

# **The Impact of Traditional Succession Planning on Corporate Governance in Family-Owned Businesses in Jordanian Context**



A thesis submitted for the degree of Doctor of Business Administration (DBA)

By

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## DECLARATION

This work has not previously been accepted in substance for any degree and is not being concurrently submitted in candidature for any degree.

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## STATEMENT 1

This thesis is the result of my own investigations, except where otherwise stated. Where correction services have been used the extent and nature of the correction is clearly marked in a footnote(s). Other sources are acknowledged by footnotes giving explicit references. A bibliography is appended.

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I hereby give consent for my thesis, if accepted, to be available for deposit in the University's digital repository.

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## Acknowledgement

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## **Abstract**

The main aim of this research was to explore in-depth how professional succession planning might evolve corporate governance practices through identifying and describing the key aspects of family-owned businesses in Jordan. Further, this study considers how succession planning takes place and impacts corporate governance in achieving business strategic goals and objectives. The significance of this research derived from the importance of family-owned businesses continuity and sustainability in Jordan, given their contribution to the Jordan GDP and maintenance of social stability.

This qualitative study was conducted through a semi-structured interview with founders of Jordanian family-owned businesses, CEOs, and candidate successors from different sectors. Data were analysed using a thematic analysis strategy and Kings' template tool. The thesis identifies many issues facing Jordanian family-owned businesses, given the unique aspects, founders' management style and cultural perspectives involved in these businesses. The findings of the thesis outline that implementing professional strategic management practices and professional succession plans is a solution for conflicts and disputes. Accordingly, preparing the next generation professionally will supply with skilled and qualified generation aware of Jordanian family businesses' aspects such as legal form, family size, the importance of decentralization, and delegation.

The study concludes that there are four distinct factors of succession planning in Jordanian family-owned businesses. Firstly, the importance of deciding preparation plan for the next generation is tied with an educational plan and career path. Secondly, the importance of consultants in governance and succession issues. Thirdly, the separation between family and business issues, and avoid mixing problems with Islamic Sharia law. The fourth is deciding the family constitution and its role in managing conflicts. The study also pointed out that the impact of traditional succession plans on corporate governance is characterized by splitting the business in the long run and consequently split among family members and increasing the level of conflicts and disputes.

This study finds that the subject of Jordanian family-owned businesses is open and amenable for further explanatory, descriptive, or exploratory research. Furthermore, many areas such as the family constitution and Jordanian culture, the effect of Sharia law and culture on the decision-making process, and governance and conflict management are considered for this type of business.

## **Table of contents**

Acknowledgements	3
Abstract	4
Table of contents	5
List of Tables	11
List of Figures	12
Chapter One: Introduction	14
1.0 Introduction	14
1.1 Background to the Study	15
1.2 Aim of the Research	16
1.3 Research Question and Objectives	17
1.4 The Hashemite Kingdom of Jordan and Context Selection	18
1.5 Business Classification in Jordan	19
1.6 Methodology and Philosophy	20
1.7 Data Collection	21
1.8 Data Analysis	22
1.9 Structure of the Thesis	22
1.10 Conclusion	23
Chapter Two: Literature Review	24
2.0 Introduction	24
2.1 Family-owned Business (FoB's)	25
2.1.1 Introduction to Literature Review	25
2.1.2 Family-owned Business Definition	26
2.1.3 Family-owned Business Importance	29

2.1.4 Family Business Characteristics	32
2.1.4.1 The Legal Form of Family Business, Unique Features and Structure	33
2.1.4.2 Participation of Family Members in Firms' Management	34
2.1.4.3 Balancing Business and Family Needs	36
2.1.4.4 The Effect of Family Culture on Business Culture	37
2.1.5 Family, Business, and Ownership Systems	38
2.1.6 Family Business Challenges Towards Sustainability and Continuity	41
2.1.6.1 Succession and Transferring of Leadership Challenges	42
2.1.6.2 Conflicts Challenges Between Family Members	43
2.1.6.3 Limited Age of FoB's Challenges and Globalization	44
2.1.7 FoB's in the Arab Region	45
2.1.8 Summary of Family-owned Businesses	48
2.2 Strategic Management	51
2.2.1 Introduction	51
2.2.2 Strategic Management and Family-owned Businesses	51
2.2.3 Strategy, Strategic Planning Theories, and Relevance to Family Business	54
2.2.4 Strategic Analysis, Formulation, and Implementation	58
2.2.5 Resources Strategies in the Family-owned Business	61
2.2.6 Family-owned Businesses Strategic Models	63
2.2.6.1 The Resource-Based View (RBV)	64
2.2.6.2 Gersick Three-Circle Model	66
2.2.6.3 The Three-Dimensional Development Model	67

2.2.6.4 Agency Theory	69
2.2.6.5 Stakeholders Theory	72
2.2.6.6 Stewardship Theory	74
2.2.6.7 The Four-Factors Model	75
2.2.6.8 Autonomy Strategy	76
2.2.6.9 Innovation Strategy	78
2.2.7 Summary of Strategic Management	81
2.3 Succession Planning (S.P)	84
2.3.1 Introduction	84
2.3.2 Succession Planning and Relevance to Family-owned Business	85
2.3.3 Succession Process, Successor Selection, and Education	88
2.3.4 Succession Planning Challenges	90
2.3.5 Resistance to Succession Planning	92
2.3.6 Succession Planning Models	94
2.3.7 Summary of Succession Planning	97
2.4 Corporate Governance (C.G)	99
2.4.1 Introduction	99
2.4.2 Background of Corporate Governance	100
2.4.3 Corporate Governance Importance	102
2.4.4 Corporate Governance in Family-owned Businesses	103
2.4.5 Corporate Governance in Jordanian Family-owned Businesses	108
2.4.6 Summary of Corporate Governance	109
2.5 Conceptual Territory Informing the Study	110
2.6 Conclusion and Review of Conceptual Framework	112

Chapter Three: Research Methodology and Design	114
3.1 Introduction	115
3.2 Research Philosophy	114
3.2.1 Positivism versus Interpretivism	117
3.2.1.1 The Positivism Research Philosophy	117
3.2.1.2 The Interpretivism Research Philosophy	117
3.2.2 Deductive versus Inductive Approach	118
3.3 Research Method	120
3.3.1 Research Types	120
3.3.1.1 Explanatory Research	120
3.3.1.2 Exploratory Research	120
3.3.1.3 Descriptive Research	121
3.3.2 Quantitative versus Qualitative Research	121
3.3.3 Research Design	123
3.4 Data Collection Method	124
3.4.1 Qualitative Approach	125
3.4.2 Data Collection Technique	127
3.4.3 Interviews Design	128
3.5 Sampling	133
3.5.1 Sample Design	133
3.5.2 Sample Size	135
3.6 Data Analysis	137
3.6.1 Developing the Initial Template	141
3.6.2 Revising, Reapplying, and Refining the Final Template	144



3.7 Reliability and Validity	147
3.8 Ethical Issues	148
3.9 Conclusion	150
Chapter Four: Findings and Analysis	152
4.1 Introduction	152
4.2 Qualitative Data Analysis Decision	154
4.3 Conducting the Template Analysis	155
4.4 Presenting and Discussing the Findings	156
4.4.1 Theme 1: Jordanian Family-owned Business Aspects	159
4.4.2 Theme 2: The Impact of Succession Planning in Jordanian Family-owned Businesses on Business Strategy and Governance in this Type of Businesses	186
4.4.3 Theme 3: The Main and Major Elements of Governance in Jordanian Family-owned Businesses	193
4.4.4 Theme 4: Family and Business Vision and Mission and How it Impacts Business Continuity and Sustainability	201
4.5 Summary of the Research Findings	206
Chapter Five: Research Conclusions, Contributions, and Recommendations	209
5.1 Introduction	209
5.2 Revisiting the Research Aim and Objectives	209
5.3 Findings and Attained Objectives	211
5.4 Contribution to Knowledge	213
5.4.1 Theoretical Implications	213
5.4.2 Practical Implications	215

5.5 Recommendations	219
5.6 Limitations of the Research and Future Research	222
5.7 Reflection on the Doctorate Journey	225
List of References	227
Appendices	
Appendix (A): The Interview Questions – English Language	246
Appendix (B): The Interview Questions – Arabic Language	248
Appendix (C): Participants' classification	250
Appendix (D): Consent form - English language	252
Appendix (E): Consent form - Arabic language	253
Appendix (F): Letter to Participants – English language	254
Appendix (G): Letter to Participants – Arabic language	255
Appendix (H): Interview Protocol	256
Appendix (I): The Ethical Approval	257

## List of Tables

Table (1): Defining Family Businesses Criteria	26
Table (2): Centrality of the Family Businesses Conceptual Elements	27
Table (3): Family Business Statistics	30
Table (4): Agency Theory Overview	70
Table (5): Board of Directors' Role	75
Table (6): The Five Main Research Philosophies	116
Table (7): Analysis of Qualitative Research Method	125
Table (8): Semi-Structured Interviews Guidelines	132
Table (9): Qualitative Data Analysis Methods	138
Table (10): Thematic Analysis Process	139
Table (11): Initial Template Main Themes and Categories	143

## List of Figures

Figure (1): Major Sources of Family-Business Conflicts	35
Figure (2): The systems Theory Model of Family Business	39
Figure (3): The Three-Dimensional Development Model of Family- Owned Businesses	40
Figure (4): The Sustainable Family Business Model (SFB)	57
Figure (5): Main Key Resources Areas	62
Figure (6): VRIO Resources and Relationships	65
Figure (7): Three-Circle Family Business System Model	66
Figure (8): The Three-Dimensional Development Model	68
Figure (9): A Stakeholder View of the Organisation	73
Figure (10): Family Business Four-Factors Model	76
Figure (11): Autonomy Strategy in Family Business	77
Figure (12): A Multidimensional Model of Innovation	80
Figure (13): Succession Planning Importance	87
Figure (14): Mutual Role Adjustment Model	94
Figure (15): Father-Son Succession Process Model	96
Figure (16): Life Cycle Model	97
Figure (17): The Family Governance Structure	106
Figure (18): Research Conceptual Framework	113

Figure (19): Deductive and Inductive Research	118
Figure (20): Research Methodological Pyramid	119
Figure (21): The Research Design	124
Figure (22): Sequential of Qualitative Method Research Design	127
Figure (23): Formulating the Interview Questions Process	130
Figure (24): Probability versus Non-Probability Sampling	134
Figure (25): The Initial Template	142
Figure (26): Final Developed Template	146
Figure (27): Theme 1 – Jordanian Family-owned Business Aspects	156
Figure (28): Theme 2 – Jordanian FoB's Succession Planning	157
Figure (29): Theme 3 – Governance in Jordanian FoB's	157
Figure (30): Theme 4 – Family and Business Vision and Mission	158

## Chapter One: Introduction

### 1.0 Introduction

The thesis begins with many facts that inspired the researcher to look at how family businesses expand and towards these businesses sustainability using corporate governance practices and succession planning. Succession planning accounts as one of the main resources strategies that focus on the people element. The clear interest in the governance of family-owned businesses from the world bank, big four consulting firms, and many reputable family businesses worldwide represents a key reason for making this research useful.

Considering that more than 90% of small and medium-sized Jordanian enterprises are family-owned businesses (Al Emam, 2014), the researcher chose Jordan to investigate the potential dimensions of an applicable succession planning framework and suggest effective corporate governance practices for Jordanian family-owned businesses.

The starting point of this research originated from the argument highlighted by Sonfield et al. (2016), which mentioned that the main task of managers and leaders is to control firms' activities, resources, and internal business processes, which are essential to the strategic business success. The achievement of strategic organisational success needs to manage the four key resources areas: people, finance, information, and technology. The main issue is ensuring that these resources are correctly utilised for delivering the business strategies and ensuring that these strategies are shaped to capitalize on the expertise in each resource area (Johnson et al., 2008; Devine, 2017).

Furthermore, deploying, controlling, and managing these key resources reflects the firms' strategic capability to create business activities competencies needed to run the whole business (Devine, 2017). These concerns show why this research will shed light on succession planning; because the main aspect is people resources. It also presents the role of corporate governance to ensure business continuity and sustainability and to reduce the probability of family greed toward control and power, which may harm the business in the long run.

This chapter provides an introduction to this thesis topic. Section 1.1 to 1.3 outlined this research background, the aim of the research, and the objectives.

Sections 1.4 and 1.5 review the Hashemite Kingdom of Jordan, context selection, and business classification in Jordan, which reflect the core of this thesis. Sections 1.6 to 1.8 discussed the methodology used in this research.

## 1.1 Background to the Study

The importance and contribution of family-owned businesses become apparent with the data that more than 70% of the global GDP forms around 75% of businesses worldwide (Times, 2014; Alshaeel, 2016). According to Collins and O'Regan (2011), the contribution made by family-owned businesses to the global economy exceeds the contribution made by non-family-owned businesses. Family businesses are the most important pillar in most economies worldwide (Shepherd and Zacharakis, 2000; Abouzaid, 2008; Abouzaid, 2014).

Al Emam (2014) argued that Jordanian family-owned businesses formed around 90% of small and medium-sized businesses. Only 10% of these businesses pass to the third generation, and only 3% survive past the third generation. Family-owned SMEs are significant for Jordan's economy, where its sustainability affects Jordan's economic growth according to (Jordan Institute of Directors, 2014). The selection of Jordanian context by the researcher because of the previous two facts added to them that Jordan is the researchers' home country.

Improving family-owned businesses performance and maintaining their sustainability and growth can be achieved through governing their practices and implying corporate governance policies (Devine, 2017; Sahni, Alwy and Al-Assaf, 2017). Indeed, the senior advisor on corporate governance at the International Finance Corporation (IFC) – World Bank argued that firms' growth, enhancing financial stability, and achieving market development needs implementing corporate governance practices (Al Emam, 2014).

Ahmad Atiqa – the IFC country manager in Jordan – argued that "Many challenges are facing family-owned businesses willing to follow corporate governance policies including leadership succession and creating a balance between business and family interests" (Al Emam, 2014). These businesses should develop and implement a clear process for leadership succession to prepare leaders capable of taking over the business and avoiding internal disputes (Al Emam, 2014; Alshaeel, 2016; Devine, 2017).

The potential dimensions of the succession planning framework will be based on the most important factors that shape succession planning and corporate governance in Jordanian family-owned businesses, and it will shed light on the traditional succession planning features and its pros and cons on family, business, and ownership in Jordanian family-owned businesses. Moreover, it will explore their perception of corporate governance practices to support them with a coherent, manageable, comprehensive, and effective succession planning framework associated with firms' values, benefits, and resources.

There are gaps in describing the main features and aspects of family-owned businesses in Jordan and exploring the relationship between the traditional way of succession planning and business governance in Jordanian family-owned businesses.

The research problem tackles a lack of prior studies about Jordanian family-owned businesses in general, and particularly in describing how traditional succession planning affects corporate governance in family-owned businesses in a Jordanian context.

There are few prior studies on family-owned businesses in Jordan, particularly in respect of the effect of some aspects or critical factors of succession planning such as; timing, interests of heirs, successor characteristics, and culture on corporate governance aspects of family-owned businesses in Jordan. Moreover, a gap exists in describing the process or framework of effective succession in Jordanian family-owned businesses.

## 1.2 Aim of the Research

This research aims to explore in-depth how professional succession planning might evolve corporate governance practices by identifying and describing the key aspects of family-owned businesses in Jordan.

This research will explore the key aspects of family-owned businesses in Jordan in terms of succession planning and corporate governance. Most of the literature revised by the researcher about family-owned businesses focuses on Far East Asia, Western countries, and GCC countries. Although most Levant businesses are family-owned businesses, there is little literature about Levant countries' family-owned businesses.

Further, a lack of research about the importance of succession planning and corporate governance in Jordanian family-owned businesses: this research seeks in-depth insights



into the steps to move from traditional succession planning to the professional alternative in Jordanian family-owned businesses. That reflects a need to establish a sharable, precise, and reusable framework that includes a deep understanding of traditional succession planning and perception toward corporate governance to feed Jordanian family-owned businesses with significant and harmonized knowledge in the scope of succession planning and corporate governance.

### 1.3 Research Question and Objectives

The main research question is:

"How does traditional succession planning impact the corporate governance in family-owned businesses in Jordan".

Sub-question – "what steps could be taken to identify effective corporate governance practices in the long term".

To fulfil this research aim, the below objectives are considered important to be achieved:

Objective 1: To identify the key aspects of family-owned businesses in Jordan and how succession planning normally takes place.

Objective2: To evaluate the impact of traditional succession planning on corporate governance in family-owned businesses in Jordan.

Objective 3: To investigate the potential dimensions of good corporate governance practices in the long term in such businesses in Jordan.

This research is limited only to unlisted family-owned businesses. The aim and objectives of this research can be achieved by answering the following research question.

#### 1.4 The Hashemite Kingdom of Jordan and Context Selection

Jordan is a small country in the Middle East with very limited natural resources: phosphates and potash. The World Bank classified Jordan in 2018 as an upper-middle-income country with a GDP of about USD 42.2 Billion (world bank, 2018). Arabic is their official language. However, many Jordanian people speak the English language throughout the country. Islam is the country official religion. Jordan nowadays is home to Palestinian, Iraqi, and Syrian refugees due to the unstable political situation regionally and the Arab spring. Jordanian economic growth historically is based on their primary resources, similar to other developing countries, whether they depend on extractive or agricultural products. Jordan historically relies on agricultural products. Most of Jordan population is originally from Palestine and with a high level of education (Alhazaimeh et al., 2014)

According to Supreme Judge Department (2020), Jordanian society employs Islamic values and beliefs in their daily actions, leading Jordanians to be family-oriented, hospitable, and abiding by rules that may affect the Jordanian business environment. Jordanian people follow Civil law, Sharia law (Religious legislation), and Tribal law. Sharia law applies in the cases of marriage, divorce, and death when it comes to inheritance.

Arab family-owned businesses generally, and particularly with Middle Eastern companies, believe that family businesses are the best approach for achieving a good social standing and raising one's family name, rather than being based primarily on financial goals. Jordanian families are generally conservative and strongly tied to each other. For this reason, there is a certain obligation for these families to hire skilled or unskilled family members according to the family relationship only. It is also clear that Jordanian family businesses are still selecting their heirs based on choosing the eldest son because they are born sons who will carry the family name (Abu Ghazaleh, 2018).

Respect and politeness are essential in Jordanian culture, and this is reflected in the process whereby it is the norm to seek advice from the elders and take their advice. This can complicate the situation for Jordanian family businesses (Al-Nsour and Jresat, 2018). In Middle Eastern countries and particularly in Jordan, the philanthropic values are deeply rooted through supporting many philanthropic initiatives. Finally, in Jordanian culture, the family is considered the most important element, and supporting one's own

partners and family members through addressing their conflicts privately to avoid embarrassment is an important issue (Alshhadat, 2017).

Worldbank (2018) argues that Jordan's political and economic situation makes it an emerging market and developing country. This argument increases the ability of the researcher to generalise the results for other Arab countries and particularly Levant countries due to the high level of cultural, political, social, and demographic similarities between these countries (Jordan, Lebanon, Syria, and Palestine). The Arab and particularly Jordanian people are often assumed to be conservative and risk-averse in their investment behaviour, which directs their vision toward continuity and sustainability of their investments.

### 1.5 Businesses Classification in Jordan

According to USAID Jordan (2016), Companies Control Department (2020); Ali (2019); Ministry of Industry Trade and Supply (2020), businesses in Jordan are classified into six legal business structures that fall under two main categories, which are small businesses and large businesses. Small businesses include five legal business structures: the individual Establishment, where this type is the simplest business structure related to one person responsible for covering all legal, financial, and administrative costs incurred by the business. The general partnership companies are about two or more partners; each partner is fully obligated to the business without limited liability. The limited partnership companies, combined with general partners and limited partners not permitted to be involved in the company's operation and are limited to their shares. Limited liability companies are formed of two or more partners considered as limited partners. And finally, the private shareholding companies are limited liability companies who offer, trade, and own their stocks privately without offering their shares to the general public on the stock market.

The second main business category is large businesses. These businesses include the one legal business structure, which is public shareholding companies. The capital in the public shareholding companies is divided into shares of equal value, and shares are traded and offered on the Amman Stock Exchange (ASE).

## 1.6 Methodology and Philosophy

According to this research aim and objectives mentioned previously, the research methodology is described in the below points:

- Describe the major aspects of family-owned businesses in Jordan.
- Describe the succession planning process adopted by family-owned businesses in Jordan.
- Explore the major factors of their succession planning that impact the corporate governance in family-owned businesses.
- Evaluate the impact of traditional succession planning on family-owned businesses corporate governance.
- Develop a framework of succession planning, customized for Jordanian family-owned businesses, which would consider good corporate governance practices which guarantee business sustainability and continuity.

According to the previous main points deducted from the research question and research objectives, this research used primary data. It employed an interview research methodology to find answers to the research questions and achieve the research objectives. The data collection method used was semi-structured interviews, which contained open-ended questions. These interviews involved several one-to-one interviews with several owners, CEO's, or candidate successor of non-listed family-owned businesses in Jordan.

The researcher studied the succession planning process in family-owned businesses in Jordan. The researcher conducted exploratory research to fulfil these objectives and explore the relationship between traditional succession planning and corporate governance in Jordanian family-owned businesses. The researcher underpinned his research project with a philosophical framework, which will be seen in every step in this research. Every aspect of the research fits the philosophical framework used.

The research was designed to explore respondents' opinion and perception of family-owned business aspects and critical succession planning for corporate governance. The previous issues reflect that the philosophical framework of this research is interpretive, and the research will generate knowledge about every respondent experience, which is

the reality of their experience in running and managing their family-owned businesses in Jordan.

### 1.7 Data Collection

The researcher prepared the semi-structured interview content based on reviewing, developing, and adapting the main issues from the literature, which consists of three main parts added to the introduction part and general specifications. The first part of the interview described the major aspects of Jordanian family-owned businesses according to family members' motivational level, family structure, attachment and commitment to the business, and other aspects derived from the interviews commenced and accounted as important for studying succession planning and corporate governance.

The second part of the interview explored how succession planning is adopted in Jordanian family-owned businesses according to the main features and aspects of this type of business. Finally, the third part explored the succession planning factors perceived as important to company governance and business continuity.

The interviews focused on features of family-owned business operations, internal procedures, succession planning methods adopted, forms of conflicts, and it explored the level of governance in each firm.

The semi-structured interviews were used to achieve the research objectives, where the interview was tested on a small sample to check their language, reliability, relevance, and logic. A large amount of data was needed to establish the empirical evidence from 20 respondents.

According to Zikmund (2010), convenience sampling is the best sampling strategy used for exploratory research when additional research is conducted with a probability sampling, where respondents were selected according to the researcher convenience because responses could be gathered at a low cost and quickly, in the absence of any research funding and given the time limits. Using convenience sampling is compatible with this research aim and objectives.

Therefore, the researcher selected participants who have adequate experience in the Jordanian family business. The respondent's intention to describe their experience and talk freely with the researcher played a major role in sampling selection. The sample of this study was selected from Jordanian unlisted family-owned businesses registered

within the Amman Chamber of Commerce and from different industries such as retail, construction, trading, manufacturing, and the food industry to investigate related aspects and factors of family-owned business and succession planning that could affect the business.

### 1.8 Data Analysis

The data collected was analysed using the King template analysis. The selection of King's template analysis for this study was chosen because it is a style of thematic analysis. It combines a set of procedures that guide the analysis of qualitative data without a rigid description of how to make the analysis. This kind of analysis was used to categorise common issues across the huge amount of qualitative data collected. It relied upon respondents' providing a series of responses to questions to create a fact (Burton and Galvin, 2019). The template analysis can be used in the context of any form of textual data such as interviews, focus groups, diary entries, and social media

This analysis technique provides the researcher with the ability to look at the data from a different point of view and different levels when analysing the interview content, where respondents highlight the most distinctive issues for them in the interview commenced, and the individual memory presented incorporates the participants' understanding of the event that constitutes the organisational memory (Hunt, 2003; Do et al., 2018). Using this analysis technique gives the researcher more freedom to interpret interview content in connection to the research aim and objectives to fit themes and recoding to find a deeper and richer meaning from the data compared with the established literature.

### 1.9 Structure of the Thesis

This thesis is organized into five chapters; the present chapter includes an overview of the research background, aim, objectives, research problem and the description of this study's general structure and methods used. The present chapter also included a brief about the study's context (Jordan), its main issues, and its similarity to other Arab countries. The other four chapters are organised as the following:

**Chapter 2:** This chapter demonstrates the literature review about the thesis topic. It consists of four main sub-sections; the first sub-section reflects a comprehensive literature review about family-owned businesses' definition, importance, characteristics, and challenges surrounding it generally and particularly in the Arab region. The second

sub-section provides a literature review about strategic management in family-owned businesses, where it provides all views and critically discusses important theories and models in strategic management and strategic planning field. The third sub-section reviews succession planning topics as an important pillar of resources strategies and their relevance to family-owned businesses. The rest of this sub-section shows the succession process, successor selection, succession challenges, and resistance to succession planning from the literature and the main succession planning models for family-owned businesses. The fourth sub-section Discusses the corporate governance literature review, definition, history, and importance in family-owned businesses generally and particularly in Jordanian family-owned businesses.

**Chapter 3:** This chapter discusses the used methodology, research philosophy, approach, and research strategy. This chapter shows the justifications for choosing the current research methods and methodology. Also, this chapter shows the rationale for choosing the qualitative method, the process of sampling, data collection, and data analysis.

**Chapter 4:** This chapter demonstrates the outcomes and findings of this research.

**Chapter 5:** This chapter provides the concluding remarks. This includes the summary of this study's implication and application, recommendations, and contribution to family-owned businesses and the economy. Also, this chapter includes these study limitations and further suggested research.

## 1.10 Conclusion

The rationale and significance of studying family-owned businesses' succession planning and corporate governance are highlighted in this chapter. The introduction chapter highlighted the aim and objectives of this research, a brief about the Hashemite Kingdom of Jordan, and business classification in Jordan. The methodology and philosophy followed have been discussed, and the structure of the thesis has been reviewed.

## Chapter Two: Literature Review

Family-owned Businesses (FoB's), Strategic Management, Succession Planning (S.P), and Corporate Governance (C.G)

### 2.0 Introduction

This chapter will review family-owned businesses, strategic management, succession planning, and corporate governance models and theories.

Section 2.1 will start with reviewing family-owned businesses. This section will continue with six main sub-sections about Family-Owned Businesses (FoBs), the most important issues in addition to their definition, importance, and their characteristics, the problems and challenges they face, and the factors that affect their stability, sustainability and continuity. The issue of FoB's in the Arab region will also be discussed in this section.

Section 2.2 reviews strategic management; it continues with five main topics about strategic management in family-owned businesses, its main models, theories, strategic analysis, formulation, and implementation.

Section 2.3 deals with the process, selection, challenges, resistance toward succession planning, and the main succession planning models in family-owned businesses. The conceptual and empirical information about succession planning will then follow.

Section 2.4 reviews corporate governance (C.G), clarifying the difference between management and governance, reflecting on the importance of corporate governance for firms' behaviour and performance and will shed light on corporate governance in Jordanian family-owned businesses towards improving their performance and maintaining their sustainability and growth.



## 2.1 Family-owned Businesses (FoB's)

### 2.1.1 Introduction to Literature Review

Family-owned businesses represent the major part of companies worldwide, which are considered the main source of jobs for family generations (Ramadani and Hoy, 2015; Ibrahim et al., 2004). FoBs count as a significant economic pillar for countries' economies, and they are the main pillar for private sector investments and businesses around the world (Aloulou, 2018). They employ large numbers of people, provide the market with huge quantities of products, and contribute to a large amount of national savings; in addition to their contributing significantly to a large part of foreign trade, where the importance of FoB's arises from their dependence on the family in its composition, management, and financing (Sultan et al., 2017). These facts reflect the importance of these businesses and why the researcher focused on these businesses.

FoB's form around 75% of businesses worldwide, and they gained their importance from the contribution of more than 70% of the global GDP (Times, 2014; Alshaeel, 2016). Indeed, Soto Maciel et al. (2015) argued that between 65% and 80% of world enterprises are family-owned businesses or managed by family members. Furthermore, according to Collins and O'Regan (2011), family-owned businesses that contribute to the global economy exceeds non-family-owned businesses. Family businesses are the most important pillar for most economies worldwide (Shepherd and Zacharakis, 2000; Abouzaid, 2008; Abouzaid, 2014). Also, more than 75% of Middle East businesses are family firms, and they are worth more than \$1 trillion of assets (Zain and Kassim, 2012). This shows the researcher's selection of one of the Middle Eastern countries for this research, according to the size of these businesses in the Middle East.

According to Department for Business Innovation & Skills (2014), the main objectives of FoBs were: creating a long-term income and opportunities for the next generation; emotional wealth; and financial freedom. Family businesses are considered the main source of jobs generation and play a main role in absorbing employment in most countries (Rexhepi et al., 2017). The family-owned businesses comprise sole proprietorship, partnership, private companies, and public companies (Beattie, 2018). This research will exclude public companies and focus on sole proprietorship, partnership, and private companies. Family controls can be largely informal rather than legal, and family members will prefer to work with unorganised firms instead of other organisations.

Family members often play an important role in the creation, sustainability, and growth of these organisations. The family is an integrated form of economic activity and organized life, and its role in business is perceived as of great importance. This can show the importance of family members and why the researcher will focus on their role in these businesses. The special and exclusive characteristics of the family-owned businesses and their importance to the national economy in general and the family require the study of these companies. This research will discuss the definition of family-owned businesses, their importance, characteristics, and the factors affecting their success and sustainability, which will add value to this research.

### 2.1.2 Family-owned Business Definition

Louie et al. (2019) define family-owned firms as an entity in which family members have a large percentage of ownership, and the founding family members hold the top management positions. Ramadani and Hoy (2015) argued that the definition of family-owned businesses is a complex and complicated issue because of its unique form of enterprises, where (Ramadani and Hoy, 2015) suggested that the best way to define family-owned business is to determine its boundaries and compare previous studies. The researcher referred to previous studies to define family businesses which should be according to the criteria shown in Table (1) below (Ramadani and Hoy, 2015).

<b>Definition criterion</b>	<b>No. of occurrences</b>	<b>Frequency (%)</b>
Ownership	98	79
Management	66	53
Directorship	35	28
Self-identification	19	15
Multiple generations	11	9
Intra-family succession intention	9	7
Total	238	100

Table (1): Defining family businesses criteria

Source: Ramadani and Hoy (2015, p. 11)

According to the previous Table (1), the definition of FoBs must include the ownership, management, and directorship criteria. These three factors reflect the maximum number of occurrences and frequencies.

The centrality of the family businesses conceptual elements, which aim to define the family business, are that the three conceptual elements, namely "ownership", "management", and "continuity", define the family business (Hernández-Linares et al. 2017). Elements are shown in Table (2).

<b>Conceptual elements</b>	<b>Closeness centrality</b>	<b>Frequency</b>
Ownership	1	209
Management	1	141
Continuity	1	44
Governance	0.875	53
Employ	0.875	30
Self-definition	0.778	28

Table (2): Centrality of the family businesses conceptual elements

Source: Hernández-Linares et al. (2017, p. 9)

A single criterion can be used to define family businesses, whereas some use two or more criteria, where the two main criteria are "ownership" and "management" (Hernández-Linares et al., 2017). The two previous Tables (1) and (2) gave the researcher the main criteria for family-owned businesses, which are ownership and management, which will be used in this research.

Sharma et al. (1997) define family business from a strategic management perspective as "a business governed and managed on a sustainable, potentially cross-generational, basis to shape and perhaps pursue the formal or implicit vision of the business held by members of the same family or a small number of families". As defined by the Gulf Cooperation Council (GCC), the family business is a business in which one single-family owns at least 51% of shares, and at least one family member from that owns the business in the business management team (Zain and Kassim, 2012). The researcher

will use this definition in determining the family-owned businesses targeted in this research.

Family firms are defined according to their potential for succession, whereas family businesses are those that will be passed to the next generation to manage and control (Aronoff et al., 2011). The general concept of family-owned businesses is about businesses that form the majority percentage of ownership and control within the family (Salman, 2005). Furthermore, Aloulou (2018) highlights that businesses can be considered family businesses if managed or owned by a family. Louie et al. (2019) suggested that if researchers want to identify family firms, it is a must to check the ownership of the largest percentage of shares of that firm and check if any family members enjoy a significant managerial position the same entity.

Poza and Daugherty (2014) argued that family businesses are based on seven main pillars, which are: two or more family members controlled (15%) or higher of the business ownership, family members impact the firm management strategically, family relationship receives noticeable concerns, family presence is prominent, overlapping of family, management, and ownership elements, the interaction of family, management, and ownership creates a unique source of competitive advantage, and finally, keeping the business in the family is the main founder's dream. In the light of these pillars, Poza and Daugherty (2014) presented their vision of defining family businesses as a firm owned by one family member or more and who manage the business strategy directly and indirectly, which may affect the family relationship in the long run. The overlapping of the three subsystems of family businesses which are family, management, and ownership, supplies the business with a competitive advantage in managing the business. The researcher has chosen this type of business because of this business uniqueness compared to other businesses.

According to Jabr (2013), a family-owned business is founded by a family member referred to as the "founder", where family members dominate ownership and management. Indeed, Soto Maciel et al. (2015) argued that 'The Family Business European Group' is considered a firm as a family business if it meets three main points, which are: firm's founders, spouse, or children made the majority of decisions; the rights of decision-making can be direct or indirect, and one or more family members represent the firm and involved in its governance. Furthermore, Soto Maciel et al. (2015) posit that it is a family firm when most business decisions are made by the founder or other relatives directly or indirectly and when family members mainly represent the firm.

Steier et al. (2015) highlighted that a family business is about a family-owning single business in which they manage and control its goals, objectives, strategies, structure, and culture. In real life, some families may invest in other assets outside their main firm as the original business expand, and the family wealth spreads over multiple investments and businesses (Steier et al., 2015). Family businesses are a double complex system, merging business and family systems overlapping and changing over time. Both systems are unique in their strengths, weaknesses, opportunities, threats, history, and challenges (Poza and Daugherty, 2014). This fact clarifies the researcher's reason behind focusing on the family system and the business system according to their overlapping over time.

According to the previous family-owned business definitions represented by (Louie et al., 2019; Ramadani and Hoy, 2015; Hernández-Linares et al., 2017; Sharma et al., 1997; Zain and Kassim, 2012; Aronoff et al. 2011; Salman, 2005; Aloulou, 2018; Poza and Daugherty, 2014; Jabr, 2013; Maciel et al., 2015; Steier et al., 2015), it can be noted that family business is a legal firm form, founded by a family or a member of that family, which will be passed to family descendants through engagement in the company operations or through succession. The family business concept turned around ownership, controlling, and management for continuity and sustainability. The researcher will use these three pillars to determine the sample of this research from Jordanian family-owned businesses according to their ownership by one family, controlled, and managed by one family. This special concept reflects this type of company's importance which will be discussed in the coming section.

### 2.1.3 Family-owned Business Importance

Family businesses are widely spread worldwide and exclusively between small and medium enterprises, representing between 80 and 90% of United States wealth and employing 62% of the labour market in Latin America (Soto Maciel et al., 2015). Family-owned businesses are the leading form of businesses worldwide that dominate the worldwide business landscape, but unfortunately, most of them fail to reach the third generation (Lansberg, 1999). Wealth and employment in family businesses in the United States gave an indicator toward the importance of these businesses.

According to EFILWC (2002), family businesses account for a large majority of businesses in the United Kingdom and many other countries worldwide. Family-owned businesses have contributed positively and effectively to economic, industrial,

commercial, and services in many countries. Family businesses carry the weight of economic wealth creation in most economies and are considered the cornerstone of many economic areas (Phan et al., 2005). Family business stability is important for most countries because of its clear impact on their economic and social situation (Rexhepi et al., 2017). These facts support the researcher in his mission to look after these businesses for their continuity and sustainability.

Family business sustainability and longevity are very important for countries' economies as a whole (Ramadani and Hoy, 2015; Sreih et al., 2019). FoBs are critical to countries economic growth, where their survival and longevity depends on their ability to inspire and manage family generations' behaviour (Sreih et al., 2019). Family businesses have economic and social importance worldwide, where most of these FoB's have achieved remarkable success in terms of management and scientific trends. Still, many of them have collapsed over time because of challenges faced them (Soto Maciel et al., 2015).

Below Table (3) contains some relevant data reflecting family firms' importance for the global economy. These data focused on the contribution of the family-owned business in employment, economy, society, and other aspects.

Family businesses constitute	80-90%	of all businesses in the world's free economies.
Family businesses generate	49%	of the gross domestic product (GDP) in the United States.
Family businesses generate	70-75%	of the GDP in most other countries, 82% in Indonesia.
Family businesses employ	80%	of the U.S. workforce.
Family businesses employ	50-75%	of the working population around the world.
Family businesses created	86%	of all new jobs in the United States (1999-2009)
A total of	37%	of fortune 500 companies are family-controlled.

A total of	60%	of all publicly held U.S. companies are family-controlled.
Number of family-owned businesses in the U.S	17 million	
Number of U.S. family-owned businesses with annual revenues greater than \$25 million:	35,000	
Family-business outperformance of nonfamily business in the United States:	6.65% annually in return on equity (ROE), depending on the study	10% in market value
Family-business outperformance of nonfamily business in Europe:	8-16% annually in return on equity (ROE), depending on the study	
Family-business outperformance of nonfamily business in Latin America (Chile):	8% annually in ROA, ROE, and Tobin's Q value	
Family-business outperformance of nonfamily business in the information technology, consumer staples, consumer discretionary, and industrial sectors worldwide	2-5% greater compounded annual growth rate of total return to shareholders over 10-year period versus the MSCI World Index (1997-2009)	

Table (3): Family Business Statistics  
Source: Poza and Daugherty (2014)

The previous Table (3) shows that family businesses constitute around 80 – 90% of all businesses in the world free economies and generate 49% of the United States Gross Domestic Product (GDP). Family businesses account for around 50-70% of the world's employment, representing about 37% of fortune 500 companies. These previous facts reflect a part of family businesses importance for the country economy, which also reflects the reason behind choosing this type of business to be studied in this research.

According to EFILWC (2002), family businesses account for 95% of all businesses in Italy and the Middle East, 75% in the United Kingdom, 85% in Switzerland, 80% in Spain, and 70% in Portugal. Family-owned SMEs are significant for Jordan's economy, where its sustainability affects Jordan's economic growth according to (Jordan Institute of Directors, 2014). Studying these businesses in Jordan is significant according to their importance for the country and the economy.

Since family-owned businesses are an important contributor to creating new jobs, exploiting the workforce, and creating wealth. Decision-makers need to give more attention to these businesses to ensure their continuity, longevity, and sustainability (Ramadani and Hoy, 2015). Indeed, according to Soto Maciel et al. (2015), the importance of family-owned business is reflected from the attention from many institutions such as Family Enterprise Research Academy (FERA), Family Firm Institute (FFI), or the Family Business Network (FBN). The topic of family business attracts the interest of Journals such as the Journal of Small Business Management, Academy of Management Review, and Harvard Business Review. Furthermore, the establishment of specialised journals such as the Journal of Family Business Management and Family Business Review supports business research and reflects these institutions' importance (Soto Maciel et al., 2015). This business importance added value to this research over other studies about corporate governance and succession planning which targeted non-family businesses.

#### 2.1.4 Family-owned Business Characteristics

Family businesses are characterised by several specifications related to their reason of existence, structure and legal form, which account as an optimal model for companies owned by individuals. These special characteristics differentiated family businesses from other companies, where the growth and continuity of family businesses depend on the possibility of dealing with these characteristics (EFILWC, 2002). The researcher focuses on family business characteristics due to the impact of these characteristics on choosing



the targeted sample for this study. Family businesses outperform non-family businesses in terms of revenue, profit, and many other financial and non-financial performance indicators because of their unique characteristics (Jordan Institute of directors, 2014). This also counted as an important indicator in studying this type of business. The most important characteristics of family businesses are the following:

#### 2.1.4.1 The legal Form of the Family Business, Unique Features and Structure

Family-owned businesses often tend to be individual proprietorships or partnerships, as mentioned by (Astrachan and Shanker, 2003). In the case of an individual proprietorship, the business ownership and control rest with a single individual who has a sole unlimited personal liability for the business. In the case of a partnership, the ownership and control stay between two or more legal persons, where partners share the risks and each other's decisions consequences, and partners have unlimited liability for the business (BIS, 2011). This requires family business partners to be personally responsible for all the firm's obligations with the other partners. Because of these legal forms, the main characteristic of these forms is that family businesses do not need to disclose their financial statements to the public, where the business details and their competitive information remain confidential. Abouzaid (2008) notes that family businesses have long been the most controlling form of business organisation worldwide. The term family business refers to a unique type of company where most of the management decisions are in the hands of the controlling family. This study will explore if Jordanian family-owned businesses prefer these two types of legal forms and the reasons and circumstances behind their choice.

Family businesses are unique and have an exclusive structure of ownership and management that differentiates them from other businesses (EFILWC, 2002). There are four main critical factors that control family businesses' performance: ownership and control, management strategies and style, long-term view, and human resources (EFILWC, 2002). They are more opposed to professionalism than non-family businesses in terms of hiring external executives or looking for a piece of external advice through consultants or non-executive directors (Department for Business Innovation & Skills (DBIS), 2014). The DBIS' research added that fewer challenges on how a family runs the business are due to the absence of external shareholders. This research will also explore the Jordanian family businesses beliefs toward hiring non-family executives or consulting external consultants.

#### 2.1.4.2 Participation of Family Members in Firms' Management

This feature greatly impacts the firms' performance, where the family businesses' high performance is abided by its strengths such as; commitment of family members, continuity of knowledge, and reliability (Sharma et al., 1997). Sharma et al. (1997) added that when power is concentrated in the hands of one individual, it gives the firm an advantage in making decisions quickly and informally. Indeed, Jordan Institute of Directors (2014) posit that high levels of loyalty and commitment can be seen as a result of family members working in the business, and their rapid response and flexibility in solving the business issues and problems, as opposed to the bureaucracy that can otherwise occur. This flexibility provides family businesses with a competitive edge over non-family businesses. This research will explore if this feature is applicable for Jordanian family businesses and how it affects them.

Family businesses play a major role in countries' economies because of their unique characteristics, such as the hard work of family members and commitment to the business (Crick et al., 2006). However, because many operations come under the family's control, the limited access to family businesses managerial know-how has a major significance. These family businesses should develop their core competencies that contribute to forming their family vision and draw their future (Crick et al., 2006).

According to EFILWC (2002), the family business characteristics enhance their performance through many aspects such as; family management eliminating the principal-agent problem and agency cost efficiencies, leadership efficiency through the centralized decision-making and lower transaction cost, stakeholders' efficiencies through increasing loyalty and trust by employees, managers, and customers, and finally; longer time for decisions relating to investments which are constrained by limited time pressure needed to fix agendas and plans. The previous aspects of family businesses reflect that their performance is boosted because of the time and cost efficiencies and savings. The researcher will explore whether Jordanian family businesses exploit these characteristics for their benefit or handle them differently.

Family member participation in the business can aid efforts to maintain business continuity and development on the one hand. However, the issue is that family members' participation can also lead to conflicts between them, threatening their survival and continuity. Ramadani and Hoy (2015) highlighted that the most common family business characteristic is the conflict between family members, which may destroy family and

business at the same time. There are many sources of conflicts mentioned in Figure (1) below.

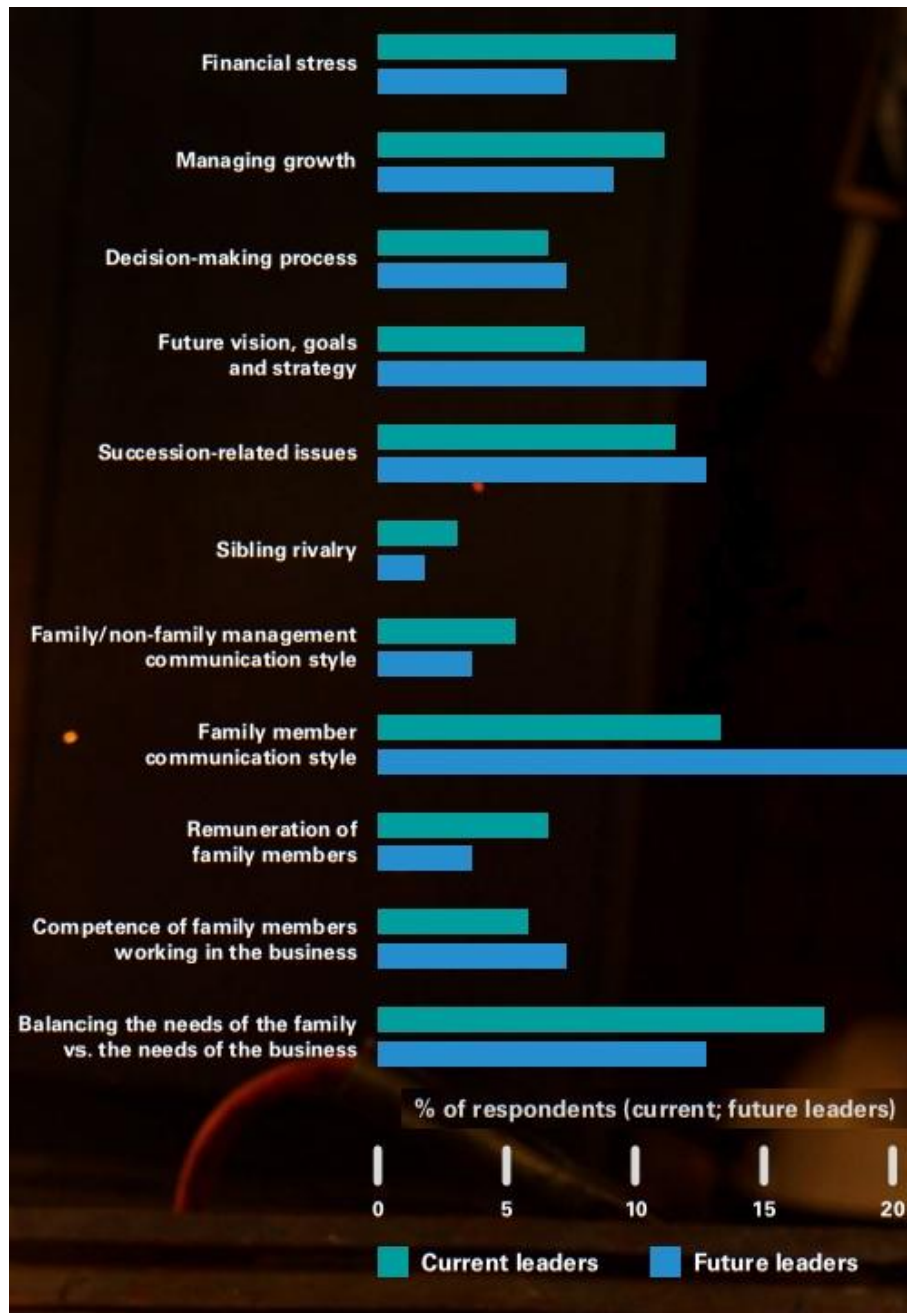


Figure (1): Major Sources of Family-Business Conflicts  
 Source: KPMG, 2018, p.8

The previous Figure (1) shows that conflicts were viewed differently by generations, where 22% of future leaders said that family members communication style was the leading cause of conflict while just and only 13% of current leaders agreed on this fact (KPMG, 2018).

The report from KPMG shows that the consulting companies focused on the conflict drivers in family-owned businesses and how to manage these drivers effectively. But, it does not suggest any framework which exploits these conflicts to create a more creative and productive environment that may benefit these firms (KPMG, 2018). This research will explore if the participation of family members in Jordanian firms' management added conflicts to their business and if these conflicts also referred to family business communication style or other reasons.

#### 2.1.4.3 Balancing Business and Family Needs

According to the London School of Economics World Management Survey (2012), as cited by (Department for Business Innovation & Skills, 2014), family businesses are the worst managed type of business across many countries worldwide. Family businesses are made up of family and business systems, where these two systems intersect, with special specifications and roles for each system (Aloulou, 2018). According to the differences between family and business requirements, successful family businesses develop a family agreement or family constitution to clarify family obligations toward the business future (Ward and Montemerlo, 2011). There are two approaches for developing family agreement suggested by Ward and Montemerlo (2011) which are: a family-first approach, where the family tends to develop the family agreement more slowly, with more meetings, and include a family business consultant for facilitation, and a business-first approach, where the family will develop the agreement more quickly, as a formal project, and likely depend more on its lawyer or accountant for advice. This research will explore the level of awareness of Jordanian family businesses towards family agreement and family constitution and their priorities towards the family or the business.

According to Aronoff et al. (2011), as a family becomes larger and more complex, its need for policies increases. The dynamic nature surrounding these issues also increases to assure that these policies address changes. Ward and Montemerlo (2011) argued that family businesses need to build an independent board to save the business and to use a family agreement to strengthen the family. American family business (2002), as cited by Ward and Montemerlo (2011), argued that 35% of business-owning families formed a family agreement to strengthen the family and business performance. Added to that, in 2011, 50% of Global family firms had a family agreement, as mentioned by IMD business school, Lausanne, Switzerland. These statistics reflect that family business awareness level towards family agreement increased over time. This research will explore if this is

applicable for Jordanian businesses if there is something different. According to Carney et al. (2013), family firms behave differently from non-family firms in terms of the lower level of debt, fewer R&D investments, and less international diversification, where they compensate these deficiencies through the high level of efficiency in transforming inputs to outputs which managed by family members. Sharma et al. (1997) added that family-owned businesses have a higher sales growth rate, are more focused on asset utilization, and reduce taxable income by employing accounting policies efficiently. These are other characteristics that will be explored for Jordanian businesses in this research.

#### 2.1.4.4 The Effect of Family Culture on Business Culture

Family businesses transmit their values and norms through generations, using narratives to build their meaningful existence and exclusive identity, considered a competitive advantage to boost their performance and generate revenues (Soto Maciel et al., 2015). These unique values and norms, which consist of the family culture, clearly affect family business decisions and performance.

The family and business culture was considered the main guidance for family business members' commitment to working hard and making the most effective and efficient decisions accordingly. Many attributes strengthen family businesses, including emotions, care, love, closeness, loyalty, stability, commitment, safety, support, and tradition. On the other hand, many negative traits may harm the business, including anger, confusion, tension, competitiveness, and poor communication (Gulzar and Wang, 2010). Osnes et al. (2019) argued that tension and confusion in family businesses are disruptive attitudes for the family and the business, but it can also be seen as creative tension. The business culture consists of values, norms, and beliefs that form the family members and other workers way of thinking. The rules govern business members' daily actions, as it contributes to business success and sustainability (Soto Maciel et al., 2015).

This research will explore whether Jordanian family businesses have common characteristics limited to these positive attributes that strengthen their business or the negative traits overwhelm the positive ones that characterise the Jordanian family business culture.

### 2.1.5 Family, Business, and Ownership Systems

Family businesses should balance business requirements and opportunities with family needs and desires based on five variables: control, career, capital, conflict, and culture (Ramadani and Hoy, 2015). Family members of any family business should have a planned career path and the needed training (Lansberg, 1999). What differentiates family businesses from other types of businesses is the dimension of family influence through ownership and management involvement in such businesses (Aloulou, 2018). Do Jordanian family businesses aware of the importance of these issues? This research will explore this aspect and other aspects of these businesses in Jordan.

The three-circle family business system model can describe the main special characteristic of the family business system, which was developed by Renato Tagiuri and John Davis in 1978 at Harvard Business School. The model shows the three overlapping subsystems of family-owned businesses (Salman, 2005). The three-circles model presents the ownership, family, and business as shown in Figure (2) below and how every individual in the family business can be as a family member, owner, worker or manager:

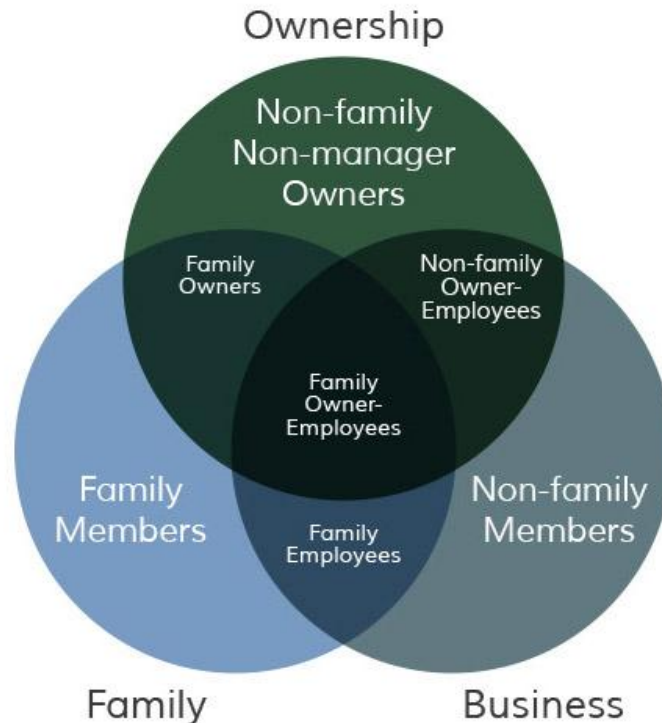


Figure (2): The Systems Theory Model of Family Business  
Three-Circle Family Business System Model

Source: (Poza and Daugherty, 2014)

Any individual linked with the family-owned business could be placed in one of the seven intersected sections shown in Figure (2). These seven sections are employed family members and owners; employed family members (but are not owners); not family members (but employed in the business); not family members (but employed in the business and not owners); non-family-owners; not employed in the business (but they are owners and family members); family members not involved in the business (Ramadani and Hoy, 2015). The intersection between the three family business systems – ownership, family, and business – supply the business with unique resources and capabilities, which count as the main breeder of firm sustainable competitive advantage and growth (Aloulou, 2018). The three-circle family business model placed family members in one of the seven sectors at a particular time without considering the causes and effects of time passage and changes that may occur over time for these subsystems. Additionally, family businesses have to realise that their system members may move across the system boundaries and change their belonging sector. This research will explore to which level the Jordanian family businesses are aware of these aspects and if they are aware of these seven sections, and changes may happen over time.

The development model's main idea is that it shows that the individuals' relationship in the family business changes and develops over time. Individuals can move from one sector to another, which may cause problems and different types of reactions in the entire system. Figure (3) below shows the development model of family-owned businesses developed by Gersick, Davis, McCollum, and Lansberg in 1997. Any model describing family businesses should take time and changes over time into consideration to reflect the real business world accurately (Daliborka, 2017)

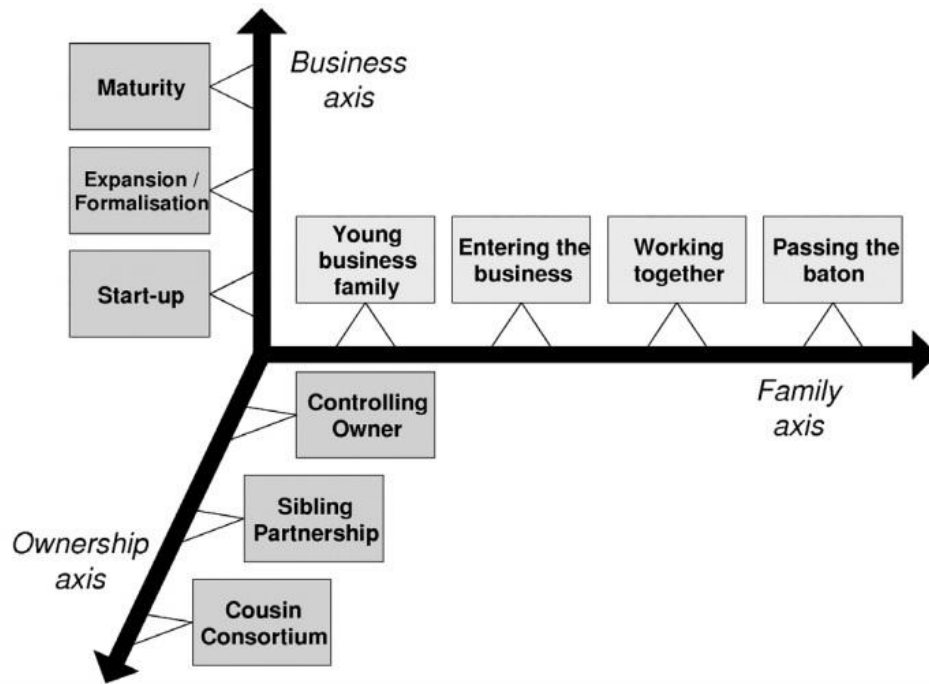


Figure (3): The Three-Dimensional Development Model of Family-owned Businesses

Source: Gersick et al. (1997) as cited by Ramadani and Hoy, 2015, p. 22

Figure (3) shows the Three-Dimensional Development Model and reflects how every subsystem in the family business has its development dimension. The family axis goes through the four stages of a young business family, entering the business, working together, and passing the baton. The ownership axis includes the controlling owner, sibling partner, and cousin consortium. The business axis includes three stages: start-up, expansion/formalization, and maturity (Ramadani and Hoy, 2015). This research will explore if Jordanian businesses are aware of the development of these three systems over time and if they realise that every stage of this development needs policies and rules to manage the family and business.

According to Gersick et al. (1997), as cited by Sreih et al. (2019), the development model of family-owned businesses is based on three aspects: family evolution, business, and ownership structure. The business starts with the founder managing the business, and then the performance grows. This is followed by the business surviving and being passed onto someone else making the important decisions concerning the enterprise future. The previously proposed model of change surrounds family businesses issues about family, business, and ownership and how effective management should analyse these changing traits over time and adapt the firms' strategies according to these changes. Lansberg (1999) argued that there are three basic forms of family businesses



from the vantage point of ownership distribution: the controlling owner business, the sibling partnership, and the cousin consortium, which is different in structure and culture. Each form has unique structural properties with specific advantages and disadvantages, where each demands different managerial skills from its leaders. The development of any of the three main family business subsystems over time will impact other subsystems, but they are still independent in their sequences of changes.

This fact shows that the business should be defined by these three development points overtime, where its move to a new stage on any or all dimensions, to form a new shape and new characteristics which will create new challenges towards its sustainability and continuity as will be shown in the coming section. This research will explore the form of Jordanian family businesses from the point of ownership distribution and how the structure and culture of Jordanian businesses impact the subsystems of these businesses.

#### 2.1.6 Family Businesses Challenges towards Sustainability and Continuity

Family businesses face many challenges because of their unique form and due to strategic or structural reasons. FoBs can suffer from a high rate of collapse because of these challenges facing them in terms of continuity, longevity, and ultimately success (Jordaan, 2012). The researcher decided to review literature about challenges facing family-owned businesses which will support him in exploring Jordanian businesses facing these challenges and if these challenges impact their continuity and sustainability. The main challenges facing family-owned businesses are the following:

### 2.1.6.1 Succession and Transferring of Leadership Challenges

According to Al Emam (2014), only 10% of family-owned businesses pass to the third generation, and only 3% survive past the third generation due to succession challenges, forcing founders to think seriously about choices that might affect their business empire. This fact reflects the importance of this challenge towards business continuity, and it is a motivator for the researcher to explore this type of business in Jordan. Succession in FoBs is a sensitive and complicated issue because of family and business interconnection (Sreih et al., 2019). When succession takes place in FoBs they have to manage the changes that occur professionally to maintain firms' performance and boost their profitability. Family business succession is defined as the founder passing off his/her leadership baton to a family member or non-family member successor (Handler, 1994; Sonfield et al., 2016). Budhiraja and Pathak (2018) explain that succession planning identifies the firm's future leaders, ownership change, management and control transition, and leader's development in synchronization with the firms' vision and objectives. Succession in a family business is a continuous procedure rather than a one-time event, which starts from the owners' first-generation and through the coming succeeding generation (Sreih et al., 2019). Succession challenges facing family-owned businesses impact their performance towards continuity and sustainability, which is important for this research to be explored in Jordan.

Mokhber et al. (2016) argued that family business sustainability depends on succession planning, where its success is based on the founder's management skills in the successor foundation and successor transition process. Family business succession is one of the most important and difficult decisions facing them (Ramadani and Hoy, 2015). Indeed, Jordaan (2012) argued that the main challenges facing family-owned businesses centred on management and ownership, succession planning aspects, firms' governance structure, and managing family's wealth. Family businesses need to be aware of these challenges and ensure their continuity by developing and implementing the best strategies (Jordaan, 2012). On the other hand, there are negative effects of family business characteristics on their performance, resulting from where their emphasis is on stability and succession instead of profit and revenue, which may change their goals and result in inefficient management, low innovation, and slow adaptation (EFILWC, 2002). These arguments reflect an impact of succession planning on governance in this type of business which will be explored for the Jordanian context.

Family business longevity and sustainability depend on succession planning, including the succession process, successor's selection, and training. The biggest potential failure factor for family businesses is succession (PwC, 2016). Having detailed plans for business continuity does not make sense without addressing the most significant risk, where succession planning plays a major role in business continuity and its transition from one generation to the next (Aronoff et al., 2011).

The succession process is one of the most sensitive stages in a family business's lifetime, leading to their disappearance (Soto Maciel et al., 2015). Succession is necessary for firms' continuity, security, and stability, and it is required devotion, effort, and objectivity of successor and predecessor. A well-managed succession process allows firms to respond to challenges and circumstances through employing new energy for growth, diversification, and professionalization (PwC, 2016). This task can be accomplished by efficiently developing, implementing, and communicating a succession plan (PwC, 2016). These issues gave the researcher some aspects of succession planning to be explored in the Jordanian context through this research.

#### 2.1.6.2 Conflicts Challenges between Family Members

One of the most important challenges facing family-owned businesses is conflicts between family members, affecting business performance (Lansberg, 1999). When companies tend to become more complex in later generations, as the business expands, the family tree branches out, and the owners become more fragmented, the probability of conflicts increases (Lansberg, 1999). There are two main reasons for conflicts: the changes of the business, family, and ownership systems over time and transmitting of leadership and control role (Jordan Institute of directors, 2014; Sreih et al., 2019). The researcher will explore this aspect with Jordanian family businesses' founders and candidate successors.

Jordan Institute of Directors (2014) states that family businesses may not recognise the changing nature of their main three subsystems (business, ownership, and family) over time, where the high level of management bureaucracy and lack of formal rules and systems may lead to destructive conflict between family members. In conjunction with the entry of family members to the business, conflicts occur between them about management roles, decision-making, and planning.

Decision-making authority is an issue facing family businesses; because decision-making and planning are important for firms' success and continuity, which is usually more centralised within the first generation (Sreih et al., 2019). Every stage in a FoBs' life cycle needs mutual trust and real cooperation between family members to overcome these challenges. Challenges may occur when family business members are not cooperating as one group. In this case, the transfer of management and authority will lead to a lack of trust and conflicts between family members. However, the conflict between family members might increase as the firm moves to the second generation stage because family emotional attachment decreases through generations (Sreih et al., 2019). The researcher will explore if these conflicts between Jordanian families members exist or not to find out the aspects of these businesses.

One of the main reasons for conflicts between family members in FoBs, which affect their sustainability and continuity, is control, where control is about governing the entity's financial and operating policies to obtain firm activities benefits (Louie et al., 2019). According to competition between family members and their natural attitude toward independence, this may affect the family and the business. According to PwC (2016), 53% of Middle Eastern family businesses claim alignment between family and business strategies versus 69% globally. This fact reflects a clear challenge facing Middle Eastern family businesses and needs to be explored for the Jordanian context, particularly through this research.

#### 2.1.6.3 Limited Age of FoBs Challenges and Globalization

Jordaan (2012) states that the long-term success of family-owned businesses will impact the country development and its economic performance through contribution to GDP and other economic and social aspects. Still, unfortunately, the average age of family businesses is 25 years. Steier et al. (2015) argued that family businesses remain attached to their same core business. Business families are more ready to exit no longer viable businesses and move towards investing in other businesses. Business families grow through venturing into related and unrelated markets and not just through innovation in their existing business (Steier et al., 2015). These facts are a clear indicator of the limited age and globalisation facing family businesses. How to respond to these challenges through changing toward business families needs to be considered. According to this economic impact from family businesses, the researcher will explore the Jordanian context and if their limited age also accounted a challenge for Jordanian family businesses or not through this study.

Many family businesses face challenges for their sustainability, profitability, and continuity due to globalisation and increasing growth rate (Gulzar and Wang, 2010), where the main challenges facing the traditional FoBs because of Globalisation are the centralised management impacted by tradition, lack of long term planning, the hiring of unqualified and unskilled family members (and with the inability to fire unproductive ones easily), no clear policies, roles and responsibilities for family members, absence of external managerial opinions, undefined benefits, salaries, and dividends for non-working family members, family members problems affecting the business, absence of clear plans for handling the leadership to next generation, and decisions are made in response to problems without long-term strategic planning. The researcher will explore if these aspects of traditional family-owned businesses apply to Jordanian family businesses or not. These aspects will apply to traditional businesses, as Gulzar and Wang (2010) mentioned.

Globalisation is considered one of the main challenges facing small and medium enterprises (SMEs) in Arab countries, especially as they seek to attract international interest and increase their domestic business. Globalisation is a phenomenon that appears when countries and people around the world are integrated closely with each other (Zain and Kassim, 2012). Family businesses must be agile and competitive in their local market to survive in the low trade barriers world. Indeed, the growth and sustainability of family businesses depend on the ability of owners and managers to respond and react to the globalised economic environment through changing and adapting their strategies, where 50% of the family businesses are convinced that professionalising the business is the next five years key challenge (PwC, 2016). This research will explore whether Jordanian family businesses believe in the transformation from traditional to professional businesses in the coming years or are already professional and plan for globalisation for their growth and sustainability. The coming section will show the main issues surrounding FoB's in the Arab region, which may cause these challenges in the Jordanian context.

#### 2.1.7 FoB's in the Arab Region

Family-owned businesses form the main part of the Arab region private sector as presented by Al-Barghouthi (2016), where there is a marked increase in the level of interest of studying family-owned business in Arab countries, because of its crucial contribution in employment, job creation and the economy as the whole (Aloulou, 2018). Al-Barghouthi (2016) Identifies the Arab family business as a collection of relationships

based on relative networks, and the reasons for its existence are to maintain family members' loyalty, to create value for the family, and to enhance the family image in their social context.

The Arab world consists of two distinct subcultures. The first one consists of the Gulf countries such as Saudi Arabia, Qatar, Kuwait, UAE, and Bahrain. These countries are united in the same Islamic and Bedouin subcultures, similar political systems, an economy supported by oil and energy resources, and the lack of nationals with reputed managerial skills. The second subculture derives from remaining Arab countries, such as; Jordan, Lebanon, Egypt, Syria, and the West Bank; which are characterised with lack of natural resources and richness of qualified human resources and skilful managers, business founders, and entrepreneurs (Yasin and Zimmerer, 1995). The researcher wants to explore a country from the second subculture at the time of a counted amount of literature about family businesses in GCC.

FoBs represent around 95% of Gulf area companies, which form 70% of the Arab region economy. FoBs start that about 55% of the GNP of any Arab country comes from the workforces of 70% of the private-sector jobs in the region (Gulzar and Wang, 2010). Family businesses in the Middle East are diversified, big, ambitious, dynamic, and successful (PwC, 2016). According to Alarabeya (2015), as cited by Al-Barghouthi (2016), 90% of the Middle East companies are owned by families, and a second or third generation manages 60% of them. These facts encouraged the researcher to study Jordan as a part of Arab countries and the Middle Eastern countries to explore its consistency and differences with other countries according to its exclusive aspects. Religion, culture, and ethnicity have a great effect on management style and managers in the Arab region, where they hold complicated duties of maintaining their traditional values and achieving modern results according to the Islamic culture, and this dominates business in most Middle Eastern countries (Welsh and Raven, 2006). Arab managers face conflicts between the Arab culture and religion on the one hand and Western ideologies; on the other hand, when playing their role as a manager, they have to achieve modern results and maintain the traditional and cultural values (Sonfield et al., 2016).

There are four main influences on Arab management: Islam, foreign rules, Bedouin traditions, and the West's need for oil. Tribal societies focus on the family as the main unit of interest, where families predominate in politics and society. The ruling family in every country has been in power for many years, and this family importance extends to

businesses. Around 98% of commercial activities in the Gulf Cooperation Council (GCC) are family-run (Welsh and Raven, 2006). This research will explore the differences between GCC and non-GCC Arab countries because of the lack of literature about non-GCC family-owned businesses.

The Quran – the Islamic holy book - addresses business transactions, spending habits, financial issues, and management concepts. Business in the Middle East applies additional Islamic religious precepts that stress a father's authority and encourage older family members to respect. Middle Eastern cultures are unique, and there is a tendency towards fatalism, which appears largely in the "Insha' Allah' expression translated as "Allah (God) willing"; used widely to explain many uncertainties in life. In some countries, it is used for delaying and repositioning responsibility and decision-making, or when something has to be done, or when something is preventing it from occurring (Sonfield et al., 2016). Islamic culture dominates most Arab countries. Is Islamic culture dominate Jordanian businesses also or not? This is one of the aspects that the researcher will focus on in this study.

In many Arab countries, family members of FoBs keep the top management positions and the key organisational positions for themselves innately. They rarely consider non-family members for filling senior positions, rather than taking into account the business or the managerial perspectives, where family members may collect regular payments without any work requirements (Sonfield et al., 2016). Sonfield et al. (2016) added that when family businesses pass to second or third generations, they often encourage non-family managers to join their business and non-executive directors or outside consultants to enhance the business performance. Sonfield et al. (2016) state that Arab family business owners' managerial behaviour is concerned with family power according to cultural perspectives, interested in cohesion among managers, and focus on family values and objectives as a base for their managerial behaviour. The closeness of family, and its extension beyond the husband, wife, and children, to include grandfather and grandmother in Arab society, even before Islam, impacts how business is conducted and managed. Family and religion clearly impact business practices and decisions in Arab countries (Yasin and Zimmerer, 1995). This research will explore the attitude of Jordanian family business founders towards religion, family, and the role of outsiders in their businesses.

Most of the Arab countries encounter huge transformations which affect their economies and force the government to legislate new laws, policies, and development plans which

may impact family business performance and productivity (Aloulou, 2018). This transition and transformation can create new opportunities for existing family businesses or allow new family businesses to enter the market and benefit from these changes. Businesses have to seize these external environmental change opportunities and improve their performance rapidly. Yasin and Zimmerer (1995) argued that to implement successful strategies in the Arab world, you need to fine-tune these strategies to fit these countries unique cultural and economic features. Lately, the management styles in Middle Eastern organisations are in transition because of younger managers who have worked with foreign companies and/or are educated at Western universities. This aspect will be explored through this study from the point of view of Jordanian business founders and candidate successors, and if they believe that the government departments willing to respond to issues affect their sustainability and continuity.

Al Emam (2014) argued that the Jordanian family-owned businesses form around 90% of small and medium-sized businesses. Only 10% of these businesses pass to the third generation, and only 3% of them survive past the third generation. FoBs are the backbone of Jordanian's economy, supporting and fuelling the growth of the private sector, where their sustainability is affecting Jordan's economic growth according to (Jordan Institute of Directors, 2014). PwC (2016) argues that the political and economic environment changes in the Middle East affect family businesses current performance and growth expectations, where family businesses have to be successful and active in responding to these significant challenges.

#### 2.1.8 Summary of Family-owned Businesses

Family-owned business definitions represented by Louie et al. (2019); Ramadani and Hoy (2015); Hernández-Linares et al. (2017); Sharma et al. (1997); Zain and Kassim (2012); Aronoff et al. (2011); Salman (2005); Aloulou (2018); Poza and Daugherty (2014); Jabr (2013); Maciel et al. (2015); Steier et al. (2015) show that family business is a legal firm form, founded by a family or a member of that family, which will be passed to family descendants through engagement in the company operation or through succession. The family business concept turned around ownership, controlling, and management for continuity and sustainability, where this special concept reflects this type of company's importance. The researcher will choose his research sample through this definition and focus on businesses founded by family or a member of that family. The researcher will explore if these definitions apply to Jordanian family-owned businesses.



Times (2014); Alshaeel (2016); Ramadani and Hoy (2015); Ibrahim et al. (2004); Aloulou (2018); Times (2014); Soto Maciel et al. (2015); Shepherd and Zacharakis (2000); Abouzaid (2008); Abouzaid (2014) clarify the importance of family-owned businesses which emerge from their contribution to more than 70% of the global GDP, and forming around 75% of businesses worldwide According to Collins and O'Regan (2011); Soto Maciel et al. (2015); Lansberg (1999); EFILWC (2002); Sreih et al. (2019) family-owned businesses' contribution to the global economy exceeds the non-family-owned businesses, where family businesses stability, sustainability, and longevity are important for the economic growth, and they are the most important pillar to most economies around the world, these facts created a need to manage their behaviour effectively (Shepherd and Zacharakis, 2000; Abouzaid, 2008; Abouzaid, 2014). These facts reflect the significance of this research and the importance of exploring Jordanian family-owned businesses. The researcher will explore if Jordanian FoB's are aware of this western data and material.

Sharma et al. (1997); Jordan Institute of directors (2014); Department for Business Innovation & Skills (2014); Aloulou (2018); Ward and Montemerlo (2011); Carney et al. (2013); Soto Maciel et al. (2015); Gulzar and Wang (2010); Osnes et al. (2019); EFILWC (2002); BIS (2011); Abouzaid (2008) argue that the legal form of the family business, its unique features, and unique structure are the main source of these businesses' competitive advantage, where the participation of family members in firms' management, the balance between business and family needs, and the effect of family culture on business culture are the main issues needed to be mentioned in any study about this kind of businesses. This argument leads the researcher to achieve the first objective of this research in identifying the key aspects of Jordanian family-owned businesses and exploring whether these ideas are relevant to Jordanian FoB's.

Poza and Daugherty (2014); Gersick et al. (1997); Ramadani and Hoy (2015); Aloulou (2018); Lansberg (1999) argue that studying family businesses involves the need to think about the three-circle family business model and the three-dimensional development model to be aware of the changes and development of the three main subsystems forming family businesses which are family, business, and ownership.

Al Emam (2014); Sreih et al. (2019); Handler (1994); Sonfield et al. (2016); Budhiraja and Pathak (2018); Mokhber et al. (2016); PwC (2016); Jordan Institute of directors (2014); Louie et al. (2019); Jordaan (2012); Steier et al. (2015); Gulzar and Wang

(2010); Zain and Kassim (2012) argue that changes of family businesses' subsystems create challenges towards its sustainability and continuity such as; succession and transferring of leadership challenges, conflicts challenges between family members, globalization challenges, and limited age of family businesses challenges. According to the importance of succession challenges, the researcher will identify how succession planning normally takes place in Jordanian businesses through the second part of the first objective of this research.

Al-Barghouthi (2016); Aloulou (2018); Alarabeya (2015); Sonfield et al. (2016); Welsh and Raven (2006); Zimmerer (1995); Al Emam (2014) highlight that many changes surrounding the Middle East region require family businesses to change fast, and to be prepared to respond to these changes using the skills required, competencies, and the right infrastructure to respond rapidly and survive. The reality also is that the main task of managers and leaders is to control firms' activities, resources, and internal business processes, which are important to the strategic business success reflects the importance of strategic management for family-owned businesses and the role of understanding the relationship between resource management and strategic success. Deploying, controlling, and managing firms' resources reflect its strategic capabilities to create business activities competencies needed to run the whole business. This research will explore Jordanian family business key aspects in the light of their resources, processes, and strategically readiness.

Accordingly, the coming section will review the literature about strategic management, strategic models and theories, and its relevance and importance for family-owned businesses to find out the important issues needed to be explored for Jordanian family-owned businesses through this study.

## 2.2 Strategic Management

### 2.2.1 Introduction

The necessity for controlling a firm's activities, resources, and internal business processes to guide the firm's future course of action arises because of its existence. This subsection with the four coming sub-sections discuss the strategic management in FoB's, the important issues surrounding it, its theories and models, strategic analysis and formulation, and resourcing strategies.

"Strategy" is a word that comes from the Greek word "Strategos", which means generalship or the person who leads the army forces; it reflects the skills and capabilities of this person to plan for the battle and use resources effectively (Esfahani et al., 2018). Strategy in business shows the firm's long-term direction and how it responds to the changing environment through efficient use of resources and capabilities to achieve its competitive advantage and meet stakeholders' expectations. The word generalship may reflect the importance of strategy for family-owned businesses because of the reason behind its existence, which is the vision of the founder and his/her entrepreneurship.

This section will review the literature of strategic management in family-owned businesses, which will be explored for Jordanian family-owned businesses in this study.

### 2.2.2 Strategic Management and Family-owned Businesses

Johnson et al. (2008) posit that strategic management involves people who decide and implement strategies. It emphasises the human element of the strategy, where the strategic management exists to deal with complex situations that arise from non-routine events facing the overall organisation. Strategic management aims to achieve the organisation's strategic goals and vision through a rational and logical course of action (Esfahani et al., 2018). It involves understanding the firm's strategic position through analysing the internal and external environment, then; setting direction, defining a vision, setting goals and objectives, forming strategies, and putting policies and an action plan in place to achieve them. After that, the firm can evaluate the performance periodically and calibrate the plans according to the feedback. Strategic management is the process involved with formulating or planning the strategy, implementing it, and evaluating the performance. It is a process that deals with organisational growth and with developing and utilising strategy, which is a guide to the organisation's operations (Sergio, 2011).

Strategic thinking is a process that fosters the identification of strategy, which can rewrite the rules of the competitive game to plan the future significantly. This research will explore the level of awareness of Jordanian family-owned businesses towards this concept and these processes and explore if Jordanian businesses are aware of this western material.

Sotiriadis (2015) represented the strategic planning task of setting priorities and focusing energy and resources through organisational management activities. Strategic management is a management tool used to assess the organisational performance and environmental changes and work on adjusting the organisation directions according to these changes. Strategic planning is an organisation's written course of actions that direct the organisation progress. Bolland (2017) notes that strategic planning is "an organisational management activity that is used to set priorities, focus energy and resources, strengthen operations, ensure that employees and other stakeholders are working toward common goals, establish agreement around intended outcomes, and assess and adjust the organisations' direction in response to a changing environment".

Esfahani et al. (2018) argued that strategic planning aims to boost organisational performance and productivity through providing an effective and focused direction for the organisation to achieve its competitive advantage. Successful strategic plans result in productivity, profitability, better performance, and economic success. Strategic planning has been a management tool for over 50 years, and it is still happening and continues to be taught in business schools worldwide (Bolland, 2017). Prahalad et al. (2014) argued that there's an absence of real breakthrough ideas and new strategic thinking in traditional succession planning. Strategic planning needs to generate and create resources to use the available resources effectively and be ready for the future. This will also be explored for Jordanian businesses if they are aware of strategic planning and strategic thinking in a professional direction or traditional direction to identify how strategic planning takes place in these businesses.

AlKhanafaji and Nelson (2003) represent that every company has to develop their competitive advantage to compete in their marketplace, where the changing business environment and fast technological advances oblige organisations to think more about strategic management and to realise that the only supportive tool which helps organisations to focus on accomplishing a mission, is using a high level of analysis in relation to their opportunities and threats. Firms need to focus on the importance of fundamental changes in their operations, processes, and strategies to cope with twenty-

first century rapid changes, and they have to continuously monitor, evaluate, and rethink their strategies and make a proactive effort to gain a competitive advantage (AlKhanafaji and Nelson, 2003). According to Turner (2017), the main challenge for many firms concerns how to develop and integrate innovative strategies in order to sustain firms' long-term growth, where businesses remain sustainable through having a solid strategic plan, conducting competitive strategies and plans, and increasing stakeholders' involvement approach. The level of awareness of Jordanian family businesses towards the development of their competitive advantages will be used in this study as one of the key aspects of FoB's in Jordan.

From the previous definitions represented by Turner (2017); Johnson et al. (2008), Esfahani et al. (2018); Sotiriadis (2015); Bolland (2017); AlKhanafaji and Nelson (2003); and Sergio (2011), it can be summarised that strategic management consists of continuous actions and decisions. Firms need these continuous actions and decisions to achieve their goals and missions through effective and efficient policies and plans. In family-owned firms, family involvement in management and the intersection between the three unique subsystems (family, ownership, and management) is conceived as a potential source of unique resources and capabilities that supports the firm with a unique competitive advantage (Aloulou, 2018). Family-owned businesses need to respond to globalisation by coming up with new strategies and a new structure to survive competition (Zain and Kassim, 2012). The process of transferring the business leadership between generations may impact the business strategy (Ibrahim et al., 2004). Strategic and long-term planning will allow businesses to achieve greater success and fulfil their true potential (PwC, 2016). Strategic planning processes involve responding to external environmental circumstances using the best way to respond to them (Sotiriadis, 2015). Family businesses may create and use other intangible unique resources called "family capital" to form their strategic plans (Songini et al., 2018), and these resources comprise human capital, social capital, and financial capital.

Songini et al. (2018) represent that to build an effective and efficient strategic plan for family businesses, FoBs have to take into account their unique characteristics, such as; the overlapping between the three main subsystems (Ownership, Family, and Business), the unique values, beliefs, and goals of a family which may guide the strategic direction, the unique resources and competencies generated between family members, the different agency conflicts than the traditional owner-manager conflicts, the succession process and willingness to transmit the business to the heirs, and finally, the altruism to favour business interests over the personal returns. These family business

characteristics should be embedded in the strategic plan development process for better future vision shaping. The unique differences provided by family ownership and control in family-owned businesses are a source of competitive advantage, where this competitive advantage outweighs the family firms' unique agency costs (Poza and Daugherty, 2014). The researcher will explore if founders of Jordanian businesses are aware of their unique business characteristics and exploit these characteristics for their benefit.

Family businesses in the 21<sup>st</sup> century have to emphasize the non-economic goals and their nonfinancial performance in forming and implementing their strategic decision-making, where family businesses should prepare their firms for the future instead of focusing on their current and routine problems to help families to approach their business in a unified way rather than individuality for sustainability and continuity (Shen, 2018). The coming section will shed light on relevant issues for family-owned businesses.

### 2.2.3 Strategy, Strategic Planning Theories, and Relevance to the Family Business

The strategy aims to align the family business goals and objectives with the governing family priorities. These strategies require a successful plan through projecting the business' future course of actions in family and non-family businesses (Braun et al., 2016). Strategy formulation in family businesses must balance the family businesses unique advantages such as social capital, unique resources, and others, with the disadvantages of this unique type of business (Ibrahim et al., 2004).

There are four basic perspectives to approach strategy and prepare organisations for the future: plan strategy, pattern strategy, perspective strategy, and the ploy strategy. The planning strategy is a future course of action with well-defined goals and deadlines to guide firms' futures (Ibrahim et al., 2004). Strategic management observes three main perspectives: prescriptive, descriptive, and configuration perspectives. These perspectives entail ten different strategy formulation schools: design, planning, positioning, entrepreneurial, cognitive, learning, power, cultural, environmental, and configuration school (Sergio, 2011). Sergio (2011) added that the idea of strategic plans are at the core of business and decision-making, and it is a better fit among managers interested in numbers, procedures, and accountability. This is why this research aims to discuss a planning school from a prescriptive perspective.

The main critique about strategic planning is that it does not generate a new strategy, but it implements one, and it is based on the assumption of a future scenario that might never occur. This future scenario assumes that a firm operates in a stable environment, where the future is more dynamic and unpredictable because innovation is far from being planned or programmed. According to Lee et al. (2015), family business success can be defined according to sustainability, productivity, and long-term survival. Businesses can use Key Performance Indicators (KPIs) to appraise and assess their success and long-term survival rates. Brunninge and Melander (2015) argued that a family firm's longevity focuses on resources management from the perspective of financial and socio-emotional wealth rationalities, where the family is the main source of employees in family businesses who affect the firms' direction and its strategic plan. In addition, the real management efforts could be through real plans that improve firms' chances of success, in hand with clear policies to govern family business relationships (Bolland, 2017). These issues will be explored for Jordanian businesses by the researcher to identify the key aspects of Jordanian FoB's.

There's a difference between strategy formulation in family-owned businesses and non-family businesses (Ibrahim et al., 2004). In family businesses, families can approach their business goals and objectives unified through the strategic planning stage, which reduces the misunderstanding between family members. But Sotiriadis (2015) argued that strategic planning should assist managers and leaders' tasks through a set of tools, concepts, and procedures. The participation of family members in the strategic planning process in family-owned businesses aims to address critical issues, views, and concerns relating to their involvement in the business.

Lee et al. (2015) argued that four main strategic planning theories reflect how family businesses prepare and develop their strategies in a traditional approach. These theories are the adjustment strategies, sustainable family business model, process-oriented theory, and strategy as practice theory. The adjustment strategies used in family firms to balance the demand of business and family with the business outcomes and to face unexpected challenges in financial and human resource management. Adopting more adjustment strategies by family-owned businesses will reduce the probability of business failure and increase their success possibility and the firms' outcome. Some adjustment strategies allow family businesses to get more resources from the family. In contrast, other strategies allow for resource allocation from the business to facilitate a higher level of functioning. Family business owners can change by changing their

processes using adjustment strategies more easily than changing other family aspects such as structure, roles, and rules.

90% of family businesses used one or more of the five adjustment strategies: reallocation of family resources, reallocation of business resources, intertwining business and family tasks, using volunteer help, and hiring paid help. Family business owners can provide important insights into the strategies they want to use, which contribute to their business success by a better understanding how to use adjustment strategies. The adjustment strategies do not focus on the strategic planning actual mechanism and time frame required in family-owned businesses, where it does focus on family resources such as family members' participation in the business and other resources which increase the importance of succession planning and governance in such businesses (Lee et al., 2015). This research will explore whether Jordanian businesses use adjustment strategies in a conscious or unconscious approach or don't use them. This will support the researcher to find out how succession planning takers place in these businesses.

The Sustainable Family Business model (SFB) was discussed by Lee et al. (2015), who argued that family businesses long term sustainability is a function of business and family functionality. The SFB model suggests that family and business are interdependent, and it helps explain how resources and interpersonal exchanges occur in family businesses (see Figure (4)). The SFB model can be used to assess how family businesses processes overlap between the family and the business system. The SFB model is useful in understanding how business owners can benefit from adjustment strategies during family and business demand competition. This model suggests a mechanism to increase family and business coordination and communication to support strategic planning. Still, it doesn't suggest or offer any conflict management solutions to be implemented in a real situation in family businesses. The model also focuses on the business's long-term sustainability without suggesting the use of succession planning as the main tool used to accomplish this goal.



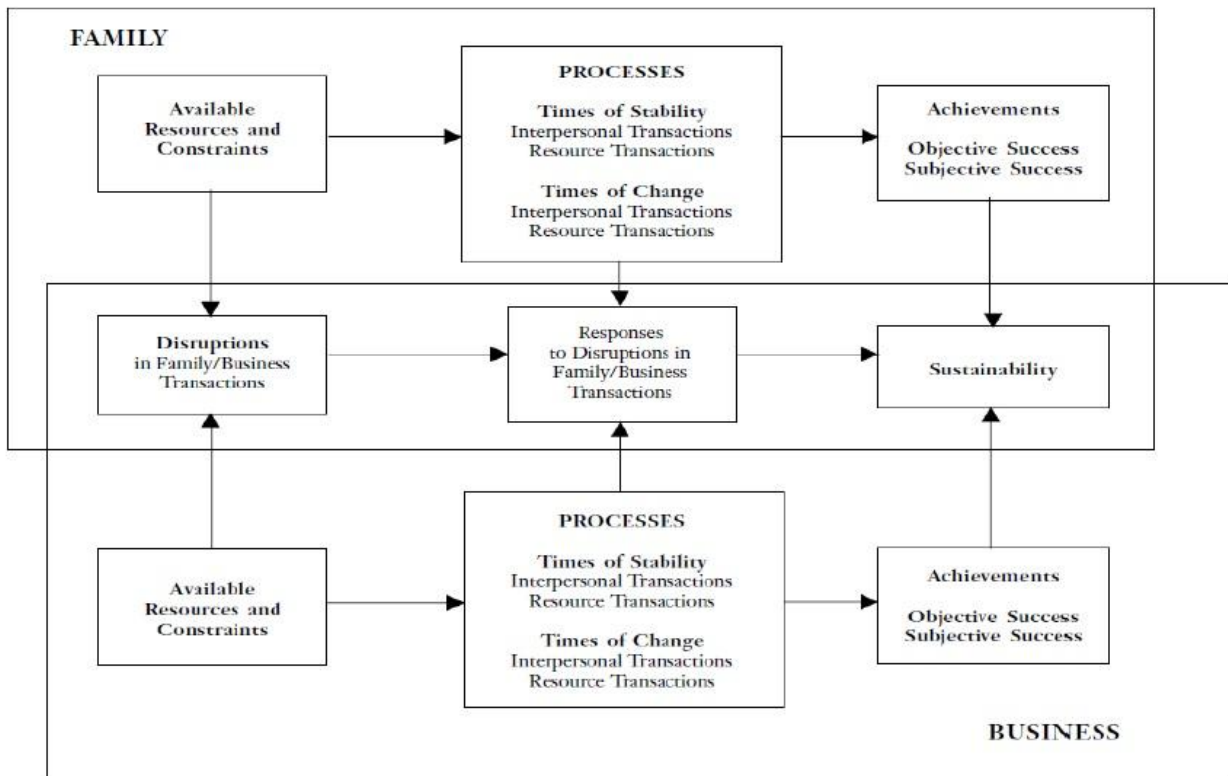


Figure (4): The sustainable family business model (SFB)

Source: Stafford et al., 1999

Dafna (2008) argued that the process-oriented theory is a strategic planning theory of family businesses, which refers to activities and actions of leading business-oriented families along their business life course. This theory treats the business growth, financial performance, and other business outcomes as the results of the business processes in the organisational and environmental processes context. The activities, actions, and processes in family businesses are changed and modified by family members who are willing to add new strategic ideas and build new competencies for strategic planning tasks. The process-oriented theory is not enough for family businesses to depend on; instead of having a long term strategic plan, the business processes will depend only on family members' experiences and educational background without any long term vision.

Strategy-as-practice theory can lead to new approaches to family business dynamics through conceptualising the role of action and comprising roles and relationships between actors and activities, which changed as time passed (Jarzabkowski and Kaplan, 2010). The main drawback of this theory is that it is family-oriented rather than business-oriented; it identifies the relations between family members, which may be changed according to other circumstances that have occurred in the past. This theory does not

suggest any succession planning mechanism or other family matters, governance, or conflict management, where it lacks the strategic planning process methods. Strategy-as-practice theory does not mention a time frame for the strategic planning process and the responsible persons for this task.

The adjustment strategies, sustainable family business model, process-oriented theory, and strategy as practice theory are theories used to develop succession planning in a family-owned business traditionally (Lee et al., 2015). These theories don't consider the development of family, business, and ownership over time, accompanied by other specifications and attributes. This research will explore if Jordanian family businesses are using any of these theories in developing their succession plan or not to achieve one of the objectives of this research. Section 2.2.4 below will show tools and the main features needed to formulate and implement strategies in family businesses.

#### 2.2.4 Strategic Analysis, Formulation, and Implementation

Strategy in family businesses and non-family businesses requires successful implementation, where family businesses must align the business goals and objectives with the governing family priorities (Braun et al., 2016). Strategy formulation in family businesses must balance the family business unique advantages such as social capital, unique resources, unique structure, and others, with the disadvantages of this unique type of business (Ibrahim et al., 2004). This research will explore the strategy implementation responsibility in Jordanian family businesses and how business founders manage this issue.

Belmonte et al. (2017) argued that formulation of strategy in family-owned businesses needs to focus on interactions and distinctions between the business strategy and the family strategy, in addition to dealing with the adaptations, approaches, and method family business structures. The family business strategy must focus on succession, ownership, and management control (Belmonte et al., 2017). According to Esfahani et al. (2018), organisations failed to implement around 70% of their strategic plans, where ineffective strategic planning usually occurs because of lack of management commitment, vague strategies, business culture, resistance to change, or misallocation of resources. Turner (2017) argued that developing and implementing a strategic plan for family businesses will enable owners and founders to reposition their business to outperform competitors when they suffer from limited resources and conflicting demands.

These arguments will be explored for Jordanian businesses to identify how succession planning normally takes place in these businesses.

There are many strategic planning and execution tools and techniques which are useful for helping family businesses to utilise their capabilities and develop their strategy to guarantee a professional formulation and implementation for their strategies. A Balanced-Scorecard is a tool used for strategy execution by deciding and putting specific and tangible measures against strategy (Scholey, 2005). Not every firm can manage what they can't measure, and they can't measure what they can't describe. This is the basic idea of the Balanced Scorecard, where companies have to describe the strategy, measure the strategy for what needs to be executed, and manage the strategy by the measurements (Kaplan and Norton, 1996). This study will explore if Balanced-Scorecard or other tools are used in Jordanian Businesses for strategy execution or not.

The Balanced Scorecard aims to translate the family business strategy into operational terms through aligning the firm to the strategy needed, making strategy everyone's job, making strategy a continual process, and mobilising change through leadership (Kaplan and Norton, 1996). These principles are very important for managing a family business with different family members' preferences and thoughts. Matthews (2010) represents that the Balanced Scorecard model focuses on other stakeholders and not only the shareholders, considering that focusing on the other stakeholder's group will create shareholder values, which is very important in family businesses.

Most managers try to implement strategies without realising and understanding many other factors that should be addressed to let strategy implementation work (Okumus, 2003). Kaplan and Norton (1996) present a scorecard with four perspectives – financial, customers, internal business process and learning, and growth perspectives, which will provide an excellent balanced solution for facing challenges in the strategy implementation stage. The Balanced Scorecard requires a change in organisational culture, commitment, and support from the top management (Chavan, 2009), where the success of the Balanced Scorecard system depends on the organisation people. As mentioned earlier, one of the main reasons for strategy implementation failure is a lack of management commitment, vague strategies, and resistance to change, where successful formulation and implementation of strategies in family businesses need to avoid these traditional ways and make a new change. This would be explored in this study if this tool used in Jordanian family businesses or the management style of these businesses came with other tools to manage this issue.

Okumus (2003) argued that the Balanced Scorecard technique does not give the sense of urgency for problems that occur in the strategy implementation stage like the conflict between groups, resource allocation, and training, where many managers use the Balanced Scorecard as a performance measurement tool while Kaplan and Norton, (1996) represent that one of the significant benefits of BSC is performance measurement. One potential issue with this tool is that it could be biased if managers stick too rigidly and only use it to analyse what they want to measure. They neglect the changes in the external environment and their contribution in ways that create value. Because of this previous, family businesses need to use a strategy map with a balanced scorecard.

The strategy map support firms with a solution to communicate their strategic priorities throughout its ranks aside from giving management attention to every perspective' content (Braun et al., 2016). Strategy mapping is a tool that should be used by the organisations who decide to use the Balanced Scorecard as a strategic management system for depicting and formulating the strategy (Kaplan and Norton, 2004), where this tool communicates the strategy using cause and effect diagram. The strategy map evolves out of the strategy, effectively communicating it and defining it in a context that lets employees understand and work more easily through plotting dimensions and perspectives of the Balanced Scorecard. Scholey (2005) highlights that most organisations' strategy execution took less attention than creating it, forgetting that it is meaningless without professional execution. This tool uses the cause and effect map to show how strategy achieves the desired outcomes by carrying out each BSC dimension. It gives an appealing visual format which makes the Balanced Scorecard easier to communicate. This research will explore the level of awareness for Jordanian family businesses towards the importance of strategy map and Balanced-Scorecard as key aspects of these businesses.

Braun et al. (2016) argued that family businesses face failure in strategy implementation when there's a clear gap between each family member's needs and wants. The strategic mapping tool can help the owning families to maintain their competitive advantage and long-term growth and development. Family firms can use Kaplan and Norton's Balanced Scorecard with little modification projected on family firms, which may address the conflicts among family members and misalignment between family and business objectives. This is called a Family Enterprise Strategy Map (FESM), and it aims to get all family business stakeholders on the same page concerning their strategic objectives.

Family business strategy maps must be sufficient in addressing the complexities of the family domain issues, such as the family's intention with the business, personal priorities, processes, resources, personal ambition, and capabilities.

The family enterprise strategy map contains four perspectives that reflect the strategic priorities of a managing family, which are: family business objectives (profitability, growth, longevity, diversification, leadership, transition, control, exit), family alignment (family members, owners, managers), family system (training, education, communication, relation, roles, accountability, motivation, compensation), and family business foundation (shared values, beliefs, brand equity, skills, capabilities, social capital), were mentioned as the main areas to focus on for each perspective (Braun et al., 2016). A family business traditional strategic planning models and tools focus on business needs and goals without addressing family challenges, succession, and governance for resources, making this type of business unique and competitive compared to other types of businesses. This will be explored in this research for Jordanian family businesses to support the researcher in evaluating the impact of traditional succession planning on corporate governance in these businesses. The coming section will reflect the importance of resource strategies in family businesses and why they need to be explored for Jordanian family-owned businesses.

#### 2.2.5 Resources Strategies in the Family-owned Business

The main reason for the success of a family business is its unique resources, as mentioned previously, where the strategic plan implementation will enhance the resources management through effective resource utilization (Esfahani et al., 2018). The achievement of strategic organisational success needs to manage the four key resources areas: people, finance, information, and technology (Johnson et al., 2008). As shown in Figure (5) below.

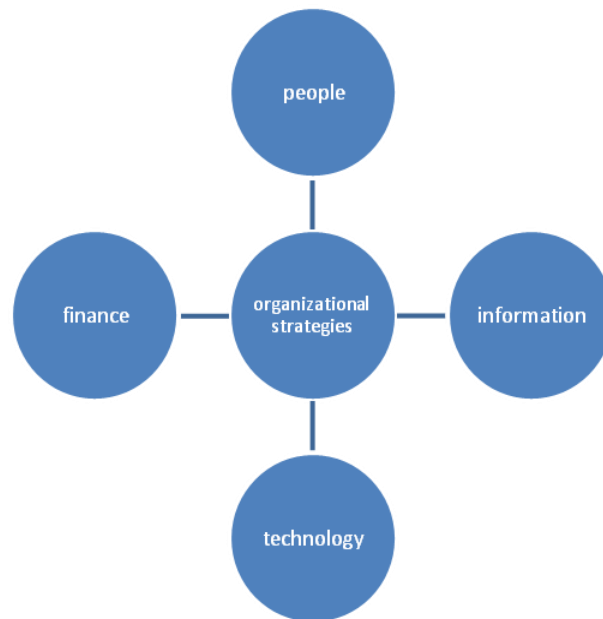


Figure (5): Main Key Resources Areas

Source: Johnson et al. (2008)

The main issue is making sure that these resources can deliver the business strategies and ensure that these strategies are shaped to capitalise on the expertise in each resource area (Johnson et al., 2008; Devine, 2017). Additionally, deploying, controlling, and managing these resources reflects the firms' strategic capability to create business activities competencies needed to run the whole business. Family business resources are firms' unique resources grounded in the interaction of family, individual family members, and the business. These resources are labelled as family resources assumed as the basis for trans-generational wealth creation as human capital, survivability capital, patient capital, and governance structure (Brunninge and Melander, 2015). The ability of family firms to review, reconstruct, and develop resources is important for ensuring long term survival which is recently focusing on resource management (Brunninge and Melander, 2015). Phillips (2017) argued that a good resourcing strategy would focus on firms' staff recruitment, development, and the retention of people resources that fulfil the firms' vision.

This research will explore Jordanian family businesses in the resources strategies and their level of awareness towards the importance of these strategies. It will explore if Jordanian businesses exploit these resources consciously or unconsciously. These concerns show why this research will shed light on succession planning; because the main aspect is people resources and the role of corporate governance to ensure continuity and sustainability of the business and to reduce the probability of family greed

towards control and power, which may harm the business in the long run. Sharma et al. (1997) argued that many pieces of research do not mention the strategic management viewpoint and focus on family-owned businesses as a family foundation, where the most important issues concern how to improve the business performance and maintain business sustainability rather than family members' relationship only. The strategy formulation process should be dynamic in family-owned businesses because of permanent changes in the interaction between family and business. The below section 2.2.6 will review the literature about the main models and theories of family-owned businesses strategy to be explored for Jordanian family businesses through this research.

### 2.2.6 Family-owned Businesses Strategic Models

Family-owned businesses are permanently looking for strategies and models to employ to guarantee their success and sustainability (Rexhepi et al., 2017). Strategic management in family-owned businesses differs from non-family businesses, focusing on wealth creation through competitive advantage. In family-owned businesses, the strategy must consider other family business unique factors such as family members' feelings, ownership, family interests and family relationship when thinking about strategic choices (Ibrahim et al., 2004). This research will explore this aspect in Jordanian family businesses if they focus on wealth creation only or consider other family factors.

Family businesses are normally aware that long-term strategic planning is an issue they can't avoid. Still, low skills level and a lack of awareness about where to begin causes them to avoid this issue (PwC, 2016). Businesses must differentiate between a business plan and a strategic plan and realise that a plan that is not documented, communicated, managed, and monitored isn't a plan. According to Cortés and Botero (2016), the formulation of the strategy process in the family business has to consider the three main differences between the family business and non-family businesses which are: first, family-owners have interrelated relations with other members in the firm that tend to affect their decisions and type of choices. Second, family-owners behaviour and choices are affected by their economic and non-economic goals, which affect their decision prioritisation. And third, the financial and emotional ties of family-owners toward their firm increase their resistance to leave their ownership position easily, where they are more likely to make decisions in a way that protect their interests. These three factors of family-owned businesses will be explored in the Jordanian context and how these factors affect their daily decisions.

This section will shed light on the Gersick three-circle models, the three-dimensional development model, agency theory, stakeholders' theory, stewardship theory, the four-factor model, and others which are counted as theories and models that will help in understanding the family-owned businesses processes and characteristics (Poza and Daugherty, 2014; Sharma et al., 1997; El-Kassar et al., 2018; Kim et al., 2010). The coming points will clarify each model separately and how it is related to this research problem.

#### 2.2.6.1 The Resource-Based View (RBV)

The resource-based theory examines the firms' competitive advantage (Barney, 1991). The Resource-Based View is used in family-owned businesses as a strategic tool which views the firm as resources used to create firms' value (Penrose, 1985), where firms sustainable competitive advantage and its growth depend heavily on how to use these resources in exploiting the surrounds opportunities and protect itself from threats. Poza and Daugherty (2014) argue that family businesses competitive advantages are best explained by the resource-based view of organisations. The family business competencies are established through the firm's unique, specific, complex, dynamics and intangible resources which embedded in internal processes, human resources, and other intangible assets which can form the firm competitive advantage, where the competitive advantage may be created from the overlapping of owner and manager responsibilities such as reducing administrative costs and faster decision-making.

According to Brunninge and Melander (2015), the resource-based view of the firm exists to emphasize family-related resources that are supposed to be unique to family firms, where these resources are supposed to result in a competitive advantage. Firms can achieve a sustainable competitive advantage based on unique resources which are valuable, rare, inimitable, and non-substitutable resources which might generate firms' sustainable competitive advantage (Barney, 1991; Azam, 2015)

In strategic management concerns, the resource-based view links the firms' competitive advantage with a firms' specific and difficult to imitate resources and capabilities (Ahmad, 2015). We can assume that this firm is at an advantage if the firms' resources are different from and superior to those of competitors. Mori and Charles (2019) argue that family businesses unique resources can sustain and generate the firms' competitive advantage, where the board members professional competencies, skills, and experience are one of these unique resources that firms need to be aware of Figure (6) below shows



the relationship between resource heterogeneity and immobility, value, rareness, imperfect imitability, and sustainability, and sustained competitive advantage.

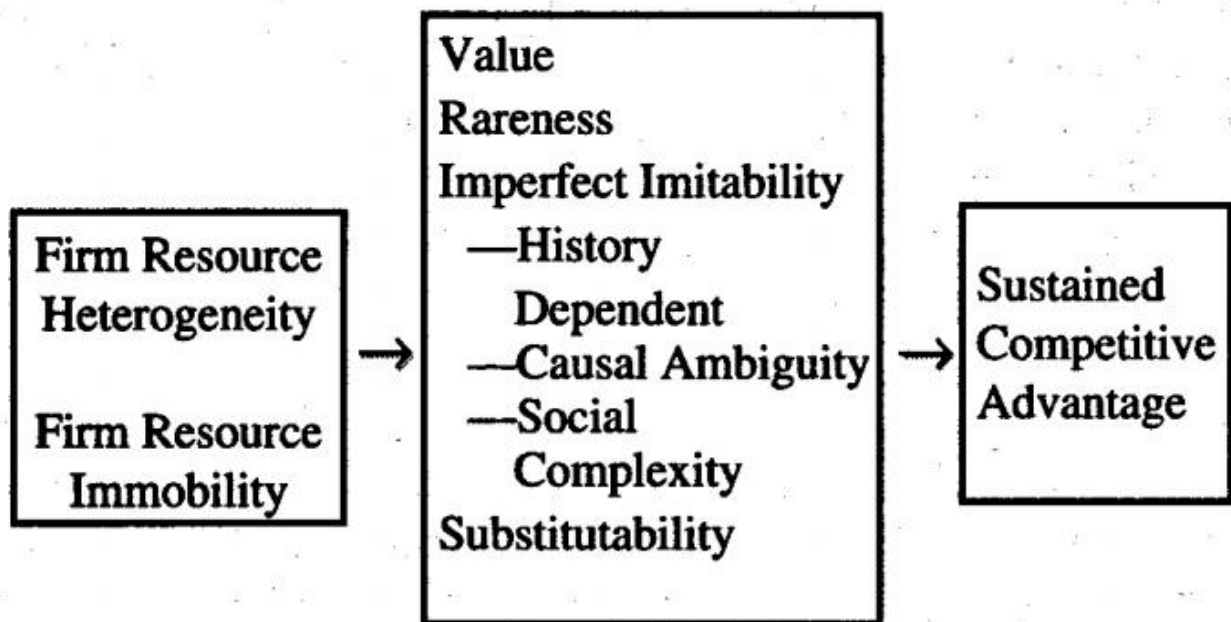


Figure (6): VRIO resources and relationships

Source: (Barney, 1991)

In the resource-based view method, firms must know the value of resources by understanding the nature of the resource environment and simultaneously understanding the resource management process (Brunninge and Melander, 2015). Managing the family business unique resources through effective and efficient strategies and plans will support these businesses in maintaining their competitive advantage, growth, and sustainability. Family members are the main unique resource of family businesses, where preparing the offspring and involving them in the family businesses are very important for successful succession. This model does not reflect the importance of time-frames and other dimensions of family business such as family and ownership.

Despite the RBV popularity, it is theoretically sterile, and it will remain incapable of contributing in any systematic way to the development of strategy theory (Sanchez, 2015).

The RBV may also look at the performance impact of family-owned businesses, considering that most family-owned businesses resources and capabilities are intangible, unable to be imitated and unique. How Jordanian family businesses' resources and

capabilities can generate firm competitive advantage or boost their performance is the main focus of applying RBV within this research.

#### 2.2.6.2 Gersick Three-Circle Model

The most outstanding model represents the family-owned business as the system consists of three intersected circles (business, ownership, and family), where these circles overlap to form seven sectors. Every individual in this business can be placed in one of these sectors (Salman, 2005), as shown in Figure (7) below.

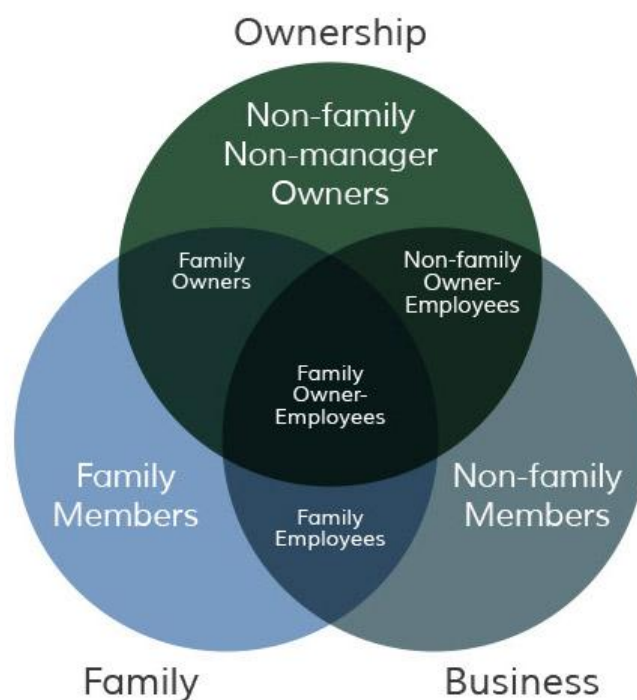


Figure (7): The systems Theory Model of Family Business  
Three-circle Family Business System Model  
Source: (Poza and Daugherty, 2014)

The three-circle model focus on family, business, and owners interests in the firm's strategic formulation stage, where each system has its own rules, structure, and norms (Ibrahim et al., 2004). Poza and Daugherty (2014) argued that different family members in business would define issues, priorities, and problems differently because of their position in one of the seven parts. Family businesses can be categorised according to their propensity to have business-first, family-first, or ownership-first perspectives on

issues. According to that propensity, the priority of that subsystem will be given over other subsystems. This research will explore the Jordanian family businesses awareness towards this model and the propensity of the tested sample in this study.

According to Braga et al. (2017), each family business member has interests with the firm that can identify the goals, the potential conflicts, or actions needed to be performed. Ward and Montemerlo (2011) argue that each type of family agreement takes a particular perspective: family, the business, or the ownership. Many successful, long-lasting business-owning families consider each perspective in a balanced way. Aligning business strategy with the owner and family strategy is important (PwC, 2016). The three-circle model reflects the importance of the three subsystems in formulating and implementing business strategy, where governance aims to manage this intersection professionally. The main criticism of this model is that it reflects only a snapshot of a particular time and neglects the changes over time. Exploring the existence of this model in Jordanian family businesses will let the researcher achieve this research second objective in evaluating the impact of traditional succession planning on corporate governance in FoB's.

#### 2.2.6.3 The Three-Dimensional Development Model

Strategic planning in family businesses is a continuous task, where Sharma et al. (1997) argued that the three-dimensional development model reflects the development stages of each subsystem during time passage as shown in Figure (8) below to put the appropriate strategic plan in place according to that time frame, where every family business moves in these axes over time passage, the shape of the business and new characteristics occurs.

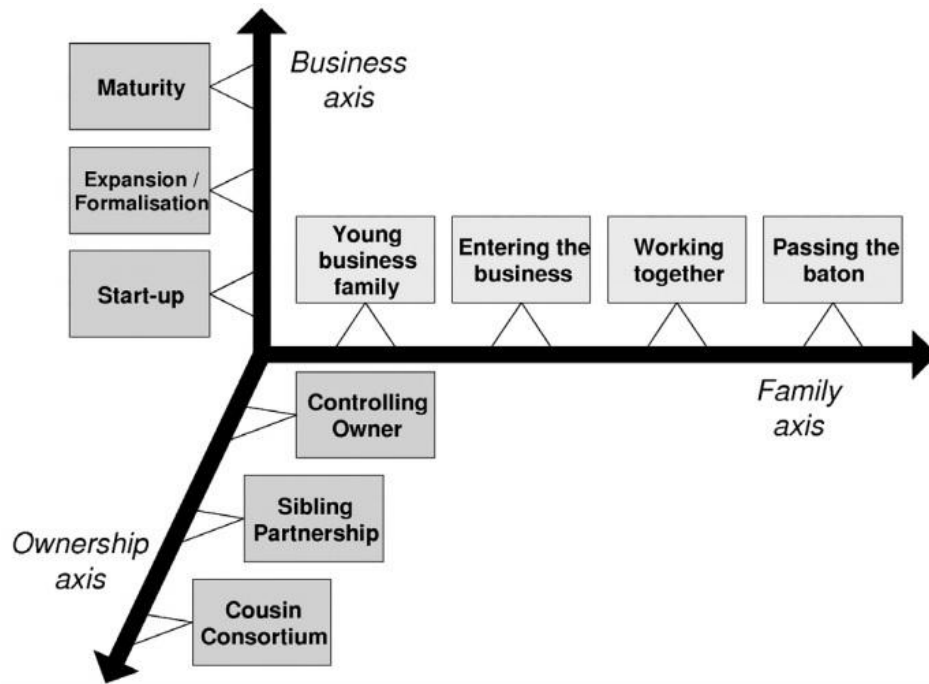


Figure (8): The three-dimensional development model of family-owned businesses

Source: Gersick et al. (1997) as cited by Ramadani and Hoy, 2015, p. 22

When the family business moves to a new stage on the axis of any dimension, new characteristics occur that describe the family business's life cycle. The development of a family axis is optimistic on the one hand, where the next generations are assumed to be ambitious, dynamic, and open to change (PwC, 2016). This fact supports the argument that one generation will move from traditional strategic planning to a professional alternative. This aspect will be explored for Jordanian businesses through data collection from founders, candidate successors, and managers.

Poza and Daugherty (2014) argued that family firms face different systematic alignment and misalignments when the first generation ages and the second generation joins the business. The firm experienced revenue growth because of innovation and a willingness to change easily. Uribe et al. (2017) argued that in family businesses, the family and business life cycle impact the strategy determining approach implicitly or explicitly, where family business owners have to take the stages of development into their consideration, make conventional stage choices, and innovate in the structure of business because each development progression of these subsystems is independent and impact each other at the same time.

This model reflects that family business takes new characteristics with a new shape when it moves to a new stage on any dimension; these changes should be considered in the succession planning process of family-owned businesses. This is another aspect needed to be explored about Jordanian family business and the aspect of their succession planning through this study.

#### 2.2.6.4 Agency Theory

Agency theory considers the owners (principals) and managers (agent) relationship, where agency problems may occur when the interests of owners and managers differ. The agency costs rise as the efforts needed to reduce these differs (Sonfield et al., 2016). The agency relationship occurs when one party hires someone to act on behalf of his/her interests, wherein corporations, the managers (Agent) assume to act on shareholders (Principals) interests (Al-Najjar, 2010). The agency theory was introduced to deal with solving problems that may arise when an agent is a manager of other peoples' money, where the agency problem may occur concerning the relationship between the shareholders and the agent. The agency theory aims to solve these problems (El-Kassar et al., 2018). Alzoubi (2016) states that agency theory brought an interchange between owners' or shareholders' and managers' interests through the separation of ownership and control, where corporate governance aims to decrease agency costs. An overview of agency theory is given in Table (4) below.

## **Agency Theory Overview**

Key idea	Principal-agent relationships should reflect efficient organization of information and risk-bearing costs
Unit of analysis	Contract between principal and agent
Human assumptions	Self-interest Bounded rationality Risk aversion
Organizational assumptions	Partial goal conflict among participants Efficiency as the effectiveness criterion Information asymmetry between principal and agent
Information assumption	Information as a purchasable commodity
Contracting problems	Agency (moral hazard and adverse selection) Risk sharing
Problem domain	Relationships in which the principal and agent have partly differing goals and risk preferences (e.g., compensation, regulation, leadership, impression management, whistle-blowing, vertical integration, transfer pricing)

Table (4): Agency Theory Overview

Source: (Eisenhardt, 1989)

Agency theory is one of the main theories that describe how managers will manage the businesses instead of owners in the best interests of owners, where this theory is one of the main pillars of corporate governance (Kim et al., 2010), where governance aims to align managerial incentives and to monitor managerial behaviour. The principal-agent relationship forms from the separation of ownership and management. The main advantage of this separation is to simplify the ability of share ownership to be changed safely and without affecting the business operations through hiring skilful and knowledgeable managers (Al-Najjar, 2010). Al-Najjar (2010) added that non-family members perform better than family members in managerial positions and eliminate the conflict of interests that may occur among family members but will create agency costs. Mori and Charles (2019) argued that the agency problem is less important in family-owned businesses because the top managers are already under shareholders' control. Dalton et al. (2007), as cited by El-Kassar et al. (2018), argued that there are three ways to minimise the agency problems: firstly; improve the monitoring managers by directors, secondly; activate acquisition and mergers to correct bad behaving managers, finally;

agent equity ownership which lets managers adopt shareholders interests through ownership of firm shares. The agency problem solution is characterised by weakening the agent (managers) motivation to achieve and accomplish their own interests at shareholders' expense through good corporate governance practices Dalton et al. (2007).

This study will explore Jordanian family-owned businesses impression of agency theory, agency problem, agency cost, separation of ownership and management, and how they believe in this issue. This exploration will be needed to achieve the second objective of this research is evaluating the corporate governance of Jordanian businesses.

Family-owners often control their firm's management roles, which causes the agency conflict between managers and owners not to be significant in this type of business (Louie et al., 2019). When owners act as a manager, they are less likely to reduce their share value through irresponsible actions, but when family businesses expand and grow beyond a certain limit, it becomes a must to separate ownership and control; in this stage, the agency problem may occur. Songini et al. (2018) argued that there are other sources for agency conflicts in family businesses other than the classical principal-agent conflict. According to Poza and Daugherty (2014), the board is an important mechanism to limit conflicts between owners and managers. Corporate governance recommended including outsiders on the board to ensure the board's independence from top management and monitor CEO actions effectively. Agency costs can be avoided by employing certain managerial and governance practices.

According to Mori and Charles (2019), agency theory supposes that the board of directors' role in family firms is to safeguard the family-owner self-serving behaviour and to prevent the requisition of minority shareholders. This role is extracted from the assumption that the board of directors monitors and control managerial decisions in the separation of ownership and control assumption. This role of the board of directors will reduce agency problems and agency costs effectively. Family-owned businesses should invest in internal governance mechanisms such as incentives and board of directors (Mori and Charles, 2019). This aspect will also be explored for Jordanian businesses if they have a board of directors with or without outsiders or not to govern their business effectively and efficiently.

Hernández-Linares et al. (2017) argued that the agency theories and resource-based view need to explore the relationships between a firm's performance and family to find

out what type of family business leads to higher performance. According to family firms' development and changes during their life-cycle, it's likely to employ greater numbers of non-family member's as managers to sustain their position (Sonfield et al., 2016). The issue family businesses face hesitation in deciding when to separate ownership and management or to keep management with owners' control, where governance can be used strictly even if family members hold managerial positions. They refuse the separation of ownership and management choice; these choices need a depth understanding of the strategic planning stage in family-owned businesses. The agency theory lets family businesses concentrate on succession planning simultaneously with governance to govern the dynamics of family businesses. This provides time for coming generations to become involved in the business to avoid agency costs in the future. This theory does not consider the time frame or the family or non-family members' involvement in the strategic planning process.

#### 2.2.6.5 Stakeholders Theory

According to El-Kassar et al. (2018), stakeholder theory states that the reason for the existence of any organisation is to serve its stakeholders in a good manner and fulfil their interests. Stakeholders include shareholders, customers, suppliers, employees, competitors, society, or any party interested, stake, or claim in that organisation (see Figure (9)). The stakeholder theory is one of the strategic management theories which argues that firms must pay attention to their various stakeholders in their strategy formulation stage (Ibrahim et al., 2004), the stakeholders theory is important for strategy formulation and execution in family businesses because of the existence of a family system which combines working and non-working members with different interests and claims in this business. This research will explore if Jordanian family businesses pay attention to all of their stakeholders or they are used to neglecting any party in their daily processes and decisions.



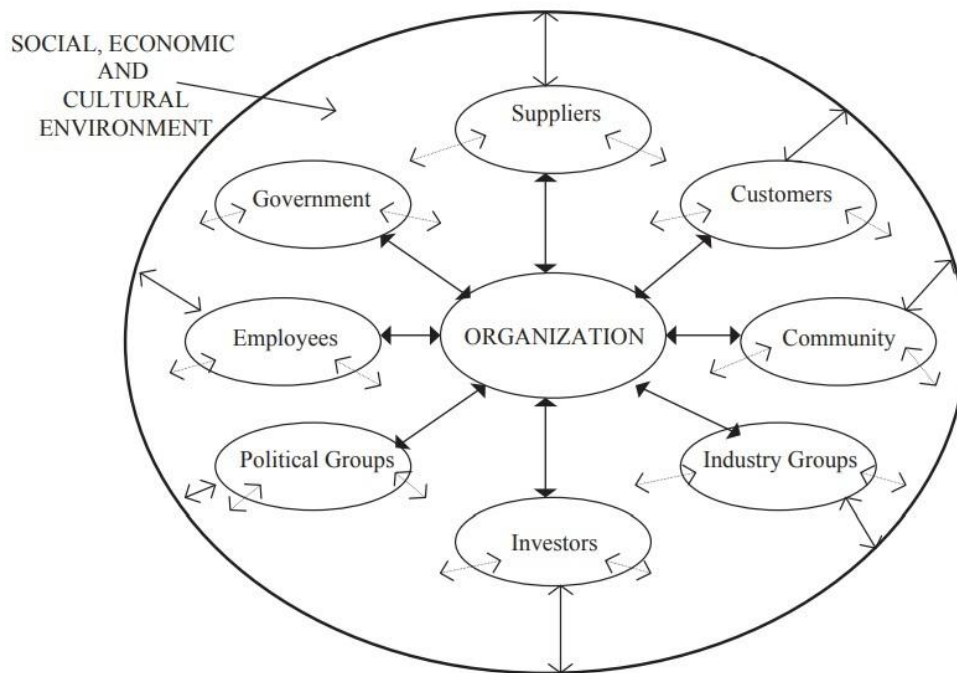


Figure (9): A Stakeholder View of the Organisation  
 Source: (Cummings and Patel, 2010).

Kim et al. (2010) represent that stakeholders' views focus on forcing management to internalise the welfare of stakeholders through linking managerial incentives with some measure about stakeholders' welfare, which needs clear objectives and performance measurements and using the balanced scorecard and the triple bottom line tool instead of using the traditional approaches without clarifying every single aspect. Mohrman and Lawler III (2014) argue that achieving sustainable effectiveness requires expanding value contribution to the full set of stakeholders. This value will contribute to stakeholders sustainable well being through firms' activities. Delivering value to all stakeholders means transformation from seeing the environment and social contribution activities as a cost to seeing it as the firm's value. This aspect will be explored for Jordanian businesses and how business founders deal with stakeholders in welfare issues and deliver value.

Kim et al. (2010) argued that the main critique of this theory is that managers' engagement in stakeholders' activities will widen their goals and increase the firms' costs, where impaired business performance are likely to follow. The stakeholders' model needs to recognise the type of family firm it's dealing with, i.e., family-oriented or business-oriented, to add value for strategy formulation and execution.

#### 2.2.6.6 Stewardship Theory

This theory is mostly applicable when family members are managers in the company or a strong relationship between managers and family (Contrafatto, 2014). The stewardship theory forms the best aim of family business existence, referring to continuity, community, connectivity, and command. Songini et al. (2018) argue that the stewardship theory can be used to explain the impact of relatives' obligations and the sense of trust and loyalty among family members that arise from family members' involvement in management, ownership, and governance.

The stewardship theory supposes that family members treat the business as an extension of themselves, and the business is connected to their well-being (Poza and Daugherty, 2014). This claims that family members inherit a responsibility to others and stewardship to pass the business to the next generation successfully. Another shape of stewardship may occur when family-owners place individuals on the board who have the knowledge and can provide objective advice in skills that the family lacks. From the stewardship perspective, independent and advisory directors are the primary line of defence against managerial opportunism. This research will explore these aspects for Jordanian family businesses, what type of stewardship existed in these businesses, and for which reasons from their point of view.

According to Nkundabanyang et al., 2014 the roles of the board of directors can be divided under the control role, service role, and strategic role (see Table (5) below). The stewardship theory describes and focuses on the service role of the board and can be summarized in giving advice and support to the management, guiding managers to accomplish the company's objectives, and participation in strategy formulation and implementation.

Control role	<b>Service role</b>	The roles of the board	Strategic role
Maximise owners' wealth The board monitors managers' activities to ensure that they are acting in the interest of owners Selection and election of CEO, promotion and dismissal Monitoring and evaluation of company's performance Ratification of major decisions Reduction of agencies' Costs Agency theory	Giving advice and supporting the management Guiding managers to accomplish company's objectives Participation in strategy formulation and implementation		Board is an important strategic mechanism in governing the company Strategic decision-making: the board and top management are strategic partners in the strategic decision-making process--active perspective
	<b>Stewardship theory</b>		Stakeholder theory

Table (5): Board of Directors' Role  
 Source: Nkundabanyang et al., 2014

According to Mori and Charles (2019), the stewardship theory claim that family business owners are stewards to their firms, and the objectives of the organisation are already aligned to their motives and interests, where the main role of the family firms' board of directors is advising and serving the business rather than monitoring role in non-family firms. Stewardship theory focuses on respect for authority and work ethic and suggests a social control mechanism based on shared values, goals, and attitudes. The stewardship theory is important for this research because of its main role in family businesses. It raises the need for succession planning and governance to apply this theory effectively.

#### 2.2.6.7 The Four-Factors Model

Ibrahim et al. (2004) argued that to analyse a family businesses strategy, you have to examine the succession process, which acts as an important dimension of strategy in these types of businesses and then test the contingency in firms' strategic actions. The four-factor model shows that a firm's future is affected by offspring involvement in the business. There are four factors involved in the decision process; family, business, personal, and market. This research will explore if Jordanian businesses are aware of the relationship between their business future and their offspring involvement or not and their level of awareness of the four factors involved in the decision process.

According to Baron and Lachenauer (2021), family businesses have to think about their business in the light of their four groups of stakeholders, which are owners, board of

directors, management, and family members - along with rules about what may be decided for each - clarifies roles and minimizes conflict (see Figure (10)).

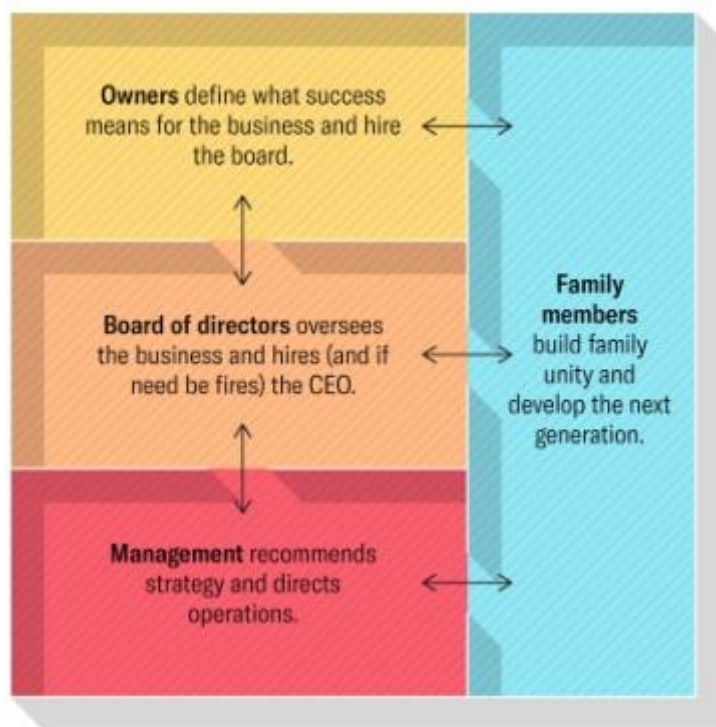


Figure (10): Family Business Four-Factors Model

El-Kassar et al. (2018) highlight that the four-factor model focuses on succession planning and the main issues that offspring have to consider when deciding to become involved in the family business. The main criticism about this model; is its lack of the dynamic perspective of the business, which needs governance, and it does not include the factors of the succession planning process in family-owned businesses. The strategic planning in family businesses that use the four-factor model should give more attention to the succession planning process to prepare heirs for the managerial and leadership positions (Ibrahim et al., 2004).

#### 2.2.6.8 Autonomy Strategy

Autonomy is the main driver for the family's ambition to maintain and grow their businesses through encouraging commitment, decision-making, efficiency, independence, and long-term planning (Uribe et al., 2017), see Figure (11). Autonomy can be considered a family business competitive advantage that occurs through family well cooperation, where entrepreneurship within family businesses might be motivated by realising individual interests in work. The autonomy perspective is built on the

perspective that assumes that when something is motivated autonomously, the individual will take the interesting and most important actions. Autonomy in the family is a process of balancing individuality and autonomy with closeness and relatedness. It is enhanced by being adaptable and related to the business context and exercising certain actions in a freedom pattern. This research will explore Jordanian businesses' awareness of autonomy perspectives and how it affects their planning mission.

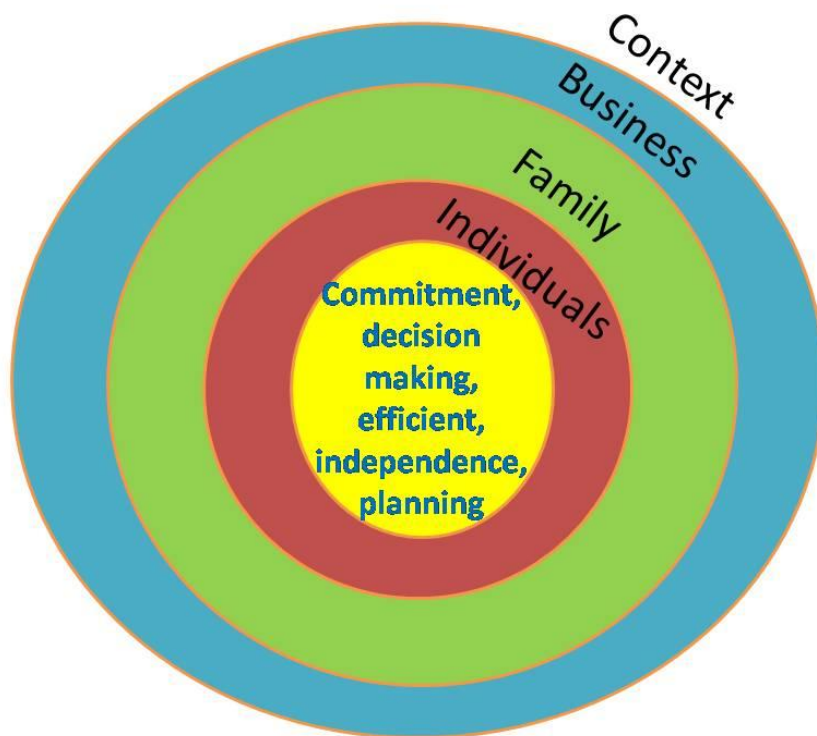


Figure (11): Autonomy strategy in the family business

Source: Developed by the author

Autonomy is developed at three levels: the individual in the family, the family within the business, and the business within its context. The capacity to manage the complexity of these three levels and how the family develops successful and adaptable ownership strategies is linked to each other in family-owned businesses (Uribe et al., 2017). This research will discover the conflict between governance and autonomy and how family members can differentiate between them for business stability and sustainability.

#### 2.2.6.9 Innovation Strategy

According to the unique characteristics of family businesses, the innovation in this type of business is influenced by firms' factors and family members' characteristics (Braga et al., 2017). Family businesses need to survive in a highly competitive environment through innovation as the main driver of business sustainability. Innovation is the firms' differentiation and competitiveness factor employed by the most successful organisations and contributes significantly to firms' survival. Fuetsch and Suess-Reyes (2017) argued that innovation is a strategic model independent of the overall economic context and acts as the main driver of family business performance and growth by creating competitive business advantages. Family businesses sometimes hesitate to employ external managers to import skills and knowledge needed for innovation. Their innovation behaviour could be explained by the resource-based view or stewardship theory. This research will explore if Jordanian family members' characteristics influenced the innovation in these businesses in a positive or negative direction.

According to Ahmed and Shepherd (2010), innovation is vital for organisations and nations advancement, where the creation and diffusion are the main elements of innovation. Innovation could occur when a new market or product is developed, a new market entered, or a new organisational structure is implemented. "Keith Goffin, the Professor in Innovation and New Product Development, at Cranfield School of Management in the UK" (Goffin and Mitchell, 2010) posit that the need for innovation is increasing day by day. It's driven by technological advancement, changes in customers tastes and preferences, and rapid changes in the business environment (Goffin and Mitchell, 2010). The degree of innovation could differ, becoming an incremental or radical innovation.

Innovation becomes one of the main drivers of family business performance during the ongoing macro-environment complications. Innovation is the key to competitive advantage creation; that reflects on improving the business performance and stimulates the business growth (Fuetsch and Suess-Reyes, 2017). Brines et al. (2013) state that family businesses' continued success for multiple generations depends on refining their current opportunities and recognising the new ones through embedding innovation. Schumpeter defined innovation as the application of new ideas in products or processes, whilst other scholars argue that innovation is a method used in organisations to design or introduce something new in a specific market and its processes and subsequent application (Braga et al., 2017). This research will explore whether Jordanian family

businesses motivate innovation in their firms or prefer to follow the traditional management style.

According to the Oslo Manual, Innovation is a new or improved product or process that differs from previous products or processes brought in to be used. Innovation has four types: product, process, organisational, and marketing innovation, and these types will represent changes in business activities. Product innovation is about changes in the potential products and services, where process innovation represents changes in production and distribution methods, organisational innovation is about implementing new organisational methods, policies, or relations, and finally, marketing innovation involves implementing new marketing procedures. These types of innovations can be deployed to enhance firms' performance and support growth (OECD, 2018). This study will explore whether Jordanian family businesses used innovation and their focus on their daily operations.

Innovation in family-owned businesses can be connected to a firm's longevity through the implementation of new processes, new markets, and new business, thereby aiding the business towards succession to the next generations to have success and longevity, which will boost the economy as a whole (Braga et al., 2017).

There are two types of the family business to be innovative; the first type is less likely to innovate to avoid risk, whereas these business owners tend to follow conservative strategies based on a regular income. The other type is businesses that are more innovative and looking for better performance with a greater tendency for entrepreneurship (Braga et al., 2017). The motivation of family businesses to add value to their firm through embedding new processes, new products, new procedures, or new management methods plays a major role in the success of firms' innovation strategies, but the existence of lack of trust among family members and firms' uncertainty can also affect this success in a negative direction and will be explored for Jordanian family businesses.

According to Braga et al. (2017); OECD (2018); Fuetsh and Suess-Reyes (2017) definitions about innovation, it is about placing new products or services, improving processes and procedures, making a change in business structure, or improving and implementing new strategies which create firm value. The innovation strategy aims to bring new products, new processes, sales growth, employees' growth and an increase in business performance through the efficient use of firms' innovative capacity, employing

firm resources to facilitate this development and growth (Fuetsch and Suess-Reyes, 2017). Family businesses must develop practices that promote the innovative capacity to enhance business performance through innovative behaviour. Innovation investments do not remain stable over time in family businesses. Still, it varies according to business and family goals compatibility, where family businesses are prepared to increase their R&D investment and take on risks when their business performance expectations are not fulfilled as planned.

Rowley et al. (2011) argued that Cooper proposed a multidimensional integrative model of innovation, which drew together the types of innovation embedded in three of the earlier binary classification, administrative, technical, process, product, radical, and incremental innovation (see Figure (12)). Innovation in family businesses tends to be incremental rather than radical.

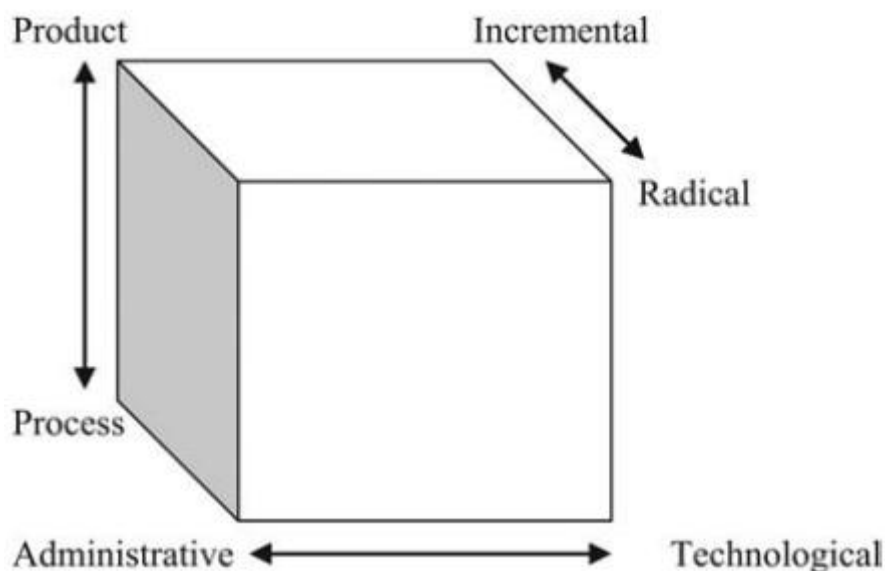


Figure (12): A multidimensional model of innovation

Source: Rowley et al. (2011)

Family businesses perform better than non-family in cost savings generated from process innovation and lower than non-family businesses in labour productivity (Fuetsch and Suess-Reyes, 2017). In the end, the business firms' have to have one strategic plan that reflects the family's vision, mission, values, and objectives and covers all aspects of the business and long-term goals. Family businesses need to bridge the gap to future growth through robust and innovative succession planning and governance to maintain business sustainability and growth. These issues will be explored for Jordanian family businesses through this study.



### 2.2.7 Summary of Strategic Management

The strategic management definitions represented by Turner (2017); Johnson et al. (2008), Esfahani et al. (2018); Sotiriadis (2015); Bolland (2017); AlKhanafaji and Nelson (2003); and Sergio (2011) can be summarised that strategic management consists of continuous actions and decisions which help the firm to achieve its goals, mission, and objectives through effective and efficient policies and plans. Strategic management involves people who decide and implement strategy and its emphasis on the human element of the strategy, where strategic management exists to deal with complex situations that arise from non-routine events facing the overall organisation. This research will explore the applicability of this western material to Jordanian family-owned businesses.

Braun et al. (2016), Brunninge and Melander (2015), Bolland (2017), Sotiriadis (2015), Songini et al. (2018) highlight that in family-owned firms, family involvement in management and the intersection between the three unique subsystems (family, ownership, and management) conceived as a potential source of unique resources and capabilities that supports the firm with a unique competitive advantage, to build an effective and efficient strategic plan for family businesses. FoBs have to take into their account their unique characteristics, such as; the overlapping between the three main subsystems (Ownership, Family, and Business), the unique values, beliefs, and goals of the family which may guide the strategic direction, the unique resources and competencies generated between family members, the difference between the agency conflicts and the traditional owner-manager conflicts, the succession process and willingness to transmit the business to the heirs, and finally, the altruism to favour business interests over the personal returns. These aspects will be explored through this study, and this study will test its applicability to the Jordanian FoB's.

Lee et al. (2015), Dafna (2008), Jarzabkowski and Kaplan (2010), Jarzabkowski and Kaplan (2010) argue that four main strategic planning theories reflect how family businesses prepare and develop their strategies in a traditional approach, which are; the adjustment strategies, sustainable family business model, process-oriented theory, and strategy as practice theory, where these are theories and models used to develop succession planning in family-owned businesses in a traditional way without caring about the development of the family, business, and ownership over time. Family-owned businesses need to respond to globalisation by coming up with new strategies and new structures to survive competition, where the process of transferring the business

leadership between generations may influence the business strategy. Strategic management and long-term planning will allow businesses to achieve greater success and fulfil their true potential. This research aims to discuss a planning school from a prescriptive perspective because the idea of strategic plans is at the core of business and decision-making, and it is a better fit for managers interested in numbers, procedures, and accountability.

Braun et al. (2016), Ibrahim et al. (2004), Belmonte et al. (2017), Esfahani et al. (2018), Turner (2017), Okumus (2003) argued that organisations fail to implement around 70% of their strategic plans, where the ineffective strategic planning usually occurs because of lack of management commitment, vague strategies, business culture, and resistance to change, or misallocation of resources. Additionally, most of the FoB's managers are trying to implement strategies without realising and understanding many other factors that should be addressed to let strategy implementation work. Family business traditionally strategic planning models and tools focus on business needs and goals without addressing family challenges, succession, and governance for resources, making this type of business unique and competitive compared to other businesses. This study will explore this to evaluate the impact of traditional succession planning on corporate governance in Jordanian family-owned businesses.

Esfahani et al. (2018), Johnson et al. (2008), Devine (2017), Brunninge and Melander (2015), Phillips (2017) represented that the main advantage and reason of success in family businesses are their unique resources, where the strategic plan implementation will enhance the resources management through effective resource utilisation. The starting point of this research evolves from the reality that the main task for managers and leaders is to control firms' activities, resources, and internal business processes, which are important to strategic business success. The achievement of strategic organisational success needs to manage the four key resources areas which are: people, finance, information, and technology, where the main issue is about making sure that these resources are capable of delivering the business strategies and ensuring that these strategies can be shaped to capitalise on the expertise in each resource area. Additionally, deploying, controlling, and managing these resources reflects the firm's strategic capability to create business activities competencies needed to run the whole business. These concerns show why this research will shed light on succession planning; because the main aspect is people resources and the role of corporate governance to ensure continuity and sustainability of the business and reduce a

probability of family greed toward control and power, which may harm the business in the long run.

Cortés and Botero (2016), Penrose (1985), Poza and Daugherty (2014), Brunninge and Melander (2015), Ahmad (2015), Mori and Charles (2019), Salman (2005), Ibrahim et al. (2004), Braga et al. (2017), Ward and Montemerlo (2011), Sharma et al. (1997), Uribe et al. (2017), Sonfield et al. (2016), Al-Najjar (2010), El-Kassar et al. (2018) argue that family-owned businesses are permanently looking for strategies and models to employ and to guarantee their success and sustainability. Strategic management in family-owned businesses differs from non-family businesses, which focus on wealth creation through competitive advantage. Still, in family-owned businesses, the strategy must consider other family business unique factors such as family members' feelings, ownership, family interests and family relationship when thinking about strategic choices.

Ibrahim et al. (2004) and El-Kassar et al. (2018) argued that there are many theories and models of family-owned businesses that can help in understanding their process and characteristics, where the most important among all FoB models and theories are; the Gersick three-circle model, the three-dimensional development model, Agency theory, Stakeholders theory, Stewardship theory, and the four-factor model. These models suggest managing the family businesses unique resources through effective and efficient strategies and plans will support these businesses in maintaining their competitive advantage, growth, and sustainability. Family members are the main unique resource of family businesses, where preparing the offspring and involving them in the family businesses is very important for successful succession. It is important to consider the three subsystems in formulating and implementing business strategy, where governance aims to manage this intersection professionally. Family business takes new characteristics with a new shape when it moves to a new stage on any dimension; these changes should be considered in the succession planning process of family-owned businesses.

Many pieces of research do not mention strategic management in family-owned businesses and the focus on family-owned businesses as a family foundation, where the most important issues are about how to improve the business performance and maintain business sustainability rather than family members' relationship only. The strategy formulation process should be dynamic in family-owned businesses because of the dynamic environment that exists because of the interaction between family and

business. This research explores the Jordanian family-owned businesses' key aspects in the lens of strategic management. It will explore if Jordanian businesses can understand and implement business strategy professionally. It will also explore whether these businesses are willing to utilize their strengths and control their weaknesses to use their unique resources and capabilities to deliver business strategies.

## 2.3 Succession Planning (S.P)

### 2.3.1 Introduction

The Succession Planning (S.P) section will deal with the process, selection, challenges, resistance toward succession planning, and the main succession planning models in family-owned businesses. The conceptual and empirical information about succession planning will then follow. Succession is an unavoidable step that is a must for companies' survival and will assure family well-being and stability (Soto Maciel et al., 2015). The literature about succession planning will be reviewed through this study to supply the researcher with the main milestones needed to be explored for Jordanian family-owned businesses and achieve these research objectives.

Successful and leading family-owned businesses share two common features: they are efficient and effective in managing their resources, and they are survived through high levels of awareness toward succession planning (El-Kassar et al., 2018), where succession is the main challenge facing family businesses. According to Poza and Daugherty (2014), there is no significant difference in first-, second-, and third-generation family firms practices and dynamics, except that many second-and third-generation firms have engaged more in succession planning than first-generation firms, where the first generation won't have the ability or are not willing or interested to develop it. Exploring this aspect for Jordanian family businesses will help achieve the first objective of this research in identifying the aspects of succession planning in these businesses.

Succession planning can be used for different parts of the succession processes such as the recruitment procedure, successor preparation process, preparation of candidates, involvement in the role, and managing successor and predecessor relationship to avoid

business failure and to keep away any causes that may threaten its survival (Osnes et al., 2019).

Budhiraja and Pathak (2018) represent that succession planning identifies the firm's future leaders, ownership changing, management, control transition, and leader's development in synchronisation with the firms' vision and objectives. Succession planning plays a major role in business continuity and the success of the business transition from one generation to the next (Aronoff et al., 2011). Indeed, family business succession is one of the most important and difficult decisions facing them (Ramadani and Hoy, 2015). Due to the importance of succession issues in family-owned businesses, the next section will focus on succession planning and relevance to family-owned businesses, which will be explored for Jordanian family businesses in this study.

### 2.3.2 Succession Planning and Relevance to Family-owned Businesses

Family business succession is defined as the founder passing his/her leadership baton to a family member or non-family member successor (Handler, 1994; Sonfield et al., 2016). Succession in a family business is a continuous procedure rather than a one-time event, and it starts with the first-generation owner and carries on through to proceeding generations (Sreih et al., 2019). According to Ibrahim et al. (2004), family businesses must utilise successful strategies and a successful succession plan concurrently to achieve their long term success. Indeed, PwC (2016) highlights that 91% of Middle Eastern family businesses had no succession plan in 2016, a rate that is higher than the 86% recorded in 2014. Sharma et al. (1997) argue that the most important strategy in the family-owned business that determines the firm's longevity is succession, where the succession strategy aims to achieve more than just the goal of deciding the succession strategy itself. Many family businesses in the Arab region face the threat of diminishing, where up to 80% of family businesses will not be able to survive; unless implementing a succession plan and putting in place corporate governance initiatives (Zain and Kassim, 2012), where family businesses need to change their strategy, the mindset of top management and the management process become as competitive as possible. According to these statistics, this research will explore how succession planning normally takes place in Jordanian businesses, which puts these businesses at risk of diminishing.

Phan et al. (2005) argue that there is a robust relationship between succession planning and strategic management. Managing a family businesses unique resources such as people through succession planning is the main pillar of strategic management.

Succession in FoBs is a sensitive and complicated issue because of family and business interconnection (Sreih et al., 2019). When succession takes place in FoB's they have to manage the changes that occur professionally to maintain the firms' performance. Figure (1) -Major Sources of family-business Conflict shows that 13% of future leaders said that the succession-related issues are a source of family member conflict. In comparison, just 11% of current leaders agreed.

Shen (2018) argues that a significant number of family-owned businesses will face succession issues and problems in the next five to ten years, where family business management have to put greater effort towards succession planning, considering the non-economic factors and the family cultural context. Family-owned businesses should develop and implement a clear process for leadership succession to prepare leaders capable of taking over the business and avoiding internal disputes (Al Emam, 2014; Alshaeel, 2016; Devine, 2017). Furthermore, Mokhber et al. (2016) highlight that ineffective succession processes affect family members, business partners, and economic development. Many issues need to be considered succession planning, and these are: firstly; the timing of the succession affected by the founder's inner circle, secondly; generational interest in joining the business and the capability of managing it; and finally; the successor will be chosen by founder, family board, outsiders, or consultant (Mokhber et al., 2016). Despite the importance of succession planning for family firms, previous researchers found that family firms fail to implement succession planning (Aronoff et al., 2011). Likewise, according to Ernst & Young (2017), 54% of family-owned businesses participated in a family business survey, which showed that transferring business to the second generation is important, as shown in Figure (13) below.

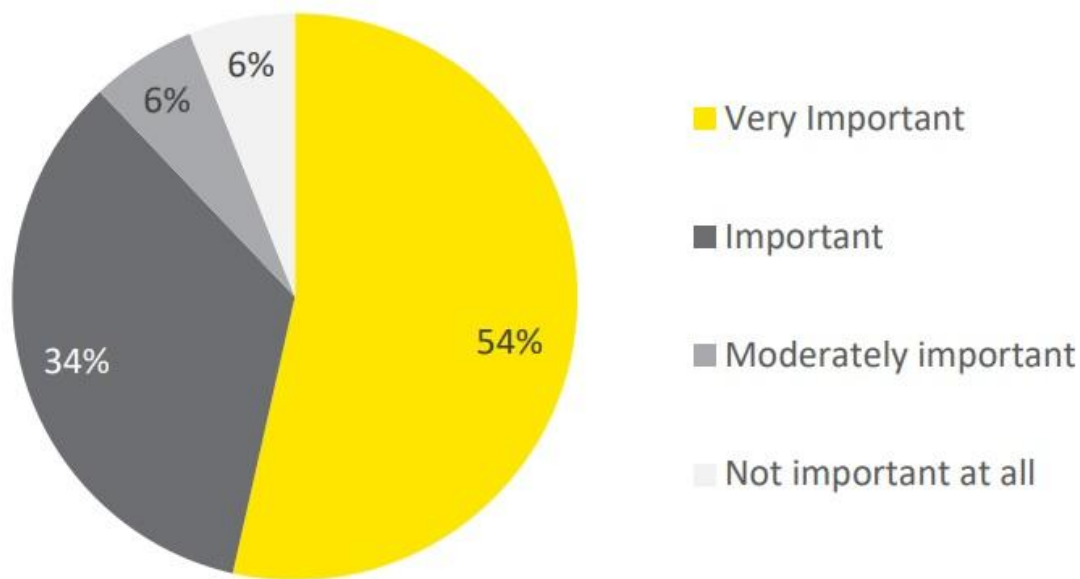


Figure (13): Succession planning importance

Source: Ernst & Young, 2017 p.19

The structure of FoBs gives them much strength towards succession. For example, training the successor can begin early on, and mentoring can be a life process. Still, on the other hand, it reflects the many challenges in terms of family issues that occur and the inability to choose the successor fairly (Gulzar and Wang, 2010). Department for Business Innovation & Skills (2014) argues that the succession process in FoBs involves three different stages which are the pre-entry-stage, which focus on preparing the potential successor to take over the business, then the entry-stage which includes the integration of the prepared successor, and finally the promotion to the management position. The unique dimensions and special characteristics that shape family businesses involve a special pattern of ownership, management, governance, and succession (Aloulou, 2018). PwC (2016) also highlight that ensuring the business's long-term future is the most important personal and business goal over the next five years. PwC (2016) argued that the percentage of global businesses that have a robust, documented, and communicated succession plan in place increased from 15% in the year 2014 to 16% in the year 2016, whilst in Middle East businesses, there was a robust succession plan in place with figures showing an increase from 9% in the year 2014 to 14% in 2016. This study will explore whether this growth in succession plan exists in Jordanian family businesses or not to evaluate their awareness towards succession planning.

Poza and Daugherty (2014) argue that family businesses have to begin regular meetings to discuss family and business issues. After a few years, they then have to develop a family constitution that will guide their succession planning discussions and establish guidelines for family members' involvement and the transfer of the business across the generations. Family businesses usually tend to put off succession planning decisions if it requires a choice between two or more successors to be made (PwC, 2016). The family constitution includes family values, behavioural expectations of the next generation members involved in the business, and relations principles. Family-owned business succession is a broad subject to study and implement, where the assumption of a monolithic succession pattern is the best way to understand it (Osnes et al., 2019). This study will explore the existence of family constitution or regular family meetings in Jordanian family businesses.

Belmonte et al. (2017) argue that the pattern of successor choice in an aristocrat family business usually takes place with the eldest surviving son (primogeniture). Preparing the next generation and keeping a positive family relationship with the senior generation involves encouraging the younger generation to become involved in the business formally and informally to develop their experience and credibility. Involving multiple generations into the family business can generate the diversity of knowledge and creativity, improving the quality of decision-making and encouraging the management to think outside the box and add value and positively affect the business performance (Fuetsch and Suess-Reyes, 2017). This research will explore how Jordanian business founders encourage family members to join the business and what they prefer for their businesses.

### 2.3.3 Succession Process, Successor Selection, and Education

Alshaeel (2016) argues that succession is a process, not a one-time event. This process includes choosing the successors, training the successor to run the family business operations and declaring the final selection of successor (where the successful succession process ends with the acceptance and integration of the new management) (Ibrahim et al., 2004). Succession is not an event, but it is a multistage process that begins before heirs join the businesses (Handler, 1994). The succession process impacts the firm's strategy. Choosing the successors may affect the training of the potential successor, which consists of transferring firms' values, objectives, technical issues, and managerial skills that may affect the successor strategic orientation. The biggest potential failure factor for family businesses is the succession process (PwC,



2016), where having detailed plans for business continuity does not exist. The successor process and successor selection will be explored through this research for Jordanian family-owned businesses and used to achieve this research's first objective.

According to Mokhber et al. (2016), family business sustainability depends on succession planning, where its success is based on the founder's management skills in successor foundation and successor transition process. The succession process is one of the most sensitive stages in a family businesses lifetime, which may lead to the disappearance of a business in some cases (Soto Maciel et al., 2015). Succession is necessary for firms' continuity, security, and stability. A well-managed succession process allows firms to respond to challenges and circumstances through employing new energy for growth, diversification, and professionalization (PwC, 2016). This task can be accomplished by efficiently developing, implementing, and communicating a succession plan (PwC, 2016). The existence of a succession plan and how Jordanian businesses employ it will be explored through this study.

Ward and Montemerlo (2011) argue that family agreement, a part of the succession process, might articulate values that will shape succession. Issues such as trust and belief in family members' inherent capacity to grow and develop as leaders are important. Those values regarding succession provide many family business principles as: "only the best person for the business can be CEO", "A business must have one leader – not co-CEOs-", and "the role of CEO and chairman should be separated", where the family may specify the process and criteria for selecting the successor. Alshaeel (2016) highlights that the succession process aims to explore the founder's role and recognise the impact of the next generations' preparation plans regarding the succession in family businesses. Indeed, family business continuity in the Arab region is significantly impacted by a founder's management style, their awareness of the importance of strategic planning to align the family and business goals, the relationships between family members, Islamic values and beliefs, and the successor preparation plan. These aspects for Arab region family-owned businesses will be explored for Jordanian context to find answers for this study second objective in evaluating the impact of traditional succession planning in family-owned businesses.

Ward and Montemerlo (2011) note that the family agreement process sparks attention to succession planning, it brings the family together, and it opens up all the questions to examine in terms of governance structures, where the family constitution may articulate the governance practices and family policies for all of the family institutions. Lansberg

(1999) argued that the succession process needs practical and emotional aspects, starting from how to mentor successors and set up a systematic selection process to how to make the best use of the board of directors during times of transition. According to Lansberg (1999), three types of succession transition are used in family businesses. The first is the transfer of a controlling interest in the company to one person and only one person who becomes the successor – this is the most common form of succession. Secondly, the fundamental changes in the authority and control structure of the system, from simpler to complex one (evolutionary succession) – instead of taking decisions by a single individual now have to be made by a team of brothers. Or thirdly, devolutionary succession is rare and remains poorly understood. This involves moving from a cousin syndicate to a controlling owner business. This research will explore which type of succession transition is used in Jordanian family businesses.

Potential successors and other family individuals need relatedness, where the parent has to increase their effective motivation and commitment, which will increase the next generations' acceptance level probability for the leadership role and become able to take over the firm (Steier et al., 2015). According to Ibrahim et al. (2004), this type of succession should involve dynamics such as planned and unplanned elements that may occur in this stage, where the transition dynamics include succession choices, acceptance, and strategic change. Proceeding from the arguments of Alshaeel (2016); Ibrahim et al. (2004); Handler (1994); PwC (2016); Mokhber et al. (2016); Soto Maciel et al. (2015); Ward and Montemerlo (2011); Lansberg (1999); Steier et al. (2015), which reflect that succession is a continuous process that needs prior planning in family businesses, this research will explore if Jordanian family businesses believe in this fact or they follow another practices. The next section will review the challenges that may face these businesses in succession planning.

#### 2.3.4 Succession Planning Challenges

Many family businesses reported high losses or closed down because of poor succession planning and selection of a successor, especially after the sudden death of the business owner or founder (Budhiraja and Pathak, 2018). The lack of a suitable person to run the organisation forces other family members to extend their retirement age. The conflicts occur between family members when one person in the family is given the powers and overlook others. Mokhber et al. (2016) argue that many challenges will affect the organisation's stability. In the long run, this can shorten and delay the succession process, heirs' motivation levels towards the business, external professions

involvement, and generations' different views. Lansberg (1999) argued that the most difficult task and the greatest challenge for a founder or president in family-owned businesses are finding the right successor. This research will explore the challenges facing Jordanian family businesses to achieve the objectives of this research.

PwC (2016) argued that the most important challenge facing the Middle Eastern family businesses in the next five years is succession planning. AlEmam (2014) represent that Maali Qasem –(the executive manager of the Jordan Institute of Directors (JIoD))- declared that family businesses in Jordan form around 90% of small and medium-sized businesses, where only 10% of them pass to the third generation. Only 3% survive past the third generation. This previous fact reflects that succession is a problematic Jordanian family business issue. The successful family business results from many years of hard work, and this fact encourages them to pass this success on without disrupting their company's growth and stability. The implementation of a clear succession plan and policies for the selection of the right successor leads FoB's to ignore this difficult task (Gulzar and Wang, 2010), where many family businesses fail in succession because of bad planning, competition, technological changes, regulations, employee's demands, business un-sustainability, and uninterested family members for continuing the business (Al-Barghouthi, 2016)

The succession process often comes up against many challenges, including the degree of acceptance of the new generation, their ability to implement their strategic agenda, and challenges that occur due to the nature of relations among successor and non-successor family members (Ibrahim et al., 2004). Overcoming succession planning challenges starts through solving problems facing them by using an experienced management style and through implementing change management strategies to enhance the overall business performance (Sreih et al., 2019). In addition, succession dynamics may cause a conflict in family businesses, such as the tension between the generations, avoidance, and fear of leaving the role. Such conflicts can be mitigated through different actions, practices, enablers, and strategic switching between family members (Osnes et al., 2019).

According to Budhiraja and Pathak (2018); Mokhber et al. (2016); Lansberg (1999); PwC (2016); AlEmam (2014); Gulzar and Wang (2010); Al-Barghouthi (2016); Al-Barghouthi (2016); Sreih et al. (2019); Osnes et al. (2019), there are many challenges facing family businesses in their succession planning which may refer to individuals, relations, context, or the process. This study will investigate these challenges facing Jordanian family

businesses, which usually affect succession planning implementation and business continuity.

### 2.3.5 Resistance to Succession Planning

The strategic management framework in family-owned businesses shows that the main objective of managing the succession process is to choose the best successor, where the word “best” depends on the goals of family firms. If the family firm is most concerned with family harmony, then the successor who will contribute the most towards that goal is the best leader. If the family firm’s goal is growth and profitability, another candidate might be preferable (Mokhber et al., 2016). Successful succession is built on many factors; successor's devotion, objectivity, effort, new generations' interest, succession plan existence, family members' harmony, and many other continuity signs (Soto Maciel et al., 2015). Al-Barghouthi (2016) argued that family businesses need to realise the importance of succession planning. It is about the whole institution and not about individuals, and it is about management, not about ownership. Tatoglu et al. (2008) argued that they need an effective succession process to ensure family business sustainability, where succession issues always threaten business success. Mokhber et al. (2016) explain that family businesses need to develop a business philosophy and practices while also focusing on balancing the relationship between family and business. This research will explore whether Jordanian family businesses are concerned about the business or the family and how they balance this issue.

Successful succession in family businesses is the founders' task, where founders' need to focus on the next generations educational background, experience, and their relationship with each other (Aronoff et al., 2011). Budhiraja and Pathak (2018) argued that succession planning in family-owned businesses starts with the assessment of the firms' size, vision, and performance in the previous years, and where the last thing considered by most family-owned businesses is to assess leaders on various competencies like; trust, hard work, and accountability which are very important and valuable aspects to be assessed (Mokhber et al., 2016), added to that the motivation level and heirs development are most often neglected.

Miller et al. (2003) represent that there are many reasons why successions fail, including unclear succession planning, unprepared successor, and family rivalries. Soto Maciel et al. (2015) argued that companies engaged with succession planning resistance have low interest levels in the business continuing, succession success, and firm's success.

Budhiraja and Pathak (2018) highlight that firms often avoid making decisions based on emotional, interpersonal relationships in the succession planning process. PwC (2016) presents that resistance to succession planning in family businesses occurs because of founders who do not want to let go of the business, who do not want to feel that their working life will be closed, who do not want to reduce their income, who are unsure how to start, or who might not have sufficient expertise to guide them for this process. This research will explore founders of Jordanian businesses attitudes toward succession planning and their resistance aspects towards succession.

Developing a succession plan is a must in large family businesses because the growth achieved is already increased businesses complexity, formality, and hierarchy (Department for Business Innovation & Skills, 2014), where succession planning faces a low level of resistance when successors are prepared well, when family members relationship are friendly, and when family members already are planning for wealth-transfer purposes. Family members usually decide to split the business into two or more separate entities instead of putting a successful succession plan in place to avoid disputes and conflicts between family members (Al-Barghouthi, 2016). The size of Jordanian family businesses involved in this study will be taken into account by evaluating the impact of their succession planning on corporate governance.

Resistance to effective succession planning can be reduced if family members share trust and a respectful relationship, as this can help facilitate and enhance the decision-making process (Sreih et al., 2019). Respectful family members let successors work hard to achieve business growth and help to put the firm in a reputable position through continuous development and improvement.

According to Mokhber et al. (2016); Soto Maciel et al. (2015); Al-Barghouthi (2016); Tatoglu et al. (2008); Aronoff et al. (2011); Budhiraja and Pathak (2018), family-owned businesses succession should be focused on the succession process and develop and implement a succession timing, characteristics of the future successor, the interest of next generations, and who will choose the successor. This research will focus on understanding how succession planning usually took place in Jordanian family-owned businesses. The next section will clarify the main succession planning models used in the succession process in family businesses.

### 2.3.6 Succession Planning Models

There are many succession planning models developed by researchers and experienced family business founders, where the succession models are about how family businesses strategise the transmission of values and knowledge (Osnes et al., 2019). Ibrahim et al. (2004) argue that the successor socialisation model uses two socialisation pattern models. The first is about the early involvement and socialisation of the successor in the firm. The second one is about the late entry of the successor after a preparation period (which includes education and outside employment). These two approaches have a significant impact on firm strategies and performance development. Osnes et al. (2019) represent that a strategy-as-practice succession model allows family firms to focus on succession as a macro practice supported or enabled by actions and practices, consisting of legal structures and psychological aspects. Strategy as practice model focuses on how procedures or structures are strategy practices. Strategy practices can be the unspoken or explicit procedure, and the structure or habit is embedded within the strategic thinking. This research will explore the preferred socialisation model for Jordanian family businesses succession planning.

Daspit et al. (2015); De Massis et al. (2014); Gilding et al. (2013); Handler (1994); and Caykoylu (2019) argue that the father-son succession model, the mutual role adjustment model (see Figure (14)), the life cycle model, and stepping stone model focus on the stages of succession which include the founders' role before the successor enters the business.

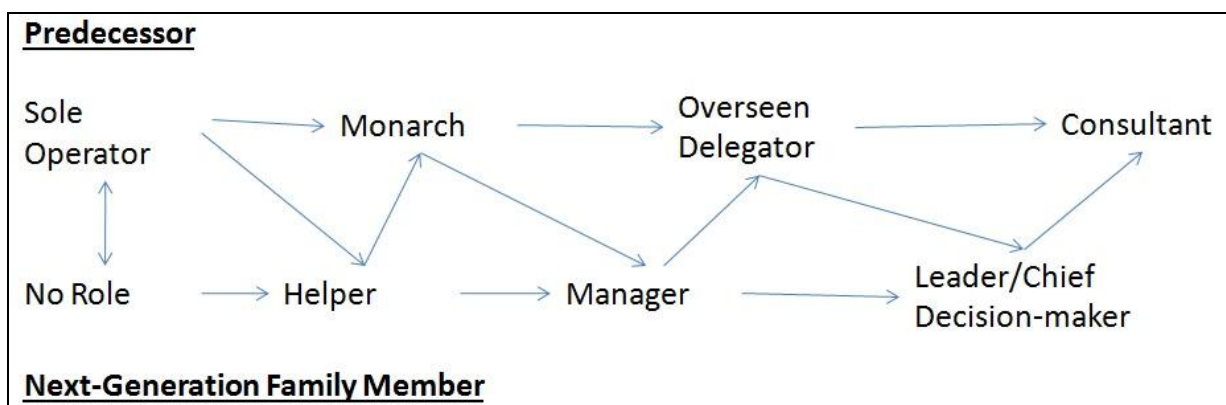


Figure (14): Mutual Role Adjustment Model

Source: Handler, 1990

In this case, the stage of successors entering the business is as an employee, and finally to the leadership passing succession and the role of founder onto that person in the long term. These models differ in several stages if someone else is included in training the new generation and the process of power transfer and founder withdrawals. The father-son succession model represents the seven stages process and is categorised by two main events related to these stages (see Figure (15)).

<b>PROPOSED FRAMEWORK OF ANALYSIS--</b>						
<b>STAGES OF FATHER-SON SUCCESSION</b>						
<b>Pre-business</b>	<b>Introductory</b>	<b>Introductory- Functional</b>	<b>Functional</b>	<b>Advanced Functional</b>	<b>Early Succession</b>	<b>Mature Succession</b>
		<b>Entry of Successor</b> 			<b>Transfer of Presidency</b> 	
Successor may be aware of some facets of the organization or industry. Orientation of successor by family members, however, is unplanned or passive.	Successor may be exposed by family members to jargon, organizational members, and environmental parties prior to part-time employment in firm.	Successor works as part-time employee in organization. Gradually, the work becomes more difficult and complex. Includes education and work as full-time employee in other organizations.	Successor enters organization as full-time employee. Includes first and all subsequent non-managerial jobs.	Successor assumes managerial position. Includes all supervisory positions prior to becoming the president.	Successor assumes presidency. Includes time successor needs to become leader of organization or more than <i>de jure</i> head of organization.	Successor becomes <i>de facto</i> leader of organization.

Figure (15): Father-Son Succession Process Model

Source: (Longenecker and Schoen, 1978)

Churchill and Hatten suggested the life cycle model in 1987 to describe the family business succession process. This model represents the succession process in four stages, as shown in Figure (16) below. The first and start-up stage is an owner-managed business and sets the business culture according to their leadership skills. The second stage is training the new generation and developing them to get skills, knowledge, and experience. The third stage is the generations partnership, where the delegation of responsibilities and participation in decision-making startup. The fourth stage started when power and responsibilities transferred, and a new generation led the company (Sharma et al., 2012; handler, 1994).

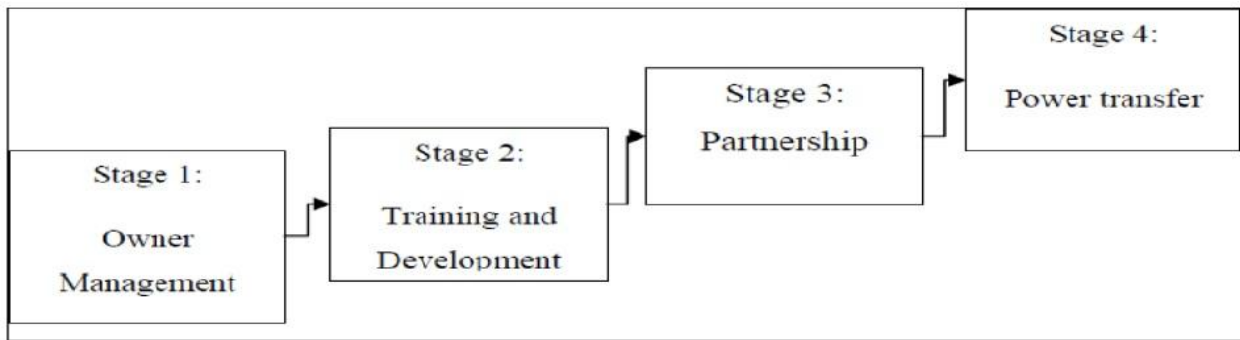


Figure (16): Life Cycle Model

Source: Churchill and Hatten (1987)

The main challenge in these models is the success and failure of this process due to many factors, one of which is the centralized control of family firms. Osnes et al. (2019) argued that the role perspective model is used in family businesses to explore hand-over dynamics, and it is a product of how a system will achieve its goals, how individuals pursue their role, how systems change over time, how the role changed over time, and the strategies changed it.

"Passing the baton" is another pattern of succession transition proposed by Dyck in 2002, and this involves identifying succession as the transition from one runner to the next one. This technique involves candidates competing for the leadership role. These models assume that the family is handing over one established business and one leadership role (Osnes et al., 2019). According to the success of family-owners over decades, family businesses have to continually try to overcome the potential and real challenges facing them in their succession, such as conflict, rivalry, and envy using innovative and creative solutions while addressing external challenges facing them and business needs (Osnes et al., 2019). This research will explore the succession planning model followed by Jordanian family businesses, or they are using a mix of these models or something else.

According to the facts mentioned previously, the succession planning process, successor selection, challenges, resistance, and models will be used in this research to study factors that characterised Jordanian family-owned businesses to describe how succession planning normally takes place in a Jordanian context.



### 2.3.7 Summary of Succession Planning

Soto Maciel et al. (2015), El-Kassar et al. (2018), Poza and Daugherty (2014), Osnes et al. (2019), Budhiraja and Pathak (2018), Aronoff et al. (2011), Ramadani and Hoy (2015) represent that succession planning identifies the firm's future leaders, ownership changing, management, control transition, and leaders development In synchronisation with the firms' vision, mission, and objectives. Family business sustainability and continuity depend on succession planning, where its success is based on the founder's management skills in successor foundation and successor transition process.

Sharma et al. (1997), Zain and Kassim (2012), Phan et al. (2005), Sreih et al. (2019), Emam (2014); Alshaeel (2016), Devine (2017) argue that there is a robust relationship between succession planning and strategic management, where managing a family business unique resources such as people through succession planning is the main pillar of strategic management. The most important strategy in the family-owned business that determines the firm's longevity is succession, where succession planning aims to achieve more than just the goal of deciding the succession strategy itself. The ineffective succession process affects the family members, business partners, and economic development.

There are three issues we need to be aware of in succession planning, which are; the timing of the succession affected by founder inner circle, generation interest in joining business and capability of managing it, and the successor will be chosen by the founder, family, board, outsiders, or consultant. Handler (1994); Sonfield et al. (2016); Sreih et al. (2019); PwC (2016); Mokhber et al. (2016) argue that there are many methods of succession planning and successor characteristics but without any information about the motives behind choosing the traditional way in selecting the successor, and the drivers and circumstances around forming a correction plan, and the resulting consequences of consisting family constitution and family council which this research will focus on.

Alshaeel (2016), Ibrahim et al. (2004), Handler (1994), Soto Maciel et al. (2015), Ward and Montemerlo (2011), Steier et al. (2015), Lansberg (1999); represent that there are many reasons why successions fail including due to unclear succession planning, unprepared successors, and family rivalries. Succession planning in family-owned businesses starts with assessing a firm's size, vision, and previous performance. Finally, the last thing considered by most family-owned businesses is to assess leaders on various competencies like; trust, hard work, and accountability, where the motivation

level and heirs development are most often neglected in FoB's. To ensure family business sustainability, there is a need to implement an effective succession process, where succession issues always threaten business success. Family businesses need to develop business philosophy and practices while focusing on balancing the relationship between family and business. From the strategic management framework, the main objective of managing the succession process is to choose the best successor, where the word "best" depends on the goals of the family firm. If the family firm is most concerned with family harmony, then the successor who will contribute the most toward that goal is the best. If the family firm's goal is growth and profitability, another candidate might be preferable. The previous arguments reflect that succession is a continuous process that needs prior planning in family businesses.

According to Budhiraja and Pathak (2018); Mokhber et al. (2016); Lansberg (1999); PwC (2016); AlEmam (2014); Gulzar and Wang (2010); Al-Barghouthi (2016); Al-Barghouthi (2016); Sreih et al. (2019); Osnes et al. (2019), there are many challenges facing family businesses in their succession planning which may refer to individuals, relations, context, or the process. Family-owned businesses' succession focused on the succession process and the reasons behind their failure to develop and implement. These businesses neglect the succession timing, characteristics of the future successor, the interest of next generations, and who will choose the successor. This research will focus on under the umbrella of how succession planning usually took place in Jordanian family-owned businesses.

This research will explore the Jordanian family-owned businesses succession planning because the main resource in these businesses is people, where deploying, controlling, and managing family-owned businesses resources reflects the firms' strategic capability to create business activities competencies needed to run the whole business. The role of corporate governance in family-owned businesses is summarised in ensuring continuity and sustainability of these businesses and reducing a probability of family greed toward control and power, which may harm the business in the long run, which will be discussed in detail in the coming section.

## 2.4 Corporate Governance (C.G)

### 2.4.1 Introduction

The corporate governance (C.G) section will deal with clarifying the difference between management and governance, reflect on the importance of corporate governance for firms' behaviour and performance, and will shed light on corporate governance in Jordanian family-owned businesses towards improving their performance and maintaining their sustainability and growth, moving away from a common misconception.

The stewardship theory (one of the main family-owned businesses strategic models) is used to explain the impact of relatives obligations and the sense of trust and loyalty among family members that arise from family members' involvement in management, ownership, and governance (Songini et al., 2018). This theory raises the need for succession planning and governance to be applied. El-Kassar et al. (2018) highlight that the four-factor model focuses on succession planning. The main issue that offspring have to consider when deciding to become involved in the family business is a need to understand the business's dynamic perspective, which needs governance.

Zain and Kassim (2012) argue that 80% of family businesses will not survive; unless they implement a succession plan and put in place corporate governance initiatives.

Accordingly, this section deals with a corporate governance definition history. It reflects on the most important issues around corporate governance in FoB's, and its importance toward Jordanian family-owned businesses continuity and sustainability, which needed to be explored through this research.

Kim et al. (2010) represent that increasing shareholder wealth is every firm's main goal, where well-functioning organisations foster economic stability and growth. The term "Corporate Governance" became familiar because of several shocking corporate scandals and failures of financial firms, which caused a global economic crisis that led to calls for regulatory reform and corporate governance improvements (Kim et al., 2010).

The success and failure of any organisation or any organizing activity are related to governance (Steier et al., 2015), which lead organisations to distinguish between management failure and governance failure. As family businesses grow and expand, the relationship between stakeholders becomes more complex and sensitive. In this stage,

the success and failure of the business depend on a firms' seriousness in managing the growth, preserving family harmony, and ensuring fairness between stakeholders (Gulzar and Wang, 2010).

Corporate governance is about the structures and processes that affect power and influence during corporate decision-making. Corporate governance ensures that stakeholders' actions are consistent with the controlled bodies (Cortés and Botero, 2016). Corporate governance theory focuses on the role of the board of directors as a monitoring tool of management (Beattie, 2018). One of the United Kingdom's institutes of director's principles relates to the need for all unlisted family businesses to establish family governance mechanisms to organise the relationship between corporate governance and family governance and boost the coordination and understanding among family members (Beattie, 2018). The corporate governance concept emerged according to problems that occurred around ownership and control separation (El-Kassar et al., 2018).

Relationships between stakeholders play a major role in family-owned businesses, where there are two main types of relationships. The first type is the internal relationship between family members. It may be a healthy relationship that will contribute to the firms' success or a relationship full of conflicts that may lead to business failure. The second type is the relationship between other stakeholders such as customers, suppliers, competitors, government, and employers, where this relationship could be positive or negative and full of conflicts (Gulzar and Wang, 2010). These relationships create the need for corporate governance policies and practices.

This research will explore the Jordanian family-owned businesses in the scope of corporate governance perspectives and practices to evaluate the impact of traditional succession planning on corporate governance and investigate the potential dimensions of good corporate governance practices.

#### 2.4.2 Background of Corporate Governance (C.G)

According to Beattie (2018); OECD (2015); El-Kassar et al. (2018); Kim et al. (2010); Al-Najjar (2010); Hartzler (2016); and Louie et al. (2019), there is not a unified definition of C.G. There's a critical variance between management and governance; governance ensuring that businesses run in the right direction, and governing business bodies, while management relates to the work of actual running of the business and to executive

management work (Beattie, 2018), where 70% of business pitfalls could be avoided through putting in place effective and sound governance mechanisms. Cadbury (1992), as cited by El-Kassar et al. (2018), argue that corporate governance is a set of mechanisms and processes that firms operate through when ownership and management are separated.

According to OECD (2015) – the Organisation of Economic Cooperation and Development - the main purpose of corporate governance is to "build a business environment surrounded with trust, transparency, and accountability needed for fostering long-term investment, financial stability, and business integrity". The concept of corporate governance evolved after corporate scandals involving companies such as Enron and Arthur Anderson, where companies became more mature in embracing the social factors and not emphasising on just maximizing earnings (El-Kassar et al., 2018).

Corporate governance is an interrelated process that ensures that firms manage and direct their activities toward all stakeholders' interests (Kim et al., 2010), where strategic management concepts aim to create positive relationships with stakeholders to create sustainable economic wealth. CG comprises a set of relationships between firms' stockholders, management, board, and other stakeholders, which form a structure for setting objectives and monitoring the firm performance toward maintaining these objectives (Al-Najjar, 2010). Hartzler (2016) argued that good corporate governance is the main goal for healthy companies and a key for sustainable private sector development. Corporate governance is about management, control, responsibility, accountability, and transparency within a firm (Al Emam, 2014).

The main issue that family businesses need to be concerned about is the costs and benefits of proper structure and governance code needed (Beattie, 2018). Firms need to realise that every stage in their business life cycle needs to be efficient, with no universal best practice. Corporate governance is used to boost investors' confidence through controlling the corporation and putting a system of accountability in place (Louie et al., 2019). Firms applying good corporate governance principles can minimise agency conflicts through overseeing managers' performance and ensuring that they avoid the opportunistic attitude, where governance may cover many areas such as board composition, directors' remuneration, risk management, and board committees.

According to Beattie (2018); OECD (2015); El-Kassar et al. (2018); Kim et al. (2010); Al-Najjar (2010); Hartzler (2016); and Louie et al. (2019), who define and described CG

from their different point of views, classify these concepts as financial, economic, accounting, marketing, or management issues. The importance of stable and sustainable family businesses leads to the need to adopt and understand the importance of corporate governance practices to guarantee firm success, growth, and sustainability.

This research will explore the Jordanian family-owned businesses' governance practices and their awareness of governance mechanisms, responsibility, accountability, and transparency. It will also explore the relationship with stakeholders in these businesses.

#### 2.4.3 Corporate Governance Importance

It is clear that for every firm, good corporate governance practices, processes, rules, and mechanisms have positive effects on a firm's behaviour and performance through directing, monitoring, and controlling these firms' practices (El-Kassar et al., 2018), where the corporate governance practices interested in balancing businesses stakeholders' benefits and interests. Robust family governance is essential in family businesses suffering from a lack of clarity and alignment between family members (PwC, 2016). Family governance provides a well established and secure communication channel and a robust mechanism to prevent and resolve disputes and prevent conflicts that may damage and bring down the family firms.

Better management and a more effective board result from strong governance fundamentals, which lead to enhanced efficiency, reduced risk, improved decision-making, and other business benefits (Hartzler, 2016). Business failure is caused by bad management practices, which characterised by a low level of managerial experience, incompetence, unbalanced experience, fraud, business neglect, and other practices, where the disappearance of governance or bad governance practices motivated bad and ineffective management and vice a versa (Beattie, 2018). Aronoff et al. (2011) argue that governance refers to how family business decisions are made. Before developing any policy, it may need to address how it makes decisions because it's hard to move forward on policies until you agree on how you will agree. According to Sir Cadbury, as cited by Gulzar and Wang (2010), corporate governance is the system that directs and controls companies. It refers to the processes, policies, structures, and internal laws that govern companies' management. It also expresses how board members are accountable to the company and shareholders.

Sahni et al. (2017) highlight that the Saudi economy as a part of the Arab region economy is active in traditional family governance, but the challenge for them is to move away from conservative, traditional, weak corporate governance mechanisms and become significant players in high value, mixed Islamic, and international corporate governance standards and principles. The main purpose of corporate governance is to promote transparency, accountability, disclosures, fairness, and responsibility (Gulzar and Wang, 2010). CG role aims to confirm financial statements' credibility and assure its compliance with the financial accounting system. The well-structured CG mechanisms would produce an efficient monitoring solution and control management decisions (Alzoubi, 2016). Good corporate governance practices are very useful for unlisted firms as for listed firms (Gulzar and Wang, 2010).

CG needs to occur from inside and outside business conflicts to align managers and owners interests (Al-Najjar, 2010). Good corporate governance practices must provide rewards for management and board members to work for the company's and shareholders' interests and to use the company's resources efficiently. Corporate governance policies play an important role in achieving economic objectives (OECD, 2015). Corporate governance principles are very important in helping the organisation to adapt to changes in the environment and unexpected disruption that may occur over time (Cortés and Botero, 2016). Organisations' governance structure and use of these structures are affected by the organisational cultural context. The organisations' success and sustainability are linked to their decisions about which corporate governance structures to use and the decision procedure to follow (Cortés and Botero, 2016).

According to continuous changes in the internal and external business environment, businesses have to be aware of and prepared for these changes to maintain their growth and survival and avoid environmental dynamics. Thus, their state of awareness toward governance practices and readiness to imply these practices will support them to maintain their goals and guarantee sustainability (Zain and Kassim, 2012). The researcher will explore Jordanian family-owned businesses governance practices and how it affects their business behaviour and performance. It will explore how they direct, monitor, and control their practices, resolve disputes and prevent conflict from achieving these research objectives.

#### 2.4.4 Corporate Governance in Family-owned Businesses

Family businesses are owned, managed, and controlled by family members, where the family impacts the firm through governance, ownership, and top management (Mori and Charles, 2019). Improving family-owned businesses' performance and maintaining their sustainability and growth can be achieved through governing their practices and implying corporate governance policies (Devine, 2017; Sahni et al., 2017), where Philip Armstrong, the senior advisor on corporate governance at the International Finance Corporation (IFC) – World Bank argued that firms' growth, enhancing financial stability, and achieving market development needs implying corporate governance practices (Al Emam, 2014). Jordan Institute of directors (2014) posit that to implement a successful strategy in family-owned businesses; they need to handle the relationship among family members and between family members and managers, where the most important issues around this aspect are the nature of these relationships and how to handle them. Ahmad Atiq – the IFC country manager in Jordan – argued that "There are many challenges facing family-owned businesses willing to follow corporate governance policies including leadership succession and creating a balance between business and family interests" (Al Emam, 2014).

According to Cortés and Botero (2016), family involvement in the business tends to address many types of conflict of interests which are: the conflict between managers and shareholders, the conflict between controlling and non-controlling shareholders, the conflict between shareholders and creditors, and the conflict between family members who are not shareholders and who do not work in the business with family shareholders. Alshaeel (2016) argues that family businesses in Arab countries should prepare a succession plan early to avoid the company's collapse in the future. Moreover, the application of corporate governance and the formulation of regulations that guarantee the rights and justice between partners contribute to the stability and sustainability of the company, where some countries located in the Middle East like Egypt developed voluntary corporate governance guidance for non-listed FoBs (Gulzar and Wang, 2010). The separation of the management from the ownership and implementation of strategic planning for the company's development and optimisation of its resources to compete in the market by attracting managerial talent from outside the family business are all important factors in ensuring business continuity and sustainability. These types of conflicts in Jordanian family-owned businesses will be explored through this research.



Understanding the corporate governance in family businesses requires understanding the benefits and challenges occurring in the family firms because of family involvement (Cortés and Botero, 2016). With their different and unique ownership structure, family businesses use a different corporate governance structure from non-family businesses (Beattie, 2018). Governance in FoBs can be seen through the high degree of control, where owners closely hold these firms. On the other hand, it may sacrifice growth for control (Gulzar and Wang, 2010). According to Department for Business Innovation & Skills (2014), the second generation differs from the first business founder in their openness to governance and changing management to stimulate growth, sustainability, and profitability. They are also open to having an external consultant on their board. Sonfield et al. (2016) argue that employing or consulting non-family members can supply family businesses with significant management strengths and competencies, such as expertise, external experiences, new ideas, and wise decisions. El-Kassar et al. (2018) argue that the competitive advantage of family-owned businesses lies within their corporate governance system and good practices, which facilitate the utilisation of human capital.

Information disclosure is an important pillar of corporate governance in any firm. Still, family businesses showed a conflict in this important issue because of their cultural and legal differences compared with non-family firms (Louie et al., 2019), where family firms were willing to disclose bad earnings warnings whilst trying to minimize the potential legal costs, where they disclose less information in corporate governance issues and earnings forecasts. Poza and Daugherty (2014) argue that family governance is a joint decision-making system by family and business which govern the relationship between family, business, and wealth. This mission will be assisted by the board, family council, family constitution, ownership structure, and capable non-family managers. The main outcome from family governance is rational economic and socio-emotional decision-making which is not overwhelmed by traditional family dynamics. This research will understand the benefits and challenges facing Jordanian family businesses in family members' involvement. It will explore this business level of information disclosure to achieve these research objectives.

Figure (17) below shows the family governance structure (Poza and Daugherty, 2014).

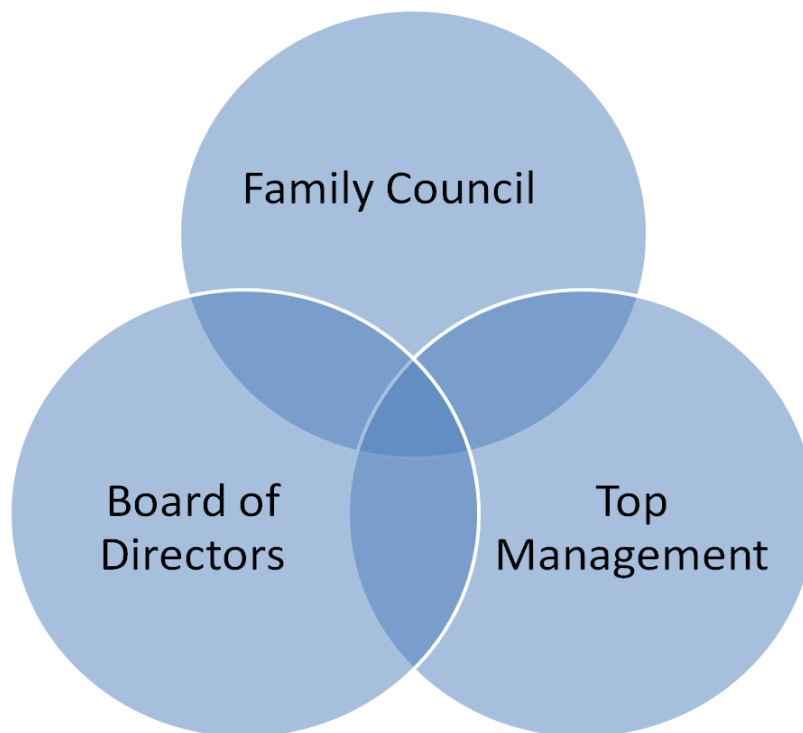


Figure (17): The Family Governance Structure

Source: (Poza and Daugherty, 2014)

According to Poza and Daugherty (2014), there are many challenges facing family business governance, such as nepotism, where prioritising the family agenda over a balance between family, ownership, and management permit the governance policies to continue across generations efficiently. Loss of family Identity and value is another challenge. Family values, legacy, and beliefs are the anchors of the family continuity plan, which may erode when family growth and wealth increase. Family conflicts, the belief that fair means equal, current leaders' unwillingness to go and dilution of wealth challenges family business governance. They are more likely to face conflicts between later generations or across branches of the extended family.

Furthermore, family businesses loving the need for equality exists, but transferring the business equally to unprepared siblings to govern the relationship between family and the business may destroy the family and the business. Family CEO's perceived the business and family much more favourably than other family and non-family managers do, where the critical need to build a family governance institution is often. Finally, the distribution of family capital can negatively affect the family access to new investment and business opportunities which family conflicts may support.

According to Mori and Charles (2019), the board of directors in family-owned businesses is the firms' central governance body that provides monitoring and resource functions in small and medium enterprises (SMEs), where a well functioning board of directors is important for SMEs performance, where family business forms the majority of these enterprises. The board's role depends on its composition, management readiness to implement board decisions, and the execution mechanism. The board members experience, competencies, and connections are very important to understand the impact of the board on strategic decision-making in family-owned businesses, where the agency theory, stewardship theory, and resource-based view (RBV) are also used to assess these impacts (Mori and Charles, 2019). The existence of the board of directors and their role in Jordanian family businesses will be explored through this study to investigate the dimensions of good corporate governance practices in such businesses.

Cortés and Botero (2016) argue that the presence of independent board members diminished in family business because of family involvement, where the main factors to be realised are the characteristics of the boards, the performance of the board, and the effect of boards on firms performance. Having board members know the business, greater experience, shared strategy, and business direction will result in a more successful family business. There is some evidence arguing that outside directors in family firms will improve their performance simultaneously; it has been reported that there's a negative relationship between the proportion of the outside directors and firms' performance (Mori and Charles, 2019).

Effective governance structures lead to firms' long-term success. Implementing appropriate governance policies and support systems in family businesses need to be understood well because of the nature of adjustment strategies by policymakers (Lee et al., 2015). According to Osnes et al. (2019), succession planning in family-owned businesses is one of the important tasks of the governance structure, where Botero (2016) argued that family businesses need to develop a governance system that facilitates business structures and processes development, which will support the family, ownership, and business systems in planning problem solving and decision-making.

Cortés and Botero (2016) argue that successful family businesses have to establish two governance bodies to manage the business, which is the business council and to manage the family, which is the family council. The family council consists of family members whose aim is to support the family to analyse the family commitment problems toward the company, convey family values, improve communication among family

members, and develop a family member agreement, where the business council focus on business development, family expectation towards the business, identify potential leaders for the business, organise decision-making process, solve conflicts, and improve the exchange of information among family and business. This research will explore the existence of the family council and the business council in Jordanian family businesses, and if any task of these councils is being practised in these businesses.

#### 2.4.5 Corporate Governance in Jordanian Family-owned Businesses

Abouzaid (2008) argued that many Jordanian family-owned businesses did not adopt the corporate governance framework because of their misconception toward its high cost without any existing guarantee of its benefits. Jordan Institute of directors (2014) highlights that corporate governance is built on the unique advantages of family businesses to ensure that family businesses work on their weaknesses and leverage their strengths. Abouzaid (2008) highlights that easy and quick decision-making of family-owned businesses refers to the lack of formal rules and systems that may introduce problems and can only be solved through good corporate governance practices. Jordanian companies are either unaware of the general corporate governance principles or work in a close environment (Abu Ghazaleh, 2018). This research will explore if this misconception towards adopting corporate governance framework has existed in Jordanian family business or not.

Abu Ghazaleh (2018) argues that the Jordanian code of corporate governance is only for listed companies in the Amman Stock of Exchange, which ensures their compliance. Controlling family-owned businesses through adopting a corporate governance system is not common in a Jordanian context or the Middle East, mainly due to the misunderstanding about the cost and benefits of applying this system (Sonfield et al., 2016). Jordanian traditions affect the family businesses, and business founders willing to employ unqualified relatives and family members because of traditions and values dominating their attitude (Sonfield et al., 2016), where valuable corporate governance practices can be adopted in Arab and developing countries through promoting a new corporate principle among firms and relate it to social and economic standards (El-Kassar et al., 2018).

The main legislation for corporate governance regulation in Jordan is the securities law (no. 76/2002), the companies law (no. 22/1997), the capital market regulation, insurance supervision law (no. 33/1999), privatization law, and the bank law (Al-Najjar, 2010),

where Srieh et al. (2019), argued that family businesses in the Middle East would have an 18% increase in their value if they apply sound corporate governance practices. Still, the reality of their situation is that they have weak corporate governance practices and are reluctant to change their old way of running their business.

#### 2.4.6 Summary of Corporate Governance

According to Beattie (2018); OECD (2015); El-Kassar et al. (2018); Kim et al. (2010); Al-Najjar (2010); Hartzler (2016); and Louie et al. (2019), there isn't a unified definition of corporate governance, where they defined and described CG from their different point of views, and reflect this concept towards financial, economic, accounting, marketing, or management issues. The importance of stable and sustainable family businesses leads to the need to adopt corporate governance practices to guarantee firms success, growth, and sustainability. This research will explore the Jordanian family businesses awareness towards the importance of corporate governance for their continuity and sustainability and if these businesses need to evolve to meet challenges facing them in succession planning and governance practices.

Hartzler (2016), Aronoff et al. (2011), Gulzar and Wang (2010), Sahni et al. (2017), Alzoubi (2016), Cortés and Botero (2016) highlighted that Improving family-owned businesses performance and maintaining their sustainability and growth can be achieved through governing their practices and implying corporate governance policies, where firms' growth, enhancing financial stability and achieving market development needs implying corporate governance practices. Good corporate governance practices and policies are the main pillars for healthy companies and a key to sustainable private sector development. To implement a successful strategy in family-owned businesses, they need to handle the relationship among family members and between family members and managers. This research will explore the Jordanian family business awareness towards the importance of corporate governance and its added value for their business. It will also explore if the large scale or transnational Jordanian family-owned businesses have a different level of awareness than small businesses.

Mori and Charles (2019), Devine (2017), Sahni et al. (2017), Sonfield et al. (2016) argue that the most important issues around this aspect are the nature of these relationships and how to handle them. Better management and a more effective board result from strong governance fundamentals, which lead to improving efficiency, reducing risk, and improving decision-making. Corporate governance is about management, control,

responsibility, accountability, and transparency. Yet the foundation of relationships in corporate governance relate to forms from corporate large scale business, within the family business, these as of equal importance, but how do the family business assure they will meet this overtime or face the insolvency of their enterprise.

Abouzaid (2008), Abu Ghazaleh (2018), El-Kassar et al. (2018), Al-Najjar (2010) argue that many Jordanian family-owned businesses did not adopt the corporate governance framework because of their misconception toward its high cost without guarantee about its benefits. Corporate governance builds on the unique advantages of family businesses to ensure that family businesses work on their weaknesses and leverage their strengths. Easy and quick decision-making of family-owned businesses relates to the lack of formal rules and systems, which may introduce problems that can only be solved through good corporate governance practices. The translation of corporate governance models to the family business appears to be critical. Still, the absence of consideration of the needs within Jordanian family business perhaps recognizes a gap in the current understanding of corporate governance.

This section presented the most important points and aspects of corporate governance to be explored for Jordanian family-owned businesses through this research. It is evaluating the impact of traditional succession planning on corporate governance in Jordanian family businesses, which is the second objective of this research and investigating the potential dimensions of good corporate governance practices in the long term, which is the third objective that will be achieved after exploring these businesses in previous main areas.

## 2.5 Conceptual Territory Informing the Study

The four previous sections reflect family-owned businesses, strategic management, succession planning, and corporate governance issues. The family business concept turns around management for continuity and sustainability (Aronoff et al., 2011; Salman, 2005). The unique features and unique structure of these businesses are the main sources of their competitive advantage (Aloulou, 2018; Ward and Montemerlo, 2011), but these businesses need to be aware of the changes and development of the family, business, and ownership systems over time (Gersick et al. 1997; Ramadani and Hoy, 2015). These changes create challenges towards their sustainability and continuity, such as; succession and transferring of leadership challenges, conflicts challenges between family members, globalization challenges, and limited age of family businesses

challenges. Accordingly, they need to be prepared to respond to these changes using the skills required, competencies, and the right infrastructure to respond rapidly and survive (Al-Barghouthi, 2016; Aloulou, 2018).

The preparation stage of these businesses is achieved by building an effective and efficient strategic plan that considers these businesses' unique values, beliefs, characteristics, and competencies (Braun et al., 2016, Brunninge and Melander, 2015). This process should be dynamic because they permanently change the shape of interaction between family and business. Unfortunately, businesses failed to implement around 70% of their strategic plans, where ineffective strategic planning usually occurs because of lack of management commitment, vague strategies, business culture, resistance to change, or misallocation of resources (Turner 2017; Okumus 2003). Most of the FoB's managers are trying to implement strategies without realising and understanding many other factors that should be addressed to let strategy implementation work. Family business traditional strategic planning models and tools focused on business needs and goals without addressing family challenges, succession, and governance for resources, which made this type of business unique and competitive.

Family businesses need to concentrate on succession planning simultaneously with governance to manage the dynamics of family businesses for succession, where a family business sustainability and continuity depends on the succession planning, and its success is based on the founder's management skills in successor foundation and successor transition process (Soto Maciel et al., 2015; El-Kassar et al., 2018). The current gap in the conceptual territory of corporate governance, strategy, and its relationship with succession lies with the generic review of the needs of the business as opposed to considerations of family business or enterprises set within the Jordanian family business.

The importance of stable and sustainable family businesses leads to adopting corporate governance practices to guarantee firms success, growth, and sustainability (Beattie, 2018; OECD 2015). Moreover, to implement a successful strategy in family-owned businesses, they need to handle the relationship among family members and between family members and managers (Wang, 2010; Sahni et al., 2017). Corporate governance builds on the unique advantages of family businesses to ensure that family businesses work on their weaknesses and leverage their strengths (Abouzaid, 2008; Abu Ghazaleh,

2018). However, the needs for business owners in family enterprises is not a major focus of the material, and therefore some understanding of how it would be centred in a Jordanian family business is key to the translation of these notions

## 2.6 Conclusion and Review of Conceptual Framework

Most of the published research focuses on the theoretical side of succession planning and corporate governance issues, as mentioned in sections (2.2.6, 2.3.6, and 2.4.4). The factors that govern family-owned businesses in other countries with success stories as mentioned in section 2.4.3. These studies also fail to indicate the main reasons that prevent such businesses from preparing the appropriate succession plan and following frequent steps to accomplish good corporate governance

Chapter two has highlighted the literature of family-owned businesses, strategic management, succession planning, and corporate governance, including the need for skills, competencies, and the right infrastructure to respond to challenges facing these businesses over time. The main arguments have been the need for an efficient strategic plan, succession plan, and corporate governance practices in Jordanian family-owned businesses to respond to their challenges, which looked at the impact of the traditional succession planning on corporate governance in these businesses through exploring these unique business aspects. The below Figure (18) shows this research's conceptual framework.



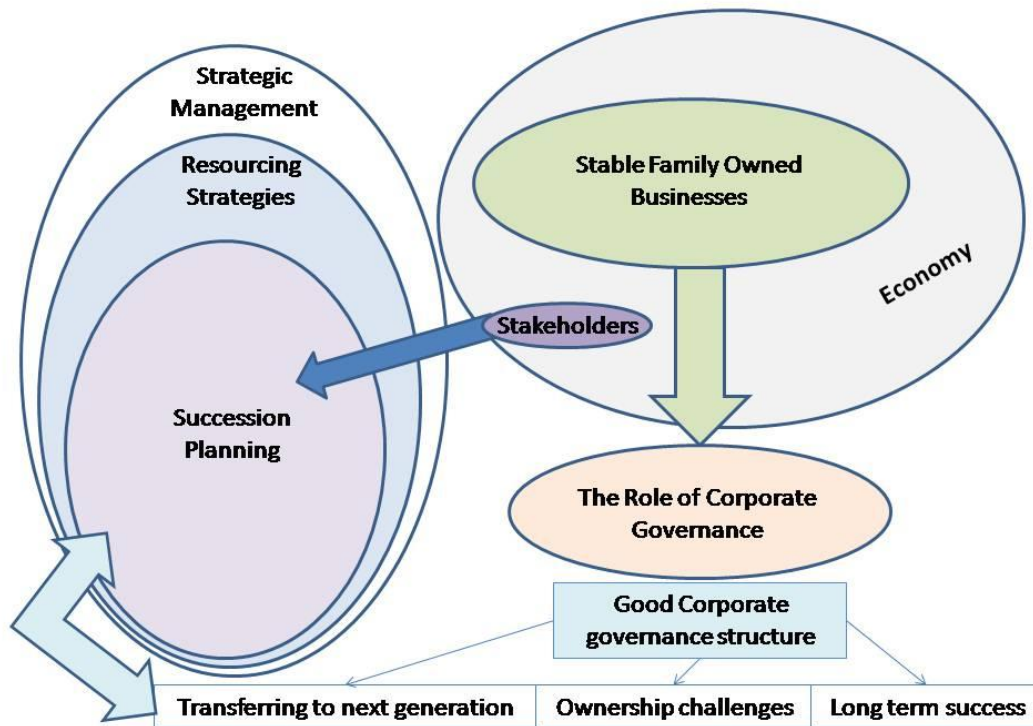


Figure (18): Researchs' Conceptual Framework

Source: Researcher

The previous Figure (18) shows this researchs' conceptual framework; it shows the relationship between the three main pillars of this research: family-owned businesses, succession planning, and corporate governance. The previous chapter and literature reviewed through this study reflect the need for stable family-owned businesses and how it affects other stakeholders directly. This research will explore the role of corporate governance and succession planning in family-owned businesses continuity and sustainability in the Jordanian context.

Strategic management and succession planning theories and models have been discussed. Jordanian family-owned businesses could benefit from studying these theories and models and respond rapidly and survive using their unique values, beliefs, and competencies toward sustainability and continuity.

By conducting the previous up to date literature review, the study observes a lack of clarity regarding Jordanian family-owned businesses succession planning and corporate governance practices that need to be explored under the umbrella of these research models and theories. The next chapter is about the research methodology and design used to achieve these study objectives.

## Chapter Three: Research Methodology and Design

### 3.1 Introduction

This research aims to explore in-depth how professional succession planning might evolve corporate governance practices by identifying and describing the key aspects of family-owned businesses in Jordan. This research will explore the Jordanian family-owned businesses into how succession planning normally takes place and impacts corporate governance. In this chapter, the methodology and design used are discussed, and the previous chapters provide the theoretical background on which this research is based.

The researcher decided to collect data to meet three research objectives. The primary data was collected through semi-structured interviews. The major aspects of Jordanian family-owned businesses and the succession planning process adopted by Jordanian family-owned businesses derived using thematic analysis of respondents' responses about features and aspects of Jordanian family-owned businesses. The interviews focused on features of family-owned business operations, internal procedures, succession planning methods adopted, forms of conflicts, and it explored the level of governance in each firm.

This research focused on exploring the effect, impact, and how to change from traditional succession planning to a professional framework. The emphasis will explore the main factors of traditional succession planning and how it impacts Jordanian family-owned businesses corporate governance.

Accordingly, this chapter will discuss the philosophical approach in section 3.2. The research method adopted is discussed in section 3.3, followed by the data collection process in section 3.4. Section 3.5 discusses the sample design and the choice of interviewees. Section 3.6 reflects a detailed overview of the data analysis technique and tool used in this research. Finally, sections 3.7 and 3.8 discuss the reliability, validity, and ethical issues used to achieve the research objectives.

### 3.2 Research Philosophy

The researcher should be aware of the most critical phase in this journey, selecting the research philosophy (Saunders, 2011). The researcher should recognise the

philosophical research assumption with particular attention even if the study is qualitative or quantitative, where a researcher's perception toward the improvement of knowledge is the main driver of the research philosophy adopted. The research philosophy adopted controls researchers' investigation (Guba and Lincoln, 1994). The researcher's adopted approach affects the selected research strategy, where the research question controls the research philosophy adopted (Saunders, 2011). In this research, the researcher decided to explore the Jordanian family-owned businesses to enrich knowledge about this type of business according to respondents' opinions and views.

Saunders and Lewis (2018) point out that a researcher's decision about which design and philosophy to adopt and the clarity of displaying this thought is very significant because it will guide the researcher's research design decision-making. Enhancing research validity needs to be justified by an effective research approach, where research needs to obtain research results through conducting a satisfactory inquiry (Creswell, 2014). Leedy and Ormrod (2004) define research as a procedure used to systematically find the answer to a question or find the resolution of a problem with the support of a demonstrable fact. The research uses a process to find the answer or the solution, which has to be organised and clear research methods that aim to broaden knowledge or resolve the problem. Blaikie and Priest (2019) argue that the methodology describes how a researcher has decided how to do their research, the research methods used, and undertaken the critical analysis.

The researcher reviewed the most relevant ontology, epistemology, methodology, and axiology philosophies to choose the most suitable philosophy to answer the research questions (Yilmaz, 2013). Kivunja and Kuyini (2017) argued that human-made philosophical assumptions to understand the social phenomena truth and reality fall under the umbrella of the ontological perspectives in research. From an ontology perspective, the researcher analyses the data collected according to their assumption of existence and actuality and depending on their personal beliefs toward that issues (Scotland, 2012). Consequently, the researcher needs to follow the epistemology perspective to understand the reality of humans, where epistemology is concerned to understand world knowledge (Saunders et al., 2009). Finally, researchers need the best relevant approach and procedure to discover new knowledge within the research context (Kivunja and Kuyini, 2017). Table (6) below outlines the five main business and management research philosophies.

<b>Ontology</b> (nature of reality or being)	<b>Epistemology</b> (what constitutes acceptable knowledge)	<b>Axiology</b> (role of values)	<b>Typical methods</b>
<b>Positivism</b>			
Real, external, independent One true reality (universalism) Granular (things) Ordered	Scientific method Observable and measurable facts Law-like generalisations Numbers Causal explanation and prediction as contribution	Value-free research Researcher is detached, neutral and independent of what is researched Researcher maintains objective stance	Typically deductive, highly structured, large samples, measurement, typically quantitative methods of analysis, but a range of data can be analysed
<b>Critical realism</b>			
Stratified/layered (the empirical, the actual and the real) External, independent Intransient Objective structures Causal mechanisms	Epistemological relativism Knowledge historically situated and transient Facts are social constructions Historical causal explanation as contribution	Value-laden research Researcher acknowledges bias by world views, cultural experience and upbringing Researcher tries to minimise bias and errors Researcher is as objective as possible	Retroductive, in-depth historically situated analysis of pre-existing structures and emerging agency. Range of methods and data types to fit subject matter
<b>Interpretivism</b>			
Complex, rich Socially constructed through culture and language Multiple meanings, interpretations, realities Flux of processes, experiences, practices	Theories and concepts too simplistic Focus on narratives, stories, perceptions and interpretations New understandings and worldviews as contribution	Value-bound research Researchers are part of what is researched, subjective Researcher interpretations key to contribution Researcher reflexive	Typically inductive. Small samples, in-depth investigations, qualitative methods of analysis, but a range of data can be interpreted

Table (6): The Five Main Research Philosophies

Source: Saunders et al., 2009

According to Table (6) above, the most common philosophies for this research are positivism and interpretivism, where section 3.2.1 below will clarify these two approaches.

### 3.2.1 Positivism versus Interpretivism

#### 3.2.1.1 The Positivism Research Philosophy

The positivism research philosophy relates to the stance of the natural scientist. Saunders and Lewis (2018) define positivism as "a research philosophy similar to those used in the physical and natural sciences, where it is a highly structured method employed to facilitate replication, resulting in law-like generalization". According to Collis and Hussey (2014), positivist research focuses on discovering measurable and observable facts, leading to the production of meaningful and credible data. Saunders and Lewis (2018) argue that positivism aims to find causal relationships in research data to create law-like generalization, which will help explain and predict organisations' behaviour. Positivist research achieved its objectives using a deductive approach, and it facilitates replication using a highly structured methodology and quantitative method (Gill and Johnson, 2010).

This argument does not match this research problem, where, in reality, the impact of traditional succession planning on corporate governance will be evaluated according to respondents' perceptions. The researcher wants to focus on exploring what it affects and evaluate this impact through respondents' themes of responses.

#### 3.2.1.2 The Interpretivism Research Philosophy

The interpretivism research philosophy holds the social reality, which is based on interpretation and interaction, where it assumes that all knowledge is a matter of interpretation (Quinlan, 2011). Bell and Bryman (2007) represent that interpretivism is an epistemological assumption that defends understanding differences between humans as social actors. This philosophical approach believes that human behaviour can't be measured as natural sciences. In the interpretivism philosophical approach, the researcher focuses on the subject under study, and it depends on their understanding of the world, where the researcher extracts meaning from respondents responses in a subjective way, based on their interaction with respondents and according to their contexts' experience (Bogdan and Biklen, 1998).

### 3.2.2 Deductive versus Inductive Approach

According to Collis and Hussey (2014); Bell and Bryman (2007), the approach to theory development used can be a deductive or inductive approach, where theory is defined as an explanation of the relationship between two or more concepts or variables. All research projects will need to link to theory somehow, and the most likely link will be through the research topics relevant literature (Saunders and Lewis, 2018). The positivism philosophy is normally associated with deductive research, and interpretivism research is usually associated with inductive research.

The deduction approach describes a researcher's dependency on a theory or model, then develops a hypothesis and tests it through designing a research strategy. In contrast, the induction approach lets the researcher develop a theory by collecting data and analysing it (Saunders and Lewis, 2018). The hypothesis suggests a correlation between two or more variables and formulates in operational terms, where the deductive approach is accomplished by quantitative research (Saunders, 2011). According to Bell and Bryman (2007), the deduction approach is a top-down approach from general to more specific, where the inductive approach works from specific observation and data analysis to develop theories and create a generalisation model (see Figure (19))

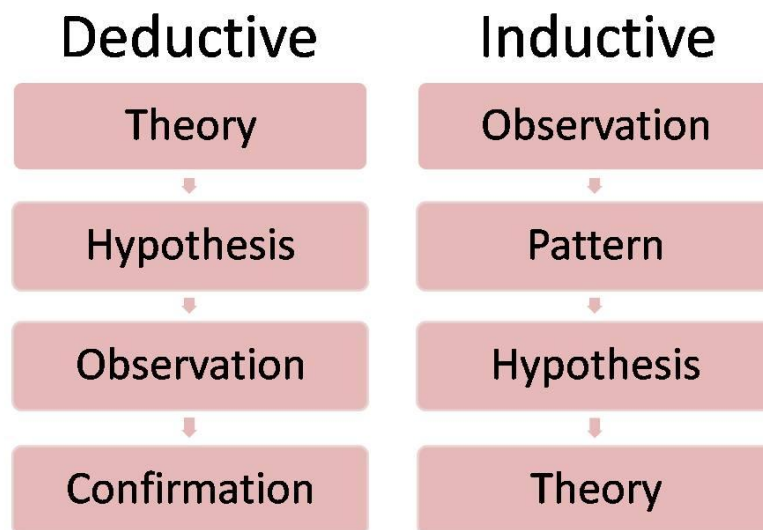


Figure (19): Deductive and Inductive research  
Source: Adapted from Saunders and Lewis, (2018)

Leedy and Ormrod (2004) highlight that induction research is a bottom-up approach that derives theories, models, and concepts from specific observations and empirical data. A conclusion is drawn from the population according to the phenomena observed in the sample. The inductive approach is used in social sciences, where employing a qualitative method to collect data to understand an experience or phenomena (Easterby-Smith et al., 2012). Conducting inductive research allows the researcher to be more flexible in modifying the research through its process, which leads to a deeper and closer understanding of events and phenomena (Saunders, 2011). In an induction approach, understanding the research context emphasises the necessity to research to generalise a theory. It possesses a more flexible structure to research emphasis changes as the research progresses (Saunders and Lewis, 2018).

This research will reflect more than one reality about Jordanian family-owned businesses developed from the epistemological assumption and interpretive framework to create new knowledge and understanding from respondents' responses. The method used is qualitative in achieving the research objectives and answering the research questions using an inductive approach which will inform individuals' logic and understanding. The below Figure (20) show this methodological research pyramid. The interpretive philosophy will support the interview research methodology, which supports the data collection methods (Semi-structured interview).

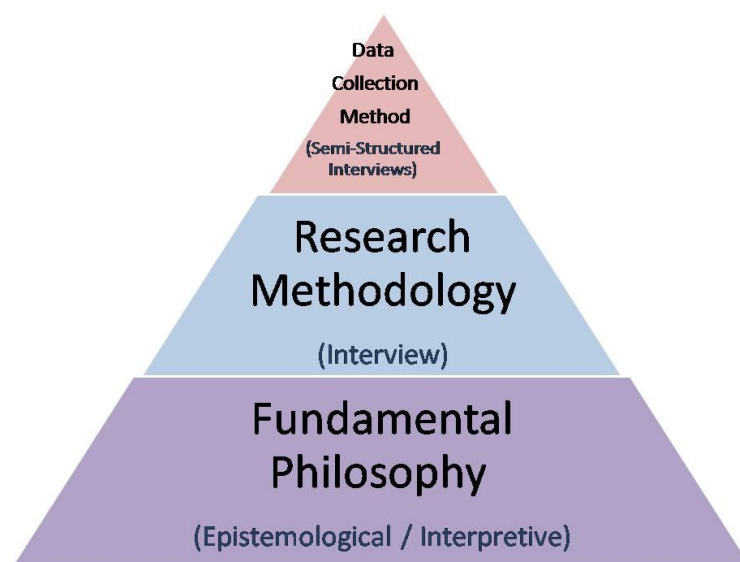


Figure (20): Research Methodological Pyramid

Source: Adapted from Saunders et al. (2009)

To conclude, exploring Jordanian family-owned businesses, their succession planning process adopted, and major factors of succession planning that impact corporate governance. It requires a closer and deeper understanding of these businesses. In this research, the researcher defines his research question, "How does traditional succession planning impact the corporate governance in family-owned businesses in Jordan". This research will discover various respondent interpretations and investigate the main aspects and factors needed to meet the research objectives and answer the research question, which will be elaborated further.

### 3.3 Research Method

#### 3.3.1 Research Types

Saunders et al. (2011) argue that the research purpose aims to characterise the research design under three types: exploratory, explanatory, or descriptive research. The research design is a road map that aims to facilitate the researcher with a structured way to clarify a potential problem in all research stages. The research study might adopt more than one purpose (Yin, 2014). The coming subsections will discuss the three types, purposes, and researcher choice in this work.

##### 3.3.1.1 Explanatory Research

Explanatory research can be used to clarify and identify the variables cause and effects relationships at the time when the research problem has already been defined narrowly (Zikmund, 2010). Therefore, explanatory research requires testing a hypothesis that forms a well-defined research problem, where questions can be answered using quantitative and/or qualitative methods (Saunders and Lewis, 2018).

This research is not explanatory because it does not aim to clarify variables cause and effects relationships or test hypotheses. It aims to explore aspects of Jordanian family-owned businesses and then to explore the succession planning process adopted.

##### 3.3.1.2 Exploratory Research

Exploratory research clarifies and simplifies ambiguous problems or new phenomena (Zikmund, 2010). Thus, exploratory research is frequently conducted to explore unexplored phenomena or understand a general problem's dimensions. Saunders and



Lewis (2018) suggest more than one way of conducting exploratory research: the first way, searching the academic literature, the secondly, using unstructured observation, and thirdly, using semi and unstructured interviews with experts on the subject.

Exploratory research is well suited to qualitative methods to clarify concepts and insights, formulate problems more precisely, and form hypotheses without testing them (Saunders et al., 2011).

This research is exploratory because it simplifies or clarifies ambiguous problems and new phenomena. This research will explore the Jordanian family-owned business aspects, succession planning process adopted, and evaluate the impact of traditional succession planning on corporate governance.

### 3.3.1.3 Descriptive Research

Descriptive research is designed to describe a phenomenon's characteristics by determining answers for who, when, what, how, and where questions; it is unlike the exploratory purpose because it is based on the previous understanding of the research problem (Zikmund, 2010). Descriptive research may be an addition to exploratory research to define and examine phenomena more fully or differentiate them from other phenomena (Saunders and Lewis, 2018).

This research aims to explore what is going on in family-owned businesses in Jordan by answering the main aspects of Jordanian family-owned business, how succession planning normally takes place, and how traditional succession planning affects corporate governance in family-owned businesses. Each question will involve collecting qualitative data using semi-structured interviews. Accordingly, these research objectives will be achieved through exploratory research to explore the Jordanian family business aspects, features of succession planning adopted, and the main critical factors and aspects of traditional succession planning which affect corporate governance in Jordanian family-owned businesses.

### 3.3.2 Quantitative versus Qualitative Research

As mentioned in section 3.3.1.2, exploratory research was used in this thesis. According to Saunders and Lewis (2018), any research strategy such as an experiment, survey, case study, or interview can be used for exploratory, descriptive, or explanatory

research. Simultaneously, some of these strategies belong closer to the deductive approach, whereas others may belong closer to the inductive approach.

Saunders (2011) argues that selecting qualitative or quantitative methods depends on a researchers' philosophy, approach, type, strategy, and method. This can help the researcher answer the research questions and achieve the objectives. According to Gill and Johnson (2010), quantitative methods reflect information statistically and emphasise quantities in data collection and analysis. A quantitative method provides narrow, solid, and general results. Bell and Bryman (2007) argue that quantitative research is preferable when the researcher follows a deductive approach and positivism philosophy. Quantitative research concerns the analysis of associations between variables and problem assessment.

Qualitative research is a research strategy that emphasises words rather than quantities in data collection, and it reflects a comprehensive explanation of the phenomena studied. Also, a qualitative choice aims to answer difficult issues excluded within a very small population (Bell and Bryman, 2007). Qualitative research is usually rich in details and can be characterised by observing the phenomena, where it involves observing how people behave, which results in unstructured and detailed data that need filtering, sorting, and manipulation for the analysis task (Bryman, 2016). A qualitative method is a subjective approach that suffers from concerns over its validity and poor reliability because the researcher can add any necessary details during and after data collection.

The main reason behind adopting a qualitative method in this research is that this research aims to explore aspects of family-owned businesses in Jordan and succession planning factors and then evaluate the impact of traditional succession planning on corporate governance in such businesses in such businesses Jordan. Following Saunders and Lewis (2018), this research has applied a qualitative method because it is the appropriate method for conducting exploratory and inductive research, where the importance of exploring individual Jordanian responses towards other countries' family businesses aspects and factors need to be explored through a deep investigation of these businesses.

The interpretation certainty of the research subject, approach, method, and the research area adopted is supported by the qualitative method and advantage over the quantitative method (Bryman, 2016). The quantitative method might miss the ability to present valuable insights about social phenomena by presenting naturalistic data, enabling the

study to display a distinct phenomenon complexity (Creswell, 2013). The qualitative method will help understand the responses of individuals and groups who are interviewed when there are limited previous studies about the phenomenon in the actual social environment.

### 3.3.3 Research Design

This research study used the semi-structured interview research strategy, where the data was collected through 21 one-to-one semi-structured interviews with respondents from Jordanian family-owned businesses.

According to Braun and Clarke (2006), the thematic analysis technique can be used to summarise information related to a particular topic or data domain; where it's called domain summary or topic summary used to analyse qualitative data through summarising everything the participants said and summarizing the main points raised by participants concerning a particular topic or data domain. The researcher analysed these data using thematic analysis and developed a subjective meaning and inductive reasoning from 21 respondents. Subjectivity is an advantage of the qualitative method over quantitative, where the findings do not depend on the researchers' opinions and analysis. Therefore, qualitative research is the most appropriate method for this study because it aims to explore the aspects of Jordanian family-owned businesses and succession planning factors and explore the impact of traditional succession planning on corporate governance in Jordan. These issues can be explored only through one to one interviews with business founders and successors. Figure (21) below shows the research design, which also outlines the research road map and how these objectives were achieved using semi-structured interviews.

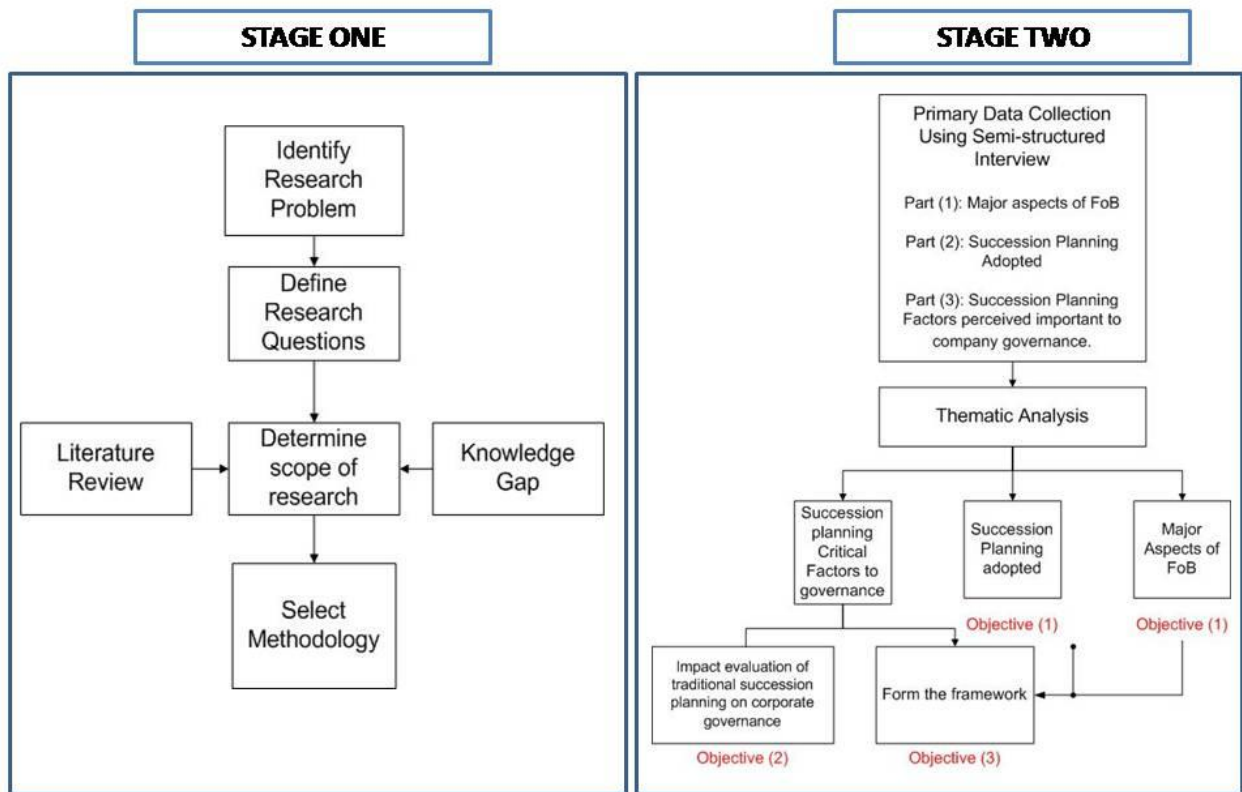


Figure (21): The Research Design  
Source: Researcher

The previous Figure (20) shows that this research followed two stages, starting from identifying the research problem and determining the scope of the research after reviewing the literature and identifying the research gap. The second stage started from collecting primary data from respondents to analyse these data thematically to achieve these research objectives.

The following section 3.4 will outline how the researcher adopted the qualitative research approach and the technique used to collect primary data for this study. Section 3.5 will explain the sample design for the data desired.

### 3.4 Data Collection Method

The researcher tends to solve the research problem systematically by using the appropriate research method. This result can be achieved by studying all of these methods and techniques and being aware of their specifications. This procedure can

help discover the relevant and irrelevant methods to the research problem (Morgan, 1993). The researcher should choose the most applicable and appropriate research method to get the most out of the researched area according to the research aims, problem, and objectives (Gill and Johnson, 2010). The research method used with a selected research strategy did not reflect the barrier preventing the researcher from adopting other methods. The data collection method and research strategy used depends on the form and type of information needed to solve the research problem (Creswell, 2014). This section will clarify the implementation of the qualitative research approach, data collection technique, and data collection design used in this research, taking into account the financial, time, and Covid-19 situation surrounding the selection of this design.

### 3.4.1 Qualitative Approach

As mentioned in section 3.3.2 previously, the researcher will adopt exploratory research using a qualitative technique to collect data under the interpretive paradigm and inductive approach. According to Fletcher (1997), the adopted epistemological position generates the research methodology followed by the researcher, which affects the questions and data obtained from respondents. Slevitch (2011) argues that the data collection method used by the researcher should be in harmony with the epistemological approach adopted. Looking for an in-depth understanding of Jordanian family-owned businesses succession planning and governance through founders and candidate successors is far away from the quantitative investigation. The exploratory qualitative approach is the most suitable approach for these study objectives. Below Table (7) shows the analysis of the qualitative research method.

	<b>Issue</b>	<b>Qualitative methods</b>
1	Overall aim	Understanding and explanation of social phenomena
2	Sample size	Small
3	Amount of data	Large amounts of raw textual data
4	Relationship with respondents	Close one to one relationship
5	Frequently used data	Semi-structured interviews, easy but costly and time-

	collection techniques	consuming
6	Frequently used data analysis techniques	Thematic content analysis is tedious and time-consuming
7	Flexibility and standardization	flexible
8	Research process and data quality	Meticulous record-keeping adds value to the quality of process and data
9	Interpretation of results	A lot of interpretation is required
10	Generalizability	In general, generalizability is not an objective
11	Triangulation	In general, no triangulation is done
12	Overall usefulness, assuming cost, time and expertise are not issues	More useful than quantitative methods in understanding social phenomena
13	Terms used for quality of research	Trustworthiness

Table (7): Analysis of Quantitative Research Method

Source: Adapted from Haq (2014)

Investigating individuals' perspectives about their lived experiences can be accomplished by adapting a qualitative approach (Guba and Lincoln, 1994). According to Payne and Williams (2005), qualitative research untangles the meanings associated with a particular social structure and leads to explanation rather than generalization. The criticism about the qualitative research falls below the main three points. First, the sample may lead to replication or poor generalization; second, the researcher' predisposition may lead to bias in data interpretation (Morse et al., 2002); and third, qualitative research may lead to building a discriminatory theory (Eisenhardt, 1989). However, the qualitative approach is used broadly in studying personal experiences and human behaviour. Figure (22) below shows the sequential qualitative method research design.

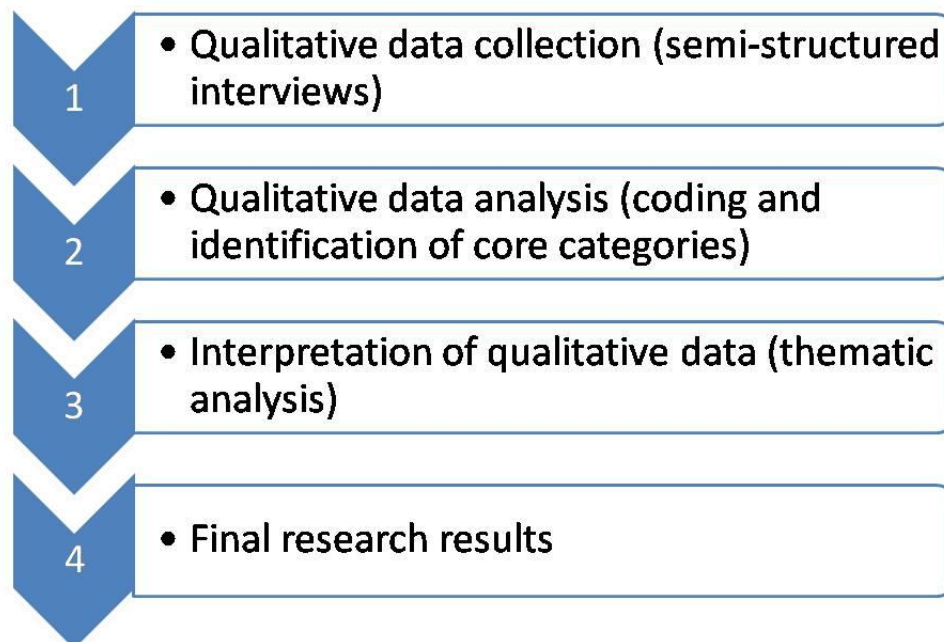


Figure (22): Sequential of Qualitative Method Research Design

Source: Adapted from Haq (2014)

According to Figure (22), the qualitative data collection technique that will be adopted for the qualitative study is the semi-structured interviews which will be discussed next.

### 3.4.2 Data Collection Technique

The research aims, objectives and the time available control the data collection technique used by the researcher, where interviews, observations, and case studies are data collection methods that can be used for qualitative research strategies (Bell and Bryman, 2007). The questionnaires and structured interviews can be used as data collection methods for quantitative data, which use numerical data to be analysed statistically, unlike the narrative data produced from qualitative strategy, and analysed using content, thematic, or narrative analysis (Creswell, 2014). Interviews are a powerful tool for generating rich data, and it is widely used to interchange views and social interaction between the interviewer and interviewee (Edwards and Holland, 2013). According to Saunders et al. (2009), the selected approach has to be chosen upon its effectiveness to answer the research questions. Therefore, the researcher chose to adapt the interviews tool to research Jordanian family-owned businesses.

The interview can be used to get insights about complex situations and collect information from any type of person through a person to person interaction to obtain specific research purposes and relevant information (Belmonte et al., 2016). This research explored every respondent's lived experience and generated knowledge about the reality of running and managing their family businesses. Qualitative interviews are a data collection method for rich and detailed data, including beliefs, behaviours, attitudes, and values (Moho, 2006). Saunders (2011) argued that the qualitative data gathered through interviews aim to elicit responses of individuals according to their perceptions to collect reliable data that answer the research questions and achieve the research objectives.

Investigating the social and personal dimensions insightfully can be achieved through adopting in-depth interviews (DiCicco-Bloom and Crabtree, 2006). Flexibility needed for the researcher to collect participants' interpretation could be obtained through the semi-structured interviews, which can't be accomplished through quantitative studies. Trochim (2006) argued that using the semi-structured interview method could simplify interviewing candidates, prepare the interviewing script, and improve questions to be asked, resulting in richer data. Despite the previously mentioned advantages, the semi-structured interviews were criticized for their closeness between respondents and researcher and their subjectivity. However, the researcher will address the credibility issues in conducting and analysing the interviews' responses (Horton et al., 2004). Deciding the research technique supports the design of data collection, which will be clarified in the coming section.

### 3.4.3 Interviews Design

This sub-section highlights the process of designing the interviews commenced for data collection purposes. According to Moho (2006), understanding processes and cultural and social phenomena can be improved through observation and interview methods. In contrast, these methods should not be used if the researcher wants to generalise and produce objective facts about reality. The research approach adopts semi-structured interview as the interview type used as the research instrument to gather data to gain insights into the impact of traditional succession planning on corporate governance in a family-owned business in Jordan via face to face interviews with owners, CEO's, and candidate successors of Jordanian family-owned businesses.



The semi-structured interview is the most appropriate approach to gaining insights and information through exploratory research. In-depth and sensitive information about Jordanian family-owned businesses can be collected through this method with a small sample population. The semi-structured interviews used in this research aim to explore the major aspects of Jordanian family-owned businesses, succession planning adopted in this type of businesses, and how traditional factors affect the corporate governance in such businesses to explore the potential dimensions of an applicable succession planning framework customised for Jordanian family-owned businesses. The researcher used a set of predetermined questions to be answered through semi-structured face to face interviews with Jordanian business founders, CEO's, and candidate successors to answer this research core question which is "How does traditional succession planning impact the corporate governance in family-owned businesses in Jordan". The below Figure (23) shows the process that controlled the development of the interviews' questions followed by the researcher according to these research objectives and literature reviewed in chapter 2.

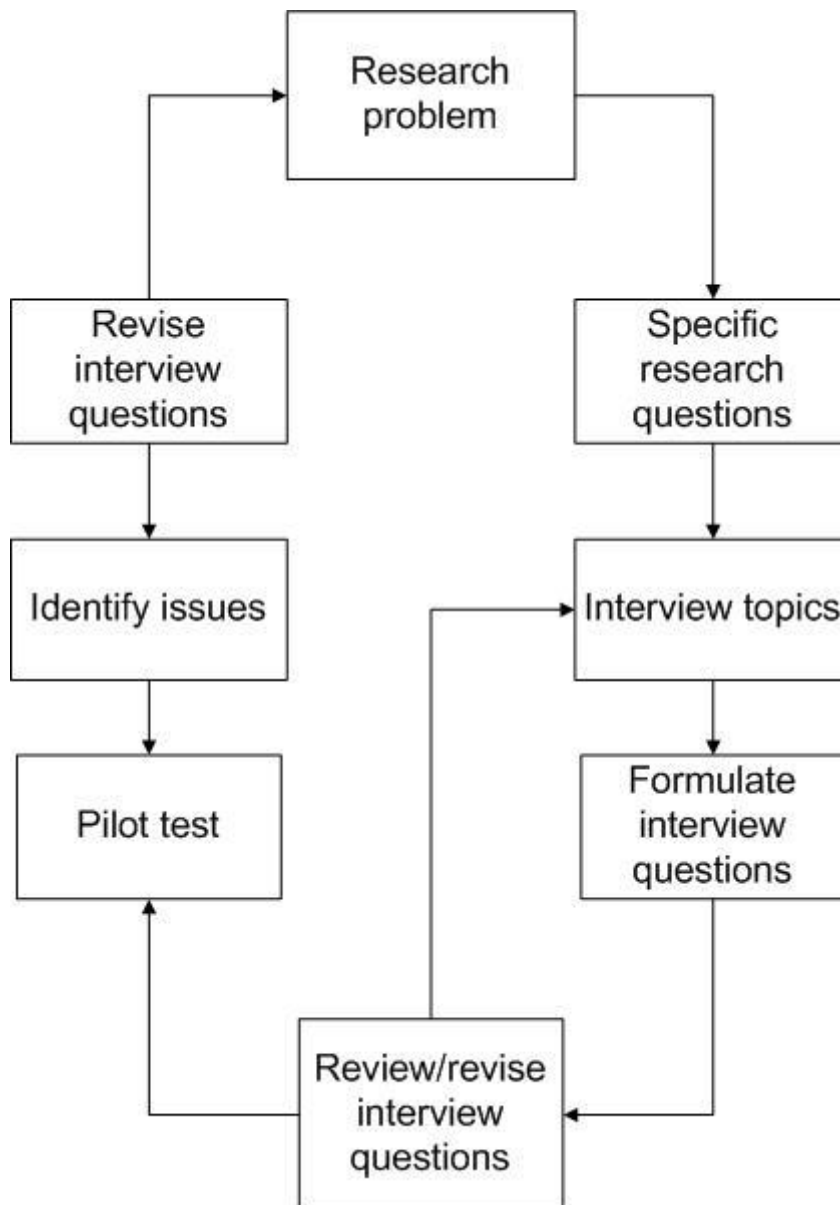


Figure (23): Formulating the Interview Questions Process

Source: Adapted from (Bryman, 2012)

The interview schedule consisted of a series of questions with the flexibility to change the sequence of questions, which is different from structured or unstructured interviews (Bell and Bryman, 2007). These three types of interviews are structured, unstructured, and semi-structured interviews, and they differ in terms of the level of control and flexibility (Edwards and Holland, 2013). Structured interviews do not allow the interviewer to anticipate any issue or topic after finalising the interview schedule. Unstructured interviews commence with a list of issues and topics to be covered without specific sequencing (Zikmund, 2010).

To achieve these research objectives, the researcher developed a paper-based interview script including open-ended questions to guide the interview conversation, ensure consistency, guarantee reliability in all interviews, ask participants similar questions, and avoid leading questions. The researcher designed the interview script to focus on three main themes – Jordanian family-owned business aspect, succession planning, and corporate governance. The researcher used pre-determined open-ended questions to investigate the phenomenon of family-owned businesses. The researcher tested the validity of the interview questions to ensure that these questions meet these studies aims and objectives. The interview script contains 19 open-ended questions belonging to 4 main groups (see Interview questions in Appendix A and B).

The first group of questions includes five questions; aim to collect general information about Jordanian firms, asking about their legal status, strengths, competitive advantage, how they satisfy their family member career ambition and the existence of family council and family constitution. The second group of questions includes six questions; aim to collect data about their main aspects related to succession planning and corporate governance through asking about generations work on, employment policies, vision, mission, responsibility delegation, compensation for family members, practices for continuity, and founder power. The third group of questions asked about the nature of succession planning adopted and leadership transfer through generations. This group of questions asked four questions about the preparation of family members, development, induction process, strategic and succession plan existence, and the relationship between family members. Finally, the fourth group of questions about the main aspects of corporate governance in these businesses through asking four separate questions about conflicts management, shares transfer, dividends policies, and their board of directors. The questions asked are derived from an extensive review of existing research about family-owned businesses, succession planning, and corporate governance.

The researcher will follow Myers and Newman's (2007) model (see Table (8) below), which clarify guidelines for semi-structured interviews in qualitative studies. The researcher will clarify every question to keep the respondent comfortable and eliminate any sense or misunderstanding to keep them relaxed and free to answer every question. Moreover, the information collected through face-to-face interviews to explore specific phenomena like aspects of Jordanian family-owned businesses may lead to new findings that may be used later by the researcher himself or other researchers. Interviewer bias may occur in this type of method. The interviewer may influence the interviewee

response because of his/her dress, age, gender, facial expression, or any other non-verbal characteristics (Zikmund, 2010).

<p><b>Situating the researcher</b> To identify the relationship between the researcher, the interviewees and their organization by providing a brief overview of the researcher, research and role of the interviewee.</p>	<p><b>Minimising social dissonance</b> To reduce the social distance between the researcher and the interviewee and building rapport by providing a warm introduction and facilitating the conversations</p>
<p><b>Representing a variety of voices</b> To overcome bias, researchers should include a variety of subjects by interviewing more than one stakeholder (entrepreneurs and experts)</p>	<p><b>Everyone is an interpreter</b> To ensure that the researcher not only interprets the interviewee's answers, but also that the researcher's questions are subject to the interviewee's interpretation by asking questions in English or Arabic and clarifying unclear terms</p>
<p><b>Using models in questions and answers</b> To minimise imposing the researcher's world-view on the interviewees, by adopting the mirroring technique and repeating the responses of the interviewees to ensure they are properly captured (whether in English or Arabic)</p>	<p><b>Maintaining flexibility</b> To minimise the use of a script and to improvise whilst listening and constructing the next question based on the interviewee's response, by following the flow of discussion and emphasizing the points highlighted by the interviewees</p>
<p><b>Confidentiality of disclosures</b> To report on security and confidentiality agreements, by providing the interviewees with the participant information sheet and the participant consent form to participate and record the interviews</p>	

Table (8): Semi-Structured Interviews Guidelines  
Source: Adapted from Myers and Newman's (2007)

The interviews will be conducted individually with the 21 participants, and every interview will take around 70 minutes to answer the 19 open-ended questions belonging to 4 main groups, which will be recorded using recording software that will be transcribed to paper format in the Arabic language then translated into the English language. The researcher will face challenges, including meeting the participants at the time of the Coronavirus and country lockdowns that coincided with the holy month of Ramadan, which is a part of Jordanian Islamic belief.

According to Meho (2006), there are many challenges facing the researcher who decides to commence face to face interviews, and these include time needed to spend with every respondent, cost before, in, and after the interview, and the limited access to participants where they are business founders and senior managers. These thesis constraints also allow the researcher to use the face to face interview according to the methodological argument presented earlier. The COVID-19 pandemic changed the interview nature from face to face interviews to remote video interviews using Microsoft Teams, Zoom, and

Skype, which affected the data gathered. The interview missed the feeling of the surrounding environment around the respondents missed the human interaction advantages.

### 3.5 Sampling

This section will outline this qualitative research sampling design and sample size. Selecting the research sample is a key part of research validity and reliability, where testing the whole population is very difficult in some cases. At the same time, the researcher should ensure the research accuracy and validation (Zikmund, 2010). The research design and quality depend heavily on choosing the research sample strategy. The researcher should be careful in choosing the sampling strategy compatible with the overall research design (Collins et al., 2007).

#### 3.5.1 Sample Design

According to Yin (2014), the research design allows the researcher to answer the research questions and achieve the research aims by collecting the appropriate data, collection method, and analysing it. Considering this research context, family-owned businesses in Jordan, the source of information in those enterprises are the owners and decision-makers, because they are well informed and have rich and accurate information that will reflect a clear picture about their enterprises, and referring to the main aim of this stage which is to gain an in-depth view of Jordanian family-owned businesses and succession planning adopted, rather than drawing a statistical conclusion. Below, Figure (24) outline the two approaches of sampling techniques.

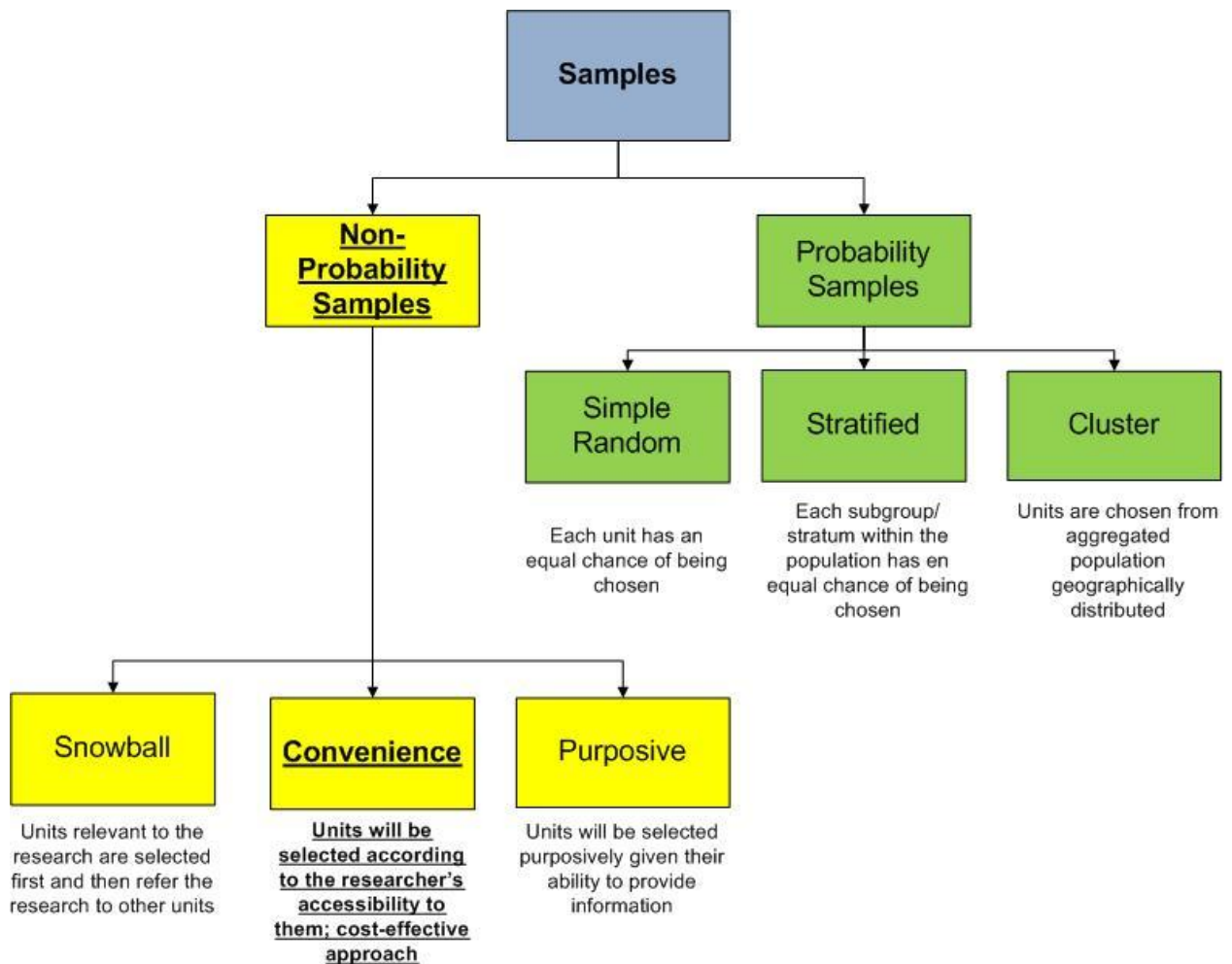


Figure (24): Probability versus Non-probability sampling

Source: Adapted from (Rahi, 2017)

The previous Figure (24) shows that the probability samples give each unit of the population the same probability of being chosen. For the non-probability sample, the probability of choosing one unit is unknown (Rahi, 2017). This research used non-probability sampling for data collection, which depends on researcher assessment and can't be used for generalisation issues, unlike probability sampling, which is more reliable in representing the research population.

The scope of the research and the research objectives directed the sampling method that was used in cooperation with the research method used, where the qualitative researches aim to deal with people's experiences and attitudes, and the sample of the population selected to study people experience toward phenomena studied. According to Zikmund (2010), convenience sampling is the best sampling strategy used for exploratory research when additional research is conducted with a probability sampling, where respondents were selected according to the researcher convenience because

responses could be gathered at a low cost and quickly, in the absence of any research funding and given the time limits. Using convenience sampling is compatible with these research aims and objectives.

Therefore, the researcher selected participants who have adequate experience in the Jordanian family business. The respondent's intention to describe their experience and talk freely with the researcher played a major role in sampling selection. The sample of this study was selected from Jordanian unlisted family-owned businesses registered within the Amman Chamber of Commerce and from different industries such as retail, construction, trading, manufacturing, and the food industry, to investigate related aspects and factors of family-owned business and succession planning that could affect the business.

The samples were selected from different sectors, which led to richer data than studying only one sector. The samples met the following criteria:

- They are registered with the Amman Chamber of Commerce, which means that they have a legal form and are practising their profession.
- They are located in Amman, which is the capital city of Jordan, because Amman is the commercial hub, and the majority of professional enterprises are located in Amman. These businesses were aware that they would be asked about succession planning and governance.
- The selected enterprises are unlisted family-owned businesses, with shares of more than 51% owned and managed by one or more shareholders from the same family.

### 3.5.2 Sample Size

The sufficient number of interviewees in qualitative research is a debatable point in current research (Robinson, 2013). The qualitative studies sample is not a pre-determined number only, and it is a process that the researcher needs to follow (Trotter, 2012). Patton (2015) argued that determining the number and nature of participants could be achieved through the research aim and research question to justify and guide this process. Galvin (2015) recommended employing between 12 to 60 respondents in qualitative studies to fulfil the research purpose.

The uniqueness of this research is represented through its participants' selection stage from 12 different sectors, expressed three legal forms, and different numbers of generations involved in the business 1,2, and 3 generations. The characteristics of these research participants included:

- Business founders
- CEO's
- Candidate successors

These respondents were ready to share their experience with the researcher by reflecting their motivation to success, ambition, and experience, which enriched the data collected. As mentioned previously, the researcher used face to face semi-structured interviews, where a group of 21 family-owned businesses founders, CEO's, or candidate successors were selected as potential candidates from different sectors, as shown in Appendix (C). The researcher reached the saturation point of respondents' responses after commencing the 21<sup>st</sup> interview. Appendix (C) shows the number of business founders, CEO's, and candidate successors who participated in the data collection stage. It includes the sector that every respondent belongs to, their company legal form, and the number of generations involved in their business.

Interviewing the Jordanian family-owned business founders, CEO's, and candidate successors face to face was constrained by the COVID-19 outbreak and the military lockdown in Jordan. There were several difficulties in reaching the participants. Some of them did not initially respond, others refrained from responding after the verbal approval to participate, and some withdrew before commencing the interview without any reason. The researcher replaced those who withdrew or abstained from responding or participating and completed the interviews with the 21 participants.

The researcher emphasises participants' privacy and anonymity through the consent form sent for them, the consent form in the English language attached in Appendix (D), and the Arabic language consent form attached in Appendix (E) contains written information about the purpose of this study, the process of data analysis, and their right to withdraw from this study any time. This form was sent to potential participants before commencing the interview. At this stage, the researcher sent a letter to participants in the English language shown in Appendix (F), and in Arabic language for other selected



participants shown in Appendix (G), which contains a personal invitation followed by a voice call to arrange the time and date of their participation in this research. The participants also knew that the researcher would use a coding strategy to name their responses for their confidentiality.

According to Low et al. (2017), the pilot study ensured the research integrity. Accordingly, the researcher used the pilot study by examining the research questions with two of his friends and one participant of the research sample. This pilot study benefits the researcher in improving and testing the interviewing technique and increasing this research reliability and validity. This pilot study removed the ambiguity questions by conducting this study with two researcher friends to check questions validity and clarity. Then the questions were used with one of the participants to check the duration of the interview, questions clarity, and participants' familiarity with a semi-structured interview through the Interview protocol shown in Appendix (H). The coming section will describe the interviews commenced by the researcher to gather data that will answer the research questions.

### 3.6 Data Analysis

Analysing the qualitative data is a challenging stage of qualitative research, where the nature and process of qualitative data analysis techniques differ. Therefore, choosing the most relevant analytical technique is influenced by several elements, including the research question, the theoretical base, and the technique's applicability to the data analysis. According to Kawulich (2004), the researcher needs to conclude research findings by using the appropriate technique to engage with the data gathered, find patterns, and understand the relationships. Table (9) below outlines the three main types of qualitative data analysis.

	<b>Qualitative Data Analysis</b>	<b>Definition</b>
1	Content Analysis	The researcher analyses the content of the text and assigns codes to specific characteristics within the text. The researcher quantifies themes or patterns in this method
2	Thematic Analysis	The researcher identifies and analyse themes within data and look across the data to identify common issues and summarise all the views from data collection.
3	Discourse Analysis	The researcher looks at the pattern of speech, where this method involves some form of counting.

Table (9): Qualitative Data Analysis Methods  
Source: Adapted from Braun and Clarke, (2006)

According to Braun and Clarke (2006), the thematic analysis technique summarizes the information related to a particular topic or data domain; where it's called domain summary or topic summary used to analyse qualitative data through summarizing everything the participant said and summarizing the main points raised by the participants with a particular topic or data domain. Thematic analysis is the most appropriate method for data analysis in this research, where the researcher will implement the thematic analysis technique for the in-depth interviews with respondents. According to Braun and Clarke (2006), the thematic analysis could be implemented across many qualitative approaches, where it is the most popular qualitative analysis tool (see Table (10), which outline the process of thematic analysis followed by the researcher. The thematic analysis technique supports three analysis approaches: the coding reliability approach, the codebook approach, and the reflexive approach. The codebook approach uses three types of data analysis: framework analysis, template analysis, and matrix analysis.

	<b>Stage</b>	<b>Process</b>
1	Familiarising with the data	Reading the transcripts over and over  Listening to the audio files several times  Immersing oneself within the data and making notes  Spot relevant items to the research questions
2	Generating initial codes	Analysing the data through coding, codes used for developing the themes and concluding the analysis
3	Looking for themes	Engaging in an active process of searching for themes  Reviewing the codes developed in the previous stage
4	Reviewing themes	Rechecking whether the themes actually represent the extracts of data text.  Discarding some themes or relocating them under other themes.
5	Defining themes	Qualifying each theme by its specificity and singular emphasis  Developing the connections among the themes without each theme overlapping the other and providing answers to the research questions.
6	Writing up the analysis	A continuous process that starts from taking notes and developing codes and themes.  Representing the story from the data, according to the analysis conducted

Table (10): Thematic Analysis Process

Source: Braun and Clarke, (2006)

The researcher used the template analysis, which Prof. Nigel King suggests. The selection of kings' template analysis for this study was chosen because of the fact that it is a style of thematic analysis, and it combines a set of procedures that guide the analysis of qualitative data without a rigid description of how to make the analysis. This

kind of analysis was used to categorise common issues across the huge amount of qualitative data collected. It relied upon respondents' providing a series of responses to questions to create a fact (Burton and Galvin, 2019). The template analysis can be used in the context of any form of textual data such as interviews, focus groups, diary entries, and social media

Reporting the data using Kings' template analysis involves seven stages; started with reading and being familiarised with the data collected before doing analysis and coding anything, and then carrying out preliminary coding, usually on a sub-set of the data, where this preliminary coding may include some of a priori themes depending on the approach. The next stage involves developing the initial template by taking the data's sub-set to develop a coding framework (template) from the first transcript and then using the template with the text transcript to fit that template or re-coding.

The times or recoding depend on the study's size, the resources available, and how the researcher uses the technique to produce the final version of the template. And finally, the final template is used to aid the overall interpretation of data and to check the quality through the process at all stages (King and Brooks, 2017). The respondents' multiple realities recognized through the template analysis are more interpretive epistemology, and the creation of the templates relied upon realism, and the interpretive manner undertakes the data.

The researcher will omit participants' names according to research anonymity and replace their names with codes with the letter (R) and numbers from 1 to 21, which will prevent the possibility of any harm from their responses. The coding of participants data will give the researcher a wider space in interpretation and shrink the limitations of using these responses according to any consideration.

This analysis technique provides the researcher with the ability to look at the data from a different point of view and different levels when analysing the interview content, where respondents highlight the most distinctive issues for them in the interview commenced, and the individual memory presented incorporates the participants understanding of the event that constitutes the organisational memory (Hunt, 2003; Do et al., 2018). Using this analysis technique gives the researcher more freedom to interpret interview content in connection to the research aims and objectives to fit themes and recoding to find a deeper and richer meaning from the data compared with the established literature.

Kings and Brooks (2017) argue that the principles of template analysis theory show that processing and analysing the qualitative data through an interpretive philosophy direct the researcher to follow the main seven steps or stages, which are: read and familiarize with your data, carry out a preliminary coding, develop the initial template, further code data using the initial template, produce a final version of the template, aid the overall interpretation of data, and a quality check.

The researcher divided these seven steps into three milestones which are represented in developing the initial template, revising and reapplying the template, producing and refining the final template, which will be clarified in the coming two sections.

### 3.6.1 Developing the Initial Template

All the interview transcripts were read many times to familiarise the researcher with the data collected before analysing and before trying to code anything and starting up the coding stage. The researcher tried to capture different meanings of the data collected by listening to the interview audio recording and trying not to miss any information linked to the respondents' speech tone.

The main groups of questions were: the main aspects of Jordanian family-owned businesses related to succession planning and corporate governance, the nature of the succession planning process adopted in these firms, leadership transfer through family generations, and the main aspects of corporate governance practices in Jordanian family-owned businesses.

This section aims to search for themes and develop connections between themes from respondents' responses, which answer the research questions. The discussion of themes, respondents' responses, and analysis of data gathered will be presented in Chapter 4 – Findings and Analysis.

The researcher came up with initial themes which formed the interview questions; accordingly (see Figure (25)) which shows the initial template used by the researcher.

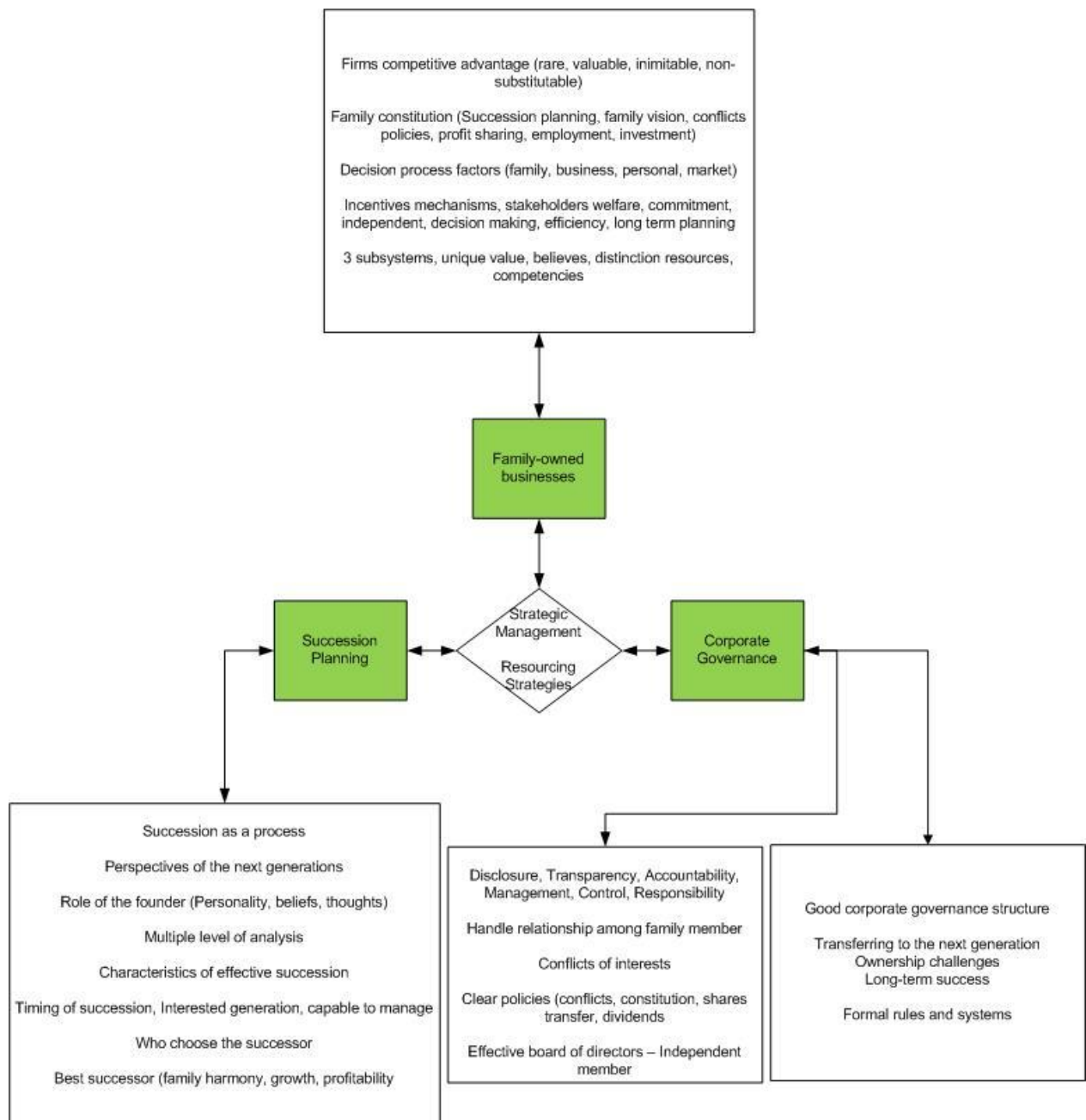


Figure (25): The Initial Template

Source: Researcher

The initial template shows three main basic themes about succession planning, corporate governance, and family-owned businesses in Jordan. According to the theoretical framework, the initial template was coded and constructed based on the main categories listed in Table (11) below.

1	Family-owned business	1.1	Firms competitive advantage (rare, valuable, inimitable, non-substitutable)
		1.2	Family constitution (Succession planning, family vision, conflicts policies, profit sharing, employment, investment)
		1.3	Decision process factors (family, business, personal, market)
		1.4	Incentives mechanisms, stakeholder's welfare, commitment, independent, decision-making, efficiency, long term planning
		1.5	(3) subsystems, unique value, beliefs, distinction resources, competencies
2	Succession planning	2.1	Succession as a process
		2.2	Perspectives of the next generations
		2.3	Role of the founder (Personality, beliefs, thoughts)
		2.4	Multiple levels of analysis
		2.5	Characteristics of effective succession
		2.6	Timing of succession, interested generation, capable to manage
		2.7	Who choose the successor
		2.8	Best successor (family harmony, growth, profitability)
3	Corporate governance	3.1	Disclosure, Transparency, Accountability, Management, Control, Responsibility
		3.2	Handle relationship among family member
		3.3	Conflicts of interests
		3.4	Clear policies (conflicts, constitution, shares transfer, dividends)
		3.5	Effective board of directors – Independent member
		3.6	Good corporate governance structure

	3.7	Transferring to the next generation
	3.8	Ownership challenges
	3.9	Long-term success
	3.10	Formal rules and systems

Table (11): Initial template main themes and categories

Source: The Researcher

The research focused on family-owned businesses founders, CEO's, and candidate successors' perspectives, without including any external environmental factors surrounding these family businesses such as employees, environment, government, or other stakeholders.

### 3.6.2 Revising, Reapplying, and Refining the Final Template

The initial template is shown in Figure (25) was used to code further data and modify the areas which it did not fit to come up with a second version of the template after going through the initial template and reading all the interview transcripts and after listening to the audio recording many times (King, 2015). The researcher revised the interview transcriptions to find the key themes and sort the more interesting, important, and relevant things to the research questions and objectives. This stage categorises the data collected using imagination, previous knowledge, intuition, and judgment to create sub-categories using the initial template. The researcher came up with a second template that organised these key things and mapped between data collected and existing theories as a preliminary step for forming the final template.

The researcher used the second template, transcripts, and notes to examine its' themes which were used to produce the final version of the template through building a coherent coding across its main categories (King, 2015). In this stage, the researcher decided on categorising data and category selection. The researcher combined and subdivided categories to reflect the relationships between themes, which resulted in producing the final template, which is the outcome of this research. This final template is produced through interpretation tasks that connect the categorised data.



The researcher eventually reached the final developed template, which enabled him to answer this research question: "How does traditional succession planning impact corporate governance in family-owned businesses in Jordan, and what steps could be taken to identify effective corporate governance practices in the long term".

The analysis resulted in the finalised developed template shown below in Figure (26). The initial template shows three main themes according to the literature: family-owned businesses, succession planning, and corporate governance. Each theme is built up with several categories shown previously in Table (11).

After the interviews commenced and the analysis was completed, the researcher elicited the main themes from respondents' answers. These can be seen in green in Figure (26) below, whilst the main categories of each theme are highlighted in blue colour.

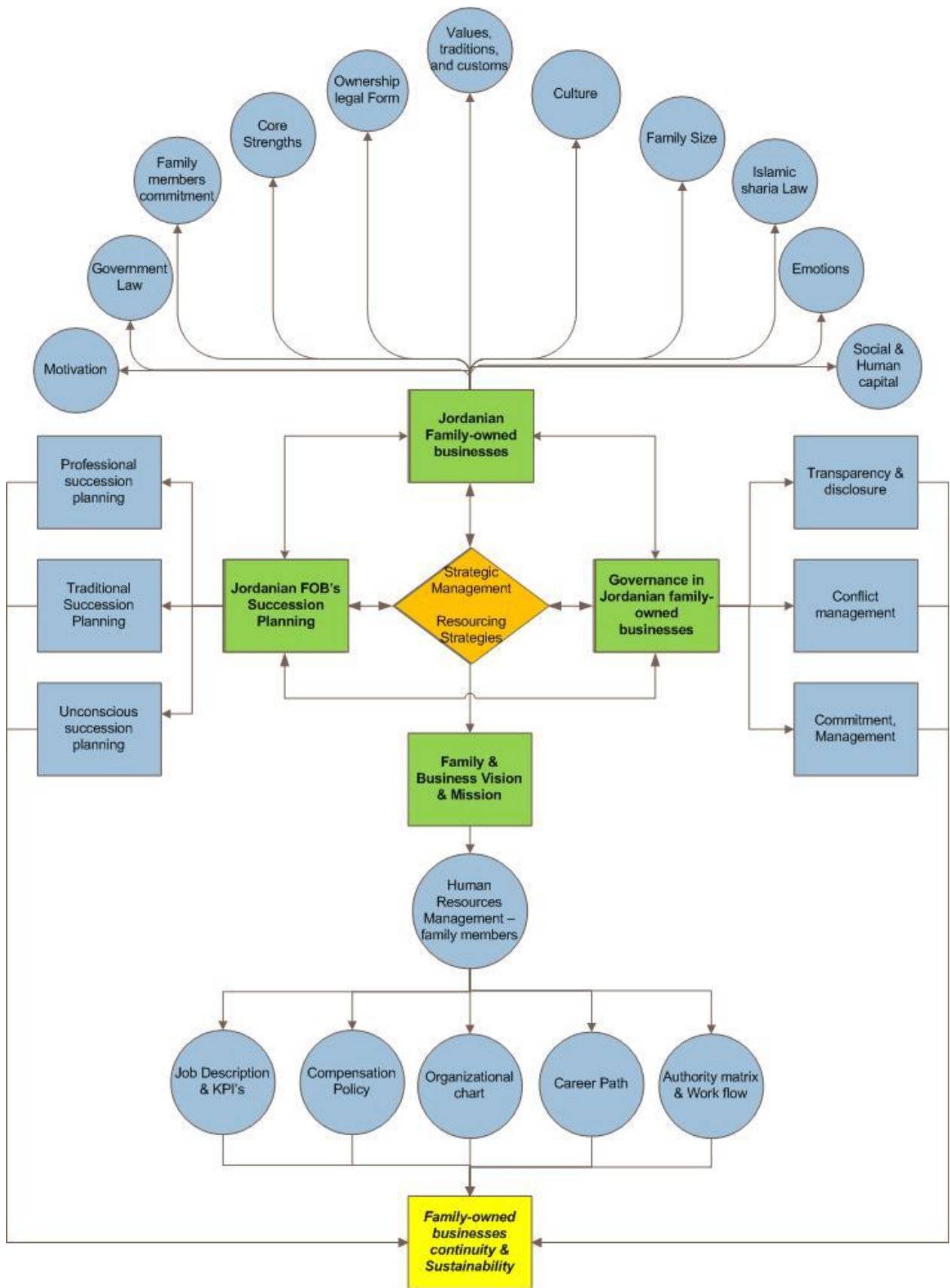


Figure (26): Final Developed Template

Source: The Researcher

### 3.7 Reliability and Validity

The researcher's concerns at the stage of designing the research should be around the results to be found and to maintain high-level of research quality hence why this researcher did his best to ensure that the conclusion is valid and limit invalidity by guaranteeing the coherence between the research strategy and research objectives and questions. The reflection of reality and truth through the data collected by the researcher is the main pillar of data validity. It reflects that these findings reflect the reality of what they appear to be about (Saunders and Lewis, 2018).

Validity characterizes' the method used to collect these data and the data collected, to be honest, accurate, and fulfil the research objectives and aims, where the researcher must be aware of the need to eliminate all factors that may threaten their research validity such as ambiguity about causal direction, mortality, testing, and history. According to Zikmund (2010), measuring what the researcher tends to measure is the main purpose of this overall measurement, where the ability of the instrument is to measure what it is intended to measure is the validity of the research

Reliability is an issue for the researcher's analysis procedures and data collection methods to produce consistent findings. This issue is characterised when the methods and procedures used will produce similar results if used by other researchers (Saunders and Lewis, 2018). The observer and subject bias or observer error may threaten the research conclusions and findings reliability. The effectiveness of the measuring instrument to provide consistent results in repeated uses reflects the reliability of the research, where reliability maintains a research free of errors and yields consistent results over time and across situations (Zikmund, 2010).

Validity and reliability are the main two dimensions of research quality, where reliability in qualitative studies reflects the study capacity to generate understanding. Furthermore, proving the study trustworthiness could be achieved through proving the study validity (Guba, 1981; Yin, 1994). Therefore, proving the research findings' validity and quality could be achieved by proving the research validity. The degree of researcher's rigour in collecting and analysing data can judge the qualitative research validity through justifying the methods used by the researcher and how the researcher make their decisions significantly (Noble and smith, 2015)

This research established the validity and reliability by understanding the realities interpreted by the Jordanian family-owned business founders, CEOs, and candidate successors who are aware of succession and governance issues and their related factors. The researcher gave attention to external validity by coming up with a more comprehensive conclusion to other research settings by increasing the number of enterprises and respondents interviewed to be 21 participants.

Participants' contributions and the interpretations of evolving succession and governance issues are essential to achieve this study's reliability and reflect valid results from the Jordanian business environment. Finally, the human behaviour laws of the interviewer and interviewees played a crucial role in achieving reliability in understanding the Jordanian family businesses aspects, succession planning, and governance issues to achieve business continuity and sustainability. The researcher committed to maintaining quality measures along the process of data collection, sampling, data analysis, and coming up with this research findings and conclusion.

### 3.8 Ethical Issues

This piece of work considered and fulfilled the ethical considerations, where before the commencement of this study, this research considered the ethical issues at the stage of proposing the methodology and before undertaking the research activity through obtaining approval from the ethics committee in UWTSD so that this research will be conducted ethically and to minimise the risk of harm. The researcher obtained ethical approval and abided by ethical codes of conduct. UWTSD Ethics Committee has been approved for this research, where appendix (I) provides the ethical approval of this study

This research adhered to many codes and guidance such as; the research ethics and integrity code of practice, research student handbook, research data management policy, and RCUK's policy and guidelines on the governance of good research conduct. This ethical approval discussed the ethical issues explicitly, such as issues that can occur during the data collection and analysis process to avoid harm and risk for both of the researcher and the participants. It focuses on the respondents' privacy, confidentiality, anonymity, and free withdrawal from the research at any time and without the need for declaring any reason.

The main ethical issue tackled was to notify the participant's beforehand about the interview title, aims, and objectives verbally, followed by a written letter to participants

and a consent form to be signed by those who confirmed their participation verbally. The main aims of the consent form are to notify the participants about the freedom to choose whether to participate or not, avoid risk and harm and ensure their confidentiality and anonymity.

The respondent's identities remain anonymous and are identified as the founder or manager of Jordanian family-owned businesses, which provide a particular ethical concern. The participants were notified in advance that this interview would not take more than 70 min, and they would have the rule of withdrawal at any time and without any reason.

In the data analysis stage, the researcher worked on data with a high level of objectivity to develop a high-quality conclusion and recommendation. The researcher dealt with the data collected ethically at all stages of analysis, storage, and retention of information. The researcher implemented the data management plan, and he is responsible for each data management activity, such as data capturing, data quality, storage, and sharing.

Finally, the previous sections defend the choice of the qualitative research strategy used by the researcher to fulfil this research aims and objectives. It also explained and justified the methods used and employed in this study to collect the data needed, where the researchers' decision about the suitable research methodology has been discussed explicitly in this chapter, starting with the best research philosophy, followed by choice of interpretive philosophy that holds the social reality based on interpretations and interactions.

This research reflected more than one reality about Jordanian family-owned businesses, which are developed from the epistemological assumption and interpretive framework. The previous sections showed that the research involved various respondents from Jordanian businesses. The researcher reviewed the literature relevant to his research to discover the main aspects and factors needed to meet research objectives and answer the research questions using an inductive approach. This research is exploratory because it simplifies or clarifies ambiguous problems or new phenomena. This research explored the Jordanian family-owned business aspects, adopted succession planning process, and evaluated the impact of traditional succession planning on corporate governance.

Moreover, qualitative research is the research strategy followed by the researcher, where the data collected was through a number of semi-structured interviews because it is the most appropriate approach to gain insights and information through exploratory research, where in-depth and sensitive information about Jordanian family-owned businesses could be collected through this approach using a paper-based interview script included open-ended questions to guide the interview conversation, ensure consistency, and guarantee reliability in all interviews which let participants be asked similar questions, and thus avoiding leading questions as a part of validity and reliability assurance.

The sampling strategy was used to select the participants conveniently, where the respondents have adequate experience in the same business and knowledge about that business, where the researcher chose the data analysis technique, which is the thematic analysis using the template analysis suggested by Prof. Nigel King from the institute for research in citizenship and applied human sciences. Finally, the researcher was careful about ethical issues and tried to achieve the reliability and validity of his research through using a written interview script containing the questions to be asked by the researcher, with written points using fixed interviews for all participants to provide consistent results between the 21 participants and to eliminate imperfections in the measuring process.

### 3.9 Conclusion

This chapter discussed and described the research methodology and design of this research. It describes the philosophical approach followed by the researcher to achieve these research objectives. The researcher followed an epistemological inductive approach to explore the Jordanian family-owned businesses aspects, succession planning, and corporate governance practices in these businesses.

This chapter outline the research method and approach adopted in this study, where the qualitative method was used. The chapter also highlights the data collection process – mainly face to face interviews with founders, CEO's, and candidate successors in Amman from different business sectors to get a useful insight into these businesses. The researcher used the semi-structured questionnaire as the data collection technique attached in Appendix A and B, formulated through following the semi-structured interviews guidelines described in Table (8).

The sampling design and sample size proposed in the chapter have been discussed deeply. The researcher followed the non-probability convenience sampling strategy to gather the data needed for this study. The chapter reflects a detailed overview of the data analysis technique and tool used in this study. Table (10) highlights the thematic analysis process followed by the researcher; the developing initial and final template of this study is also described.

The reliability, validity, and ethical issues used to achieve the research objectives have been discussed in this chapter. The literature reviewed and primary data gathered to support the methodology process is justified in this chapter.

The coming chapter 4 will discuss the analysis of qualitative data commenced by the researcher in detail and will outline the findings in terms of family-owned businesses aspect, succession planning, and corporate governance.

## Chapter Four: Findings and Analysis

### 4.1 Introduction

This chapter presents the findings of this research, which were achieved by following the selected research design. This chapter started with a short overview about the qualitative data analysis decision in section 4.2, followed by the use of Kings' template analysis in section 4.3, which is started from deciding the initial template and then coming up with the final template that led the researcher in clarifying his research outcomes (King and Brooks, 2017).

The chapter will also discuss the research results in section 4.4, and the implications of the research outcomes in light of these main research objectives, which are; identify the key aspects of family-owned businesses in Jordan and how does succession planning normally takes place, to evaluate the impact of traditional succession planning on corporate governance in FOB's in Jordan, and to investigate the potential dimensions of an applicable succession planning framework to suggest effective good corporate governance practices in the long term.

To achieve these research objectives, the interviews were conducted with the participants, where they were asked 19 previously written questions. The researcher tried to achieve the reliability of his research through using a written interview script containing the questions to be asked for the research and written clarification points through a fixed interview followed with all participants to provide consistent results between the 21 participants and eliminate the imperfections in the measuring process.

This chapter represents the finding of this research; the findings were developed from template analysis, where its distinctive features are the iterative development and application of the template, and the ability to use a priori themes to help in generating the template around family business features and aspects, succession planning, and corporate governance practices. The researcher examined the participants' responses and highlighted useful things to generate meaningful results and a conclusion in the scope of this research aims and objectives.

The researcher began his trip to Jordan for data collection purposes in March 2020, where twenty one interviews were conducted with seven founders working in their



enterprises; one of them is a chairman, and 6 are CEOs. The rest of the interviews commenced with three non-family members, CEOs and manager, and 11 participants from the next generation and candidate successors working in their firms as CEO, managers, and vice-chairman. See Appendix (C). The researcher achieved data saturation with these 21 respondents; hence, the interviews ceased at this number of participants. The interviews were conducted remotely through video software instead of face to face interviews as planned previously due to the Corona-virus outbreak and curfew issues.

Interviewing the Jordanian family-owned business founders, CEO's, and candidate successors face to face was constrained by the COVID-19 outbreak and the military lockdown in Jordan. There were several difficulties in reaching the participants. Some of them did not initially respond, others refrained from responding after the verbal approval to participate, and some withdrew before commencing the interview without any reason. The researcher replaced those who withdrew or abstained from responding or participating and completed the interviews with the 21 participants. The COVID-19 pandemic changed the interview nature from face to face interviews to remote video interviews using Microsoft Teams, Zoom, and Skype, which affect the data gathered. The interview missed the feeling of the surrounding environment around the respondents and missed the human interaction advantages.

The interview began with thankful phrases, directed to the participants for their support and contribution to this research, followed by an introduction to their background and experience. The researcher tried to put the respondents at ease through a pleasant, positive, and well-informed approach to achieve the goals and objectives of the semi-structured interviews.

At this stage, the significance and purpose of the study were conveyed, and the importance of family-owned business sustainability and continuity for the Jordanian economy was clarified. The researcher made them aware of the importance of family-owned business governance as highlighted by the World Bank and the big five consulting companies. The researcher then reassured the participants about the confidentiality, anonymity, and their right to withdraw at any time from the interview and asked them for permission to audio record the interview to facilitate the note-taking step.

## 4.2 Qualitative Data Analysis Decision

According to Cohen et al. (2018), analysing the qualitative data is a complex method involving many steps, starting with creating the data units of analysis, setting up a domain analysis, building domains relativity and relationships, summarising the findings, and generating a set of conclusion. The methodological research position guided the selection of data analysis which is underlined by the epistemological philosophy in this study. The researcher used and interpreted the qualitative data gathered in this study from the interview transcripts to evaluate its meaning and significance. The researcher increased the validity of the interpretation by interviewing experienced participants who work and own family businesses in Jordan.

According to Phelps et al. (2007), the qualitative researcher reflects on one of the three different approaches which are characterized with specific objectives and descriptions, the first approach being the language-oriented approach which locates words and phrases of participants to determine how often these words are used through creating an index or word lists. The second approach is the interpretive approach which examines the text segments for themes or topics to gain insight into a phenomenon. And finally, the third approach is the theory-building research approach which looks for connections within the data to explain these connections to find out a theory.

This research followed the interpretive approach, which aims to explore in-depth how professional succession planning might evolve corporate governance through exploring the key aspects of family-owned businesses in Jordan. In this chapter, the researcher clarifies the insights of the 21 participants using a thematic analysis technique, where the main themes evolved from the interviews derived and reflected in the questions asked.

The next step in this research was to examine the interview transcripts for themes or topics, prepare text segments by breaking them to represent the themes and attaching them to selected code, and then bring the text segments together into one theme. This chapter will describe the template analysis process to obtain interviewees insights towards family-owned businesses in Jordan, where the template analysis framework provides a multi-sided means for qualitative analysis rather than a highly specific technique, which can be applied to a variety of qualitative methods with different aims and objectives in the scope of exploring a particular phenomenon (King and Brooks, 2017).

### 4.3 Conducting the Template Analysis

According to Cassel and Symon (2012), analyzing any kind of textual data could be done using the template analysis technique. Using many template analysis techniques, organising and analysing interviewees' textual data thematically could be achieved. Using the template analysis, the researcher aims to examine the thematic relationships between traditional succession planning and corporate governance. The main pillar of the template analysis is developing the initial template by reading the data collected many times to capture and interpret things, prepare a preliminary coding, and capture the richness of data using a set of categories. The template analysis enables the researcher to categorise common issues across the data and define these issues as themes, which are considered significant to this research aims and objectives.

The researcher took the sub-set of the data to develop a coding framework from the first transcript, then used the next transcript and used the template to check if the researcher found a theme that fits it all. The researcher used the initial template to code further data and modified the template where it does not fit or to build the initial template using previous studies, which also will be open for modification and correction to develop a final version coding template. The researcher decided to use template analysis, where researchers use the interview tool to gain useful insights about family-owned businesses. It is useful in exploring participants' experiences rather than quantifying them and allowing a more in-depth understanding of the phenomenon. The template analysis is not a rigid description of how to make the analysis. Still, it adds additional codes to explore the meaning of the data, processing issues that occur in the interviews and refining the interpretation of the final template (Cassel and Symon, 2012).

According to King and Brooks (2017), when the researchers deal with small data sets and they already know what they are looking for, then the use of a template analysis technique will be the most effective technique for data analysis. Therefore, this technique is ideal for these interpretive interviews. As noted previously, the exploratory issues across this study include the key aspects of Jordanian family-owned businesses, succession planning, and corporate governance. This study aims to capture in-depth insights into how best to conduct succession plans and corporate governance practices by interpreting the collected data through the interviews and discussing the analysis in the themes that emerged from the template analysis through setting the initial template, revising the template, and refining the final template.

#### 4.4 Presenting and Discussing the Findings

These research findings have been classified into four main themes, as shown in Figure (26), as highlighted in green in section 3.6.2. These themes are:

- Theme 1: The role of Jordanian family-owned business' aspects. See Figure (27) below.

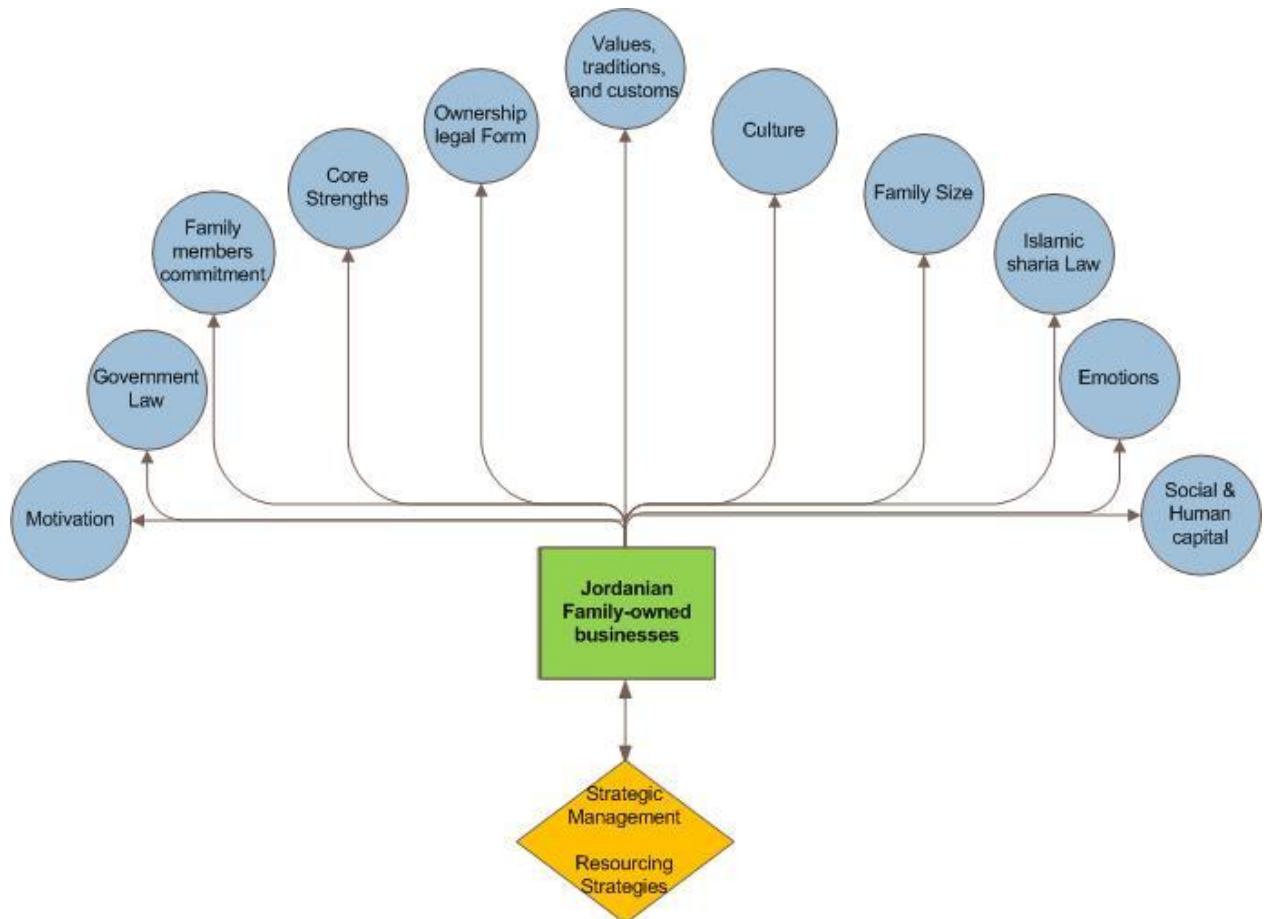


Figure (27): Theme 1: Jordanian family-owned business aspects

- Theme 2: The impact of succession planning for Jordanian family-owned businesses. See Figure (28) below.

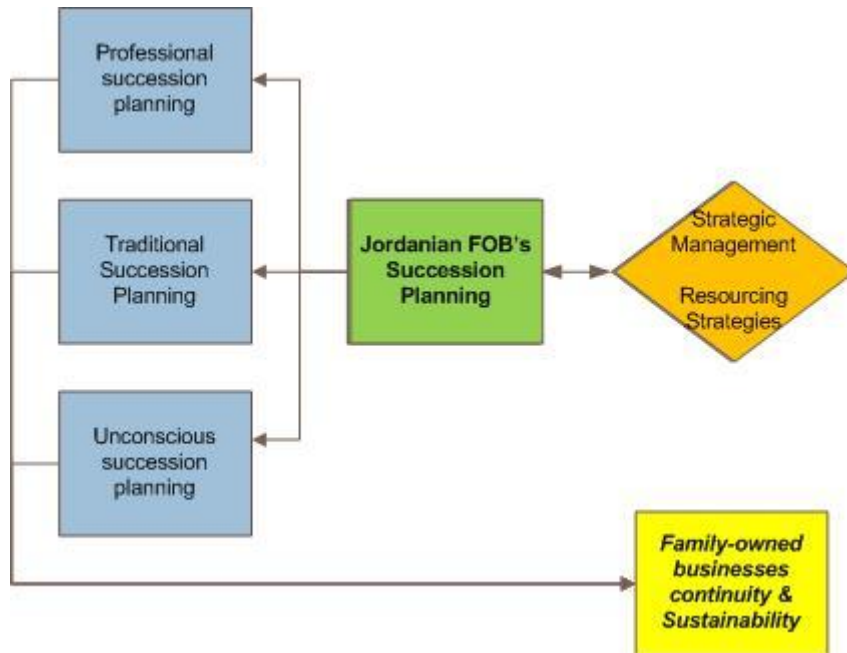


Figure (28): Theme 2: Jordanian FoB's Succession planning

- Theme 3: The major elements of governance in Jordanian family-owned businesses. See Figure (29) below.

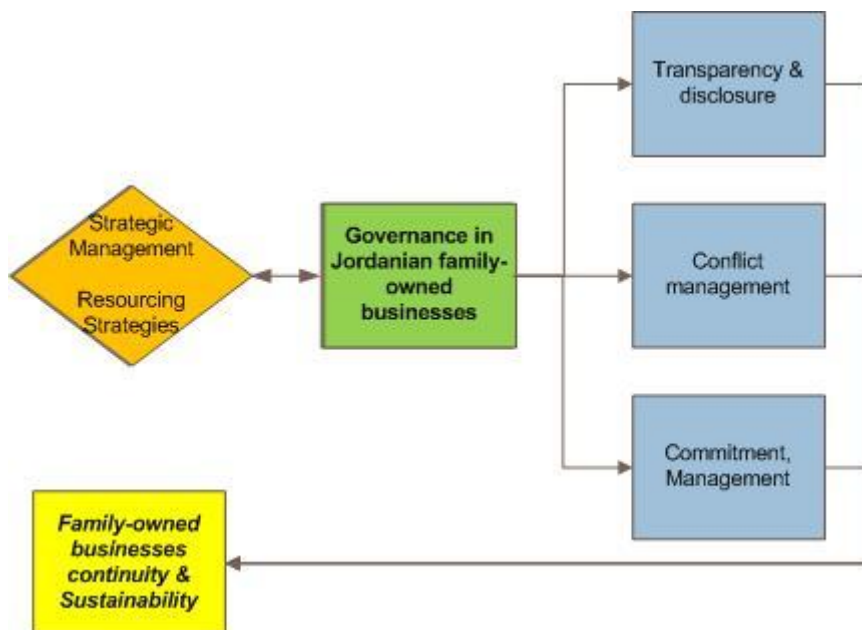


Figure (29): Theme 3: Governance in Jordanian FoB's

- Theme 4: The importance of family and business vision and mission.  
See Figure (30) below.

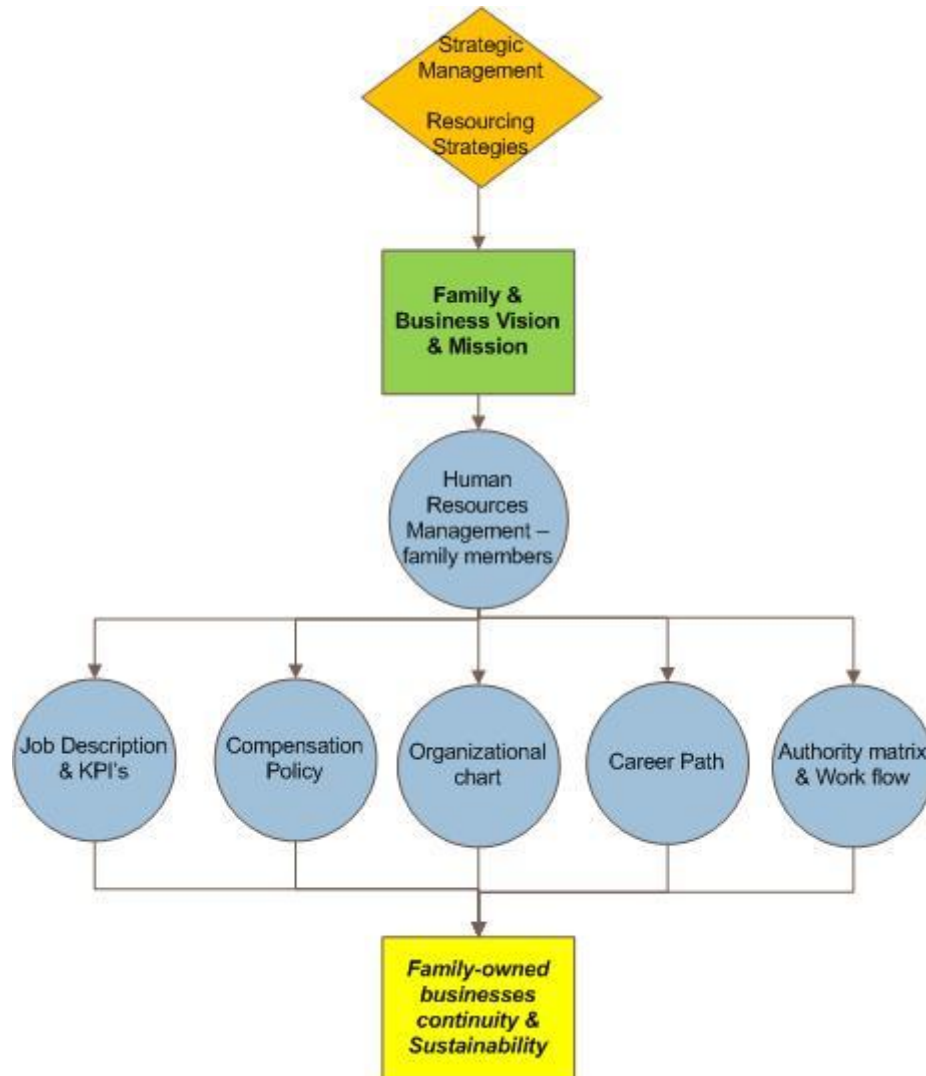


Figure (30): Theme 4: Family and business vision and mission

These themes and factors will be discussed further in this chapter to deeply explore the findings. This chapter provides information about the interpretations of this research, explanation, comparisons, and justification of the results approached by the researcher. In this chapter, the researcher analysed the findings concerning the relevant literature and shed light on this research's main aim, which is to explore in-depth how professional succession planning might evolve corporate by exploring and identifying the key aspects of family-owned businesses in Jordan. Additionally, it investigates how succession planning normally takes place and impact corporate governance.

The analysis commenced with the researcher identifying the major aspects of Jordanian family-owned business, which are unique to the Jordanian context and differ from other family business aspects in other contexts. Additionally, it will discuss the role of Jordanian family-owned business' aspects in the succession planning adopted, governance, and strategy in these businesses.

The researcher studied and analysed the findings of this research in relation to each of these four themes that can be seen in the coming four sections and which will describe the interpretation of the results and clarify all categories that appear in the final template.

#### 4.4.1 **Theme 1:** Jordanian family-owned business aspects.

This section describes how the researcher determined the major aspects of Jordanian family-owned businesses and the role of these main aspects in the succession planning adopted, in governance practices, and in strategy in this type of business.

In many countries around the world, it has been argued that the continuity and sustainability of the family-owned business are essential for family members and the country's economy (Aloulou, 2018). However, to guarantee this aim, you have to understand the unique and major aspects of this type of business in their unique context that will support them in deciding about their strategy, succession, and governance. The uniqueness of every family business is derived from the intersection between the business, ownership, and family systems according to Gersick three-circle model (Poza and Daugherty, 2014).

Family businesses will be passed to family descendants through the engagement of family members in the company operations or through succession. Ownership, control, and management characterize this type of business in the form of continuity and sustainability (Louie et al., 2019; Ramadani and Hoy, 2015; Hernández-Linares et al., 2017; Sharma et al., 1997).

Sharma et al. (1997); Jordan Institute of directors (2014); Department for Business Innovation & Skills (2014); Aloulou (2018); Ward and Montemerlo (2011); Carney et al. (2013); Soto Maciel et al. (2015); Gulzar and Wang (2010); Osnes et al. (2019); EFILWC (2002); BIS (2011); Abouzaid (2008) argue that the legal form of a family business, its unique features, and unique structure are the main source of these businesses' competitive advantage, where the participation of family members in firms' management,

the balance between business and family needs, and the effect of family culture on business culture are the main issues that need to be mentioned in any study about this kind of businesses. The founders, CEO's, and candidate successors who participated in this study's interviews agreed that the unique aspects of their business affect their decision towards strategy, succession, and governance.

Participants interviewed argued that Jordanian family business founders consider that family members' level of motivation, commitment, and level of attachment to the business plays a major role in their business continuity and sustainability. However, they believe that major aspects of their business are their main sources of competitive advantage regardless of the circumstances and effects of these aspects. This argument coincides with the resource-based view strategic model, highlighting that family business competitive advantage derives from their unique, rare, and inimitable resources (Mori and Charles, 2019).

***"My father believes in the role of family members' participation in the business, and its effects on business success and growth" [R. 8, 14]***

AlEmam (2014) represent that Maali Qasem -the executive manager of the Jordan Institute of Directors (JIoD)- declared that family businesses in Jordan form around 90% of small and medium-sized businesses, where only 10% of them pass to the third generation, and only 3% survive past the third generation. Family members working in their businesses consider their business aspects and issues related to values, culture, family size, emotions, and Islamic Sharia Law as essential tools that are needed to keep them in mind in preparing for business continuity in the future. These special aspects may cause their success or failure. The researcher perceptions towards respondents' responses play a major role in the findings presented in this chapter.

A- Determine the Jordanian family-owned businesses major aspects.

One of the main purposes of the semi-structured interviews was to find out information about the Jordanian family-owned businesses to determine this type of business-main aspects. After reviewing participants' responses to the first and second group of questions, could you give me a brief about your firm's **background?** And **what are the main aspects of Jordanian family-owned businesses related to succession planning and corporate governance?** Each of the two groups contains five to six sub-



questions to find answers for these two main groups of questions. The researcher found out that many factors characterize family-owned businesses in the Jordanian context.

Sixteen of the interviewed Jordanian family-owned businesses formed of first and second generations, and just 5 of the sample have the third generation in their businesses. According to respondents, the main reason behind the short-life time of businesses in Jordan is related to the short-life time of the Jordan country, where Jordan got its independence from the British mandate 74 years ago.

The interviews started with the first group of questions about respondents' firms' background, and this group contains the below five sub-questions:

- **What is your firms' legal status, family relationship between main partners, and sector in which your firm operates?**
- **What are your firm's core strengths, and how does it gain its competitive advantage?**
- **What are the main reasons for the success and failure of family businesses in Jordan?**
- **To what extent can family members express their vision for the business as a source of income, satisfy their employment needs, and satisfy their career ambitions? Do they have the freedom to plan and decide their career future?**
- **Do you have a family constitution, family council, reference, or clear agreement? What do you know about their role of them?**

Participants interviewed have concerns regarding their firms' ownership legal form based on their observations and experiences. These firms suffer from mismatches between the firms' legal form and the oral understanding and words of mouth. Founders used to say:

***"Listen my children; this business and this money are all for you. I did my best in the past days and put my maximum effort to come up with a better future for you. This is all for you, your children and your happiness..."[R6, 9, 10, 11, 18, 19].***

This issue was supported by other participants who believe that mixing this previous statement with emotions and the mismatch between this statement and the legal form of business distorts the family members' career path and their way of thinking about their future.

The vague and unclear firm status is considered an incorrect and unfair practice to conduct the business, which may cause future conflicts in family relations from the point of view of some members of the second generation. This was contrary to the view of some founders of family businesses that they follow this approach to maintain family cohesion and business continuity.

The participants of this research are a mix of founders, CEO's, and candidate successors from different sectors with different academic backgrounds and skills, but they all have rich information about their business and how they manage it. The researcher asked a number of general questions in the interview about their perception toward some terminologies. However, the researcher was able to analyse and develop a detailed picture regarding their attitude and perception towards many sensitive aspects of their business. The major aspects of Jordanian family-owned businesses derived from respondents responses to the first group of questions are described and discussed more specifically in the following points, according to the researchers' perceptions towards respondents' responses:

i. Motivation

Motivation is the first factor recognised by the researcher from respondents responses to questions about **how their firm gains their competitive advantage and the main reasons for the success and failure of the family business in Jordan**. Family-owned business founders and owners believe that motivation for family members to join the business could be achieved through word of mouth, which appeals to them towards finding a secure place for a job and in promising them that they will work in a business which they will own one day. This way of thinking is built on a high level of certainty that

the founder will pass away before his children and own this business without considering many issues that might occur at the level of business and family relationships.

Second generation participants argued that founders prefer to use emotional directions as a motivation tool and to insert religious beliefs about "honouring parents" as a motivational tool without any planned motivational program, which should be a part of their long term planning that starts when their children enter school and follow up before starting the undergraduate level. This was contrary to the interviewed founders' argument that business owners avoid motivating family members to join the business because of their fears of conflicts, avoid misleading arguments unexpected attitudes, and avoid blames in the future. The researcher is aware of these founders' thoughts which may prevent them from disclosing any information they believe is private and may target their wealth.

***"I'm happy now because my sons joined my business, but I was hesitated to accept this step, where I'm afraid that this step may create issues and problems for my family and me in the future". [R. 5]***

Braun et al. (2016) considered that motivation in family systems is considered one of the main perspectives of a family business strategy map, and it reflects family businesses strategic priorities. This opinion is not applicable in Jordanian family businesses, as mentioned previously, and unfortunately, they neglect the role of motivation towards achieving their strategies and their firms' success.

Moreover, some founders agree that when family members join the business, the business will benefit from their skills and experience and support the business with rare resources and priceless value. This fact is consistent with Steier et al. (2015), who argue that parents have to increase their effective motivation for the next generation to increase their level of acceptance to join the business and lead it.

***"...when I joined the business, I've tried to spend lots of time in thinking about the future of this business, and how to use the available resources efficiently and effectively, because of my dad words in motivation". [R.1, 12, 13, 14]***

Non-family member manager with more than 20 years of working experience with the same family-business believes that when the second generation joined the business, his

opportunity for career development decreased, and the growth of his financial compensation shrunk. He believes that the financial resources redirected for second-generation motivation.

***"...I think success and failure of Jordanian family businesses are attached to the stage of joining the business by the second generation, and how the founder reset the benefits priorities for his family members over non-family members in many directions". [R. 21]***

Family members argued that the absence of a clear road map, clear career path, compensation model, and authority matrix in their family business forced them to think many times to leave this work and find out their career path outside their father's company. However, other family members feel that their father business's existence helped them move away from their peers' level and get the compensation that they don't deserve. This fact also motivates them to stay in this business without thinking about changing their workplace. According to Mokhber et al. (2016), the main challenges that will affect the organisation stability in the long run shortened in the delay in the succession process, heirs' motivation level towards the business, external professions involvement, and generations' different views, where Lansberg (1999) argued that the most difficult task and the greatest challenge for founder or president in family-owned businesses are finding the right successor who could be accomplished through effective motivation which is the most often neglected in Jordanian family-owned businesses.

***"And that justice is represented by giving each individual his right, and that family members working in the business nowadays receive more amounts of money than they deserve, since the opportunity cost of an alternative person is much lower than for family members" [R. 11]***

## ii. Government Laws

From respondents' responses to the questions about their **firm legal status and the reasons for the success and failure of family businesses in Jordan**, the researcher found out that some respondents consider that the failure of family businesses to comply with the governmental laws was a reason for the failure of some businesses and that one of the reasons that are preventing their continuity.

Jordan as a country is 74 years old, and laws are subject to continuous changes and improvements. These changes lack awareness and communication with business founders and owners, where business owners believe that government laws and policies negatively affect their business. These changes in terms of companies' law, income tax, sales tax, and social security law affect the decisions of businesses in their legal form and the style of decision-making that focuses on preventing any harm for their businesses. Aloulou (2018) argues that most Arab countries encounter a huge transformation that affects their economies and imposes government to legislate new laws, policies, and development plans that may impact family businesses performance and productivity.

The research finds that the lack of awareness of governmental laws is the main driver for Jordanian family-owned businesses to hire a legal consultant, whose focus and advice on the approaches that let these businesses decrease their expenses and improve their net incomes, without understanding other benefits of following the governmental laws, and the cost of missed opportunities in business investments according to their tax evasion practices. These responses may occur because of the specific category of male respondents chosen through the convenience sampling method without any female in this sample which may change this perception.

***"I believe that disclosure, transparency, clarity, and un-manipulated accounting records are the main drivers of Jordanian family-owned businesses continuity and sustainability, where most of the Jordanian family businesses lacking these good practices" [R.8]***

***"I believe that transparency should be between family members, and it is very important to disclose the financial data periodically, where this disclosure must be made to official government institutions". [R.6]***

***"Lack of disclosure has a significant impact on the firm financial data, the level of business development, and time needed for development because business owners focus on preventing disclosing their real profit only. These businesses neglect the fact that these practices will prevent them from borrowing money from banks or from attracting foreign investments to develop their enterprises and transferring it from a family company to a public or private partnership company in the future." [R.2]***

The researcher believes that respondents may not say what they already have in their business, especially in matters related to government and government laws, for fear of disclosing what they consider business secrets. If they are not abiding by government laws, for sure, they believe in the advantages of this step which they will not disclose.

iii. Family members commitment

The researcher questioned respondents' **firm core strengths and how they gained their competitive advantage**, many of them believe that family members' commitment toward the business is one of the reasons behind gaining their competitive advantage.

***"I believe that when my sons join the business, I will work less and enjoy my life. I believe that they will appreciate my success and they will be committed to continuing this success story" [R.1]***

The commitment of family members towards the business varies and changes between family members according to individuals' skills, experience, and educational background. Family members working in the business can be assumed as social and human capital for these businesses, but many factors justify the different levels of commitment, such as the low level of family members' engagement in the main issues surrounding the business in different stages. This fact is consistent with Sharma et al.'s (1997) opinion, which posits that family members' commitment towards the business can push them towards a high level of business performance. It is also consistent with Uribe et al. (2017), who highlight that encouraging family members commitment will drive the family's ambitions and help maintain and grow their businesses according to the strategic autonomy model.

***"There are many differences between family members working in the business, and these differences could be noticed through the daily operations and in the meeting commenced, where these differences reflect their level of commitment towards the business rules and policies" [R. 2, 19]***

The educational level and social relationships of Jordanian family members depend on their parent's financial status and their willingness to pay for their children schooling and university education at the time when there is an absence of government welfare and a low level of public education in Jordan due to the lack of the country's resources. Family

members' educational level affects their commitment towards their family business, which will affect the countries' economy, as mentioned by (Crick et al., 2006).

***"I did my best and paid as much as I can to teach my children in best schools in Jordan, but it varied between my children according to my financial status at the time of every one level". [R. 6]***

On the contrary, many family members refuse to complete their educational attainment and study in universities after the school stage because of their father's good financial status. They think that there's a business already established for them and they can join it without educational qualification.

***"One of my sons preferred to join the business early rather than complete his university studies" [R.18]***

Almost no male family members work outside their father's business in Jordan. They do not gain any new skills and experience beyond what they learn in their business or undergraduate studies. This fact is supported by the Jordan institute of directors (2014) opinion, which presented that a family business competitive advantage could be generated through family members' high level of commitment and loyalty to the business.

In response to the question about **the existence of a family constitution, family council, reference, or clear agreement** to find out the source of commitment of family members towards the business, many respondents claim that they do not have any family council and the founder is the only reference in their conflicts. Cortés and Botero (2016) argue that successful family businesses have to establish a family council as a governance body to solve family commitment problems toward the company and improve communication among family members.

#### iv. Core strengths

Respondents argued that their long years of experience and wisdom in running their business are the main drivers for their business competitive advantage. These responses answered the researcher questions around their firms' **core strengths, how they gained their competitive advantage and the main reasons for the success and failure of family businesses in Jordan**. These founders believe that the high level of centralisation supports them in employing their long years of experience in maintaining

their focus on their unwritten targets. Poza and Daugherty (2014) represent that the uniqueness of family systems and business systems in family businesses gave these businesses a unique strength compared with other types of businesses according to the resource-based view model and Gersick three-circle model.

***"Our company gains its competitive advantage through our years of long experience in importing and marketing our products..." [R.5]***

Many Jordanian family businesses believe that their core strengths are generated from goodwill and family reputation. In contrast, other founders see that when all family members join the business, it reflects a family unity that has a large weight for stakeholders. It affects the image of their business. This opinion occurs in Jordanian businesses, and other researchers have not considered this. In contrast, Sharma et al. (1997) argued that family business strengths gained from their family members' commitment and reliability would cause their high level of performance and let them make quick and informal decisions. Poza and Daugherty (2014) argue that the overlapping of the three subsystems of family businesses which are family, management, and ownership, supplies the business with a competitive advantage in managing it properly.

***"We prefer that all family members join the business, and we tried to facilitate their joining as much as we can through eliminating any barriers may face them" [R. 14, 10, 6, 2, 18].***

Other respondents argued that they believe that research and development is their business core strength, and they have to keep planning for expansion and growth through continuous research and development. This way of thinking occurs in the businesses managed by the second and third generation through feeling the value of research and development and its consequences on their business today.

***"My father is aware of the importance of consultancy in issues that he doesn't know how to deal with, and we encouraged him to get a consultancy proposal from many reputable consulting agencies to draw the road map for our business and family issues" [R.1, 12, 13]***



The level of founders' awareness toward their enterprises' core strengths depends on the time spent to achieve /her goals and objectives, where if the time needed to reach the maturity stage in their business life cycle were too long, they would continue thinking about revenue streams and business operations, but if they reach the maturity stage in a short period this achievement will force them to think about continuity and sustainability. This opinion applied to Jordanian family businesses only and hasn't been considered previously in the literature reviewed by the researcher.

***"We don't have enough time to commence meeting to set business strategy and business plan, and we prefer to spend this time for our daily business operations" [R.20]***

This internal struggle experienced by most of the interviewed family-owned businesses in Jordan needs more awareness for managers and founders toward the importance of setting a written business strategy and business plan and how their business will benefit from them in the long run.

From the respondents' responses about the existence **of family constitution and a family council as a source of core strength**, they argued that Jordanian family businesses do not have any idea about the family constitution or family council, and their role of them in managing the business and solving conflicts. Family business owners and founders were surprised when they became aware of the family constitution and family council, and they started thinking about them. This fact reflects the level of family members' awareness about business planning and family plans because of the random communication commenced. This fact is inconsistent with Sonfield et al. (2016), who argue that employing or consulting with non-family members can supply family businesses with significant management strengths and competencies, such as; expertise, external experiences, new ideas, and wise decisions. El-Kassar et al. (2018) argued that a family-owned businesses competitive advantage lies within its corporate governance system and good practices, which facilitates the utilisation of human capital.

***"We don't have any idea about the family constitution and family council, and what it may cost us to build them, where we are worried about its return of investment" [R. 2,3,6,7,8,10,14]***

v. Ownership legal form

The researcher found out that Jordanian family businesses suffer from a misunderstanding about their enterprises' legal form, and they have decided to register their enterprise as a sole proprietorship firm at the stage of starting up because of its simplicity in registration and low cost of establishing the business without thinking about the liability of this type of legal form. This response came when the researcher asked them about their **firm legal status**. This fact is not compatible with Osnes et al. (2019); EFILWC (2002); BIS (2011); Abouzaid (2008), who argue that the legal form of the family business, its unique features, and unique structure are the main source of these businesses competitive advantage, but Jordanian family-owned businesses often miss this feature.

The business founders begin thinking about their past decisions when choosing their enterprise legal form during unforeseen circumstances. According to many respondents responses; more than 90% of business founders refer to their lawyer to get consultancy regarding this issue, where this lawyer is usually experienced in civil law, and where this lawyer does not know any details about the operation of the business, and the target behind this consultancy. Jordanian family businesses suffer from this issue and miss the advantage of having a clear legal form that differentiates these businesses from other companies (EFILWC, 2002). These Jordanian businesses neglect the development of their subsystems (family, ownership, and business) during time passage and decide a strategic plan for every time frame according to the three-dimensional development model (Sharma et al., 1997).

***"My father used to ask our lawyer, who is one of his relatives, and they are discussing the issue of firm legal form from the income tax perspectives, where this process usually ends with new solutions that start up a new issue which we are unaware of" [R.3].***

***"We are partners with our father, and we got a profit share at the end of the year, but legally the enterprise is registered in fathers' name, and the discussion about this issue is unacceptable and hurts our father emotionally" [R.7, 8, 4, 14]***

The data collected also reflected an issue around the mixing and misunderstanding of Jordanian family businesses legal forms. Around three respondents explained that the verbal agreement between family members differs from the legal registration, which aims to create a new form of conflict and indirectly puts all family members under the stress of responsibility and accountability. This opinion is inconsistent with Astrachan and Shanker (2003), who argued that the clear family business legal form, which consists of family members, legally lets them share the risk and share each other decisions consequences with unlimited liability for the business.

On the contrary, other business founders considered that spending time and paying money for consultants to decide their firm legal status is useless. This money and time can be used in the daily operations that generate revenue for the business without thinking about their business and family future.

***"I have established this business for my family and me using my limited resources, and the issue of legal status is a minor issue that next generation will solve " [R. 19]***

vi. Values, traditions, and customs

From respondents' responses to the question **"what are your firms' core strengths, and how your firm gains its competitive advantage?"**

Almost all of the Jordanian family businesses respondents believe that the existence of common values in their business is generated from family values which are formed from the founder or the father's values. It affects their business positively, where the mixture of Islamic culture, international openness, and tribal customs and tradition characterise and control many decisions taken in this type of business. This opinion is consistent with Soto Maciel et al. (2015), who argue that family businesses transmit their values and norms through generations using narratives to build their meaningful existence and exclusive identity, which is considered a competitive advantage that boosts their performance helps to generate revenue.

***"We feel sometimes lost in our decision-making process at the time of absence of any written policies or road map to follow. This feeling generated because of many perspectives should be taken in the decision-making process". [R.9, 11].***

On the contrary, other respondents argued that the success and failure of family businesses in Jordan are affected when family members follow or refuse to follow their fathers' values and culture in their daily decision making. This response appeared when the researcher asked, **"what are the main reasons for the success and failure of family businesses in Jordan"**.

***"our brother refused to abide by my father's values, and he ignored our family traditions and customs. He decided to quit working with us and start up his own business, which may harm our business in the long run" [R. 20]***

Many interviewed family business founders perceived their family values as their business competitive advantage, where they are trying to spread and share these common values with all business stakeholders. These businesses believe that these values and customs support them with many advantages which return on the shape of financial benefits and image for their enterprises. These values affect the business and its future by involving offspring in the business with their values, where according to the four-factor model", there are four factors that involve the decision process in family-owned businesses which are family, business, personal, and market (Ibrahim et al., 2004).

***"We promote our set of common values which guides and connect our businesses and our employees, where trust, accountability, quality, and doing what's right reflects better value for our customers and important as our competitive competencies" [R. 1]***

#### vii. Culture

In response to the researcher question **"what are your firms' core strengths, and how your firm gains its competitive advantage?"**, many respondents argued that many practices in Jordanian family businesses are driven by the Jordanian culture, where most of the family members join the business because of the culture of their family, which focuses on continuing their business legacy through their children. This opinion is consistent with EFILWC (2002); BIS (2011); Abouzaid (2008), whose arguments highlighted that the participation of family members in their firms' management and the effect of family culture on business culture are the main issues that need to be mentioned in any study about this kind of businesses.

***"I have started this business to secure my family members future, and guarantee a good lifestyle for them in this rapidly changing environment"  
[R.18, 19]***

Other respondents argued that their family culture affected their decision toward the decision about the family constitution when the researcher asked them, "**Do you have a family constitution, family council, reference, or clear agreement?**". Jordanian family business founders refuse to ask for help or consultancy from business consultants to solve their problems and help them to formulate a family constitution or support them with solutions because of their culture and their way of thinking that permit them to disclose to anyone that they have conflicts and don't know how to solve it efficiently. This is consistent with Esfahani et al.'s (2018) argument, which showed that organisations failed to implement around 70% of their strategic plans, where ineffective strategic planning usually occurs because of lack of management commitment, vague strategies, and business culture. This reflects that Jordanian businesses are resistant to changing their way of thinking or how they are used to doing things because their culture prevents them from achieving their strategic plans efficiently.

***"It's allowed to hire a lawyer for the company because it's a must and you can't solve your court cases without a lawyer, but it's not allowed to ask anyone about business consultancy because my father thinks that this practice will disclose our business secrets which are our main competitive advantage" [R. 14]***

Respondents argued that Arab families' culture encourages Jordanian families to treat males in a better way than females, and the eldest son is special for most of them because usually he's holding his grandfather's name and will give his father's name to his eldest son also. Jordanian family businesses believe that family relationships are more important than business according to cultural issues and their respect for the family. Still, practically there are many decisions taken which prioritise the business interests over family interests. This opinion is not mentioned in the literature reviewed by the researcher, where this attitude affects managers in their management style which is highlighted by Welsh and Raven (2006) that family business culture affects the management style of managers in the Arab region, where they have to manage the complexity of maintaining their traditional values and achieving modern results according to the Islamic culture that dominates most Middle Eastern countries

***"I can feel that there is a discrimination between males and females in our family, where females are not allowed to join the business without any reason, and my sister already works with another company, but she's not allowed to join my father business" [R. 10]***

According to the arguments of many respondents, the Jordanian family business culture forces them to make a philanthropy contribution and endowment from their Arab values and beliefs, where they believe that this attitude protects them from problems and conflicts between family members. Added to that, if conflicts occur one day, they normally agree that no one will go to a police station or court to seek compensation. These facts are not mentioned in the literature, and it is unique for Jordanian family-owned businesses, where Soto Maciel et al. (2015) mention that the set of norms and beliefs are the main pillar of business culture, and it forms the way of thinking and acting of family members and other workers.

***"I can feel that there's a high level of conflicts and disputes between family members, but I know that they don't like anyone to interfere between them to solve these conflicts, but at the same time, I'm worried about the shape of this business future" [R. 17]***

Sonfield et al. (2016) argue that managers in family businesses in Arab countries face conflicts between the Arab culture and religion on the one hand and western ideologies on the other hand when playing their role as a manager. This fact did not occur through the interviews, maybe because of the sample details where just three of the respondents were non-family members and working CEOs and manager.

#### viii. Family size

The researcher asked the question, **"To what extent can family members express their vision for the business as a source of income, satisfy their needs, employment, and satisfy their career ambition?"**. Many respondents responses argued that their families consist of three to six children, and they reflected the effects of their families size on these issues. These large-sized families need too much time to spend with and need high amounts of money to spend to guarantee a better life and future for them. Most of the interviewed Jordanian businesses are controlled by the first and second generation, and the first generation is still alive. The founder spent more

time managing his business and shortened attention to his home and children issues, especially given the absence of government support and benefits.

This opinion doesn't exist in the literature reviewed by the researcher. The role of a large family size such as Jordanian families towards succession planning and preparing successors to let's business founders think about strategic planning and governance for their business. Moreover, Poza and Daugherty (2014) argue that family businesses have to begin regular meetings to discuss family and business issues. After a few years, they have to develop a family constitution that will guide their succession planning discussions and the way to establish guidelines for family members' involvement and business transaction across generations.

***"I did my best to balance between family issues and business demands, but I think that business demands increased incrementally day by day and I always post bone my family needs to the right time that will guarantee my financial freedom" [R. 9, 11]***

In response to the question "**what are the main reasons for the success and failure of family businesses in Jordan?**", many respondents considered that having a large family size forced the founders to take unintentional actions in training and to prepare their children, where their level of experience and commitment depends on individuals' skills and thoughts towards the business at the time of absence of plans. This opinion occurred in Jordanian family-owned businesses where the family size relates to the founders' awareness of this issue and may affect these businesses success or failure. Ward and Montemerlo (2011) argued that family agreement which is a part of the succession process might articulate values that will shape succession, such as trust in outsiders as possible non-family candidates and belief in the inherent capacity of family members to grow and to develop as leaders.

***"I can notice the differences between family members' knowledge and skills, but I don't think that there's any plan to develop family members or increase their skills level, and depends on each person's desires" [R.17]***

Another respondent argues that the Jordanian business founders used to discuss and talk about their business issues at home and with their offspring. They used to accompany them to work at a very young age and in schools holidays, where this attitude motivates their offspring to join the business. This attitude may generate

harmony between family members at the time of large family sizes, where Soto Maciel et al. (2015) argues that the harmony of family members is a major factor that helps to guarantee successful succession and is considered a sign for business continuity.

***"My father used to let us accompany him to work, where this behaviour affects my way of thinking and my plans" [R. 8]***

ix. Islamic sharia law

From respondents responses to the question about **their firms' core strengths and the main reasons for the success and failure of family businesses in Jordan**, the Jordanian family businesses try to apply Islamic Sharia law in their decisions directly or indirectly, where Islamic sharia imposes the father to apply justice practices between his sons and daughters, whether in feelings or the distribution of money in his life. Most Jordanian families differentiate the concepts of equality and justice when they desire to prevent their daughters from joining their business because of cultural issues. These inequality practices that they assign to the achievement of justice between children are generated from their inability to let daughters join the business, which makes it a convincing argument to give sons more money or more shares according to their participation in the business.

The previous fact about Jordanian family businesses is consistent with Supreme Judge Department (2020) argument, which reflects that Jordanian society employs Islamic values and beliefs in their daily actions, leading Jordanians to be family-oriented, hospitable, and to abide by rules which may affect the Jordanian business environment. Jordanian people follow Civil law, Sharia law (Religious legislation), and Tribal law. Unfortunately, Jordanian families mix these three rules and employ and pick rules unsystematically and randomly to achieve their personal goals.

***"According to our religion we can't always follow the policies and rules, and we try to consider other dimensions in our decisions, and specifically if this decision will affect humans emotions or injustice from someone point of view" [R. 14]***

Other respondents argued that their families believe that there is a clear impact from their religious morals in their practices and commitment to ethical values on their business success and continuity. These practices occur from their application to Sharia



law and customs. They also aim to do things that serve public interests over their private interests. According to Islam guidance, many respondents believe that paying Zakat and visiting relatives is the secret for their business and wealth growth. This opinion is also consistent with Welch and Raven (2006). They argue that religion has a great effect on management style and managers in the Arab region, where they held complicated duties of maintaining their traditional values and achieving modern results according to the Islamic culture dominates the most Middle Eastern countries.

***"Prophet Mohammad, peace be upon him taught us a group of economic and social basics we must stick to in our daily life on the personal and business level. These basics will impact the society and our business positively" [R. 15]***

***"According to Sharia Law, Allah will bless our family and business and increase wealth for those who committed to pay Zakah and keen to visit their first level relatives and check on their conditions" [R. 6]***

Jordanian families also believe that their sons will be responsible financially for their marital home. Still, daughters will be married in the future, and their husbands are the ones who will be responsible for their financial obligations. On the other hand, small numbers of Jordanian families are willing to distribute equal shares for every family member.

In response to the question **"To what extent can family members express their vision for the business as a source of income, satisfy their needs?"**, respondents argued that Jordanian family members are usually upset and unsatisfied with the profit and share distribution in their family. Still, they are not allowed to express their personal opinions in order not to show any greed for their father's money and to avoid causing inconvenience to their father's feelings which will anger God "in their beliefs". This unsatisfied feeling usually caused a worse reaction after their father passed away and when the money and assets were distributed between heirs. This fact doesn't exist in the literature revised where it will affect the business continuity and sustainability and the need to be aware of when managing this type of business. According to Gulzar and Wang (2010); Osnes et al. (2019), emotion is one of the main attributes that strengthen the family business.

***"I'm trying to change many wrong practices from my point of view and try to employ best practices in our business environment, but there are many things that are impractical and related to feelings, family, and my parents' comfort, which need to make sure not to touch or disturb it" [R. 7]***

x. Emotions

In response to the researcher question, "**Do family members have the freedom to plan and decide their career future?**" the respondents argued that founders tried to control their family members through emotions mixed with a high level of centralization applied through a unity of command and control. These emotions are used to convince family members to join the family business without any clear employment plans covered with a declaration from the founder that you are free to join the business or choose any career outside the family business. This fact matched with the Department for Business Innovation & Skills (2014) argument that one of the main objectives of FoBs is creating an emotional wealth for family members, and the argument of Gulzar and Wang (2010) that emotion is one of the main attributes that contribute in strengthening the family-owned businesses, where this fact stimulate the business founders to use this attribute for their goals and benefits.

***"I have given my children their freedom to study what they prefer and to join the business or not, but deep inside, I will be happy when I see all of them around me and controlling my business" [R.5]***

The researcher found that family members got advice about their career path from their father, and this caused a conflict of interest. In response to the researcher question "**what are the main reasons for the success and failure of family businesses in Jordan?**", respondents highlighted that Jordanian family businesses used emotions to stimulate family members' teamwork in a traditional way which built on putting the greatest possible effort from every person regardless of the ability of each person. According to respondents, this can be used between the first and second generations only, and it will be changed after the disappearance of the first generation. This fact is consistent with Sreih et al. (2019), who argued the conflict between families' members might increase as a firm transmits to the second generation stage because family emotional attachment decreases through generations. Jordanian business founders considered that emotions between family members leads to their business success.

***"When I'm thinking about my efforts that have been put in our business and compare it with my brothers' efforts, I found out that there's a very high difference between them, at the time of equal compensations according to my father desire, but this feeling can't be expressed to avoid hurting my father and brothers feelings" [R. 14]***

According to Brunninge and Melander (2015), a family firm longevity focuses on resources management from the perspective of financial and socio-emotional wealth rationalities, where the family is the main source of employees in family businesses that affects the firms' direction and its strategic plan. This fact occurred clearly in Jordanian family business respondents, reflecting their intention to use emotions in managing their business.

xi. Social and human capital

From the respondents' responses to the question **"To what extent can family members express their vision for the business as a source of income, satisfy their needs, employment, and satisfy their career ambitions?"**, the researcher found that the Jordanian family members feel lost in planning for their future because of the absence of clear guidance and advice from their father to join the business or not, where often the father doesn't want to commit his children's future. This fact is far away from Songini et al. (2018) argument, which highlighted that family business may create and use unique intangible resources called "family capital" in the formation of their strategic plans, where these resources comprise human capital, social capital, and financial capital. Jordanian businesses that don't want to commit risk losing the benefits of their unique resources. The stakeholder theory suggests that family-owned businesses need to pay attention to various stakeholders in their strategy formulation and execution (Kim et al., 2010).

This research found that in most family members' cases, they are faced with the absence of a development plan that lets them become capable of handling their family business. The Jordanian businesses suffer from the inequality of their children's thoughts, skills, and educational level, which causes problems because of communication issues. This is inconsistent with Ibrahim et al. (2004), who argued that family businesses' social capital and unique resources supply them with unique advantages in their strategy formulation task.

The Jordanian family members working in family businesses and occupying managerial positions are distinguished by their disparity in their qualifications, scientific specialities, years of experience, and the number of training courses they participated in. They are considered components of the human capital for this type of business. Other respondents argued that family members' age, academic qualification, scientific specialisation, and internal and external experience are directly proportional to the value of each person's human capital.

***"And I think that one of the most important things that we have missed is that the absence of educational guidance for family members to study certain academic contexts, that they may stimulate their creativity and benefit them and the business. This guidance will affect the strength of family members' involvement in the family business and achieve higher returns" [R. 8]***

The social capital in the family businesses consists of the nature of the internal and external relations provided by family members working in high-level managerial positions in these businesses, which are reflected in the network of relationships that the family established with different stakeholders. It also consists of the social and membership status in associations and clubs for family members. These factors reflect the differences of importance and value of every family member according to many sub-factors characterised them. This opinion is consistent with Al-Barghouthi (2016), who identifies the Arab family business as a collection of relationships based on relative networks. The reasons for its existence are to maintain family members' loyalty, create value for the family, and enhance the family image in their social context.

B- The role of Jordanian family-owned business' aspects in the succession planning adopted, governance, and strategy in these businesses.

After determining the major aspects of Jordanian family-owned businesses in part A previously, the researcher found out the role of these aspects in the succession planning adopted, governance, and strategy in Jordanian family-owned businesses from the respondents' responses to the second group of questions which aim to determine the main aspects of Jordanian family businesses related to succession planning and corporate governance. This group of questions contains the below six sub-questions:

- **How many family members are working for your firm? Which generation? And do you have a clear employment policy? How were they motivated to join or not to join the business?**
- **Does your firm have a clear and declared vision and mission statement? Who formulated it and how?**
- **Does every family member working in the business or not working know to which intersection they belong in the three circles intersected system model (family, ownership, and business)? Do you have policies for every sector of the seven intersections? Do you realise that individuals may move from one intersection to another, and this may cause specific reactions?**
- **Does the founder delegate responsibilities and authority to the non-family staff and managers? If yes, how do you compare it to that of family members? How do the founders practice power in their firm?**
- **What are the best methods for family members' compensation and rewards mechanisms compared with non-family members? Until which stage of business and family development this approach will work efficiently?**
- **Do you believe that the distribution of shares or dividend distribution for family members is a good way for business continuity? Why? What is the best criterion for dividing shares or dividends among family members? Do you think that the existing shares are not fair and need modification?**

After the thematic analysis of this group of questions, the researcher found out that Jordanian family businesses suffer from the absence of formal and professional strategic planning process, succession planning, and governance accordingly because of many reasons mentioned previously in part A, and other several reasons mentioned in the paragraphs below. This behaviour in Jordanian family businesses is inconsistent with Sotiriadis (2015) argument that declared the importance of strategic planning and family members' participation in the strategic planning process in family-owned businesses. This behaviour aims to address critical issues, views, and concerns relating to their involvement in the business.

From respondents responses to the question "**Does your firm have a clear and declared vision and mission statement? Who formulated it and why?**" the researcher found that the interviewed Jordanian family-owned businesses didn't have any mechanism for strategic planning practices. They depend on the unorganized short term planning only. This short-term planning usually targets the business's daily operations and ignores the long term planning through this ad hoc process. This fact occurs through the absence of a clear and announced vision and mission statements. This argument doesn't make compatible with the argument of Songini et al. (2018), which presents the importance of family businesses rapid response to external circumstances through a long term strategic planning process. Accordingly, the innovation strategy suggests that family-owned businesses need to be prepared to survive in a highly competitive environment through innovation as a driver for business sustainability (Braga et al., 2017).

The absence of a family constitution in Jordanian family business, which may include their vision, conflict management rules, family members entry and exit in the business, succession planning rules, authorisation matrix, and many more main issues, clarified the reasons behind the high amount of conflicts between family members nowadays and in the future. The researcher found out that family members don't have any solution for their recurring problems and conflicts, and they used to solve their issues through their father as the only person who is the point of reference for family members. This opinion is inconsistent with Poza and Daugherty (2014); PwC (2016); Osnes et al. (2019), who argue that family businesses have to develop a family constitution that will guide their succession planning discussions and the way to establish guidelines for family members involvement and business transaction across generations.

In response to the researcher question, "**Do you have a clear employment policy? How they were motivated to join or not to join the business?**" according to the Jordanian family culture mentioned previously, most Jordanian businesses have an unspoken custom that gives the eldest son the right to succeed after the owner, neglecting the right of other qualified siblings to succeed the owner, where founders usually put their effort in training and giving directions to their oldest son at the time of large family size, where this concern considered as a part of the traditional succession plan to prepare the oldest son as a successor. This practice may cause conflicts between family members if another family member is suitable and capable of taking over the responsibility in the future. This fact is consistent with Al-Nsour and Jresat (2018)

argument that Jordanian family businesses are still selecting their heirs based on choosing the eldest son because their born sons will carry the family name. Jordanian culture considers family as the most important element. It is the source of honour and pride through supporting each other's family members and addressing their conflicts privately to avoid embarrassment (Alshhadat, 2017).

These businesses in Jordan suffer from the absence of any family council, family constitution, documents, or legislation. Founders avoid presenting the real status of their business to family members and believe that their financial records and conflicts between family members are secrets. This fact clarified the reasons behind choosing their traditional way of selecting the successor, which is not mentioned in the literature revised by the researcher, characterized by privacy and secrets.

In response to the researcher question, "**Does the founder delegate responsibilities and authorities to the non-family staff and managers?**" many respondents argued that Jordanian business founders believe that their centralization management style is the core strength of their business. This let them not delegate responsibilities to the active participating members, reflecting a low level of trust for some family members that stimulate unclear thoughts and attitudes.

This reality is considered a real threat to enterprise governance in the pillars of responsibility and control. According to some respondents, the centralization and the absence of corporate best practices restrict their business from taking advantage of many opportunities. This previous fact reflects the advantages and disadvantages of centralization management style, where EFILWC (2002) presents that centralized decision-making will stimulate leadership efficiency and lower transaction cost for family businesses, contrary to Sreih et al. (2019) argument that delegation of responsibilities is important for firms' success and continuity.

A high level of centralization of business owners and their different practices with family and non-family managers shows that founders can delegate more authority to family members than non-family members, where this practice creates irresponsible behaviour from non-family managers. Accordingly, the family members work and make decisions without applying any performance appraisal or rewards system.

According to the respondents' responses to the question "**What are the best methods for family members' compensation and rewards mechanisms and compare with non-family members ones?**", and when the researcher recalls the fact from part A that the different levels of family members' commitment towards the business create a feeling of inequality between family members for the members with a high level of commitment at the time of an absence of clear internal policies that maintain justice between family members. This feeling is considered one of the main reasons for Jordanian family members' conflicts, disturbing their family relationships. This practice greatly affects firm governance because of the absence of conscious future planning and fundamental policies. This opinion is consistent with Esfahani et al. (2018), who argue that organisations failed to implement around 70% of their strategic plans because of ineffective strategic planning, which usually occurs because of lack of management commitment, which leads to conflicts.

According to Jordanian family business cultural perspectives, traditions, and values from part A, which create a high level of respect between the founder and family members let family members accept many practices that existed in their enterprise they are working with, even if it is wrong or doesn't do justice between individuals. Most of the respondents argued that family conflict will not be too complicated and will never cause a split in the business in the future. The researcher found out that this belief will be valid during founder life because of cultural perspectives. The conflicts will cause a split in the business and cause very dire consequences if the founder passes away, retires, or becomes sick. This fact showed that Jordanian family businesses are far away from the best practice to manage conflicts which are presented by Braun et al. (2016), who argues that these conflicts occur because they failed in strategy implementation and the use of family enterprise strategy map (FESM) which address the complexities of the family domain issues, such as family's intention with the business, personal priorities, processes, resources, personal ambition, and capabilities.

The inability of the business founder to manage his priorities between family and business might occur in the founders' decision-making process, which lead to misunderstandings for family members regards the logic of decision taken, which may affect family members interrelationships and lead to conflicts between them later on. According, the Jordanian family culture strongly affects the family business culture. Family business founders preferred that their offspring join the business. They believe that they are responsible for continuing their family legacy as this business reflects their identity in the absence of strategic planning and governance. Ibrahim et al. (2004)



present that businesses need to reduce the misunderstanding between family members through a strategic planning stage by following a unified approach to their business goals and objectives.

Finally, from respondents responses to the question "**what are the best methods for family members' compensation and rewards mechanisms and compare with non-family members ones?**", the researcher found that the high impact of cultural perspectives on Jordanian family business operations reflects the cause of the absence of the mechanism of the performance appraisal and clear compensation policy for family members working in the business, and the way of thinking of them that leads them to join their family business or to choose to follow their career path outside the family business. In reality, family members have to follow their family instructions and accept the way they run their business. They suffer from a bad situation if they start up a new business operation apart from their family business, which is considered a clash of commitment if it succeeds or fails.

In response to the researcher question "**Does every family member working in the business or not working know to which intersection he/she belong in the three circles intersected system model (family, ownership, and business)?**", the findings of the interviews showed that business founders are unaware of the importance of clarity of every family member position in the three-circle model and their awareness towards the changes and development may occur over time which is presented by (Poza and Daugherty, 2014). This attitude occurs through their insistence toward implying their centralised management style, absence of authorisation matrix and delegation, and the absence of a clear mission and vision towards their business future. Moreover, this type of management style creates a high level of misunderstanding between family members and leads to business discontinuity.

***"Business success or failure is the choice of the founder, where his/her level of awareness towards some issue lead him toward conscious decisions..." [R. 12]***

Poza and Daugherty (2014); Gersick et al. (1997); Ramadani and Hoy (2015); Aloulou (2018); Lansberg (1999) argues that studying family businesses involves thinking about the three-circle family business model and the three-dimensional development model to be aware of the changes and development of the three main subsystems forming family

businesses which are family, business, and ownership. The interview participants agreed with this fact, but, unfortunately, they didn't deal with this issue and plan for it seriously.

4.4.2 **Theme 2:** The impact of succession planning in Jordanian family-owned businesses on business strategy and governance in this type of business.

This section describes the researcher findings of succession planning approaches in Jordanian family-owned businesses according to the respondents' responses to the third group of questions which summarise the nature of the succession planning process adopted in Jordanian family businesses and leadership transfer through family generations. The main succession planning approaches are classified as professional, traditional, and unconscious succession planning, as will be clarified in part (A) below. The second part (B) will be about the effect of succession planning approaches on business strategic management, governance, continuity and sustainability.

This sub-section will clarify the researcher analysis for respondents' responses to the below four questions:

- **How family members are aware, prepared, and developed to join the business? What is the role of the founder and family meeting in their induction process?**
- **Do you have a declared and systematic strategic plan? If yes, who formulated it and in which stage of business do you think about it? How often do you conduct the planning process in a year? Is it usually a short term, long term, or contingency plan?**
- **Do you have a clear and shared succession plan? How important it is for business continuity, and why?**
- **Could you describe the relationship between family members and the founder? How do the relationships among family members affect the successor process and business continuity?**

A. Succession planning approaches in family-owned businesses in Jordan

The importance of succession planning in family-owned businesses as part of business strategy and how it impacts business continuity and sustainability is crucial for family businesses. These businesses should develop and implement a clear process for leadership succession to prepare leaders capable of taking over the business and avoiding internal disputes (Al Emam, 2014; Alshaeel, 2016; Devine, 2017). Accordingly, the researcher aimed to explore the response of Jordanian family businesses through the question: **what is the nature of the succession planning process adopted in your firm, and leadership transfer through family generations?**

In response to the researcher question, "**Do you have a clear and shared succession plan? How it is carried out? How important it is for business continuity, and why?**" the interviewed founder's and another candidate successor didn't have any idea about this concept "succession planning", where they haven't considered this. In this type of business, you can find that the founders prepare their eldest son or the most capable and qualified son from his point of view unconsciously and without any previously prepared plans.

***"Before this interview, I wasn't know anything about succession planning, but now I believe that it's important for our business and other family businesses, and may solve any future issues" [R. 3]***

Other respondents considered succession planning the main pillar of business continuity, and it's the sole tool that can be used for business survival in the future. These businesses usually use the professional approach in succession planning. A founder of a leading industrial company in Jordan agreed that succession planning provides their business with a rigid base that supports its sustainability. He said:

***"Our firms' growth and sustainability managed and boosted after putting down our succession plan, which helps in avoiding conflicts and any unintentional attitude" [R. 12]***

This opinion is consistent with Sharma et al. (1997), Uribe et al. (2017), Sonfield et al. (2016), Al-Najjar (2010), El-Kassar et al. (2018), who argue that family-owned

businesses are permanently looking for strategies, models, and plans to employ and guarantee their success and sustainability.

In addition to respondents responses about the succession planning question and the question "Do you have a declared and systematic strategic plan?", the researcher found that succession planning is vital for other family businesses aware of this concept. They adhere to the concept that leads them to decide that their eldest son is the only person who will succeed the founder. This traditional approach neglects the right of other qualified and skilled family members to lead the business when the large family size and high probability of finding out more than one skilled and qualified person. The non-family CEO replied:

***"I can feel and notice the diversity of family members working in our business, and I know who have and haven't impact on family and business decisions. The founder has five sons working in his business, three of them qualified and skilled and suitable to succeed the founder, where this is the main obstacle they may face at present" [R.2]***

The previous response wasn't previously mentioned in the literature that the researcher looked at, where Lee et al. (2015), Dafna (2008), Jarzabkowski and Kaplan (2010), Jarzabkowski and Kaplan (2010) argue that four main strategic planning theories reflect how family businesses prepare and develop their strategies in a traditional approach. These approaches are; the adjustment strategies, sustainable family business model, process-oriented theory, and strategy as practice theory. These theories and models can be used to develop succession planning in family-owned businesses traditionally without caring about the development of the family, business, and ownership over time which is accompanied by other specifications and attributes (Lee et al., 2015). Despite these models, it counts as a traditional model, but it doesn't mention the right of the eldest son to succeed the founder, as argued by Jordanian family businesses interviewed.

In response to the researcher question, "How family members are aware, prepared, and developed to join the business? What is the role of the founder and family meeting in their induction process?" the researcher found that the second generation has more awareness about the importance of succession planning for business and family sustainability than the first generation. They understand the changes that may occur in the internal and external environment. These changes force conscious persons to be

ready for any choice, and the situation may happen in future through deciding a proper succession plan.

***"The founder hesitated to give me a senior management role, and he's always postponed this discussion that seems he doesn't know how to deal with. This attitude reflects a feeling of ignorance to my presence and my qualification mixed with an unclear future career path. Maybe the existence of succession planning will solve these issues" [R. 14]***

From the respondents' point of view, Jordanian family-owned businesses founders are the only people responsible for developing their succession planning. The firm has one founder, and it is easier to do this task than firms with many owners. This task might be achieved if founders are aware of succession processes, including successor selection, development, control, and compensation. This opinion is consistent with al. (2019), Budhiraja and Pathak (2018), Aronoff et al. (2011), Ramadani and Hoy (2015), who represented that family business sustainability and continuity depends on succession planning, where its success is based on founder's management skills in successor foundation and successor transition process.

***"I think that my father has to invest his centralization management style in deciding our business succession plan, where these moments will not be repeated in the future, and this action now will play a major role in our business continuity" [R. 7]***

This previous response characterised in Sharma et al. (1997), Zain and Kassim (2012), Phan et al. (2005), Sreih et al. (2019), Emam (2014) argument, which highlighted that the most important strategy in the family-owned businesses which determine the longevity of the firm is succession, where succession planning aims at achieving more than the goal of deciding the succession strategy itself, but unfortunately that these Jordanian businesses aren't aware in-depth about this topic.

- B. The effect of professional, traditional, and unconscious succession planning approaches on business strategic management, governance, continuity, and sustainability

From the respondents' responses to the group of questions mentioned previously, which explored **the nature of the succession planning process adopted in Jordanian family-owned businesses, and leadership transfer through family generations**, many of the interviewed Jordanian family-owned businesses realised that the professional succession planning approach is the only way to avoid conflicts and guarantee business continuity, but when they want to apply this approach in the real-life, they face resistance to change and continue doing things in the traditional approach.

This fact is partly consistent with Sreih et al. (2019); PwC (2016); Mokhber et al.'s (2016) argument, which highlighted that there are many methods of succession planning and successor characteristics but without any information about the motives behind choosing the traditional way in selecting the successor, and the drivers and circumstances around forming a succession plan, and the resulting consequences of consisting family constitution and family council which this research focused on.

From the responses to the researcher question "**Do you have a clear and shared succession plan? How it is carried out? How important it is for business continuity, and why?**", the researcher found that the traditional and unconscious succession planning in Jordanian family businesses suffer from a lack of clear family and business vision, which reflects a very bad communication style between children and neglects teamwork. However, the existence of responsibilities' delegation and training will help family business children to overcome mistakes and make proper decisions in the future.

This opinion is partly inconsistent with the arguments of Soto Maciel et al. (2015), Ward and Montemerlo (2011), Steier et al. (2015), and Lansberg (1999), who highlight that there are many reasons that successions fail, including the unclear succession plan, unprepared successor, and family rivalries. The succession planning in family-owned businesses started with the assessment of firms' size, vision, and performance in the previous years, where the last thing considered by most family-owned businesses is to assess leaders on various competencies like; trust, hard work, and accountability, where the motivation level and heirs development are most often neglected in FoB's.

***"The founder doesn't plan for retirement, I know that he is the safety valve for this business, but I'm worried and can imagine the time of his absence that will be a bad day for their family and for the whole business" [R.2]***

In response to the researcher question "How family members are aware, prepared, and developed to join the business?", the researcher found that preparing the next generation to lead the business is the main part of strategic business management, and it is the founder's responsibility to prepare a development plan for their successive generation. Many respondents argued that Jordanian family businesses believe that supporting their children to enrol in an undergraduate study is the main and only key they use with their successive generation, without guiding them to study a major related to their business. These businesses don't have any program to prepare and develop family members to join the business. This opinion doesn't match what this researcher found, where Alshaeel (2016), Ibrahim et al. (2004), Handler (1994), Soto Maciel et al. (2015) argued that family business sustainability needs an effective succession process, where succession issues always threaten the business success. This argument reflected that succession is a continuous process that needs prior planning in family-owned businesses. Still, unfortunately, according to respondents' responses, Jordanian family businesses didn't realise this important issue.

***"...I think that I have invested in my children through guiding and encouraging them to continue their undergraduate studies" [R. 11]***

According to respondents responses to the question "**Do you have a declared and systematic strategic plan? Is it usually a short term, long term, or contingency plan?**" the researcher found that the interviewed business founders didn't focus on their business continuity and sustainability as they focus on their short terms goals and how to grow their wealth in the shortest time frame. This fact could be noticed through their responses to the question about their declared strategic plan and clear succession plan, which doesn't exist for most respondents. This opinion wasn't previously mentioned in the reviewed literature, where Budhiraja and Pathak (2018); Mokhber et al. (2016); Lansberg (1999); PwC (2016) presented that family-owned businesses succession focuses on succession process and the reasons behind its failure to develop and implement, and neglected the succession timing, characteristics of the future successor, the interest of next generations, and who will choose the successor. Unfortunately, this fact doesn't exist in Jordanian businesses that still focus on short-term planning and daily operations.

***"We used to think about our daily business operations, and how to increase our revenue through unscheduled motivational meetings for our teams, in the second hand, no one of us intended or directed to think about the business strategically" [R. 9]***

In responding to the question **"Could you describe the relationship between family members and the founder? How the relationships among family members affect the succession process and business continuity?"** the researcher found that Jordanian family businesses can't take advantage of changing their legal form to private joint-stock company or public shareholding company, which would help the succession process to occur more smoothly, because of their current situation which is an unclear legal form. This fact affects the relationship among family members and business continuity. This argument doesn't exist in the literature that the researcher looked at.

***"Till now only two generations are running the business, but when the third generation wants to join the business, the succession process will surround with more challenges which need more formal policies" [R. 14]***

The previous respondents' statement reflects the founders' responsibility towards deciding the enterprise succession planning and implementing it seriously without their success preventing them from predicting and planning for their business and family future. The founder's intention to non-involvement of family members created carelessness towards their family business. They started to focus on their dreams and plans rather than on the established business.

However, the level of founders' awareness about succession planning as a part of their family and business vision is considered the main driver of their decision to change the unconscious or traditional approach to a more professional option, which is taken into account the unique aspect of Jordanian family businesses.

From respondents responses to the question **"Do you have a clear and shared succession plan? How it is carried out?"** a limited number of respondents represented their high level of awareness towards professional succession planning, where it cost them too much financially to hire a reputable consultant. They did that because they believed their business failure would be caused by their father's high level of centralisation and his ignorance of succession planning as the main part of strategic planning.



***"My father past days management style through centralization has advantages and disadvantages, but we know that the disadvantages weight will be heavier than the advantages in the long term; fortunately, we have changed it successfully" [R. 1]***

The previous paragraphs reflect the challenges facing Jordanian family businesses, which affect the existence and implementation of succession planning and business continuity simultaneously. It also shows the motives behind choosing the traditional way of selecting the successor and the reasons behind neglecting the professional process and choices.

#### **4.4.3 Theme 3:** The main and major elements of governance in Jordanian family-owned businesses.

In response to respondents' answers for the 4<sup>th</sup> group of questions about the main aspects of corporate governance practices in Jordanian family-owned businesses. This group of questions contains the four below sub-questions:

- **How are the conflicts in family business resolved between family members? Are there any major conflicts between family members? Do you believe that major conflicts lead to a split in the family business? What are the consequences of this split if it happens?**
- **Do you notice any conflict of interests with family members in the firm? How did you solve it if it existed?**
- **Do you have clear and shared policies regarding the sales, assignment, or transfer of shares by inheritance? Do you also have policies on dividend and loss distribution?**
- **Is there a board of directors that meet regularly? Are its members chosen in a professional approach? Is there any independent member or outsiders? Why? What are the most important features of their work and the board of directors' work?**

From the thematic analysis for respondents' responses to the previous questions, the researcher found that the main factors that participants mentioned covered three main pillars: transparency and disclosure, conflict management, and commitment and management. These three main pillars of governance in Jordanian family-owned businesses differ from other systems and other contexts, where this argument is consistent with Kim et al. (2010); Al-Najjar (2010); Hartzler (2016); and Louie et al. (2019), who mention that there isn't a unified definition of CG, where these researchers define and describe CG from their different point of views, and reflect this concept towards financial, economic, accounting, marketing, or management issues. The sole common thing is their perception that corporate governance practices guarantee firms' success, growth, and sustainability.

i. Transparency and disclosure

In response to the researcher question "**How the conflicts in family business resolved between family members? Are there any major conflicts between family members?**", the researcher found that the absence of transparency and disclosure in Jordanian family-owned businesses, and especially in financial issues, and the status of their firm to prevent family members' greed account as one of the main pillars of this theme, and it's one of the main reasons behind conflicts and disputes between family members. Transparency and disclosure don't exist between working and non-working family members, who are considered the main drivers of the business that split after the founders pass away. This opinion is inconsistent with Mori and Charles (2019), Devine (2017), Sahni et al. (2017), who present that transparency is one of the main pillars that should exist in family business firms and about its role in enhancing efficiency, reducing risk, and improving the decision-making process.

***"I want to disclose about our business financial records to family members, but I'm waiting the suitable moment for that, but I hesitate if this step will start up a new form of disputes or it will hold positive feedback" [R. 15]***

***"Every time I feel that transparency is not one of the fundamental policies between family members in the company I work with, and this attitude may cause conflicts between them as I can see in our daily operations" [R. 21]***

When respondents responded to the question "**Do you notice any conflict of interests with family members working in the firm? How you solve it if it existed?**", the researcher found that respondents argued that their values and commitment to implement provisions of Islamic Sharia prevents them from many unethical practices, and support transparency and honesty in their daily manners. Hence, they claim that referring to Islamic Sharia can solve their conflicts occasionally. This argument is inconsistent with Alzoubi (2016), Cortés and Botero (2016). They highlight that Improving family-owned business performance and maintaining sustainability and growth can be achieved by governing their practices and implying corporate governance policies. This is the difference where in Jordan, they argued that Islamic Sharia already governs their practices, and hence there is no need for corporate governance policies between family members.

In response to the researcher question, "**How the conflicts in family business resolved between family members?**", family members were aware of the importance of goodwill and its role in solving conflicts through preferring their family interests over their self-interests. This attitude counted as a major element of governance in Jordanian family businesses. This fact wasn't previously mentioned in the literature which the researcher looked at, which is a matter of cultural aspect, contrary to what was stated in the literature that good corporate governance practices and policies control healthy companies and sustainable private sector development.

***"I think that one of the main reasons for success is transparency and goodwill, were thinking about others interests will achieve your goals and other public goals, through avoiding selfishness" [R. 12]***

***"There isn't any systematic way to solve conflicts between family members, and they will follow my words and way in solving conflicts" [R. 18]***

## ii. Conflict management

The second pillar of this theme is about conflict management, from the aspects of Jordanian family-owned businesses mentioned previously and according to respondents' responses to the researcher questions "**how the conflicts in family business resolved between family members?, and Do you notice any conflict of interests with family members working in the firm?**", the researcher found out that the legal form of these businesses is the main issue, whereby most of them work under a legal form which

doesn't match the real verbal agreement between family members. Accordingly, these businesses are a step back at the time of other well-managed family businesses looking to transform their business into a public shareholding company to guarantee their business continuity and sustainability. These practices in Jordanian family businesses cause them to miss the core of corporate governance, which is around management, control, and accountability, according to (Mori and Charles, 2019); (Devine 2017). The mismatch between the real firm legal form and the registered one managed and directed for expenses purposes and to save governmental fees and taxes is aligned with Abouzaid (2008), Abu Ghazaleh (2018), El-Kassar et al. (2018), Al-Najjar (2010). They argue that many Jordanian family-owned businesses did not adopt the corporate governance framework because of their misconception toward its high cost without guarantee of its benefits.

***"My father used to manage his business in a centralization management pattern, where the delegation of authority for family or non-family managers lower than 10% and his style in doing things let our business to miss investments opportunities and also thinking in other growth and expanding options" [R. 8]***

***"We govern our business practices through our family values and beliefs, and without any documented policy for these issues" [R. 18]***

Another aspect of Jordanian family businesses that may lead to conflict is the family size. Jordanian families often involve a large family size that may come up with widely divergent opinions and different points of view about every single issue. These businesses can't manage the family size issues to benefit from its advantage and eliminate its disadvantages. This opinion is inconsistent with El-Kassar et al. (2018), Al-Najjar (2010), who argues that corporate governance is built on the unique advantages of family businesses to ensure that family businesses work on their weaknesses and leverage their strengths.

***"We are five brothers and our father, and I can see it myself that we can't manage our meetings to run smoothly, and there is always an unhealthy discussion that leads to conflicts" [R. 7]***

Conflicts may occur in Jordanian family businesses because of the founder centralized management style, which harms the qualified family members through neglecting their

opinion in the decision-making process and preventing the non-working family members from joining the business. Participants argued that the absence of a well-prepared preparation plan for family members forces the founder to stick to his centralisation style. This opinion is partly consistent with Abouzaid (2008) Abu Ghazaleh's (2018) argument, which highlights that easy and quick decision-making of family-owned businesses refers to the lack of formal rules and systems that may introduce problems can only be solved through good corporate governance practices.

***"I'm looking to reduce conflicts conflict between my sons, through my centralization management style, but this approach caused a high level of pressure over me" [R. 9]***

In response to the researcher question "**How you solve conflicts of interests with family members if they existed?**", the researcher found that Jordanian family businesses suffer from a lack of any written policies that may manage their conflicts and depend heavily on the founder where most of them don't know anything about family constitution or governance policies. These family members thought that they were far away from conflicts and disputes because of their working and good health father and their common values. This is inconsistent with enterprises working in a rapidly changing environment, and the external environment, society, and culture impact business founders' decisions and management style (Hartzler, 2016; Aronoff et al., 2011).

***"I know that there are many family businesses collapsed and failed to continue because of many unspecified reasons, but I think the main reason is the absence of conflict management policies" [ R.7]***

In response to the question "**Do you believe that major conflicts lead to split in the family business? What the consequences of this split if happen?**", respondents also pointed out that conflicts between family members may occur because of the absence of many human resources management policies that clarify family members' career path, compensation policies, authorization matrix, and many more policies that clarify any vague issues and eliminate the unfair feeling which leads to conflicts as mentioned earlier and may lead to split the business. EFILWC (2002) argued that human resources management is one of the critical factors which affect family business performance directly and indirectly. Still, it isn't mentioned in the literature that its absence may cause conflicts and disputes between family members, but in Jordanian business, it is.

***"I can see that there isn't any preference between family members working in the business, although they are different in their accomplishments and added value for the business, which may lead to injustice feeling for some of them" [R. 2]***

In response to the question **"How the conflicts in family business resolved between family members?"** the candidate successors interviewed believe that there is a positive relationship between the existence of a professional succession plan and human resource management policies and reduction of conflicts between family members, which for sure will affect business continuity and sustainability. This opinion is partly mentioned by Lee et al. (2015), who argued that strategic planning theories reflect how family businesses prepare and develop their strategies to balance the demand of business and family with the business outcomes and face unexpected challenges in human resources management. In Jordanian family businesses, conflicts are unexpected challenges facing them. They don't know how to deal with these challenges using their management style without exploring new solutions and approaches.

***"Building a strong and cohesive business needs strong family relations, where these strong family relations will prevent conflicts between them" [R. 4]***

***"I can notice conflicts between family members, and I can't even talk about it with any one of them because they considered it as private issues, and they will not allow anyone to talk in it" [R.17]***

### iii. Commitment and management

In response to the questions **"Do you notice any conflicts of interests with family members working in the firm?, and Is there a board of directors and meet regularly?"**, participants agreed that they consider family members as the board members, without any regular meeting and clear policy for decision-making or decision approach. Other interviewed respondents can't differentiate between the family council and business board and when to discuss family issues or business issues. This fact is inconsistent with Mori and Charles (2019) argument that the board of directors' role in family firms is to safeguard the family-owner self-serving behaviour and prevent the requisition of minority shareholders. This role of the board of directors will reduce agency

problems and agency costs effectively. Family-owned businesses should invest in internal governance mechanisms such as incentives mechanisms and board of directors.

Several respondents argued that despite differences between family members' educational level, skills, and experience, they might have similar weight in their votes in any family or board meetings. This issue needs to be managed and decided professionally by the founder. This opinion is built upon feelings and inconsistent with many governance theories. Sonfield et al. (2016) argue that governance practices should be used strictly even if family members hold managerial positions. They refused the separation of ownership and management choice. These choices need an in-depth understanding of the strategic planning stage in family-owned businesses.

***"I'm trying to commence a regular meeting with my brothers and my father, but unfortunately every time there are new circumstances that prevent us from completing it, and if it happened, the meeting often ended with disputes" [R. 7].***

Respondents argued that in most Jordanian family businesses, the senior management positions are held by family members regardless of their qualification to hold these positions, with maintaining the centralization approach by the owner, which affects the business operations and creates an unhealthy working environment. This fact is consistent with Sonfield et al. (2016), who argues that traditions may affect the family businesses, and business founders willing to employ unqualified relatives and family members because of traditions and values dominating their attitude, but according to El-Kassar et al. (2018) promoting a new corporate principle among firms, and relate it to social and economic standards is a must through the adoption of corporate governance practices in Arab countries.

In response to the question "**Are the board of directors' members chosen in a professional approach? Is there any independent member or outsiders? Why?**", the researcher found that these Jordanian businesses are worried about assigning a specialist, professional, and qualified non-family manager to lead the company or even to hire a business consultant, non-executive CEO, or non-family board member because of founders' thoughts about conspiracy theory and distrust of others. These thoughts led the firms to miss the new external experience and integrated development benefits. This fact isn't mentioned in the literature that the researcher looked at. The researcher argued

that this way of thinking is because of the unstable economic and political environment that Jordanian businesses work in.

***"The existence of a non-family manager let family members hold him accountable about his achievements and fulfilment of his job tasks smoothly and in a transparent manner" [R. 1]***

***"One of the family members claim that he will leave the company if the company appoints an external consultant" [R. 19]***

Many participants, especially from the second generation, also believe that professional corporate management practices will increase their business' competitive advantage in the market, especially if there are policies and regulations that manage the relationships between everyone working in this firm. Simultaneously, founders are stressed and hesitate to take this step because of many non disclosed perspectives. This opinion also doesn't exist in the literature, and it is also generated because of first-generation thoughts around conspiracy plans.

***"From my point of view, clear policies and regulations will support the business with a priceless resource which is time to be spent to achieve business objectives and goals instead of solving conflicts and disputes" [R. 3]***

Jordanian family businesses don't have any rules and policies to manage their conflicts, and they depend only on one person. In contrast, Srieh et al. (2019) said that family businesses have weak corporate governance practices, and they have great reluctance to change their old way of running their business. Simultaneously, Middle Eastern family businesses have an opportunity to increase their value by 18% if they apply a sound corporate governance practice.

The mismatch between their firm legal form and the verbal agreement between family members leads them to give dividends without any profit-sharing method or policies. This behaviour causes many problems and issues when one of the family members has a unique and different plan for his small family. From the research and literature, I looked at. It would seem that this is another cause of conflicts and disputes which Jordanian family businesses need to be aware of.



According to the above three main and major elements of governance in Jordanian family-owned businesses identified by participants through the interviews, these were transparency and disclosure (p195), conflict management (p196), commitment and management (p199). The analysis of the research in this theme refers to the aspect of Jordanian family-owned businesses and succession planning adopted in these businesses through a shape of the strategic plan that affects business continuity and sustainability according to the founders, CEO's, and candidate successors' opinions. One of the main findings is the importance of the role of the founder in this kind of business to manage these three main issues in his life and to decide and use his power to achieve long term goals and objectives.

Furthermore, this theme reflects the founders, CEO's, and candidate successors' observations and experience about corporate governance, how it is affected by the succession planning used in family businesses and how it impacts business continuity and sustainability. The next theme will focus on the family and business vision and mission and how it impacts business continuity and sustainability.

#### 4.4.4 **Theme 4:** Family and business vision and mission and how it impacts business continuity and sustainability.

In responding to the researcher question, "**Does your firm have a clear and declared vision and mission statement? Who formulates it and how?**", several respondents argued that their firm didn't have a written vision and mission statement. They may have these statements for company profile and website issues only, without any seriousness in dealing with these statements. This fact is inconsistent with Sotiriadis (2015), Bolland (2017); AlKhanafaji and Nelson (2003); and Sergio (2011), who argue that family businesses should have a clear plan for actions and decisions to achieve their vision and mission through effective and efficient policies.

***"Fortunately, we have a written vision and mission statement, but unfortunately no one in our enterprise knows it or keep it in his memory and deal with it as a lighthouse that all of us have to walk towards it" [R.8]***

From respondents responses to the question "**To what extent can family members express their vision for the business as a source of income, satisfy their needs, employment, and satisfy their career ambitions?**", the Jordanian family vision towards

the business is that this business is the identity of their family and means a lot for them in the society they live in, where a high percentage of these businesses don't have and don't allow discussion on the family members vision towards the business. Jordanian businesses need greater awareness about saving this identity through being ready to deal with complex situations that arise from non-routine events facing the overall organisation (Turner, 2017; Johnson et al., 2008; Esfahani et al., 2018; Sotiriadis, 2015).

***"I don't think that I will be happy when I hear a family member plan for my business without referring to my opinion, because this business means a lot for me" [R. 19]***

From respondents responses to the question "**Do you have a declared and systematic strategic plan?**" the majority of the interviewed Jordanian business founders argued that conscious strategic planning is missed in Jordanian family businesses, which aims to fulfil the family and business vision and mission. Family members' participation and clear human resources management policies to manage the relationship between family members and the business are important for business continuity and sustainability. This researcher found out that Jordanian family businesses are proud of their achievement in letting their family members join the businesses. Still, unfortunately, they are not aware of how to manage these resources efficiently and effectively.

***"We don't have any documented strategic plan, but the road map of this business is in my brain, and I can manage it" [R. 18]***

This previous fact is inconsistent with Braun et al. (2016), Brunninge and Melander (2015), Bolland (2017) who argue that family involvement in management, and the intersection between the three unique subsystems (family, ownership, and management) is conceived as a potential source of unique resources and capabilities that supports the firm with a unique competitive advantage, where in order to build an effective and efficient strategic plan for family businesses, FoBs have to take into their account their unique characteristics, such as; the overlapping between the three main subsystems (Ownership, Family, and Business), the unique values, beliefs, and goals of family which may guide the strategic direction, the distinctive resources and competencies generated between family members, the difference between the agency conflicts and the traditional owner-manager conflicts, the succession process and willingness to transmit the business to the heirs, and finally, the altruism to favour business interests over the

personal returns. Unfortunately, these issues are not realised by Jordanian family businesses.

***"The founder believes that his business will continue to his successive generations by default and without any extra effort, with an absence of strategic planning and clear policies for family members entry and exit from the business" [R.4]***

The researcher found out that there are five main issues repeated in almost all respondents responses; these issues are related to human resources management strategies, and these are; Job description and KPI's, compensation policy, organisational chart, career path, and authority matrix. This argument is aligned with (Lee et al., 2015; Brunninge and Melander, 2015).

The respondents' opinions can be divided into four groups; the first group believes that these issues are important to manage non-family members and less important for family members. The second group realised the importance of these issues and believed that family members should be preferred over non-family members. The third group believes in issues importance and its equality and similarity between family and non-family members, whilst the fourth group argued that they deal with these issues daily and modify them day by day depending on the cases that occur.

Other researchers looked at, where other researchers didn't mention the strategic management in family-owned businesses point of view and focused on family-owned businesses as a family foundation only (Sharma et al., 1997). The most important issues are about improving business performance and maintaining business sustainability rather than family members' relationships only. The strategy formulation process should be dynamic in family-owned businesses because of permanent changes in the interaction between family and business (Sotiriadis, 2015; Songini et al., 2018).

***"my brothers are enjoying the flexibility of my father verbal decision to join or leave the business any time you want, and they took this advantage as a grant, but this attitude creates an inconvenience in daily operations and conflicts between family members" [R. 8]***

***"I feel lost when I want to decide my children working issues and when I'm thinking about the best practice for their compensation scheme and career path. Till now I don't know what the best approaches used to deal with these issues, which balance between business and family interests are"***  
**[R.10]**

In response to the researcher question **"Could you describe the relationship between family members and the founder? How the relationships among family members affect the succession process and business continuity?"**, respondents argued that most Jordanian family business owners focus on stable and harmonious relationships between family members working in the business. These businesses manage their human resources, particularly the family members, and are far away from being done professionally. Other respondents, for example, mention the unprofessional approach to work hours and don't match the needs of third-generation whose priorities are changing. This opinion is inconsistent with Lee et al. (2015), Dafna (2008), and Jarzabkowski and Kaplan (2010). They argue that strategic management and long-term planning will allow businesses to achieve greater success and fulfil their true potential, where the idea of strategic planning is at the core of business and decision-making.

From respondents responses to the question **"what are the best methods for family members' compensation and rewards mechanisms and compare with non-family members ones?"**, the researcher found that there isn't any clear compensation scheme in most Jordanian family businesses. The existence of a clear compensation scheme is attached to the existence of a clear vision and mission.

***"There are no clear policies for compensation and rewards for family members, but I know that there are salaries and incentives, but it lacks a clear mechanism and program for obtaining them" [ R. 7]***

***"...And I think that the existed compensation scheme will not be valid after the absence of the first generation or the founder" [R. 4]***

In response to the question **"How family members are aware, prepared, and developed to join the business? What is the role of the founder and family meeting in their induction process?"** the researcher found that applying the professional corporate work plan in Jordanian family businesses need a suitable level of knowledge and experience to be available in family members, which will aid the founder in

managing this resource, starting with a comprehensive program for their children's preparation and training. The preparation program will increase their awareness and involvement to manage their business efficiently in the future. Jordanian family-owned businesses well know this fact, but unfortunately, it's not applied in any of them. This opinion is consistent with Braun et al. (2016), Ibrahim et al. (2004), Belmonte et al. (2017), Esfahani et al. (2018), who argue that organisations failed to implement around 70% of their strategic plans, where the ineffective strategic planning usually occurs because of lack of management commitment, vague strategies, business culture, and resistance to change, or misallocation of resources.

***"I know that there are differences between family members' skills and knowledge level, and that is clear in family members working with us. I think in our model, the capability of every person referred to everyone willing to learn or not without any overall program to follow" [R. 2]***

From respondents responses to the question "**what are your firms' core strengths, and how your firm gains its competitive advantage?**" respondents argued that the common values between family members play a major role in achieving their family and business vision and mission. This argument is consistent with (Soto Maciel et al., 2015). The Development of children's responsibility for holding senses, motivating them, and preparing them properly counted as the main role of the founder for business continuity and sustainability.

These businesses missed the professional approach in preparing and motivating family members as they follow their traditional approach. Common values are important for family businesses. Still, it needs to be invested professionally to support and achieve the business vision and mission. Esfahani et al. (2018), Turner (2017), Okumus (2003) argued that most of the Fob's managers are trying to implement strategies without realising and understanding of many other factors that should be addressed to let strategy implementation work. Family business traditionally strategic planning models and tools focus on business needs and goals without addressing family challenges and circumstances that prevent them from exploiting their resources efficiently. What will happen for Jordanian FoB's if they ignore the changes needed?

***"My father used to put my brothers and me under pressure to achieve success, and he used to wake us up early in our schools' vacations to accompany him to his work to test our abilities and develop our skills" [R. 13]***

***"This business has many advantages and disadvantages, but I wish that they invest in their communication plan between family members to achieve their vision and mission" [R. 21]***

The previous statements reflect the importance of strategic planning and human resources management in family businesses to guarantee business continuity and sustainability. Unfortunately, the interviewed Jordanian family-owned businesses stated that they aren't clear without formal strategic plans, and most of them mix between family and business priorities. This opinion is inconsistent with Braga et al. (2017), Ward and Montemerlo (2011), Sharma et al. (1997), Uribe et al. (2017), Sonfield et al. (2016), Al-Najjar (2010), El-Kassar et al. (2018) who argue that family-owned businesses are permanently looking for strategies and models to employ and guarantee their success and sustainability. Strategic management in family-owned businesses differs from non-family businesses, which focus on wealth creation through competitive advantage. Still, in family-owned businesses, the strategy must consider other unique family business factors such as considering family members' feelings, ownership, family interests and family relationship when thinking about strategic choices. What if Jordanian FoB's refuse to consider these factors in their strategic planning?.

#### 4.5 Summary of the Research Findings

This previous chapter discussed this study's findings and outcomes, which set out to explore the Jordanian family-owned businesses main aspects (p161), the impact of succession planning in Jordanian family-owned businesses on business strategy and governance in this type of business (p187), and the major elements of governance and strategy (p194), and how it impacts business continuity and sustainability (p202).

The chapter described how the researcher determined the major aspects of Jordanian family-owned businesses and the role of these main aspects in the succession planning adopted, governance practices used, and strategy in this type of business. EFILWC (2002), BIS (2011), Abouzaid (2008) argue that family businesses' unique features and unique structure are the main sources of their businesses competitive advantage. The

main features and aspects found in participants' responses were about motivation, government laws, family members' commitment, core strengths, ownership legal form, values, culture, family size, Islamic Sharia law, emotions, and social and human capital. According to Jordanian culture, the researcher founded these special aspects according to the specific category of respondents who are founders, CEOs, and candidate successors from the male gender only without any female.

The chapter also reflected the role of Jordanian family businesses aspects in the succession planning adopted, governance, and strategy in these businesses. The findings of the interviews showed that business founders are unaware of the importance of clarity of every family member position in the three-circle model and their awareness towards the changes and development that may occur over time which is presented by (Poza and Daugherty, 2014). This attitude occurs through their insistence toward implying their centralised management style, absence of authorisation matrix and delegation, and the absence of a clear mission and vision towards their business future. Moreover, this type of management style creates a high level of misunderstanding between family members and leads to business discontinuity, according to the researcher's perceptions of respondents' responses. On the contrary, this management style may lead to efficiency and sustainability from Jordanian FoB's point of view.

The chapter also described the researcher findings of succession planning approaches in Jordanian family-owned businesses and classified these approaches as professional, traditional, and unconscious succession planning. Moreover, it discussed the effect of succession planning approaches on business strategic management, governance, continuity and sustainability. It focused on the founders' responsibility towards deciding the enterprise succession planning, and implementing it seriously without permitting their success prevents them from predicting and planning for their business and family future. The researcher is aware that respondents may reflect a bright picture about their business practices without showing the true face of their practices.

The main aspects of corporate governance practices in Jordanian family-owned businesses are also discussed in this chapter. Participants' main factors covered three main pillars: transparency and disclosure, conflict management, and commitment and management.

Finally, these businesses missed the professional approach in preparing and motivating family members used to following their traditional approach, added to that the common

values are priceless for family businesses, but it is needed to be invested professionally to support and achieve business vision and mission. Developing children's responsibility holding senses, motivating them, and preparing them seriously counted as the main role of the founder for business continuity and sustainability.



## Chapter Five: Research Conclusions, Contributions, and Recommendations

### 5.1 Introduction

This chapter will present a conclusion for this research, a general discussion of the findings, and the study's contributions to answering the research questions and meeting this research aim and objectives.

Section 5.2 will revisit the research aim and objectives of the study. Section 5.3 discusses and revisits the findings, and section 5.4 provides this thesis contributes to knowledge, literature, and practice. It also will provide a practical implication of this study. Section 5.5 discusses the limitation of this research and future research. Section 5.6 represents the researcher's personal reflection on the doctorate journey.

### 5.2 Revisiting the Research Aim and Objectives

This section will review the study aim and objectives (see Sections 1.2 and 1.3) to validate that this research attained its objectives. The main research aim was:

- **To explore in-depth how professional succession planning might evolve corporate governance practices through identifying and describing the key aspects of family-owned businesses in Jordan.**

The research focus answered its main research question and sub-question, which are:

**Main-Question** - "How does traditional succession planning impact the corporate governance in family-owned businesses in Jordan".

**Sub-Question** – "what steps could be taken to identify effective corporate governance practices in the long term".

To fulfil this research aim and to answer these questions, three major research objectives were determined:

- Objective 1: To identify the key aspects of family-owned businesses in Jordan and how succession planning normally takes place.

- Objective2: To evaluate the impact of traditional succession planning on corporate governance in family-owned businesses in Jordan.
- Objective 3: To investigate the potential dimensions of good corporate governance practices in the long term in such businesses in Jordan.

The methodological approach adopted was used to explore how Jordanian family-owned businesses succeeded in finding the main and major aspects of Jordanian family businesses and exploring the role of these aspects in the succession planning adopted governance practices used and strategy in these businesses.

Family-owned businesses importance emerged from its contribution to more than 70% of the global GDP – GWP-and forming around 75% of businesses worldwide (Times, 2014; Alshaeel, 2016). According to Collins and O'Regan (2011), family-owned businesses that contribute to the global economy exceeds non-family-owned businesses. Family businesses are the most important pillar for most economies worldwide (Shepherd and Zacharakis, 2000; Abouzaid, 2008; Abouzaid, 2014). Moreover, since Jordanian family-owned businesses formed around 90% of small and medium-sized businesses in Jordan, where only 10% of these businesses pass to the third generation, and only 3% of them survive past the third generation (Al Emam, 2014), and family-owned SMEs are very important for Jordan's economy, where its sustainability affect Jordan's economic growth according to (Jordan Institute of Directors, 2014). This fact reflects the significance of this type of business leads to it being a subject of research that needs an in-depth investigation.

Sonfield et al. (2016); Welsh and Raven (2006); Zimmerer (1995); Al Emam (2014) highlight that many changes surrounding the Middle East region imposed family business to change fast, and be prepared to respond to these changes using the skills required, competencies, and the right infrastructure to respond rapidly and survive. Changes surrounding the family-owned businesses internally and externally create challenges towards its sustainability and continuity, such as succession and transferring of leadership challenges, conflicts challenges between family members, globalization challenges, and limited age of family businesses (PwC, 2016; Jordan Institute of directors, 2014; Louie et al., 2019; Jordaan, 2012).

Sonfield et al. (2016), Al-Najjar (2010), El-Kassar et al. (2018) argue that family-owned businesses are permanently looking for strategies and models to employ and guarantee

their success and sustainability. Family businesses need to concentrate on succession planning simultaneously with governance to govern the dynamics of family businesses while preparing offspring to be involved in the business to avoid agency costs in the future. Family businesses should develop their core competencies that contribute to forming their family vision and draw their future (Crick et al., 2006). However, as expected, family business succession and governance have become a significant concern in Arab countries.

### 5.3 Findings and Attained Objectives

The main outcomes of this research have been presented through the four themes about succession planning and Jordanian family business continuity and sustainability (p.161). The first theme concerns the role of Jordanian family-owned business' aspects towards succession planning, corporate governance, and strategic management (p.181). The second theme is about the impact of succession planning for Jordanian family-owned businesses on business strategy and governance in this type of business (p.187). The third theme focuses on the main and major elements of governance in Jordanian family-owned businesses (p.194). The fourth theme concerned the importance of the family and business vision and mission and how it impacts business continuity and sustainability (p.202). These themes were reflected from respondents' responses and counted as major themes of this research.

- **The 1<sup>st</sup> Objective: To identify the key aspects of family-owned businesses in Jordan and how succession planning normally takes place.**

This objective was attained through presenting the first and the second themes. The first theme highlighted the main and major aspects of Jordanian family-owned businesses and these aspects' role in succession planning, governance, and strategic management (p.161). The main interesting finding is that the eleven aspects found in respondents' responses revolve around the founder perception of these aspects and how to employ them to serve his goals and objectives. The interviews responses also agreed that the founders' level of awareness towards strategic management, succession planning, and governance is the main controller for their attitude towards business continuity and sustainability. These aspects that surround Jordanian businesses, such as motivation, commitment, ownership, culture, emotions, etc. differ from what EFILWC (2002) mentioned that family business characteristics enhance their performance through many aspects such as family management eliminates the principal-agent problem and agency

cost efficiencies, leadership efficiency through the centralised decision-making and lower transaction cost, stakeholders' efficiencies through increasing loyalty and trust by employees, managers, and customers, and finally; longer time for decisions relating to investments which constrained by limited time pressure according to fix agenda and plans.

- **The 2<sup>nd</sup> Objective: To evaluate the impact of traditional succession planning on corporate governance in family-owned businesses in Jordan.**

This objective was attained through presenting the second theme. According to the researcher naming, the second theme revealed the difference between the main succession planning approaches used in Jordanian family businesses, which are professional, traditional, and unconscious (p.187). How are these approaches affected the main aspects of the Jordanian family businesses, and how do they impact corporate governance and strategic management. Jordaan (2012) argues that family-owned businesses' main challenges centred on management and ownership, succession planning aspects, firms' governance structure, and managing family's wealth. Additionally, the main finding in this theme is the impact of traditional succession planning, which neglect the importance of second-generation preparation and many other factors that lead to conflicts and disputes between family members.

- **The 3<sup>rd</sup> Objective: To investigate the potential dimensions of good corporate governance practices in the long term in such businesses in Jordan.**

This objective was attained through presenting the third theme, which revealed the main and major elements of governance in Jordanian family-owned businesses, where respondents believed that transparency and disclosure, conflict management, commitment, and management are the main potential dimensions of good corporate governance practices in Jordanian family businesses, which are affected by the succession planning adopted and strategic plans commenced (p.194). These pillars play a major role in business continuity and sustainability.

Theme four concerned the importance of the family and business vision and mission and how it impacts business continuity and sustainability through the human resources management policies (p.202). These policies should include a job description, KPI's, compensation policies, organisational chart, career path, and authority matrix to give family members working in their business the choice to continue or to withdraw

transparently. This theme serves the strategic management, succession planning, and governance in such businesses in the Jordanian context.

#### 5.4 Contribution to Knowledge

This study counted as a valuable contribution towards gaining an in-depth insight and better understanding of family-owned businesses in Jordan, where this study contributed and added value to the literature of Jordanian family-owned business succession planning and corporate governance. It enriched the level of professional practices in these businesses.

##### 5.4.1 Theoretical Implications

The first contribution of this study involves fulfilling the desire to explore more about Jordanian family businesses at the time of the limited number of researches about this type of business in Arab countries. The gaps in literature have been addressed through this research, where this research explored a new geographic area in succession and governance. There is no consensus on the outcomes of the studies about succession planning and corporate governance in family-owned businesses that have been commenced around the world, and every research has its outcomes due to many reasons such as different measures, criteria, periods, classification, analysis technique, etc. This piece of work added a distinct contribution to knowledge about family-owned businesses in general, and it started a new opportunity for further studies and research. According to Braun et al. (2016), family businesses face a failure in strategy implementation when there's a clear gap between each family member needs and want.

This study has provided a theoretical contribution to adopting the resource-based view theory, the Gersick three-circle model, and the three-dimensional development model. This research has contributed to the resource-based view (RBV) theory. Jordanian family businesses counted as a source of unique resources and capabilities that supports the firm with a unique competitive advantage, where to build an effective and efficient strategic plan for family businesses, FoBs have to take into their account their unique characteristics, such as; the overlapping between the three main subsystems (Ownership, Family, and Business), the unique values, beliefs, and goals of the family which may guide the strategic direction, the unique resources and competencies generated between family members, the difference between the agency conflicts and the traditional owner-manager conflicts, the succession process and willingness to transmit

the business to the heirs, and finally, the altruism to favour business interests over the personal returns. This research has expanded the scope of the resource-based view theory in Jordanian family-owned businesses to include the unique internal aspects of these businesses in a specific context.

Additionally, this study contributed to adopting the Gersick three-circle model and the dimensional development model. The Gersick three-circle model presents that any individual linked with the family-owned business could be placed in one of the seven intersected sections. The intersection between the three family business systems – ownership, family, and business – supply the business with unique resources and capabilities, which count as the main breeder of firm sustainable competitive advantage and growth (Aloulou, 2018). The researcher found out that the family-owned business's external environment is an important system that needs to be taken into account in addition to the family, business, and ownership systems when studying family-owned business. This research contributed to adding the external environment like the pool system that these three intersected systems dip in when studying family-owned businesses.

The Three-Dimensional Development Model reflects how every subsystem in the family business has its development dimension. The family axis goes through the four stages of a young business family, entering the business, working together, and passing the baton. The ownership axis includes the controlling owner, sibling partner, and cousin consortium. The business axis includes three stages: start-up, expansion/formalization, and maturity (Ramadani and Hoy, 2015). This study suggests that the development of the external environment could be added as the fourth dimension to this development model when studying family-owned businesses. The external environment axis goes through stable and dynamic stages, which must be taken into account when studying family-owned businesses.

Finally, the exploration of the key aspects of Jordanian family-owned businesses and how succession planning takes place in these businesses in the Jordanian context supports the researcher in evaluating the impact of traditional succession planning on corporate governance in FoBs in Jordan. This research enriched the literature with these exclusive aspects of Jordanian family-owned businesses, succession planning, and governance in these businesses, which are counted as an important contribution for family-owned businesses continuity and sustainability.

#### 5.4.2 Practical Implications

Built upon the various contributions of earlier scholars (i.e. Salman, 2005; Poza and Daugherty, 2014; Gersick et al., 1997) and the findings of this study, the three-circle system model and the three-dimensional development model (see Figure 7 and 8) revealed how this study contributed to knowledge by exploring the major and main aspects of Jordanian family-owned businesses, which are assumed to be the main pillar to be considered before planning and thinking about this type of business. The major aspects explored are unique and exclusive for Jordanian family businesses, and it is a turning point for these businesses strategic planning. This study suggests two options for Jordanian businesses in light of their unique aspects; the first option is to modify and follow a correction plan for bad aspects from the best practices point of view, or to follow the second option, which is to adapt with these unique and bad aspects and come out with a special framework to follow by Jordanian businesses.

The researcher found that Jordanian family business's unique and exclusive aspects affect their performance towards continuity and sustainability. These business founders need to be aware of different types of business legal forms before registering their firm and the consequences for each type of form. The researcher found that these data may be announced publicly but unfortunately, when the absence of governmental awareness sessions combined with business founders ignorance towards reading and understanding laws put these businesses at risk from the beginning, and later on, they will try to solve this issue through wrong solutions. This fact is assumed to be an obstacle for family businesses, which may cause business failure and deprive them of continuity.

Another practical contribution of this study was that Jordanian family business founders' perception of their core strengths and their boastfulness of their achievement and their long years of experience prevented them from using scientific and creative thinking. Moreover, the researcher found that traditional succession planning practices were caused by special aspects of Jordanian family businesses created by their traditional way of thinking or attitude. Lansberg (1999) argued that the succession process needs practical and emotional aspects starting from how to mentor successors, set up a systematic selection process, and make the best use of the board of directors during times of transition. Jordanian business founders' traditional way of motivating their

children and stimulating their commitment to the business created a gap that prevented them from practising professional succession planning in the future.

Another contribution of this research to the practice resides in its implications for business founders and candidate successors to be aware of the mixture of values, traditions, customs, culture, emotions and Islamic Sharia laws in Jordanian family businesses' planning and decisions which affected them and their decisions, directly and indirectly, which certainly impacts their strategic perspectives, succession planning, and governance practices. The mixing attitude can cause these businesses succession planning to be lost. It was seen as a major source of conflict and dispute, where such practices create unexpected threats and challenges that may lead to Jordanian family-owned business discontinuity.

Founders and CEO's needed to be aware that Jordanian family-owned businesses didn't have any mechanism for strategic planning practices, and they depended on the unorganised short-term planning only. This short term planning usually targets the business main daily operations. It ignores the long term planning through this ad hoc process, which occurs through the absence of a clear and announced vision and mission statements. Moreover, these businesses also have limited experience and a low level of awareness towards succession planning, which may occur because of their short life and the short life of Jordan as a country, and most of third-generation has not arrived yet, and the founder is still alive and managing his business. This fact clarifies the reason behind business discontinuity and split of business after the founder passes away because this is the obvious solution that heirs often follow.

According to the Jordanian family culture highlighted by EFILWC (2002), BIS (2011), Abouzaid (2008), most Jordanian businesses have unspoken customs that gives the founder great power in controlling the decision-making process. This culture also gave the eldest son the right to succeed after the owner, neglecting the right of other qualified siblings to succeed the owner, where founders usually put their effort into training and giving directions to his old son at the time of large family size, where this concern is considered a part of traditional succession planning to prepare the oldest son as a successor. For this reason, this study pointed out that Jordanian family businesses have to follow a professional succession plan, which aims to prepare the next generation and give all of them equal chances. This is accounted as a major contribution of this



research. The researcher found out that Jordanian family businesses are proud of their achievement in letting their family members join the businesses. Still, unfortunately, they are not aware of how to manage these resources efficiently and effectively. There are many factors and aspects in Jordanian family businesses that affect their sustainable competitive advantage and, therefore, their continuity and sustainability.

Another contribution of this research is the cultural perspectives, which are considered the main drivers for these businesses' management styles, where founders' bureaucratic and centralised management style led to issues and disputes in business and family. There is a huge amount of conflict and dispute between family members during their father's lifetime. These conflicts can cause splits in the business and family and dire consequences if the founder dies, retires, or becomes sick. Therefore, this study suggests that founders wishing to be more efficient have to be subjected to an awareness session about the importance of these issues to guide them towards adopting this initiative seriously towards changing their management style and leading the project of sharing decision-making and power literally. This step will open the door in the face of accepting new ideas and different opinions, which will increase the probability of sustainability and continuity.

Moreover, the high impact of cultural perspectives on the interviewed Jordanian family business operations reflects the cause of the absence of the human resources management mechanisms for family members working in the business, and the way of thinking of them that lead them to join their family business or choose to follow their career path outside the family business. Family business founders preferred that their offspring join the business. They believe that they are responsible for continuing their family legacy as this business reflects their identity in the absence of strategic planning and governance. Therefore, this study also suggests that if the founder takes a hard decision and decides his family members job descriptions, KPI's, compensation policy, career path, and authority matrix according to the formal organisational chart, are made devoid of any emotions to support the business towards implementing a professional succession plan, avoid conflicts and disputes, and increase the likelihood of achieving sustainability and continuity.

Family businesses are advised to consciously deal with the succession planning concept with their professional standards to support these businesses with a rigid base that will support their sustainability and continuity. This achievement should be achieved through fairness between family members and giving all of them equal chances to succeed the founder according to their skills and qualifications.

The study found that the traditional succession plan or practices in Jordanian family businesses consist of the main rule: the eldest son is the first option to succeed the founder unless he has a major problem and regardless of his qualifications. These businesses often try to raise their eldest son differently without any clear argument if they are doing this consciously or unconsciously, but this issue often occurs when other children grow up and become more conscious. According to this study's outcomes, the researcher found that conflicts occurred when founders became distant from the business, for example, because of health issues or when children became older and held more financial and social responsibilities.

The traditional succession plan has a negative and disastrous impact on corporate governance. The conflicts and disputes between family members because of these practices lead to unexpected behaviour characterised by conspiracy and unclear attitudes. The study found that the founder is the only person responsible for professionally developing his business succession plan by increasing his awareness towards successor selection, development, and succession process.

It seems that the most efficient thing to do in Jordanian family businesses is to put in place a clear and declared plan for preparing and educating the next generation through a planned program started early on and to make it a part of their succession plan, where this step will prepare more than one candidate successor. This program will stimulate their special competencies such as; trust, accountability, commitment, hard work, transparency, and disclosure. It will declare the succession plan, timing, characteristics of the future successor, and how the successor will be chosen in the future. Applying for professional corporate work in Jordanian family businesses need a suitable level of knowledge and experience to be available in family members, which will aid the founder in managing this resource, starting with a comprehensive program for preparing and training children.

## 5.5 Recommendations

The outcome of this study found that traditional succession planning is characterised by picking the eldest son to succeed the founder and mixing Islamic Sharia Law and basics of management as mentioned previously. Jordanian family businesses covered many of their unprofessional practices to some rules in Islamic Sharia, such as "respect to your elder brother", therefore these businesses cause issues around transparency and disclosure. These businesses claim that there's no need for governance policies because they implement a provision of Islamic Sharia law that prevents them from many unethical practices. The researcher suggested the below recommendations for Jordanian family businesses according to this issue and other issues:

A: Imposing corporate governance policies in Jordanian Family businesses if they want to be more efficient. These policies contain clear rules for transparency and disclosure with penalties for practices that violate this. This suggestion could be combined with professional succession planning to improve their performance and maintain their growth and sustainability.

B: Jordanian FoB's advised to be aware of many aspects between Jordanian family-owned businesses using traditional succession plan. These aspects are related to their firm legal form, awareness about governmental regulations, family size, management style, and human resources management policies. These aspects are considered as highly-critical and sensitive factors for business success and continuity.

C: Jordanian FoB's advised to decide a planned program for preparing the next generation, which is the solution for many conflicts and disputes that may occur in the future. Preparing the next generation professionally will supply the company with a skilled and qualified generation aware of the importance of having a clear and real legal form, the issues around the family size and how to manage it, and the importance of decentralisation and responsibilities delegation. Implementing professional strategic management practices and a professional succession plan as part of it may find out a real solution for conflicts and disputes that may also occur because of the negative impact of FoB's aspects.

D: Jordanian FoB's need to improve the next generations' level with efficient plans including leadership skills, strategic planning, communication, and teamwork which will contribute to reducing conflicts and increase business continuity and family value across generations. These plans might also involve an educational path that guarantees the development and knowledge for every family member with the same level of competencies and capabilities.

E: Jordanian FoB's need to invest in internal governance mechanisms, consult a management specialist for their continuity and efficiency and keep their business robust as much as possible. Therefore, preparing the next generation might contribute positively to deciding and implementing the governance policies smoothly because of family members' high level of knowledge and awareness.

F: Jordanian FoB's need to be forced to manage their unique resources efficiently and effectively to maintain their existence and avoid their business disappearance. Therefore, deciding family members job descriptions, KPI's, compensation schemes, authority matrices, and career path is a possible solution for these businesses, and the founder should not leave these areas vague. These businesses also have to appreciate the value of the family constitution and its role in protecting family and business. The family constitution positively impacts individual behaviour towards the business and supplies these businesses with capabilities to handle their internal issues.

G: Jordanian FoB's need to be aware of the management style used in these businesses, which will be transmitted to the next generation. If the management style is traditional, it will continue its downsides. If it is professional and best practice, it will affect the continuity and sustainability of these businesses and positively affect the economy.

H: Jordanian FoB's need to develop professional governance policies harmonious with Jordanian culture to organise and regulate family members' roles and aspects, which will maintain their security and avoid conflicts and disputes in the future which doesn't contradict Islamic Sharia law and Jordanian culture.

I: The researcher recommends that the Amman chamber of commerce, Amman chamber of industry, and other government agencies need to study the change of the current law and need to have permission to interfere in family business issues and force them to change their performance before the time of collapse and closing. Furthermore, to pay more attention to education and directing family members to pursue their educational attainment in disciplines related to administrative sciences.

This study identified distinct factors of succession planning in Jordanian family-owned businesses according to their unique aspects, which are different from other family-owned businesses in other countries. These differences might be because of Jordan's unique culture, values, and customs. The first factor is the importance of deciding a preparation plan for the next generations' family members tied with an educational plan and career path. The second factor is the importance of consultants in governance and succession issues. The third factor is separating family issues and business issues and avoiding mixing issues with Islamic Sharia law. The final factor is about deciding the family constitution and its role in managing conflicts and guaranteeing continuity and sustainability for these businesses.

Finally, this study findings and recommendations could be implemented in Jordanian family-owned businesses with a high level of awareness towards their unique internal aspects and the external environment surrounding them. It is significant for business founders to appreciate the importance of succession and governance for the business and the family and their impact on business continuity and sustainability. Moreover, these issues are important because of these businesses and their contribution to the country's overall economic situation. The study focused on preparation tasks; preparation for founders to be aware of strategies, succession, and governance, early preparation for next-generation skills and knowledge, and preparation for internal policies and regulations.

## 5.6 Limitations of the Research and Future Research

The main limitation of this research aligned with any other research targeted specific geographic area and targeted a specific category of respondents. This research was limited to Jordan and was specific for family-owned businesses with its unique internal and external environment and the unique country culture as one of the Arab and Middle Eastern countries. According to the limitations of this study, future researchers may address these limitations.

The sampling strategy used is the convenience sampling strategy, which was challenging because the time of data collection coincided with lock-downs because of the COVID-19 pandemic. The process of selecting participants and commencing the interviews was also challenging, as business founders and candidate successors were busy thinking about the future of their business at the time of lock-down and the changes and new challenges facing their businesses. This sampling method may lead to bias which may count as a limitation of the study, where choosing the sample based on the personal researcher view only.

The COVID-19 pandemic changed the interview nature from face to face interviews to remote video interviews using Microsoft Teams, Zoom, and Skype applications, which affected the data gathered. The interview missed the feeling of the surrounding environment around the respondents missed the human interaction advantages. The researcher used the DocuSign application to send the letter to participants and consent form to get their written approval remotely. This approach faced resistance from older founders who asked for support from their family members.

This was exploring research about Jordanian family businesses through collecting qualitative data. Even if the qualitative research suits this study more than the quantitative choice, the researcher had to consider other limitations to the qualitative method. The qualitative method might miss the ability to generalise findings the same way as a quantitative method. Simultaneously, it presents valuable insights about social phenomena by presenting naturalistic data, enabling the study to display a distinct phenomenon complexity (Creswell, 2013).

The qualitative method has an additional critique about its researcher's perceptions toward respondents' response, where the inconsistency between these perceptions will affect the results and conclusion. The researcher tried to overcome this issue through

face-to-face semi-structured interviews, which will eliminate any misunderstanding toward any questions, and it was achieved remotely according to the lockdown. Added to that, the qualitative method required going into more depth about the subject willing to be studied by the researcher, where it is supposed to be more adaptable, as the researcher can reconstruct questions to give various meanings (Bell and Bryman, 2007).

Another limitation in qualitative research is the lack of control in case studies and interviews, which will lead to uncertain interpretation when analyzing complicated phenomena (Yin, 2014). The qualitative method suffers from the insularity of the real problem under study, and the investigations commenced. The qualitative method has been used in this study to answer the research questions and meet these research objectives. Future studies might generalise the findings of this research by using a quantitative method through a questionnaire and target a large sample of Jordanian family-owned businesses.

It was clear through the invitation for interview participation that most of the respondents were hesitant to participate because of their culture, values, and thoughts that their participation might force them to disclose any information they believe is private and may target their financial situation and wealth. The researcher had bypassed these limitations

According to (Zikmund, 2010), sample selection is a stage that might be surrounded with biases according to the impact of human choice, failure to cover the population completely and accurately, and inability to reach the sampling population or their refusal to cooperate with the researcher. In this research, the research used convenience sampling to get deep insights about Jordanian family-owned businesses, where future research will use these research results for generalisation issues.

According to Jordanian family-owned business culture, this study was limited in interviewing male participants without interviewing any females, who preferred to exclude females from their family business. These limitations suggest future research can expand the sample to cover female family members working or non-working in their business. Moreover, future research might target the non-working family members and the females' part to explore their point of view towards family businesses in Jordan. This research could also study the relationship between Jordanian culture and the succession process in this type of business.

This research is a current study in 2020 completed successfully despite these limitations. This study raised many issues that need further concerns, where this thesis can be considered the first of its kind in Jordan. This current study opens up new opportunities for researchers to carry out new research about Jordanian family-owned businesses. This study presents an in-depth understanding of Jordanian family businesses, which is influenced by the researcher related cultural background to Jordan. This fact affected the findings and the way of interpretations positively and negatively, the respondents talked to the researcher with trust and respect to somebody from Jordan, but answers may be biased because the respondents intended to reflect a bright picture about their business practices.

The level of respondents' reliability counted as a probable limitation to this study, where respondents might change their minds when they remember that the interview was being recorded. This attitude might affect the findings of the study.

Furthermore, future research might be conducted to prepare a comprehensive plan that will consider every aspect of Jordanian family businesses to exploit it for their benefit. This comprehensive plan might also highlight Jordanian culture's customised human resources management and governance policies. This research found that cooperation between the founder and eldest son in Jordanian businesses plays a major role in deciding the succession plan and governance through guaranteeing an equal chance for every family member to succeed the founder.

Finally, the subject of Jordanian family-owned businesses is open and amenable for further explanatory, descriptive, or exploratory research in many areas such as; family constitution and Jordanian culture, the effect of Sharia law and culture on the decision-making process governance and conflict management in this type of businesses.



## 5.7 Reflection on the Doctorate Journey

The researcher followed the Donald Schon model to clarify the development of reflective practice and the learning cycle during this doctorate journey because of its real-life applicability and ease of use (Robinson, 2001). In this section, the researcher clarified the reflection of this journey during the three main stages which; know in action, reflection in action, and reflection on action.

In the first stage of this research journey, the knowledge in action part started from thinking about the research title, research question, objectives, and aims. The researcher in this stage tried to recognise his strengths, interests, and passion which came from the researcher's educational background as a Mechatronics Engineer, and how he sees the world from his involvement in working with a family business for more than ten years, and from looking at these issues from being a part of those family perspectives.

Being a part of a researcher family business gave him the advantage of access to his family members' way of thinking. It supported him in getting in contact with other family businesses easily. At that stage, the researchers' thoughts were to come up with a solution for these businesses continuity and to ward off families' conflicts and disputes.

When the researcher wanted to talk about the reflection in action and what happened during this research, this research started from the research proposal, followed by ethical approvals, regular supervision sessions, administration revisions, and supervision feedback and instructions. This process inspired the researcher with precious insights about the research journey basics and pillars. Moreover, these stages added unaccountable advantages to problem-solving methodologies, especially the unstructured problem-solving technique using research methods.

Every chapter of this thesis held tremendous experiences and ups and downs, starting from searching for reliable scientific sources of information about every topic in this research, followed by deciding if the information related to the research questions, aims, and objectives or not, and supplemented in deciding the methodology, research philosophy, and analysis strategy towards coming out with findings and recommendations.

The researcher's capabilities have changed since he started this research and decided about the methodology, sampling, data collection, analysis, and time frame. The researchers' relationship with other family businesses has also changed, where his thoughts about what's going on in family businesses have changed since he commenced this research.

Finally, the reflection on the action will consider how this research work had enriched the researchers' knowledge with critical thinking capabilities and sharpened his skills in many different management aspects and research methodologies. The researchers' broad knowledge acquired through this research about family-owned businesses in general and the Jordanian family-owned businesses has inspired him with the importance of this type of business towards continuity and sustainability.

This journey allowed the researcher to get a body of knowledge and let him say, "actually, what I thought I would find, is what I found". The researchers thought that these businesses in Jordan don't know about strategic and succession planning knowledge, and this is what he found out after this journey. Jordanian family businesses will not change easily unless there is a sense of urgency. They will ignore going toward a high level of efficiency and follow western efficiency models unless they feel the relevance of what these practices are talking about.

The researcher had improved his time management skills and learned how to keep in line with the time plan for more than two years. This journey taught him many skills, especially in the thesis writing skills, how to connect the main chapters of this thesis with each other, and how to deliver a thesis aligned with the doctoral enquiry for DBA and scholarly protocols. This experience taught him that a sound thesis could be achieved by making all materials to be observed in terms of scholarly protocols.

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## Appendix (A): The Interview Questions – English Language

### The Interview Questions

The following questions represent the interview questions directed to Jordanian family-owned business founders, CEO's, and/or the candidate successors. The main aims of this research are to provide a useful insight into how best to conduct a succession plan and corporate governance practices through identifying the key aspects of family-owned businesses in Jordan, and how succession planning normally takes place and impact corporate governance. And then, to recommend an applicable succession planning framework which ensures good corporate governance practices in the long term to achieve business strategic goals and objectives, where this research is limited only to unlisted family-owned businesses.

#### **Group 1: Could you give me a brief about your firms' background?**

- 1.1 What is your firm legal status, family relationship between main partners, and sector your firm operated in?
- 1.2 What are your firms' core strengths, and how your firm gains its competitive advantage?
- 1.3 What are the main reasons for the success and failure of family businesses in Jordan?
- 1.4 To what extent can family members express their vision for the business as a source of income, satisfy their needs, employment, and satisfy their career ambitions? Do they have the freedom to plan and decide their career future?
- 1.5 Do you have a family constitution, family council, reference, or clear agreement? What do you know about the role of them?

#### **Group 2: What are the main aspects of Jordanian family-owned businesses related to succession planning and corporate governance?**

- 2.1 How many family members working for your firm? Which generation? And do you have a clear employment policy? How they were motivated to join or not to join the business?
- 2.2 Does your firm have a clear and declared vision & mission statement? Who formulated it and how?
- 2.3 Does every family member working in the business or not working know to which intersection he/she belong in the three circles intersected system model (family, ownership, and business)? Do you have policies for every sector of the seven intersections? Do you realize that individuals may move from one intersection to another and this may cause specific reactions?

- 2.4 Does the founder delegate responsibilities and authorities to the non-family staff and managers? If yes, how you compare it to that of family members? How the founders practice power in his/her firm?
- 2.5 What are the best methods for family members' compensation and rewards mechanisms and compare with non-family members ones? Until which stage of business and family development this approach will work efficiently?
- 2.6 Do you believe that the distribution of shares or dividend distribution for family members is a good way for business continuity? Why? What is the best criterion for dividing shares or dividend among family members? Do you think that the existing shares not fair and need modification?

**Group 3: What is the nature of the succession planning process adopted in your firm, and leadership transfer through family generations?**

- 3.1 How family members are aware, prepared, and developed to join the business? What is the role of the founder and family meeting in their induction process?
- 3.2 Do you have a declared and systematic strategic plan? If yes, who formulated it and in which stage of business you thought about it? How often you conduct the planning process in a year? Is it usually a short term, long term, or contingency plans?
- 3.3 Do you have a clear and shared succession plan? How it is carried out? How important it is for business continuity, and why?
- 3.4 Could you describe the relationship between family members and the founder? How the relationships among family members affect the succession process and business continuity?

**Group 4: what are the main aspects of corporate governance practices in Jordanian family-owned businesses?**

- 4.1 How the conflicts in family business resolved between family members? Are there any major conflicts between family members? Do you believe that major conflicts lead to split in the family business? What are the consequences of this split if happen?
- 4.2 Do you notice any conflict of interests with family members working in the firm? How you solve it if existed?
- 4.3 Do you have clear and shared policies regarding the sale, assignment, or transfer of shares by inheritance? Do you also have policies dividend and loss distribution?
- 4.4 Is there a board of directors and meet regularly? Are its members chosen in a professional approach? Is there any independent member or outsiders? Why? What are the most important features of their work and board of directors work?



## Appendix (B): The Interview Questions – Arabic Language

### أسئلة المقابلة

تعمل الأسئلة التالية أسئلة المقابلة الموجهة إلى مؤسسي الشركات العائلية الأردنية ، و/أو الرئيس التنفيذي ، و/أو الخلقاء المرشحين. تتمثل الأهداف الرئيسية لهذا البحث في تقديم رؤية مفيدة حول أفضل السبل لتطبيق خطة تعاقب وممارسات حوكمة الشركات من خلال تحديد الجوانب والسمات الرئيسية للشركات العائلية في الأردن ، وكيف يتم التخطيط للخلافة والتعاقب عادة في تلك الشركات وأثره على حوكمة الشركات. وبعد ذلك ، للخروج بتوصية بإطار تخطيط تعاقبي قابل للتطبيق يضمن ممارسات حوكمة الشركات الجيدة على المدى الطويل لتحقيق الأهداف والعيال الاستراتيجية للأعمال ، حيث يقتصر هذا البحث فقط على الشركات العائلية الغير مدرجة في سوق عمان المالي.

#### المجموعة 1: هل يمكن أن تعطيني نبذة عن شركتك؟

- 1.1 ما هو الشكل القانوني للمنشأة، وصلة القرابة بين الشركاء الرئيسيين ، والتطاع الذي تعمل فيه منشأتك؟
- 1.2 ما هي نقاط القوة الأساسية لشركتك وكيف تكسب شركتك ميزتها التنافسية؟
- 1.3 ما هي الأسباب الرئيسية لنجاح وفشل الشركات العائلية في الأردن؟
- 1.4 إلى أي مدى يستطيع أفراد العائلة التعبير عن رؤيتهم وتصورهم للعمل كصنعة لتدخل ، وأنه مصدر لتلبية احتياجاتهم وتوظيفهم وتلبية طموحاتهم المهنية؟ هل يتمتع أفراد العائلة بحرية التخطيط وتقرير مستقبلهم المهني؟
- 1.5 هل لديكم ميثاق للعائلة، مجلس العائلة، مرجعية واضحة، أو اتفاقية؟ ماذا تعرف عن دور هذه الخيارات؟

#### المجموعة الثانية: ما هي الجوانب والسمات الرئيسية للشركات العائلية الأردنية والمتعلقة بتخطيط التعاقب وحوكمة الشركات؟

- 2.1 كم عدد أفراد العائلة العاملين في شركتك؟ إلى أي جيل ينتمون؟ وهل لديك سياسة توظيف واضحة لهم؟ ما هي الطريقة المفضلة لتحفيزهم للانضمام أو عدم الانضمام للعمل؟
- 2.2 هل لدى شركتك رؤية ومهمة واضحة ومهمة واضحة ومعلنة؟ من قام بصياغتها وكيف؟
- 2.3 هل جميع أفراد العائلة العاملين وغير العاملين في الشركة يعلمون جيدا إلى أي تقاطع ينتمون في نموذج نظام الدوائر الثلاث المتقاطعة (العائلة، الملكية، العمل)؟ هل لديكم سياسات واضحة لكل تقاطع من التقاطعات السبعة؟ هل تدركون ان الفرد قد ينتقل من تقاطع إلى آخر وقد يسبب ذلك ردود فعل معينة؟
- 2.4 هل يفوض المؤسس المسؤوليات والسلطات للموظفين والمنداء من خارج العائلة؟ إذا كانت الإجابة بنعم ، كيف تقارنها بتلك التي لدى أفراد العائلة؟ كيف يمارس المؤسس السلطة في شركته؟
- 2.5 ما هي أفضل سياسات التعويض والمكافآت لأفراد العائلة العاملين في الشركة ومقارنتها بتلك السياسات للموظفين من خارج العائلة؟ إلى أي مرحلة من مراحل تطور العمل والعائلة سيحمل هذا النهج بفاعلية؟
- 2.6 هل تعتقد أن توزيع الأسهم أو جزء من الأرباح لأفراد العائلة هو وسيلة جيدة لاستمرارية العمل؟ لماذا؟ ما هو أفضل معيار لتوزيع الأسهم أو الأرباح بين أفراد العائلة؟ هل تعتقد أن الأسهم الحالية ليست عادلة وتحتاج إلى تعديل؟

#### المجموعة 3: ما هي طبيعة عملية التخطيط التعاقبي وانتقال القيادة عبر الأجيال العائلية التي تتبناها مؤسستك ؟

- 3.1 كيف يتم توعية أفراد العائلة وتجهيزهم وتطويرهم للانضمام إلى العمل؟ ما هو دور المؤسس واجتماعات العائلة في عملية انخراطهم إلى العمل العائلي؟



- 3.2 هل لديكم خطة استراتيجية معلنة ومنهجية؟ إذا كانت الإجابة بنعم ، فمن الذي صاغها وفي أي مرحلة من مراحل العمل فكرتم بها؟ كم مرة تجري عملية التخطيط هذه سنوياً؟ هل هي عادة خطط قصيرة الأجل أو طويلة الأجل أو خطط طوارئ فقط؟
- 3.3 هل لديكم خطة تعاقب واضحة ومعلنة؟ كيف تم اعدادها؟ ما مدى أهميتها لاستمرارية الشركة ولماذا؟
- 3.4 هل يمكنك وصف العلاقة بين أفراد العائلة والمؤسس؟ كيف تؤثر العلاقات بين أفراد العائلة على عملية التعاقب واستمرارية الشركة؟

**المجموعة 4: ما هي الجوانب الرئيسية لممارسات حوكمة الشركات في الشركات العائلية الأردنية؟**

- 4.1 كيف يتم حل النزاعات في الشركات العائلية بين أفراد العائلة؟ هل يوجد نزاعات وصراعات حالياً بين أفراد العائلة؟ هل تعتقد أن الصراعات الكبرى تؤدي إلى الانقسام في الأعمال العائلية؟ ما عواقب هذا الانقسام إذا حدث؟
- 4.2 هل تلاحظ أي تضارب في المصالح لدى أفراد العائلة العاملين في الشركة؟ كيف تحلها إن وجدت؟
- 4.3 هل لديكم سياسات واضحة ومعلنة بشأن بيع أو التنازل أو نقل الأسهم عن طريق الإرث؟ هل لديكم سياسات أيضاً لتوزيع الأرباح والخسائر؟
- 4.4 هل يوجد مجلس إدارة ويلتقون بانتظام؟ هل يتم اختيار أعضائها بطريقة احترافية ومهنية؟ هل هناك عضو مستقل أو شخص من خارج العائلة في المجلس؟ لماذا؟ ما هي أهم ميزات عملهم وعمل مجلس الإدارة؟

Appendix (C): Participants' classification

No	Family/ Non-family member	Participant position	Industry/Sector	Firm legal form	No. of generation involved
1	Family member	CEO	Services and consulting sector	Limited liability company	3
2	Non-family member	CEO	Food Sector	Individual Establishment	2
3	Family member	Manager	Energy and minerals sector	Limited Liability company	2
4	Family member	Manager	Agriculture sector	Individual Establishment	2
5	Family member	Chairman/founder	Beverages sector	Individual Establishment	2
6	Family member	CEO/founder	Construction sector	Individual Establishment	2
7	Family member	Manager	Sweets and restaurants sector	Individual Establishment	2
8	Family member	Manager	Pharmaceutical Industry	Individual Establishment	2
9	Family member	CEO/Founder	Tourism and travel sector	Individual Establishment	1
10	Family member	CEO/founder	Sweets and restaurants sector	Limited Liability company	2
11	Family member	CEO/founder	Wholesale and retail sector	Limited Liability company	2
12	Family member	Vice chairman	Industrial sector	Limited Liability company	3
13	Family member	Manager	Agriculture sector	Limited Liability company	3
14	Family member	Manager	Food Sector	Limited partnership company	2
15	Family member	Manager	The Automotive sector	Limited Liability company	3

16	Family member	CEO	Food Sector	Limited partnership company	2
17	Non-family member	CEO	Sweets and restaurants sector	Limited Liability company	2
18	Family member	CEO/Founder	Agriculture sector	Limited partnership company	3
19	Family member	CEO/Founder	Beverages sector	Limited partnership company	2
20	Family member	CEO	Pharmaceutical Industry	Individual Establishment	2
21	Non-family member	Manager	Wholesale and retail sector	Individual Establishment	2

## Appendix (D): Consent Form - English language



### Consent Form

Research title: "the impact of the traditional succession planning on corporate governance in family-owned businesses in Jordanian context".

• Kindly fill the box next to each point with the (X) sign if you are using the paper form or just click on the box if using the electronic form to confirm your reading of that point.

1- I confirm that I have read and understand the research title, and have had the opportunity to ask questions which have been answered fully.

2- I understand that the purpose of the study is designed for academic purposes only, and the data collection procedures through the one to one interview and/or questionnaire have been approved by University of Wales Trinity Saint David Ethics committee.

3- I understand that my participation in this study is voluntary and I am free to withdraw at any time during interview or within 10 days from the date of the interview or the date of submitting the questionnaire, without giving any withdrawal reason.

4- I agree to take part in this study

#### Use of Information

1- I understand that all information provided will be confidential and anonymous.

2- I understand that all data will be kept until submitting this study and getting the approval.

### استمارة موافقة على المشاركة في البحث العلمي

عنوان البحث: "اتر التخطيط التعاقبي التقليدي على حوكمة الشركات في الشركات العائلية الأردنية"

- يرجى التكرم بوضع علامة (X) داخل المربع بجانب كل نقطة في حال استخدام النموذج الورقي او الضغط على المربع في حال استخدام النموذج الالكتروني لما يدل على قراءتك لتلك النقطة.

1 - أؤكد أنني قرأت وفهمت عنوان البحث، واتيحت لي الفرصة لطرح أسئلة وتمت الاجابة عليها بالكامل.

2 - أؤكد أنني فهمت ان الهدف من هذه الدراسة هو لأغراض اكلاديمية فقط، وأن اجراءات جمع البيانات من خلال مقابلة فردية أو/أو أسستيان قد وافقت عليها لجنة اخلاق البحث العلمي في جامعة ويلز ت.س.د - المملكة المتحدة.

3 - أؤكد أنني فهمت أن مشاركتي في هذه الدراسة طوعية، ولدي الحرية في الانسحاب من هذه الدراسة في أي وقت أثناء المقابلة أو خلال عشرة ايام من تاريخ المقابلة دون ابداء أي سبب للانسحاب.

4 - أوافق على المشاركة في هذه الدراسة

### استخدام المعلومات

1 - أؤكد أنني فهمت أن جميع المعلومات المقدمة ستكون سرية ومجهولة الهوية.

2 - أؤكد أنني فهمت أنه سيتم الاحتفاظ بجميع البيانات حتى تقديم هذه الدراسة والحصول على الموافقة.

التاريخ:

التوقيع:

اسم المشارك:

## Appendix (F): Letter to Participants – English language



### Letter to Participant

Dear Sir/Madam

Thank you and I hope to complete your participation in this research through conducting an interview related to the completion of a doctoral research in the University of Wales Trinity Saint David (UWTSD), United Kingdom. I am undertaking my dissertation that leads to the production of research on the topic of "the impact of traditional succession planning on corporate governance in family-owned business in Jordanian context". The main aim of this research to recommend an applicable succession planning framework for non-listed Jordanian family owned businesses, which ensures good corporate governance practices in the long run, to achieve business strategic goals and objectives.

I would appreciate your participation in my study through taking part in a one to one interview that will cover certain aspects in my research. The questions are formed and enclosed previously, and will take about 70 min of your time. The information gained through the interview will be valuable for Jordanian family owned businesses sustainability and longevity. Therefore, the interview question will focus on understanding the key aspects of Jordanian family owned businesses, and how succession planning normally takes place. The interview is also focus on evaluating the impact of traditional succession planning on corporate governance in such kind of companies.

I would like to point out that all information given will be used for academic purposes only, strictly confidential, and subject to the University's ethical code of practice and British education standards. The name of your company and your personal name will not be mentioned in any part of this study and will not be released to any party according to University' ethical code.

Kindly fill and sign the enclosed consent form, which has been sent via email or other applications, and if you have any inquiries regarding this research you can contact me by email [sinanqawasmeh@gmail.com](mailto:sinanqawasmeh@gmail.com) or Call me at any time on the mobile number: +962795559782

Thank you for your assistance

Yours grateful,

Researcher

Sinan Jada Al Qawasmeh

### رسالة الى المشاركين

السيد الفاضل المحترم / السيدة الفاضلة المحترمة

السلام عليكم ورحمة الله وبركاته

اتقدم لكم بالشكر الجزيل واتمنى اتمام مشاركتكم في اجراء مقابلة مع حضرتكم متعلقة بأستكمال بحث لنيل درجة الدكتوراه في ادارة الاعمال من جامعة ويلز ت.س.د (UWTSD)-المملكة المتحدة – حيث انني أقوم بإجراء رسالتي التي تؤدي إلى إنتاج بحث حول موضوع " أثر التخطيط التعاقبي التقليدي على حوكمة الشركات في الشركات العائلية الأردنية". ان الهدف الرئيسي من هذا البحث هو الخروج بتوصيات تتضمن ابعاد ومحاور للتخطيط التعاقبي قابل للتطبيق في الشركات العائلية الأردنية الخاصة وغير المدرجة في سوق عمان المالي، والذي يضمن الممارسات الافضل لحوكمة الشركات على المدى الطويل لغايات تحقيق أهداف الشركة والغايات الاستراتيجية لأعمالكم.

أقدر مشاركتكم في دراستي من خلال عقد مقابلة فردية التي ستتناول جوانب معينة في بحثي. علما انه تم تجهيز اسئلة المقابلة مسبقاً وسوف تستغرق المقابلة حوالي 70 دقيقة من وقتك، حيث أن المعلومات المكتسبة من خلال المقابلة ستكون قيّمة بالنسبة لاستدامة الشركات العائلية الأردنية واستمراريتها، لذا تركز اسئلة هذه المقابلة على فهم اهم الجوانب والصفات للشركات العائلية الأردنية وفهم طبيعة التعاقب فيها، كما تهتم بتقييم اثر التخطيط التعاقبي التقليدي على حوكمة الشركات في هذا النوع من الشركات.

أرجو في الاشارة هنا بأن جميع المعلومات المقدمة سيتم استخدامها للأغراض الأكاديمية فقط ، وبسرية تامة ، ويخضع البحث لقانون اخلاقيات البحث العلمي في جامعة ويلز ت.س.د. والمعايير المعتمدة في التعليم البريطاني. حيث انه لن يتم ذكر اسم شركتكم وأسمك الشخصي في أي جزء من هذه الدراسة ولن يتم الكشف عنه لأي طرف تماثياً مع قانون اخلاقيات البحث العلمي.

ارجو التكرم بتعبئة وتوقيع استمارة الموافقة على المشاركة المرفقة والمرسلة عن طريق البريد الإلكتروني او التطبيقات الأخرى، وفي حالة وجود أي استفسار بخصوص هذا البحث يمكنك التواصل معي عبر البريد الإلكتروني (sinanqawasmeh@gmail.com) أو الاتصال في أي وقت على رقم الهاتف المحمول: (+962795559782)

شاكراً لكم مشاركتكم ومساهمتم الفاعله في دعم مسيرة العلم والبحث العلمي من خلال تخصيص جزء من وقتكم الثمين للمشاركة في هذا البحث.

الباحث

وتفضلوا بقبول فائق الاحترام،

سنان عيد الجدع القواسمه





## Interview Protocol

- **Before the interview**

- 1- The researcher sent the consent form and letter to participants.
- 2- The researcher received the consent form signed by participants.
- 3- The researcher arranges the interview date and time, and the method of video call will be used according to Covid-19 issue.

- **Through the interview**

- 1- The researcher thanks the participant for their support and contribution in this research.
- 2- The researcher introduce himself and set the respondent at ease through a pleasant, positive, and well informed approach.
- 3- Explain the significance and purpose of the study, and then clarify the interview process.
- 4- Reassures the confidentiality and anonymity of the interview.
- 5- Ask for participants' permission to audio record the interview which will facilitate the note taking step, where the recording will be deleted after they are transcribed.
- 6- Inform the participant that his/her participation in this study is voluntary and may withdraw from the research at anytime and for any reason.
- 7- Ask the participant if has any question or concern before beginning the interview
- 8- Proceed to the interview – clarify every question in order to keep the respondents comfort and eliminate any sense or misunderstanding of private or personal questions to keep the respondent relaxed and free to answer every question.

- **After the interview**

- 1- Ask if participant has anything to add or any question about the interview.
- 2- The researcher offer to send the participant study results and recommendation when study completed, or they will receive a link to access it.
- 3- The researcher re-assures confidentiality and anonymity.
- 4- Thanks the participants.



## Appendix (I): the ethical Approval

### EC499 JADA AL QAWASMEH 1709759 - APPROVED

Postgrad Research <pgresearch@uwtsd.ac.uk>

Thu 30/01/2020 15:34

To: SINAN JADA AL QAWASMEH <L0006SZTSZT1017@student.lslondon.co.uk>

Cc: 'd.ramsay1@sky.com' <d.ramsay1@sky.com>; Noha Khawam <noha.khawam@lslondon.co.uk>; 'sinanqawasmeh@gmail.com' <sinanqawasmeh@gmail.com>; Diane Keeble-Ramsay <Diane.Keeble-Ramsay@lslondon.co.uk>

📎 1 attachments (3 MB)

PG2-E1-ID-1709759-Jada Al Qawasmeh - Oct 2019 - Modified De....doc

Dear Sinan

Re: EC499 Request for Ethical Approval

I am pleased to confirm that the submission of the Ethical Approval on your research '*The impact of traditional succession planning on corporate governance in family-owned businesses (FoB's) in Jordanian context*' has been APPROVED by the University's Ethics Committee. You may now continue with your research.

Please ensure that you are aware of, and use, the University's Research Data Management Policy and the extensive resources on the University's Research Data Management web pages (<http://uwtsd.ac.uk/library/research-data-management/>).

Please do not hesitate to contact the office should you require any further information on this matter.

Kind regards,

Chris