaders.

The results indicate that the adaption of the individual leadership practices by the Lebanese family business leaders of 1<sup>st</sup> and Second generation, will lead to the positive influence on family business performance.

## **8.2. RECOMMENDATIONS**

From the personal information the percentage of the Family Business Leader who is in age above 60 is 18% and maybe they are going to retire in the next few years, they have to prepare their successor and provide them with the necessary leadership practices and training to lead the family business.

According to the level of the preparation of the successor who is well prepared to hold the business or not, there should be a training programs on the 5 leadership practices especially those who lack the correlation between the leadership practices and the family business performance to develop his/her managerial and leadership skills.

Viable suggestions and reasonable results are examined for family business leaders and family businesses, and more scope for advance investigation, and research are suggested.

Lebanese family businesses are in need to arise the adoption of the principle of good leadership system like Kouzes and Posner Leadership Practices Inventory LPI to maintain its continuity.

## **8.3. Limitations and Future Research Scopes.**

Despite the significant results obtained in this research study, this work suggests and arouses some notes about limitations for future research. First, we can recognize the lack of correlation between some individual leadership practices and the 3 indicators used of the family business performance for the first- and second-generation leaders. By addressing depth interviews, we could determine the reasons behind this lacking and the family business leaders should develop these leadership practices in their business but because of Corona Virus we couldn't make it, so in the future research would be considered. This lacking in these results demonstrates opportunities for additional research.

Second, only family businesses located in Lebanon are considered in this research, so that, the sample used in this research can be only considered representative and the results can be generalized of all Lebanese family businesses, and it cannot be generalized to any other cultures in the Middle East or any other countries. Hence, future investigation may explore this phenomenon in other economic and businesses context.

Third, in this research study, I conducted a subjective measure of performance instead of using an objective measure. The objective measure of performance is favored. But all family firms are family owned businesses so the objective performance data was difficult to be realized. It's possible it was biased in some forms. Further investigations required that may provide a better appraisal of the leadership practices and its influence on a business performance. Moreover, as stated by Wall et al. in 2004 who insists the use of subjective measure instead of objective measure.

Fourth, Lebanon, is currently suffering from the worst financial and economic crisis in its history and which in turn threatening its stability, with a deficit more than \$85 billion (Anadolu Agency, 2019). “Corona has led to a **group of monetary**, economical, commercial, and social crises, as for the sectors most **affected by** the pandemic, above what they suffered as a result of the economic crisis that preceded the pandemic and led to the decline of the economic wheel. More than 2,200 Lebanese companies and establishments closed their doors during the year 2019, at the same time; the Ministry of Finance announced that 3,250 establishments and shops had submitted declarations that they would stop operating (Lebanon24, 2020). And the report prepared by "Info-Pro" company and published by "Business News", indicated an increase in the number of companies that closed their doors by 20% in the past two months, 12% of all companies stopped working or suspended their operations (Lebanon24, 2020). All, the reasons mentioned threatens the family business continuity and development, and make them

less motivated to conduct an interview and less care to cooperate in filling the questionnaire. Further studies should include larger numbers of companies and more motivated leaders.

The limitation of the investigation of what are the success factors of the leadership practices behind family business performance instead of studying the non-family companies.

Fifth, in my research results, I had 44 respondents as 3<sup>rd</sup> generation leaders. But I removed them because most of them are incomplete and have missing and unreasonable data, but I plan to deal specifically with this generation in my future research work.

## DEDICATION

I wish to express my profound gratitude first to God Almighty for bringing me this far, and for granting me the wisdom and understanding throughout my life.

This dissertation is dedicated to the soul of my father who died when I was child and to the soul of my mother the angel of my life who gave me the power, inspiration, and the grace of faith to continue my life in the right way, and facing its obstacles with success...

My special dedication to my loving wife, Ramona Al Danaf, who believe in the richness of learning, and who has been a constant source of support and encouragement during the challenges of graduate University and life. I am truly thankful for having you in my life, I love you.

Also, I dedicate my work to my lovely daughters Kay & Nay and my brothers and my lovely sisters, my friends and relatives... everyone who wished me luck and gave me hope...

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Finally, this dissertation is dedicated to my academic instructors especially who supported and motivated me to achieve the highest standards in all aspects of my life...

“Good Better Best

Never let it rest

Until your good is better

And your better is best”.

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## **CURRICULUM VITAE**

The doctoral candidate Firas Najib Zeidan is born on the 06th of February 1985 in Al khreibeh in Mount Lebanon. After his schooling at Shouf National College of Baakline.

From 2005 to 2008, he completed his Bachelor degree in Business Administration and Economics - Finance as a specialization from the Lebanese University (Cnam), as he was already interested in building his expertise in the business field. In this regard, during his Master's studies from 2010-2011 at AUL - Arts Science & Technology University in Lebanon/Beirut, he was also capable of specializing his study in Mergers & Acquisitions in the banking sector in Lebanon and its impact on reducing the operating costs of merged companies. He was involved in community service as a Chairman of the Library and Heritage Committee of the Association of Social Work for two years 2014-2015. Besides, he volunteered to work for the Druze Orphan Home Foundation and the Charitable for Secondary Schooling for Orphans. In addition to his theoretical career, he can also draw on several years of professional experience.

He worked for Council for Development and Reconstruction (CDR) as Auditor & Financial Expert since November 2011, thus gaining a high professionalism. In this position, he was responsible for achieving Financial Auditorium & System Consultancy. Currently he is a PhD Candidate at Hungarian University of Agriculture and Life Sciences - MATE University Kaposvár Campus since September 2017, Doctoral School in Management and Organizational Sciences. He is studying for internal audit certificate for companies and institutions.

He has many publications related to his field of study and his scientific research published in scientific journals: "The Greek financial crisis: Internal

impact and its external effects on Europe”, “The Impact of Leadership Practices on the Lebanese Family Business Performance by First Generation Leaders”, “Leadership Practices and its Effects on the Lebanese Family Business Performance by Second Generation Leaders”, “Leadership Practices and its Impact on Family Business Performance: An Overview and Comparison of First and Second Generation Leaders in LEBANON” , “Impact of New Leadership Style on Financial Organizations Employers”, and "Resilient Family Business Performance through the COVID-19 Health Crisis: A Short Communication,". Under publication on CD with ISBN number in the Acta Sapientia Hungarian University of Transylvania FACULTY OF ECONOMICS, SOCIO-HUMAN SCIENCES AND ENGINEERING, MIERCUREA-CIUC. He also participated in many workshops and conferences.

He has an innovative mindset towards integrating knowledge from different perspectives and disciplines. Furthermore, he provides a comprehensive understanding of all aspects and evaluates intellectual and practical information. The highest peak of his skills is that he crosses all boundaries to solve complex problems.

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## APPENDIX I: PERMISSION LETTER

# WILEY

June 27, 2019

Firas Zeidan  
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Dear Firas Zeidan:

Thank you for your request to use the LPI®: Leadership Practices Inventory® in your research. This letter grants you permission to use either the print or electronic LPI [Self/Observer/Self and Observer] instrument[s] in your research. You may *reproduce* the instrument in printed form at no charge beyond the discounted one-time cost of purchasing a single copy; however, you may not distribute any photocopies except for specific research purposes. If you prefer to use the electronic distribution of the LPI you will need to separately contact Joshua Carter ([jocarter@wiley.com](mailto:jocarter@wiley.com)) directly for further details regarding product access and payment. Please be sure to review the product information resources before reaching out with pricing questions.

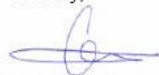
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## APPENDIX II: QUESTIONNAIRE COVER LETTER

Dear Family Business Leader,

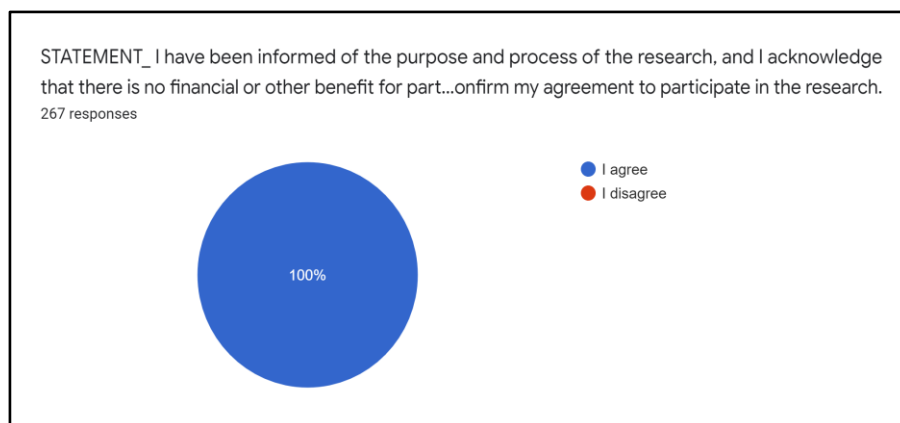
I start my letter to salute you, hoping that you will be fine. I am a PhD student at the Hungarian University of Agriculture and Life Sciences - MATE University Kaposvár Campus in Hungary. I am currently conducting research and invite you to be part of this research study. In this questionnaire, there are no repercussions that impede your workflow. The potential benefit of your participation is to help improve understanding of the types of leadership practices among family business leaders that are associated with doing business. The estimated time to complete the survey tools is around 10 - 20 minutes. The results of the research study may be published and your name will not be used (it is totally anonymous). If you have any questions regarding the research study, please call me at 00961 71349297 or my email: [firasnzeidan@gmail.com](mailto:firasnzeidan@gmail.com). Due to the specific time taken to collect the data, I appreciate your efforts to complete the documents within one week if possible. Thank you for your valuable time and your participation in this research study. And yours sincerely

Firas Najib Zeidan

### Forms response chart. Question title:

STATEMENT\_ I have been informed of the purpose and process of the research, and I acknowledge that there is no financial or other benefit for participation. I understand that the data will be processed anonymously and my data will not be passed on to third parties. The research data management process is fully compliant with actual regulations by related governmental law. By clicking on the appropriate answer below, I confirm my agreement to participate in the research...

Number of responses: 267 responses.





## QUESTIONNAIRE SECTION A

### Family Businesses in Lebanon: Leadership Practices and Continuity

Write your response by putting a tick (✓) in the appropriate box.

1. Sex	2. Age	3. Marital Status	4. Districts			
<input type="checkbox"/> Male <input type="checkbox"/> Female	<input type="checkbox"/> 18-25 <input type="checkbox"/> 31-35 <input type="checkbox"/> 41-45 <input type="checkbox"/> 51-55 <input type="checkbox"/> 60 and above	<input type="checkbox"/> Single <input type="checkbox"/> Married <input type="checkbox"/> Divorced <input type="checkbox"/> Separated <input type="checkbox"/> Widow	<input type="checkbox"/> Beirut <input type="checkbox"/> Saida <input type="checkbox"/> Tyre <input type="checkbox"/> Jezzine <input type="checkbox"/> Akkar <input type="checkbox"/> Rashaya <input type="checkbox"/> Zahle <input type="checkbox"/> Others.....	<input type="checkbox"/> Nabatiyeh <input type="checkbox"/> Zgharta <input type="checkbox"/> Bcharreh <input type="checkbox"/> Batroun <input type="checkbox"/> Koura <input type="checkbox"/> Tripoli <input type="checkbox"/> Western Bekaa	<input type="checkbox"/> Hermel <input type="checkbox"/> Chouf <input type="checkbox"/> Aaley <input type="checkbox"/> Al-Matn <input type="checkbox"/> Baabda <input type="checkbox"/> Danniyeh	<input type="checkbox"/> Baalbeck <input type="checkbox"/> Keseroine <input type="checkbox"/> Marjeyoun <input type="checkbox"/> Hasbaya <input type="checkbox"/> Bint Jbeil <input type="checkbox"/> Jbeil

5. Generation	6. How many years have you been working as a Leader?	7. Age of the Family Business?	8. Level of education	9. What is your major?	10. What is your position in your Family Firm? You can choose more than one answer
<input type="checkbox"/> First generation <input type="checkbox"/> Second generation <input type="checkbox"/> Third generation <input type="checkbox"/> Fourth generation <input type="checkbox"/> Fifth generation	...Years	...Years	<input type="checkbox"/> High school <input type="checkbox"/> License <input type="checkbox"/> Masters <input type="checkbox"/> PhD. <input type="checkbox"/> Others..... ...	..... ..... .....	<input type="checkbox"/> A. Leader / CEO <input type="checkbox"/> B. Owner (proprietor) <input type="checkbox"/> C. Founder

**11. To which industry does your firm belong?**

- |   |  |   |
|---|--|---|
| <input type="checkbox"/> Agriculture          | <input type="checkbox"/> Food Industry         | <input type="checkbox"/> Electric machines      |
| <input type="checkbox"/> Construction         | <input type="checkbox"/> Mining Materials      | <input type="checkbox"/> IDM wood and Furniture |
| <input type="checkbox"/> Finance              | <input type="checkbox"/> Plastic and Chemicals | <input type="checkbox"/> Textile                |
| <input type="checkbox"/> Insurance            | <input type="checkbox"/> Paper and Cardboard   | <input type="checkbox"/> Manufacturing          |
| <input type="checkbox"/> Wholesale and Retail | <input type="checkbox"/> Services sector       | <input type="checkbox"/> Agricultural materials |

Other Sectors.....

12. Put a tick (√) in the Revenue for your company for each of the following years:	Revenues Per Year			
	Less than \$100,000	\$100,000 - \$500,000	\$500,000 - \$1,000,000	More than \$1,000,000
<b>2013</b>				
<b>2014</b>				
<b>2015</b>				
<b>2016</b>				
<b>2017</b>				
<b>2018</b>				
<b>2019</b>				

13. Put a tick (✓) in the average number of employees in your business for each of the following years	Average number of employees in your Business		
	Small Size < 20	Medium Size Between 20 and 100	Large Size > 100
2013			
2014			
2015			
2016			
2017			
2018			
2019			

<p><b>14.</b> What is your perception of the profitability of your business as compared to similar sized businesses in your industry and geographic area?</p> <p><input type="checkbox"/> Much Less  <input type="checkbox"/> Somewhat Less  <input type="checkbox"/> About the Same  <input type="checkbox"/> Somewhat More  <input type="checkbox"/> Much More</p>	<p><b>15.</b> How satisfied are you with your experience as the leader of your family business?</p> <p><input type="checkbox"/> Very Dissatisfied  <input type="checkbox"/> Somewhat Dissatisfied  <input type="checkbox"/> Neutral  <input type="checkbox"/> Somewhat satisfied  <input type="checkbox"/> Very satisfied</p>	<p><b>16.</b> What would you say are the greatest factors contributing to the success of your business?</p> <p>.....  .....</p>	<p><b>17.</b> How do you evaluate the progress in the number of employees in your family business?</p> <p><input type="checkbox"/> Very Bad  <input type="checkbox"/> Bad  <input type="checkbox"/> Neutral  <input type="checkbox"/> Good  <input type="checkbox"/> Very Good</p>
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**18.** Does your company have any branches?

- Yes
- No

**19.** If yes, where its locations?

## QUESTIONNAIRE SECTION B

### Leadership Practices Inventory LPI

Choose the response to each statement and write (√) in the box to the right of the statement.

1= Strongly disagree, 2= Disagree, 3= Neutral, 4= Agree, 5= Strongly agree	1	2	3	4	5
1. I set myself as a personal example of what I expect of others.					
2. I talk about future trends that will influence how our work gets done.					
3. I seek out challenging opportunities that test my own skills and abilities.					
4. I develop cooperative relationships among the people I work with.					
5. I praise people for a job well done.					
6. I make certain that people adhere to the principles and standards that have been agreed upon					
7. I describe an encouraging image of what our future could be like.					
8. I challenge people to try out new and innovative ways to do their work.					
9. I listen well to diverse points of view.					
10. I strive to let others know about my confidence in their abilities.					
11. I follow through on the promises and commitment that I make.					
12. I appeal to others to share an exciting dream or a vision of the future.					
13. I actively search for innovative ways to improve what we do.					
14. I treat others with dignity and respect.					
15. I make sure that people are creatively rewarded for their contribution to the success of our projects.					

16. I ask for feedback on how my actions affect other people's performance.					
17. I show others how their long-term interests can be realized by enlisting in a common vision.					
18. I ask "What can we learn?" when things do not go as expected.					
19. I involve people in the decisions that directly impact their job performance					
20. I publicly recognize people who exemplify the commitment to shared values					
21. I build consensus around a common set of values for running our organization					
22. I paint the "big picture" of what we aspire to accomplish.					
23. I identify measurable milestones that keep projects moving forward.					
24. I give people a great deal of freedom and choice in deciding how to do their work.					
25. I get personally involved in recognizing people and celebrating accomplishments					
26. I am clear about my philosophy of leadership.					
27. I speak with complete certainty about the supreme meaning and purpose of our work.					
28. I experiment and take risks even when there is a chance of failure.					
29. I ensure that people grow in their jobs by learning new skills and developing themselves.					
30. I tell stories of encouragement about the good work of others					