

CRANFIELD UNIVERSITY

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Thesis

Barriers and Enablers for the Adoption of Professional Management

Practices in Family Businesses:

The Context of Egypt

Cranfield School of Management

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Abstract

The inability to survive across generations is the main challenge facing all family businesses with only 30% of family firms managing to survive to the second generation, and less than 15% last to the third generation. The generational succession process, primarily from the founder to the second generation accentuates managerial transition, making the founder's style of management potentially no longer the ideal way to run the family firm. It has been argued that the inability of family businesses to adapt to the managerial changes after the founder's era is one of the reasons behind the low survival rate. Professional management is the style of management that follows the founder era and is sought to be applied by the subsequent generations. Therefore, this research investigates the barriers and enablers that family-controlled firms face when they attempt to adopt professional management. Based on the systematic literature review and the empirical study using semi-structured interviews in the Egyptian family business context, the research developed a model that clarifies the three processes involved to adopt professional management during generational transition. The first part of the model provides a deeper understanding of family businesses management through providing clearer demarcations between the family, entrepreneurial and founder management. This helps in clarifying some vagueness and confusion existing in literature between these styles of management. The second part of the model deals with the components of the professional management which are divided between practices and norms. The third part, based on the empirical project, is concerned with the barriers and enablers of professional management where obedience vs. disobedience to the father is considered an enabler or a barrier to professional management. This is the first research that highlights the importance of the relationship between professional management and the father and son relationship in certain Middle Eastern context, which the Egyptian family business context.

Keywords: Family business, professional management, entrepreneurial management, founder management, succession, founding-generation, second generation, Egypt.

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TABLE OF CONTENTS

Abstract	ii
Acknowledgements	v
List of Figures	x
List of Tables	xii
1 Introduction.....	14
1.1 Personal Motivations for Engaging in This Research.....	14
1.2 Background to Research	14
1.3 Problem Formulation.....	16
1.4 Literature Domains.....	18
1.5 Research Objective.....	19
1.6 Significance of Research	20
1.7 Structure of Thesis.....	21
2 Family Business and Managerial Evolution	24
2.1 Introduction	24
2.2 The context: Egyptian Family Business	24
2.3 Family Business as a Phenomenon of Interest.....	26
2.3.1 Family Business Definition	26
2.3.2 Family Business and Nonfamily Business.....	31
2.4 Evolution of Managerial Process	38
2.4.1 Reasons-Causing Managerial Transition	43
2.4.2 Beyond the Founder's Shadow	50
2.5 Preliminary Theoretical Framework	52
3 Systematic Literature Review	53
3.1 Introduction	53
3.2 Literature Review Methodology	54
3.2.1 The Scope of Research.....	54
The Systematic Review Process.....	54
3.3 Main Streams in Family Business Literature.....	65
3.4 Findings: Entrepreneurial and Professional Management	67
3.4.1 Entrepreneurial Style of Management:	67
3.4.2 Professional Style of Management.....	78
3.4.3 Succession in Family Business	92
3.5 Research Gap.....	97
3.6 Research Question	98
3.7 The Context: Egyptian Family Business Literature Review.....	99
3.8 Discussion	100
4 Research Design.....	103
4.1 Introduction	103
4.2 Philosophical Position for Research.....	104
4.2.1 Epistemological Considerations	104

4.2.2 Ontological Considerations	106
4.3 Deductive, Inductive, or Abductive Research Process.....	108
4.4 Insider or Outsider- Expert or Learner	109
4.5 Exploratory, Descriptive and Explanatory –Research Approach.....	110
4.6 Research Methodology	111
4.7 Who is the Focus of Research?	114
4.8 Why is Interviewing as Data Collection Tool Chosen?.....	115
4.8.1 Interview Protocol.....	116
4.9 The Researcher and Preparing for the Interviews	119
4.10 Planning and Conducting Interviews.....	120
4.11 Selection of Respondents	122
4.12 Interviewees Details.....	122
4.13 Data analysis Methods.....	130
4.13.1 Coding.....	130
4.13.2 Gioia Approach	134
4.14 Ethical and Practical Considerations.....	135
5 Empirical Findings	136
5.1 Introduction	136
5.2 Empirical Project Findings	136
5.2.1 Professional Management Barriers	137
5.2.2 Professional Management Enablers	157
5.3 Succession and Professional Management Adoption	163
5.4 Summary	164
6 Discussion	165
6.1 Professional Management Barriers.....	165
6.2 Professional Management Enablers	174
6.3 Religion in the Egyptian Family Business Context.....	175
6.4 Conclusion	176
7 Contributions and Conclusions.....	177
7.1 Introduction	177
7.2 Contributions Obtained from Empirical Study: Professionalisation Barriers and Enablers.....	177
7.3 Theoretical Contributions from Literature Review	179
7.3.1 Professional Management Definition: More Clarity	179
7.3.2 Cultural Context: A Third Element to Founder Style of Management	180
7.3.3 Family Business Management Definition	181
7.3.4 Dealing with Father and Son Relationship	182
7.4 The Egyptian Family Business Context	183
7.5 Limitations.....	184
7.6 Recommendations for Future Research	185
8 Impact Plan and Assessment.....	187

8.1 Impact Plan.....	187
8.1.1 Introduction	187
8.1.2 Potential Beneficiaries of Research	188
8.1.3 Main Target Audience of Research	193
8.1.4 Intended Dissemination of Research.....	193
8.2 Impact Assessment.....	195
8.2.1 Introduction	195
8.3 Engagement of the Researcher	196
8.3.1 Engagement with Academics	196
8.3.2 Engagement with Practitioners.....	197
8.4 Evaluating the Impact of the Research	201
8.4.1 Impact of the Research on the Researcher.....	205
8.4.2 Research Reflections	208
REFERENCES.....	213

List of Figures

Figure 1: Literature Domains	19
Figure 2: Thesis Structure	22
Figure 3: Overlap of Family, Ownership, and Management	28
Figure 4: Managerial Factors and Stages.	39
Figure 5: Five Phases of Growth.	40
Figure 6: Managing Organisational Transitions	41
Figure 7: Family Business Disadvantages	47
Figure 8: Firm Growing Pains.....	48
Figure 9: Symptoms of Life Cycle Crisis.....	49
Figure 10: Characteristics of Small Business at Each Stage of Development..	51
Figure 11: Preliminary Theoretical Framework.....	52
Figure 12: Stages of A Systematic Review.....	55
Figure 13: Framework for Entrepreneurship and Family Firms: The Three A's of Entrepreneurial Families	68
Figure 14: Four Elements Composing Management in Family Business	78
Figure: 15 Predictor Variables of Superior Succession Performance in the Literature	95
Figure 16: Key Theoretical Models/Frameworks of the Succession Process ...	96
Figure 17: Managerial Transition During Generational Succession and Proposed Gap	98
Figure 18: Research Design Process.....	104
Figure 19: Fundamentals of Research Philosophical Stances	111
Figure 20 Initial Template Analysis.....	133
Figure 21: Final Template Analysis	134
Figure 22: Data Structure. Professional Management Barriers	138
Figure 23: Data Structure. Professional Management Enablers.....	158
Figure 24: Father and Son relationship	163
Figure 25: Three Processes Involved to Adopt Professional Management	176
Figure 26: Four Elements of Family Business Management	182

Figure 27: The Theory of Communicating Vessels..... 183

List of Tables

Table 1: Definitions of Family Business in the Literature	29
Table 2: Seven Differences between Family and Nonfamily Businesses	33
Table 3: Seven Reasons Causing Managerial Change in Family Business	43
Table 4: Review Panel Members.....	57
Table 5: Key Search Words Used in The Systematic Review	58
Table 6: Search Strings.....	58
Table 7: Number of Results for Combinations of Search Strings in Four Databases.....	59
Table 8: Inclusion Criteria.....	60
Table 9: Exclusion Criteria.....	61
Table 10: ABI Database Results	62
Table 11: EBSCO HOST Database Results.....	62
Table 12: SCOPUS Database Results	63
Table 13: Web of Science Database Results	63
Table 14: Four Databases Articles to be Evaluated Based on Full Text.....	64
Table 15: Major Journal Discussing Family Business Topics	65
Table 16 Main Streams in Family Business Literature	66
Table 17: Characteristics of the Founder Style of Management.....	76
Table 18: Practices and Norms of Professional Management.....	83
Table 19: Professionalisation Barriers.....	85
Table 20 Professionalisation Enablers	86
Table 21: Interview Protocol Family Members.....	117
Table 22: Interviews Conducted Details	122
Table 23: Family Business Size.	123
Table 24: Generations Interviewed.....	124
Table 25: Genders Interviewed	125
Table 26: Activities of Family Firms of Interviewees	125
Table 27: Size of interviewees' family firms.....	127

Table 28: Generation managing the family firms when interviews conducted	127
Table 29: Age Intervals of Interviewees	128
Table 30: Academic Degrees of Interviewees	128
Table 31: Interviews Durations	129
Table 32 Characteristics of the Founder Style of Management and Cultural Context.....	180
Table 33 List of Family Firms Engaged in Research (Other Than Those Included in Empirical Project).....	201
Table 34 Question to Consider for Professional Management Barriers.....	202
Table 35 Questions to Consider for Professional Management Enablers	203
Table 36 Question to Consider for Managerial and Generational Transition..	204

1 Introduction

"the most likely causes of business failure are the problems encountered in the transition from one-person, entrepreneurial style of management to a functionally organized professional management" Hofer and Charan (1984)

1.1 Personal Motivations for Engaging in This Research

The researcher is a family member in his family firm that owns furniture factories and showrooms. He is a second-generation member, as the business was founded by his father in 1975. The business activity is manufacturing and selling furniture. The business continued to grow until it became a well-known Egyptian furniture manufacturer. His older brother joined the business in 2002 and the researcher, the middle son, joined the business in 2005, while the youngest son joined the business in 2011. Currently, the business is managed by the founder, the researcher and younger brother.

Throughout the years of the researcher's experience, he always heard about stories of successful family businesses founded in Egypt by several entrepreneurs. However, these family businesses have faced several challenges that have created an inability to survive for several reasons. The researcher has pondered on the reason behind this phenomenon. This motivated the researcher to engage in research to investigate this problem, taking advantage of being a family member who is living these issues in real life. The researcher was living on a daily basis with many issues during the research and the study that tested his academic knowledge, which was a great experience. The family firm of the researcher has gone through a generational succession from the founding to the second generation where several managerial changes have consequently occurred.

1.2 Background to Research

Neubaur and Lank (1998) noted that *"family enterprises were among the most effective locomotives of the economies in which they were located: They created jobs, they were among the few enterprises that were sufficiently*

successful to pay taxes; and they displayed the agility and flexibility necessary to manoeuvre successfully in the troubled economic waters of their national economies" (p.XIV). Family business is the most prevalent form of organisation in the world and is of paramount importance to global economies (Bird et al, 2002 and Lumpkin et al, 2010). It is estimated that around 80% of the businesses throughout the world are family owned (Bird et al., 2003 and Lumpkin et al., 2010).

The Egyptian family business is the context in which the empirical study was conducted. Family business in Egypt is the main organisational form in the country and the backbone of the economy (Le Van, 2004). In Egypt, the private sector is controlled by many families who run companies that are very well-known in Egypt. Examples of families that run businesses are the El Swedey family, a world-leading electrical cable manufacturer. The Sawiros family, owners of a mobile network, TV channels and constructions companies, the Arafa family, manufacturers of apparels, and the Abaza family, dealers and assemblers of various car brands in Egypt. These families run businesses that provide millions of job opportunities to Egyptians, in addition to producing and exporting products honouring the name of Egypt.

There is no accurate data regarding family business in Egypt, but according to some estimates more than 70% of companies are managed and owned by families (Le van, 2004). The origin of family business in Egypt goes back to the mid-seventies. After four consecutive wars, Egyptians started their own businesses, taking advantage of the peace treaty at the time of President Sadat's regime that encouraged Egyptians to establish privately owned companies. President Sadat asserted that the nationalisation programme, applied by his predecessor President "Naser", would no longer exist and consequently the previous situation of the state confiscating personal property ceased (Le Van, 2004). As a result, those who founded businesses in the seventies, whilst in their twenties have by now exceeded sixty years of age making the transition to the second generation a reality that the majority of family businesses had to face.

Despite the importance of family businesses in Egypt, very limited empirical research, see Chapter 3, has been conducted. Only two articles were found that were empirical projects in Egypt and both studies were quantitative in nature. Those two studies were not conducted on Egypt exclusively, but rather the studies included comparisons between family businesses in different countries of which Egypt was one (Lussier and Sonfield, 2010 and Lussier and Sonfield, 2012). According to the two articles, the choice of Egypt was to include a country representing Africa. It is worth mentioning that among a sample of seven countries, Egypt scored the third lowest response rate to the questionnaires sent to family firms (Lussier and Sonfield, 2012). As detailed in Chapter 3, the areas of research of the two articles were not professional management, which is the focus of this research.

The purpose of this chapter is to introduce the topic of this thesis. First, the problem formulation is provided, followed by a brief outline of the literature domains, and the research objective. Secondly, the significance of the study and potential beneficiaries are highlighted. Finally, the overall structure of the thesis is introduced and explained.

1.3 Problem Formulation

Despite the importance of family businesses around the world they face some challenges and problems. According to Ward (1987), 30% of firms survive through the second generation, 13% survive to the third generation, and only 3% survive beyond. Considering these percentages, it can be inferred that there is something "*fundamentally wrong*" (Zellweger et al., 2012 p.136) with the family business as a form of organisation that creates an inability for the majority of established family businesses to survive across generations.

There are several reasons behind the inability of family businesses to survive across generations. It is significant that family relationships complicate business activity as there is no separation between business and family ties (Le Breton-Miller et al., 2004) and the talent pool is often limited to only family members (Dyer, 1989). The challenges associated with succession between generations such as conflicts between generations is also a major consideration

(Benavides et al, 2011). A primary concern of this research, is the generational succession in family businesses that causes changes to several idiosyncratic resources of the family firms, significantly the managerial style applied by the firm (Habbershon and Williams, 1999). The inability of the succeeding generations to deal with these changes in the management style could jeopardise the continuity of family-controlled firms, making them unviable to survive across generations (Habbershon and Williams, 1999).

The literature appertaining to succession, as discussed in Chapter 3, does not focus on the impact of the succession process on the management style applied by the family-controlled firm (Chittoor and Das, 2007). This research is concerned with the adoption of professional management, which is the style of management the succeeding generations often attempt to adopt when a succession process occurs, as a result of the founder leaving for whatever reason (Charan et al, 1980). Based on the above clarification, it appears that the succession process is connected to, creating at the same time, managerial changes. These managerial changes are represented through the varying styles of management applied by each generation.

It is important that professional management is the style of management that should be applied if the family firm needs to survive beyond the founder era (Greiner, 1998, Churchill and Lewis, 1983, and Flamholtz, 1995). However, the transition to professional management is not always an easy task because the family firm faces several barriers in the adoption of professional management (Stewart and Hitt, 2012). This could be one of the reasons why several scholars prefer nonfamily firms to family firms, as a form of organization, as the existence of family in the business creates several barriers against the adoption of professional management by confirming the importance of nepotism in selecting key positions (Hofer and Charan, 1984). The goal of this research is to investigate the barriers and enablers family-controlled firms face when they attempt to adopt professional management which is an important method to enable family firms survive across generations (Stewart and Hitt, 2012 and Dyer, 1989).

1.4 Literature Domains

The thesis is embedded in three research areas: (1) succession (2) professionalisation, and (3) entrepreneurship. In the following discussion, the key aspects of the three fields are outlined in order to provide the rationale for the research objective and research design. Throughout the discussion, references are made to the appropriate sections in the forthcoming chapters.

Succession is a dominant theme, which refers to succession planning for the smooth continuation and intention to join the family business (Benavides et al., 2013). Succession has several streams in literature, such as leadership and power transfer, conflict between generations, the importance of sequence, timing, technique and communication in executive succession, the impact of the owner's gender and other demographic factors on the success of the succession process, the effects of succession on firm or financial performance, etc (Chittoor and Das, 2007).

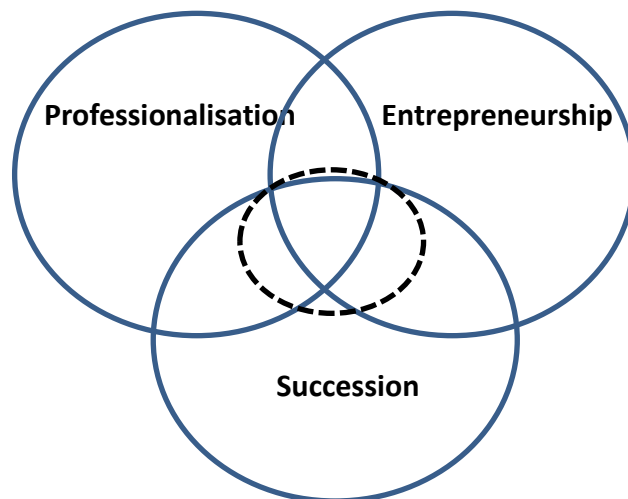
It is worth mentioning that the most related and important succession themes to this research are leadership, power transfer and conflict between generations. The first theme considers the generational succession impact on the managerial evolution, while the second theme pays attention to conflicts and feuds between generations that affect the continuity of the family firm.

Professionalisation is one of the understudied topics in the realm of the family business literature (Benavides et al., 2013). As discussed in Chapter 3, there is no consensus on a single definition of professionalisation, but the most common perception of professionalisation in family business is the hiring of nonfamily managers in an attempt to not restrict top positions only to family members (Stewart and Hitt, 2012). The key goal of professionalisation is to move from the informal to a more formal style of management (Hall and Norqvist, 2008). The relationship between professionalisation and the succession process is one of the recommended future research areas by Benavides et al., (2013).

Family businesses have always been linked to entrepreneurship because family founders are usually described as entrepreneurs (Hoy and Verser, 1994). As clarified in Chapter 3, the founder has certain privileges that shape his/her own way of management that are not obtainable by the second generation and thus the second generation must seek another way of management to fill the gap created by the departure of the founder.

The research areas are illustrated in *Figure 1*. The dotted circle is the focus area of the literature to be reviewed during the course of the research study.

Figure 1: Literature Domains



1.5 Research Objective

As stated in the introduction, professional management is the style of management that succeeds the founder era (Hofer and Charan, 1984). The inability of succeeding generations to adopt professional management is one of the main reasons why around 70% of family firms do not survive following the departure of the founder (Memili et al. 2012). Literature appertaining to family businesses does not include an empirical study conducted mainly to investigate barriers and enablers of professional management. In addition, no empirical study was conducted in the context of the Egyptian family business in that area of research. The objective of this research is to investigate barriers and

enablers that face family-controlled firms when they seek to adopt professional management. Enabling the family-controlled firm to apply professional management will help to find a solution to the current inability of family businesses to survive across generations which is an intrinsic problem of family-controlled firms.

Based on the above objective, the following research question was developed:

"For a family-controlled firm transitioning from one generation to another, what factors restrict or enable the adoption of professional style of management?"

1.6 Significance of Research

Since the concept of family business was introduced, great strides have been made to understand what drives family businesses to adopt professional management practices (Benavides et al, 2013). However, relatively little empirical research has been devoted to developing an understanding of these barriers and enablers of professional management. This research is significant from several aspects. The main contributions to knowledge offered by the proposed study are therefore the linking together of the literature on managerial evolution from entrepreneurial to professional management with the growing literature that is concerned with the role of generation succession in creating and shaping such a managerial transition.

This research aims to develop a model that clarifies the managerial transition process from entrepreneurial to professional management. This will be attained by illustrating the constituents of each style of management and investigating the enablers and barriers family firms face when they attempt to adopt professional management. The model also integrates the generational succession process that has an impact on the managerial transition process.

At the family relationship level, the inability of family businesses to survive across generations creates conflict, tensions, and uncertainty in family relationships (Barnes and Hershon, 1989). Therefore, proposing a way to

maintain family businesses will have a positive impact, not only on the businesses but also on the families running them.

Another significance aspect is that this study is based on a qualitative research strategy by interviewing different family business members. A qualitative research strategy is not commonly applied in the realm of family businesses, counting for a maximum of 19% of empirical projects conducted in the area of family business (De Massis et al, 2012). This is because it is not easy for family members to discuss family and business issues that are believed to be very sensitive (Reay and Zhang, 2014).

It should be noted that this research utilises the resource based view (RBV) as the theoretical lens. According to RBV, a sustained competitive advantage of firms stems from having resources that are valuable, rare, imperfectly imitable and not sustainable, which are abbreviated as VRIN resources (Barney). RBV is concerned with testing the link between the internal characteristics of the firm and its performance (Ambrosini, 2003).

The style of management is one of the important resources any family firm has. Therefore, considering the transition from the entrepreneurial to the professional style of management emphasises the integration of RBV as a connection between the theory and this research.

1.7 Structure of Thesis

Following the introduction of the thesis in the previous sections, Chapter 1 moves to outline the content of each of the remaining chapters. The structure of the overall thesis is illustrated in *Figure 2* below.

Figure 2: Thesis Structure

Chapter 1: Introduction Background to research, research objective, research question and thesis structure
Chapter 2: Family Business and Managerial Evolution Defining family business, overview of the Egyptian family business context, illustrating the managerial transition family businesses face. Chapter ends with review questions
Chapter 3: Systematic Literature Review Review of the literature related to professionalisation, entrepreneurship, and succession in literature. The chapter ends with the theoretical framework and research gap
Chapter 4: Research Design Describes the philosophical stances taken during the empirical project regarding ontology and epistemology. Discusses qualitative research strategy, method of data collection and analysis. Interview protocol before and after conducting the pilot interview. Exhibits interviewees' details
Chapter 5: Empirical Findings Exhibits interviewees responses regarding professional management barriers and enablers.
Chapter 7: Discussions Reflecting all barriers and enablers obtained from interviewees in Chapter 5 on the existing literature to decide the new barriers and enablers not mentioned in literature.
Chapter 8: Contributions and Conclusions Highlighting the empirical contribution that are the barriers and enablers not mentioned in literature as clarified in Chapter 7, in addition to theoretical contribution discussed in Chapter 3. The chapter closes with the model that exhibits the three processes involved in adopting the professional management
Chapter 9: Impact Plan and Assessment Discusses the research potential and actual impact and listing the research beneficiaries

Chapter 2 starts with an illustration of family business definitions and structure, and how it is different to nonfamily business. *Chapter 2* also clarifies the managerial evolution process family firms go through during their life cycles, with emphasis on the transition beyond the founder's era, and ends with systematic review questions.

Chapter 3 is the systematic literature review (SLR) that exhibits how the SLR was conducted in light of the review questions. The three research areas, previously identified, were researched in greater detail using several research databases. In addition, the chapter adds further clarity to the definitions of the founder, entrepreneurial, family and professional management. The chapter lists all barriers and enablers of professional management that were mentioned in the literature. The chapter ends with discussion of the research gap in the

family business literature and also in the context in which the empirical project was conducted.

Following the completion of the related literature review, *Chapter 4* prepares for the empirical project by clarifying the research design and methodology and lists the steps taken in the empirical project. In addition, the philosophical positions taken in this research, regarding epistemology and ontology are discussed. The chapter illustrates the research strategy along with the data collection and data analysis tools. The chapter presents the interview protocol that includes the questions asked to all interviewees who participated in this empirical study. Finally, information on the interviewees who participated along with their family firms is exhibited.

Based on the research design, *Chapter 5* presents the empirical findings. The chapter also exhibits how the data was analysed and mentions several excerpts of interviews related to barriers and enablers of professional management.

Chapter 6 is the discussion, reflecting the empirical findings in terms of professional management enablers and barriers, obtained from Chapter 5, on the existing literature

Chapter 7 summarises the research contribution along with its theoretical and practical implications. Themes that are not mentioned in the literature are highlighted, based on the discussion in Chapter 6. In addition, some limitations of the research and recommendations for future research avenues are presented.

Chapter 8 is concerned with both the impact plan and assessment of the research. Several excerpts taken from the empirical project interviews reflect the perspectives of interviewees regarding the impact of this research. It also states several beneficiaries from this research including fields of academia and practice.

2 Family Business and Managerial Evolution

2.1 Introduction

In *Chapter 1*, an overview of the family business was provided, along with the areas of interest in the family business literature. However, family business as a form of organisation needs to be defined and studied profoundly in order to provide a complete image of the subject being studied in this research. Therefore, the main objective of this chapter is to assess and understand family business as a form of organisation. This objective will be attained through section 2.2, which analyses family business as a phenomenon of interest from two angles linked to each other. Firstly, the definitions of family business are reviewed. As the majority of family business definitions seek to distinguish family business from nonfamily business, this leads us to the second angle, which is to illustrate how family business is different to nonfamily business. Based on the differences between family and nonfamily business, there is a potential difference in management style with family business believe to be entrepreneurial and non-family assumed to be professional (Uhlener et al., 2012). Therefore, in this section the managerial evolution that family businesses go through, which would clarify the transition process from entrepreneurial to professional management in greater detail, are reviewed.

The chapter starts with an overview of the context in which the empirical study is conducted. Information about Egypt, as a country, and family business in Egypt will be presented to illustrate the constituents of the empirical project context. The chapter closes with (*Figure 11*) summarising the main points discussed in the chapter, which provide a preliminary theoretical framework to be built upon in later chapters.

2.2 The context: Egyptian Family Business

Country Overview

Egypt is a nation of around 100 million people (World Bank, 2014) which is the most populous country in the Middle East. The second country, in terms

of population is Iraq, around 32 million. According to some estimates, the population of the MENA (Middle East and North Africa) region, which is composed of 17 countries, is around 381 million. This means that Egypt has more than 26% of the Arab world population, which indicates that what applies to Egypt is very applicable to the rest of the MENA region.

After the revolution of 1952, Egypt became a state-run economy after the nationalisation programme applied by President Nasser (1952-1970) (Le van, 2004). After the death of President Nasser, Egypt began to take steps to become a free market economy where the government has less impact on the economy. This period was the beginning of the real presence of the private sector in Egypt after the 1952 revolution (Le van, 2004). Since that period, the government has begun to encourage the entrepreneurial spirit of businessmen and established a privatisation programme to sell the state-owned companies that incur losses (Le van, 2004).

Currently, the economy is recovering after the revolution of 25th January 2011. This is, due to political instability; Egypt is suffering from many economic troubles. Several economic reforms were made after the 25th January revolution. The government floated the Egyptian pound in November 2016 in an attempt to hinder imports and encourage exports. An economic programme, designed by the International Monetary Fund, is being applied now by the government, aiming to stop the governmental subsidies offered by 2020. During the course of this DBA (Doctorate of Business Administration) and in a very short time, Egypt witnessed several political changes, starting with removal of President Morsi (July, 2013), succeeded by an interim appointed President, Adly Mansour and ending with elected President Sisi (June 2014).

Family Business in Egypt

According to GERALD LE VAN (2004), a family business consultant who was working for USAID (United States AID) in Egypt, family businesses in Egypt produces around 90% of the country's GDP. The majority of these companies were established in the early 1970s during the revival of the entrepreneurial spirit at that time (Le van, 2004). As the founders of these family firms are now

exceeding their sixties or seventies, the majority of Egyptian family firms are facing transition from the founding generation to the second generation (Le van, 2004). Governance in Egyptian family firms is simply the family (Le van, 2004). Formal boards are almost non-existent (Le van, 2004). With about 90% of the population Muslims, the inheritance patterns are determined in the Quran and followed officially throughout the country (Le van, 2004).

Moreover, according to Islamic law, two thirds of the estate goes to children; the male receiving twice as much as females in some cases (Le van, 2004). If the family firm in Egypt needs a bank loan, all family owners will personally guarantee the debt (Le van, 2004). This is one of the main reasons that clarifies that dependence on banking finance is not overly popular in Egypt or even preferred (Le van, 2004).

2.3 Family Business as a Phenomenon of Interest

2.3.1 Family Business Definition

Family business is the oldest and simplest form of organisation in history (Schulze and Gedajlovic, 2010). Despite its importance to world economies, family business is a term that has received increased attention only in the last three decades (Benavides et al, 2013). It is still a relatively new field of academic study (Astrachan, 2003). According to Schulze and Gedajlovic (2010), family business research and literature remains in its infancy. This can be inferred from the fact that one of the main challenges that still faces family business is that there is no consensus on a single definition of what a family business is (Sharma, 2012). This lack of consensus on a family business definition has left the field of family business open to criticism from academics and business professionals (Habbershon and Williams, 1999). Attempts have been made by many scholars to define family business. Most of these attempts to provide a definition have been made by exploring how family business is different to nonfamily business (Chua et al., 1999).

Previous to 1980, the word “family business” was rarely mentioned in the literature of management studies (Astrachan, 2003). The official date of birth

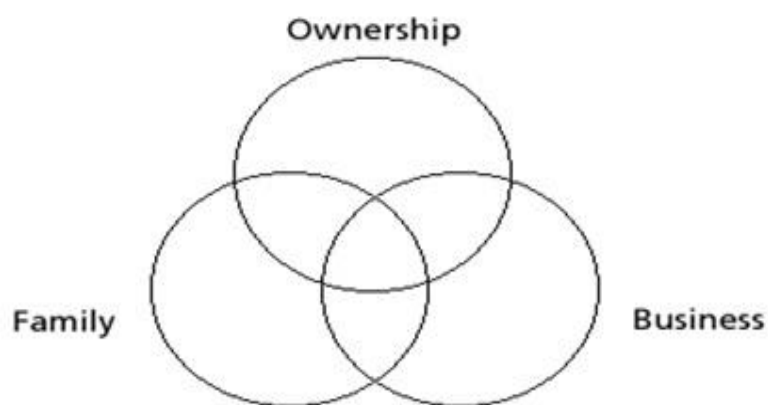
of family business as an academic field of study was in 1983, when the journal of 'Organisation Dynamics' issued a special issue on family business (Astrachan, 2003). However, family business is a fragmented area of research, mainly because the new studies of family business have not build on the existing research (Schulze and Gedajlovic, 2010).

One of the leading journals in the area of family business is the *Family Business Review*. The first issue was published in 1988. Furthermore, it is worth mentioning that until 2002 there was no single doctorate degree earned in the field of family business and there was no set of standards of how to be a family business consultant, despite the overarching importance of family firms to the economy (Bird et al., 2002).

Until 2004, the boundaries of the family business literature were somewhat unclear and the field had no well-defined demarcations to distinguish it as a separate area of study (Sharma, 2004). Family business had to make its own way to prevent it from being perceived under the umbrella of small businesses or entrepreneurship (Bird et al., 2002). Before the 1980s, family business was taught as a section of social studies and developed within the area of small businesses (Bird et al., 2002). This is similar to the emergence of entrepreneurship at the beginning of the 1980s (Bird et al., 2002). Entrepreneurship was then seen as “*tangential activity and academically flaky*” (Bird et al., 2002 p 338). This indicates that family business may eventually be considered as an independent area of study that deserves more than the current attention, similar to that of entrepreneurship (Bird et al., 2002). However, the comparison between family business and entrepreneurship is not quite accurate. This is because family business is a form of organisation, whereas entrepreneurship is a managerial orientation, describing a certain mindset to manage the business (Casillas et al., 2009). Family business provides an ideal environment for the entrepreneurial style of management, especially during the founder era (Hoy and Verser, 1994). This will be clarified in greater detail in *Chapter 3*.

There are numerous definitions of family business, including three main dimensions, which are ownership, management and family, see *Figure 3* below. The three circles of ownership, management and family intersect with each other; forming what is known in a family business as a form of organisation, which makes this form of organisation stand out and separate it from other forms of business.

Figure 3: Overlap of Family, Ownership, and Management



Source: Tagiuri and Davis (1996).

In an attempt to find a single definition for family business, Chua et al. (1999) reviewed the existing family business literature and extracted all family business definitions to that date. The total number of obtained definitions was twenty-one, see *Table 1*. Based on that, Chua et al. (1999) came to define family business as the form of organisation that is

“governed and/or managed with the intention to shape and pursue the vision of the business held by a dominant coalition controlled by members of the same family or a small number of families in a manner that is potentially sustainable across generations of the family or families” (Chua et al. 1999 p.25)

Table 1: Definitions of Family Business in the Literature

Author(s)	Definition
Alcorn, 1982	A profit- making concern that is either a proprietorship a partnership, or a corporation if part of the stock is publicly owned the family must also operate the business (P230)
Babicky,1987	Is a kind of small business started by one or a few individuals who had an idea, worked hard to develop it, and achieved, usually with limited capital, growth while maintaining majority ownership of the enterprise (P25)
Barnes & Hershon, 1976	Controlling ownership is rested in the hands of the individual or of the members of a single family
Bernard, 1975	An enterprise which, in practice, is controlled by the members of single family (P42)
Carsud, 1994	Closely-held firms' ownership and policy-making are dominated by members of an emotional kinship group (P40)
Churchill& Hatten, 1993	What is usually meant by family business is either the occurrence or the anticipation that a younger family member has or will assume control of the business from the elder (P52)
Davis, 1983	Are those whose policy and direction are subject to significance by one or more family units. This influence is exercised through ownership and sometimes though participation of family members in management (P47)
Davis & Tagiuri, 1985	A business in which two or more extended family members influence the direction of the business (quoted in Rothstein, 1992)
Donckels & Frohlich, 1991	If family members own at least 60 percent of equity (p 152)
Donnelley, 1964	When it has been closely identified with at least two generations of a family and when this link has had mutual influence on company policy and on the interest and objectives of the family (P94)
Dreux,1990	Are economic enterprises that happen to be controlled by one or more families that have a degree of influence in organisational governance sufficient to substantially influence or compel action
Gallo & Seven, 1991	a business where a single family owns the majority of stock and has total control (p181)
Handler, 1989	An organisation in which major operating decisions and plans for leadership succession are influenced by family members serving in management or on the board (P262)
Holland & Oliver, 1992	Any business in which decisions regarding its ownership or management are influenced by a relationship to a family or families (p 27)
Lansberg et al. (1988)	A business in which members of a family have legal control over ownership (P 2)
Leach. et al1990	A company in which more than 50 percent of the voting shares are controlled by one family, and/or a single-family group effectively controlled the firm, and/or a significant proportion of the firms' senior management is members from the same family (quoted by Astrachan, 1993, PP 341-342)
Lyman,1991	The ownership has to reside completely with family members, at least one owner has to be employed in the business, and one other family member are either to be employed in the business or to help out on a regular basis even if not officially employed (p 304)
Pratt & Davis, 1986	One in which two or more extended family members influence the direction of the business through the exercise of kinship ties, management roles, or ownership rights (chap3, p 2)
Rosenblatt, et al. 1985	Any business in which majority ownership or control lies within a single family and in which two or more family members are or at some time were directly involved in the business (4-5)
Stern, 1986	Owned and run by members of one or two families (P xxi)
Welsch,1993	One in which ownership is concentrated, and owners or relatives of owners are involved in the management process (P40)
Chua et al (1999)	On which is "governed and /or managed with the intention to shape and pursue the vision of the business held by a dominant coalition controlled by members of the same family or a small number of families in a manner that is potentially across generations of the family of families" (P 25)
Habbershon, et la. (2003)	One that has" unique, inseparable, synergistic resources and capabilities arising from family involvement and interactions

Source: Chua et al. (1999)

Chua et al. (1999) did not set their main focus only on the two elements of family business; namely management and ownership. This is not the case with all the other twenty-one definitions, which were mainly concerned with these two elements of family. Chua et al. (1999) considered that what makes a family business different is the manner in which the family involvement elements, ownership and management, shape the strategies, vision and intention of the firm. They believe that family members, through their ownership and management, will always seek to achieve some business objectives that serve their preferences (Chua et al., 1999) and this is not the case with nonfamily businesses where the main objective is to serve the interest of shareholders who have no family ties (Watson, 1995). Therefore, Chua et al. (1999) were concerned mainly with how the family firms behave rather than who is managing or how many shares are held in the hands of family members.

Following the review of definitions of Chua et al. (1999), that derived the definition of family business mentioned above (Chua et al., 1999), Habbershon et al. (2003) made the most recent remarkable attempt to define family business. They defined the family firm based on the fact that, through the family involvement in business, the family firm enjoys unique and special capabilities and resources that are not available to nonfamily firms, such as kinship, overlap of ownership and management as well as and loyalty to family name (Chrisman et al., 2005).

Despite several attempts to define family business, it is evident that bringing any of these definitions to practical grounds still needs clearer lines to help firms decide whether they are family firms or not. This is evident when Chua et al. (1999), in their attempt to provide a family business definition, interviewed family members in a company who considered their firm to be a family business; whereas others in another company did not consider their firm as a family firm, although both companies were identical in all aspects of ownership and management. In addition, despite the reputation of the definition developed by Chua et al. (1999) in the family business literature, Chrisman et

al. 2005 (including Jess H. Chua), admitted that family business still lacks a consensus on a definition.

This proves that practitioners still need further help to demarcate the boundaries between family and nonfamily business, which would enable them to manage and plan for their companies. As seen in *Table 1*, all attempts to define family businesses were mainly concerned with illustrating how family business differs from nonfamily business (Chua et al., 1999). This leads us to the second angle of the first part of this chapter, which further investigates the differences between the two forms of organisations.

2.3.2 Family Business and Nonfamily Business

As mentioned at the beginning of this chapter, the second angle to analyse the family business as a form of organisation is to see how it differs from the nonfamily firm. Family business, as a form of organisation, is somehow perceived inferior to nonfamily business, which is considered more able to adopt professional management compared to the entrepreneurial management that usually labels family business (Stewart and Hitt, 2012). This is because family businesses usually suffer from nepotism that hinders them from promoting nonfamily managers to higher positions, and thus high positions are monopolised by family members. Family firms are commonly perceived as "traditional", "old-fashioned" and "stagnant" (Uhlener et al, 2012). Some scholars assumed family businesses to be synonymous with small sized companies (Litz, 1995). Examples are Daily and Dollinger (1993) who tried to define family firms based on them being smaller enterprises (Litz, 1995). Others view family business as a weak organisational form, giving it the negative connotation of a "ma and pa" label (Bird et al., 2002)

The entrepreneurial style of management of family firms has to shift at some point in time, and for several reasons discussed below, to become professional with growing size otherwise they will face many challenges (Watson, 1995). This perception forces family firms to face the necessity to achieve professionalisation of management as quickly as possible (Stewart and

Hitt, 2012). In other words, they should leave the entrepreneurial style of management and move toward professionalisation.

However, it is not taken for granted according to Stewart and Hitt (2012) and Watson (1995) that it is always for the good of the family business to adopt all professional managerial practices at the expense of entrepreneurial management. Stewart and Hitt (2012) gave an example from *My Fair Lady*, adapted by Lerner and Lowe from George Bernard Shaw's play *Pygmalion* through the character of Professor Higgins who wondered "Why can't a woman be more like a man?" His vision proposes that the world would be better off if women would act more like men. The same analogy applies to the recommendation that family businesses should adopt only professional practices and abandon entrepreneurial practices, which is not a totally wise vision (Stewart and Hitt, 2012). It is also necessary to note that family businesses are distinguished, at the early stages, by the entrepreneurial management and that not all entrepreneurial companies are based on families.

Far from the debate of which organisational form is better or whether to recommend that family businesses should imitate nonfamily businesses, there are seven differences between the two forms of organisations identified in literature as clarified in *Table 2* below.

Table 2: Seven Differences between Family and Nonfamily Businesses

Difference		Description	Author and Year
1	Goal pursued	Family businesses have additional nonfinancial goals (socioemotional wealth)	Chrisman et al. (2010) Gomez et al. (2011)
2	Owners from different generations	In family businesses, ownership can be shared by more than one generation from the same family	Achmad et al. (2009) Morck et al. (2005)
3	Dual nature of family firms	Family businesses are concerned about the family and the business	Smith, (2007)
4	Transfer of ownership between generations	In family businesses ownership can be transferred from one generation to another which is not the case in nonfamily businesses	Bergiel and Chrisman, (2009)
5	Firm construction	Family has certain combination of management and ownership	Lizt (1995)
6	Agency cost	Family businesses incur low agency cost due to the overlap between management and ownership.	Groysberg (2014)
7	Management style	Family businesses are perceived as entrepreneurial whereas nonfamily businesses are perceived professional	Hofer and Charan (1984) Stewart and Hitt (2012) Uhlener et al (2012)

In the following each of the seven characteristics are discussed in greater detail:

1. Socioemotional Wealth

According to Gomez et al. (2011), one of the distinguishing features of family business is the existence of socioeconomic wealth that has an impact on several managerial decision; most importantly noneconomic goals. For family firms, it is not mandatory that they should seek only financial goals (Chrisman et al. 2010). For family firms having goals such as emotional attachment, sibling involvement, sense of legacy, family control and family reputation are all considered with economic aims. This is not the case with nonfamily firms that have in most cases a “single and traditional” goal which is to maximise the firm's value and increase profits (Bergiel and Chrisman, 2009). Therefore, managers

in family firms, whether they are owners or not, placed with a variety of goals that are broader than the goals in nonfamily firms (Chrisman et al., 2010). In addition, there is mixing between family and business goals, which is not the case in nonfamily firms (Bergiel and Chrisman, 2009).

Family members do not have the choice to leave the business at any time, which is obviously not the case for nonfamily members (Gomez et al., 2011). Family members feel they are generally "*stuck*" in the business and their emotional issues cannot be resolved by just leaving the business (Gomez et al., 2011). Family members' decision to stay is not entirely based on the financial rewards they receive from the family firms but rather to preserve the family's socioeconomic wealth (Gomez et al., 2011).

2. Owners from Different Generations

The second difference is that in family firms there are owners who belong to different generations (Achmad et al., 2009). This makes it difficult and even complex, especially for nonfamily managers, to establish a long-term relationship with those owners (Achmad et al., 2009). The management relationship becomes even harder when the succession process between generations starts because nonfamily managers become obliged to maintain good ties with two different mentalities. In addition, there is a wedge between cash flow and ownership rights, which is not the case in nonfamily businesses, where there is a separation between ownership and management, which is an aspect of professionalisation (Morck et al., 2005).

3. Transfer of Ownership between Generations

The third difference is the transfer of ownership between generations (Bergiel and Chrisman, 2009). This is because ownership of the firm is the main dimension through which the family can achieve its vision across generations and maintain control over the firm (Bergiel and Chrisman, 2009). In the case of the nonfamily business, there is no transfer of ownership between generations because ownership usually comes in the form of shares that can be bought and sold and not a family property that is inherited (Bergiel and Chrisman, 2009).

4. Dual Nature of Family Firms

Both the family and the business are considered in managing the family business (Smith, 2007). This duality provides both advantages and disadvantages to the nature of the family firm (Smith, 2007). For the advantages, family members are keen to protect the family firm that holds the family name. This indicates that family image stems from the family firm reputation. For the disadvantages, there is conflict between the “the business way” and “the family way” (Smith, 2007). As a result, there are some challenges that are always associated with family firms, such as succession, nepotism and disputes among family interests and business obligations (Smith, 2007).

5. Firm Construction (Ownership and Management)

Referring to the above-mentioned review of family business definitions in the literature in section 2.2.1, the existing research differentiates between family and nonfamily businesses based on how the firm is constructed regarding ownership and management (Litz, 1995). Some combinations of management and ownership range from being a family business, a potential family business, a potential nonfamily business to a nonfamily business (Litz, 1995). These combinations are exhibited in *Table 3*, where the combination of the intention of the family members to maintain ownership of the business, structure, and management is clarified.

Nonfamily business is the form of business in which both management and ownership are widely held by people who do not have any familial relations to each other (Litz, 1995). If the founder is the sole owner and he or she has sons managing, this form of business is “potential family business” as far as the ownership is held by only one individual (Litz, 1995). It can be concluded, according to Litz (1995) that family business is the form of business that is owned and managed by members of the same family.

Referring to the family business definitions in *Table 1*, for some scholars the word family member was not sufficient and they sought to define to which generation they must belong in order to consider the firm as family based. For

example, Donnelley (1964) states that the managing group should be at least from the third generation of the same family. In this case, if the managing group is the first or second generation, it will not be considered a family business. Other definitions did not specify which generation should be in charge, assuming that once there are family members who own and manage, it will be a family business (Chua et al 1999).

The term ownership in the definitions listed in *Table 1* did not have an exact percentage to allow the firm to be considered a family-controlled business. (Chua et al.,1999). One of the definitions determined the controlling ownership percentage to be more than 50% (Leach, et al., 1990). Another definition stated the ownership percentage as 60% (Donckels & Frohlich, 1991). Other definitions used the word "*majority of shares*" when they referred to ownership, without specifying the percentage of that majority (Rosenblatt deMik, 1985, Welsch, 1993, Gallo & Sveen, 1991, and Babicky, 1987). Alternatively, one definition stated that for a business to be a family firm, ownership has to be completely within the hands of one family (Lyman,1991). All of this provides the notion that the family business literature, with reference to the dimensions of ownership, has not yet yielded a certain percentage of shares which helps to determine whether the business is family or not.

Regardless of what percentage of shares the family members should possess to determine if the business is family or not, the ownership dimension was the solid ground upon which agency theory in the family business context was built. This is one of the main theories used to differentiate between family and nonfamily businesses and this will be discussed below.

6. Agency Theory

According to Max Smith (2007), one of the basic differences of family and nonfamily businesses is explained via the application of agency theory. It is assumed that agency cost is less in the context of family business than that of a nonfamily firm (Smith, 2007). In the nonfamily businesses, the cost of agency is higher as there has to be more stewardship tools to ensure that "hired" managers are working for the good of the firm and not favouring their own

interest to the business they are paid and considered "agents" to run it (Groysberg, 2014).

However, in the family firm, there is an overlap between the ownership and management, which means the manager is the owner of the business at the same time. Therefore, there is less cost to monitor the manager, who is a family member, as it is his or her own property and working for the betterment of the firm (Smith, 2007). This is one of the main aspects that differentiate family from nonfamily firms.

This does not, however, mean that family businesses are safe from incurring any agency costs (Bergiel and Chrisman, 2009). This occurs when the family firm attempts to achieve professionalisation (Bergiel and Chrisman, 2009). As professionalising comes into effect, the owning managers should delegate some decision-making authority to the middle or lower managers who are not family members (Bergiel and Chrisman, 2009). Therefore, the family firm will incur some costs of monitoring and stewardship to ensure that the decisions and behaviour of those paid managers (agents) are coherent with the firm's stated goals and strategies (Bergiel and Chrisman, 2009). As a result, professionalisation may create agency costs in both family and nonfamily firms (Bergiel and Chrisman, 2009).

7. Managerial Practices

Perhaps the most remarkable difference discussed in the family business literature is the difference in style of management applied in each form of organization. Family businesses are perceived to have an entrepreneurial style of management, whereas nonfamily businesses are assumed to behave professionally (Hofer and Charan, 1984, Stewart and Hitt, 2012, and Uhlaner et al., 2012). The term "family management" has been contrasted with "professional management" (Uhlaner et al., 2012). For many scholars, family business should go through a managerial transition, act professionally and imitate nonfamily business for several reasons as discussed in section 2.4. On the other hand, it could be a superficial and an inaccurate judgement to label all family businesses as entrepreneurial and all nonfamily businesses as

professional. This perspective was also confirmed by Stewart and Hitt (2012). However, family businesses are said to usually suffer from issues such as paternalism, nepotism and kinship, which may not exist in nonfamily businesses (Uhlener et al., 2012).

The key message from the first part of this chapter is that there are several differences between family and nonfamily business as a form of organisation. The comparison between family and nonfamily businesses focused on the definitions of every form of organisation and the seven differences as illustrated above. One of the differences discussed is the management style. The evolution from the entrepreneurial to professional management leads us to focus on the process of managerial evolution in wider scope. This is discussed in the following section 2.4 highlighting the managerial changes that family businesses survive.

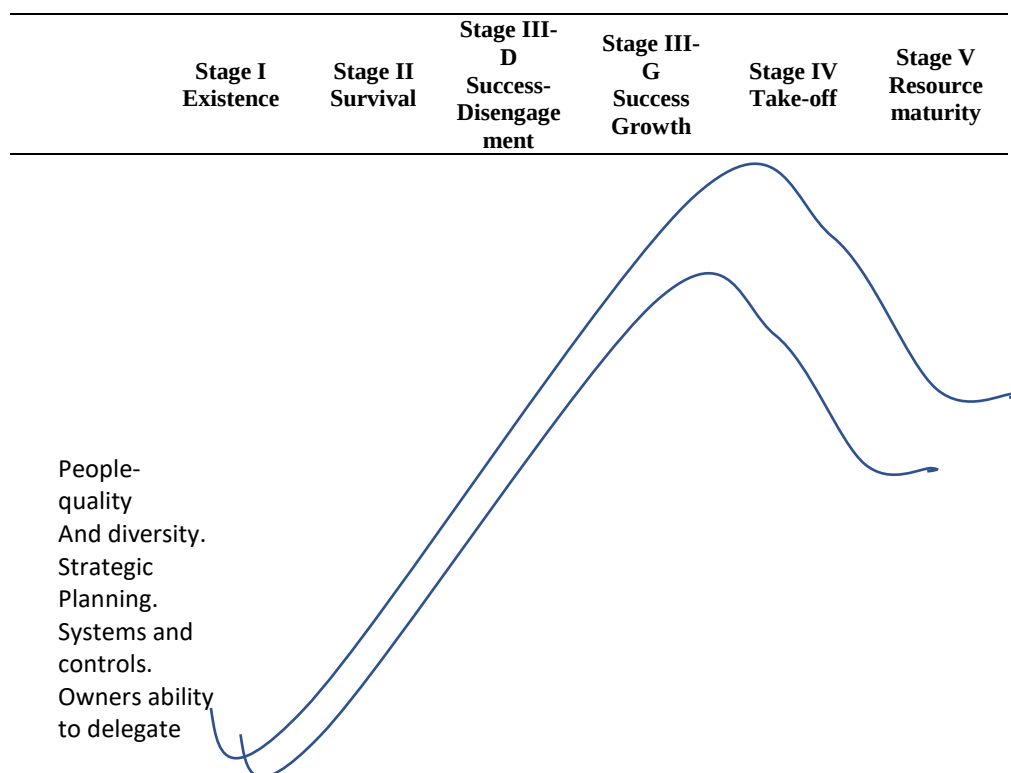
2.4 Evolution of Managerial Process

The transition from entrepreneurial to professional management is an evolutionary process that entails changes in the management applied by the firm. Referring to the first part of this chapter and the comparison between family and nonfamily firms, it was mentioned that family businesses are somehow perceived as entrepreneurial, whereas nonfamily firms are assumed to have professional management.

The managerial developmental growth of firms is an area of research in which several scholars have been concerned. Pre-eminent examples of those scholars are McGuire (1963), Steinmetz (1969), Churchill et.al (1983), Flamholtz (1995), Greiner (1998), who contributed to the concept of developmental growth, and presented various models illustrating the process of firms' growth. Those scholars were concerned with the stages of growth that all companies go through. Although they proposed different names for the stages in their models, their main objective was similar in that; any firm has a life cycle composed of different developmental phases and for each stage the firm needs to apply certain practices to enable the move on to the next.

Churchill et al. (1983) who developed a theoretical model for developmental stages, and tested them empirically through a survey of 110 owners and managers of successful small companies in the 1\$ to 35\$ million sales range, discussed some problems that face the growing businesses. The managerial developmental phases starting from early establishment by the founder through to professionalisation are exhibited in *Figure 4*. Churchill et al. (1983) named professionalisation as the stage of “take off”. In this stage, Churchill et al. (1983) confirmed that the need for the firm to include experts and specialised managers becomes a necessity. Churchill et al. (1983) asserted that if the firm manages to pass this stage, it will become a big company that can start to manage without the direct control of its owner. In *Figure 4*, in Stage IV “Take-off”, the curved lines indicate that certain issues become necessities such as delegation to professionals, quality of people hired, strategic and system planning.

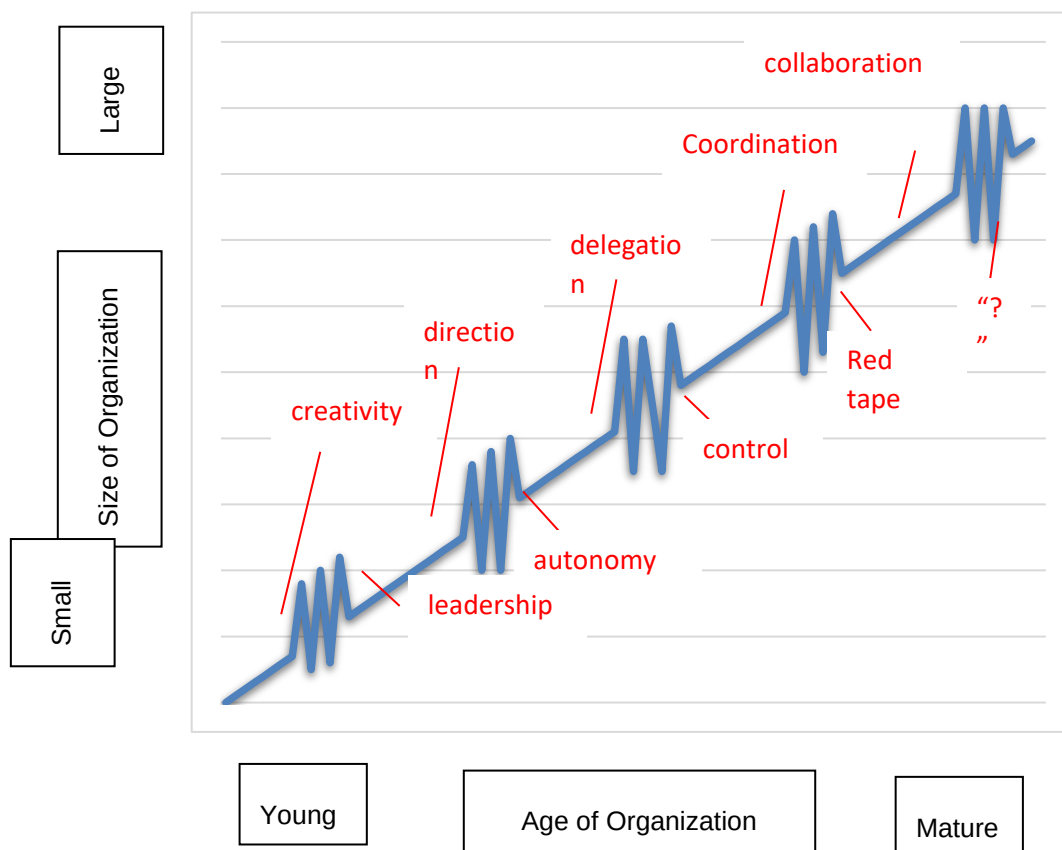
Figure 4: Managerial Factors and Stages.



Source: Churchill et al. (1983)

Although it has only a theoretical essence, Greiner (1998) is a leading model that needs to be mentioned whenever there is a reference to the area of growth literature. Greiner (1998) examines the stages of managerial evolution through a reciprocal process, starting with evolution that ends with a crisis, causing a revolution that leads to another evolution, and so on. It appears that the change of management in organisations is inevitable (Greiner, 1998). For every stage, a firm applies new managerial practices, which eventually sow the seeds of its own decay and paves the way for another revolution that will come up with different practices (Greiner, 1998). As exhibited in *Figure 5*, an entrepreneurial style of management is what distinguishes the company in the early stages of creativity and direction whereas professionalisation appears in the third stage, namely delegation. In this stage, management becomes more decentralised and decisions can be delegated to outside “professional” managers.

Figure 5: Five Phases of Growth.



Source: Grenier (1998)

Similar developmental phases are proposed by Flamholtz who articulated six stages, beginning with new venture, expansion, professionalisation, consolidation, diversification, integration and finally decline. The new venture is the stage where everything is centred around the owner.

Figure 6: Managing Organisational Transitions

Key Development Variable	New Venture 1	Expansion 2	Profession alization 3	Consolidation 4	Diversification 5	Integration 6	Decline 7
Corporate Culture				X		X	X
Management System			X			X	X
Operational System		X				X	X
Organizational Resources		X				X	X
Product or Service	X				X		X
Market	X				X		X

Source: Flamholtz (1995)

When the firm grows, it moves to the second stage, which is expansion and the owner becomes unable to manage all details, entirely as it was the case in the new venture stage. This brings the third stage, which is professionalisation, so that the growth can be properly managed and remain controlled. Through professionalisation, the management begins to have regularly scheduled meetings, formal plans, performance system etc. These stages are clarified in *Figure 6* where the requirements of every stage are indicated by X below it. As indicted in the figure, during the professionalisation

stage, the main focus is on management systems to better control the business processes.

So far, the two concepts of professional and entrepreneurial management have been discussed to differentiate between family and nonfamily businesses. In addition, several developmental models have been presented to depict the managerial evolution process. In section 2.4.1, light will be shed on the reasons causing that managerial evolution.

Although the entrepreneurial style of management will be further discussed in Chapter 3, Systematic Literature Review, it is worth giving a brief overview of it. Entrepreneurial management describes a set of practices applied or a set of personal skills based on a certain mindset or behaviour the entrepreneur possesses. Universally, the entrepreneurial process is a collection of decisive tasks such as selecting an idea, creating a legal entity, acquiring resources, selecting stakeholders and managing growth. This process is crafted with an entrepreneur who is, in light of the effectuation theory of Sarasvathy and Read (2005), has the personal skills to seize certain opportunities. It is not mandatory that the expert entrepreneur can exploit all the chances existing in the market but rather the opportunities within his control and his range of available resources.

Although being an expert entrepreneur is quite important for the birth of any firm, it is not enough on its own to guarantee the continuity of the firm. According to Sarasvathy and Read (2005), "equating entrepreneurial success with a firm's success has been one of the most powerful confounds plaguing the development of our field" (p.49). In addition, the entrepreneurial expertise that contributed greatly to the firm start-up and growth in highly uncertain conditions, is not appropriate for the more static environment of the larger firm (Sarasvathy and Read, 2005). This further confirms the argument of our research that at some point in time, the entrepreneurial style of management, that distinguishes the founder, may not be the ideal style to run the company at a certain stage. Therefore, another style of management should be investigated to add more organisation, which is the professional style of management.

In the following section, the light will be thrown to further elaborate on the reasons causing the managerial change from entrepreneurial to the professional style of management.

2.4.1 Reasons-Causing Managerial Transition

Reviewing to the developmental phases by Flamholtz, 1995, Churchill and Lewis (1983) and Greiner (1998), it can be inferred that managerial evolution is an inevitable process that faces any business. In addition, it was discussed that family business is seen to be entrepreneurial and through time it should behave like a nonfamily business by adopting professional practices (Levinson, 1971). However, the reasons behind creating such a managerial transition were not clarified. This can be accrued to several situations a company faces, making a change of management a necessity. In the following, the seven main reasons that cause a managerial change in the family businesses are discussed and summarised in *Table 4*.

Table 3: Seven Reasons Causing Managerial Change in Family Business

Reason for Managerial Change	Description	Author
Growth	As the firm grows in size, the personal energy of the founder can become insufficient to run the firm. This need to be substituted by a formal organisation	Churchill and Lewis (1983), Flamholtz (1995), Geiner (1998), and Peiser and Wooten (1983)
Succession	Each generation has its own way of running the firm that is different to their predecessors.	Habbershon and Williams, (1999)
Family Business Intrinsic Disadvantage's	Family business has some inherent characteristics that can be replaced by better organisation	Barclays (2011)
Avoid Growing Pains	When businesses grow, they face several difficulties that can be solved by adopting a more structured form of management.	Flamholtz, (1995)
Change in the Interests of the Founder	A problem of goal congruency between the business and the founder occurs at some point in time, calling for managerial change	Peiser and Wooten (1983)
Competition	As competition gets fiercer, a firm needs to perform managerial changes to adapt to the competitive environment	Kellermanns & Eddleston, (2006)

Social Conformit	A firm needs to adopt managerial practices suitable to the businesses environment in which it operates.	Memili et al. (2012)
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In the following, each reason causing change will be discussed in greater detail.

1. Growth

Growth is the most prevalent reason for any firm's need for managerial change (Churchill and Lewis 1983, Flamholtz 1995, Greiner 1998, and Peiser and Wooten 1983). Whenever the size of the firm increases, the current managerial practices are no longer suitable to deal with the increased size of the company and thus, the need to look for more effective and efficient management becomes a necessity (Churchill and Lewis 1983, Flamholtz 1995, Greiner 1998, and Peiser and Wooten 1983). Moreover, *"growth pushes organisations toward formal planning"* Pascarella and Frohnan (1990). This is because when a firm grows, personal energy has to be replaced by the ability to work, with and through, others (Hoy and Vesper, 1994). Managerial change is required, not only for growth, but also for the firm to ensure survival (Hofer and Charan, 1984).

Reviewing the literature on the growth of small businesses and stages of managerial evolution mentioned above, it can be inferred that professionalisation is an obligatory stage any growing business must undertake (Churchill, 1983, Flamholtz, 1995 and Greiner, 1998). Referring back to *Figures 4, 5 and 6* of the stages of growth, it can be seen that as far as the business is growing, it will reach a pivotal stage where it needs to take off. In order to take off, the firm should rely on the elements of professionalisation such as delegation of authority, depending on professional managers and more decentralisation of decision-making (Churchill, 1983) In addition, for a family firm that seeks to maintain its growth, it must seek professionalisation (Benavides et al., 2011). Flamholtz (1995), based on a series of action research studies and related conceptual analyses conducted in more than twenty years,

believed that if the firm achieves growth without making changes to the current management style, it will suffer from the following troubles:

- Great deal of informality: representing barrier against growing larger
- Lacking well defined goals: causing vagueness of vision to all subordinates
- Unclear responsibilities: making people in place performing duplicated roles
- Weak managerial controls: evaluating performance may become subjective and unfair

As we are discussing the growth of the firm and how it affects the managerial resources of the firm, there must be a reference to the resource-based view (RBV). A resource is defined as a bundle of tangible and intangible assets, including management skills, organizational processes, routines, information and knowledge it controls (Barney, 2001). In a broader sense, it is "anything" that could be thought of as strength or weakness of a given firm (Ambrosini, 2003). According to Penrose (2009), the firm is a bundle of resources, under internal direction, for the production of goods and services, sold in markets for profits (p22).

According to RBV, a sustained competitive advantage of a firm stems from having resources that are valuable, rare, imperfectly imitable and not sustainable, which are abbreviated as VRIN resources (Barney). RBV is concerned with testing the link between the internal characteristics of the firm and its performance (Ambrosini, 2003).

As far as there is a connection between the growth and resources of the firm, there must be a reference to Edith Penrose's theory of the growth of the firm. According to Penrose (2009), management is an important resource that has a critical role and effect on growth. This is because any expansion needs planning which can be solely done by the firm's management. It is worth noting that there are two reasons for growth; external and internal (Penrose, 2009). An example of the external is having an increase in the demand for the firm's product or service, while the incentives to the growth are the internal cause (Penrose, 2009).

As far as the company grows, the managerial resources available, important for the growth, become limited in amounts; the number of experienced personnel gets smaller compared to the increasing size (Penrose, 2009). The production of managerial services requires time and thus may limit the scope of the firm's expansion. However, with the firm continuous pursuit to expand, all personnel in the firm will gain additional experience and thus it can be noticed how growth changes the managerial resources of the firm (Penrose, 2009).

2. Succession

Succession from one generation to another and the need to survive is another reason for managerial change (Habbershon and Williams, 1999). Whenever the succession process occurs within the family firm, there has to be a change in the managerial resources of the company (Habbershon and Williams, 1999). If the company goes through managerial change, caused by succession, the company will lose, acquire, and maintain some resources, which will result in a "modified resource base" that is supposed to enable the family firm to survive and compete (Habbershon and Williams, 1999). One resource that changes is the managerial style applied by the firm (Habbershon and Williams, 1999).

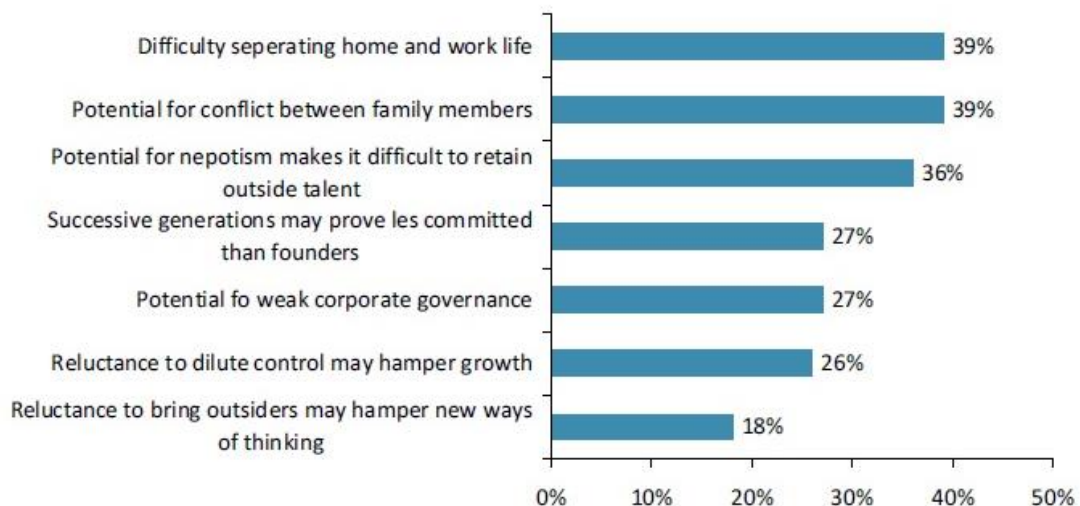
Based on the statement by Habbershon and Williams (1999) that the managerial style if applied by the family firm is one of the resources that changes as a result of the succession process, in this research it is the entrepreneurial style of management, applied by the founder that needs to be changed to include other managerial elements known as the professional style of management.

3. Dealing with Intrinsic Family Business Disadvantages

Another reason for the family firm to seek managerial transition is to deal with some disadvantages that are intrinsic in the family firm as a form of organisation. These disadvantages are exhibited in *Figure 7* and include, difficulty to separate between home and work life, and the potential for conflict

between family members. In addition, family businesses suffer from favouring relatives to outside talent, which is known as nepotism. Therefore, one of the main reforms any family business must perform is to prevent monopolisation of key positions by family members who may not be qualified and give the chance to outsiders, which is known as professionalisation (Chittoor and Das 2007). Dependence on outside professionals can be an efficient solution to deal with nepotism. In addition, professionals can also substitute some family generations who may not be committed to the family business or unqualified to fill certain positions. Moreover, bringing in an outsider is a call for new blood and thinking into the family firm.

Figure 7: Family Business Disadvantages



Source: Barclays Wealth Insights Economist Intelligence Unit (2011)

4. Avoid Growing Pains

The fourth reason behind the need for managerial transition is to avoid what Flamholtz (1995) stated as "organisational growing pains" the firm will suffer from the situations listed in *Figure 8*. Looking into these difficulties, they are capable of hindering the continuity of the firm and they will create an environment of chaos, in which success or even survival of the company becomes difficult.

Figure 8: Firm Growing Pains

1. People feel that there are not sufficient hours in the day
2. People are spending too much time putting out fires
3. Many people are not aware of what others are doing
4. People lack understanding of where the firm is heading
5. There are too few good managers
6. Everybody feels "I have to do it myself if I want to get it done correctly"
7. Most people feel our meetings are a waste of time
8. When plans are made, there is very little follow-up and things just do not get done
9. Some people feel insecure about their place in the firm
10. The firm has continued to grow in sales but not in profit

Source: (Flamholtz, 1995)

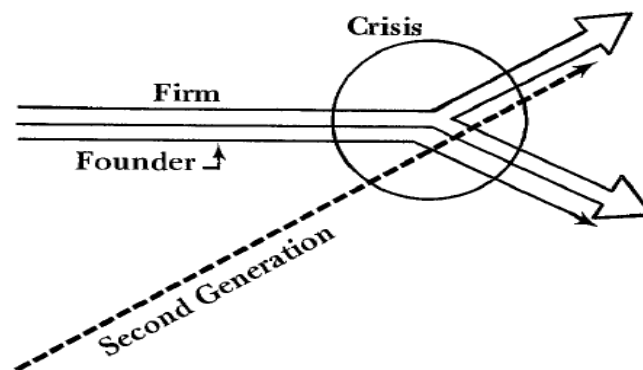
5. Change in the Interests of the Founder

The change in the interests of the founder in relation to the business, which is related to the succession process in one way or another, increases the urgency for managerial change (Peiser and Wooten, 1983). At some point in time, the best interests of the business may not be the best for the founder, and this indicates there is a problem of goal congruency between the business and the founder (Peiser and Wooten, 1983). This lack of goal congruency usually occurs at the time of second generation involvement, subsequently increasing the complexity of the situation (Peiser and Wooten, 1983). Consequently, a firm will be pushed toward remodelling the managerial practices.

Figure 9 by Smith (2007) shows the crisis of incongruence of goals between founder and the firm during second generation involvement. Looking at the figure from the left side, it appears that the lines representing the goals of the firm and the founder are identical and adjacent to each other until the second generation joins the family firm (Smith, 2007). In this case, the crisis of goal incongruency appears because the goals of the founder are no longer identical to the those of the business (Smith, 2007). Founders see that they deserve to be rewarded for their exerted efforts through retirement to spending more time with families and grandchildren and doing things they were unable to do in the past. In this case, it becomes evident that management of the family

firm has to be run by a style of management in which the founder is not the centre of decisions.

Figure 9: Symptoms of Life Cycle Crisis



Source: Smith (2007)

Reversely, some family norms applied in family businesses that may be a source of competitive advantage in the early stages such as kinship networks, might increase the possibility of conflict and altruistic behaviour towards the family and harm the firm on the long-run (Memili et al., 2012). This is expressed by Smith (2007) as a contradiction between the "business way" and "family way".

6. Competition

Living in a fiercely competitive world and having short product cycles makes the willingness to make managerial improvements a necessity if the firm is to survive and compete (Kellermanns and Eddleston, 2006). The greater the number of generations that join the business, the greater the need for formal planning to organise the efforts of newly joined family members and exploit their capabilities (Jaffe and Lane, 2004). In addition, as far as the business environment becoming more competitive, attracting highly qualified managers has become crucial, and thus, dependence on family members to do everything has become an inefficient method (Hoy and Verser, 1994).

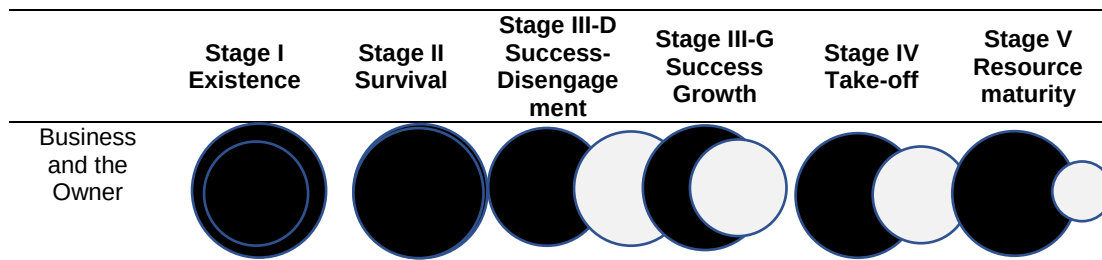
7. Social Conformity

Social conformity is another reason why some family firms seek to change their managerial practices (Memili et al., 2012). For example, a family firm operating in a developed economy should abide by the professional norms controlling the business environment so that it will be able to compete (Memili et al., 2012). The same applies to family firms in developing economies, where professional norms are rare or almost non-existent (Memili et al., 2012). In these cases, professional practices can be of great value compared to the same norms in developed economies (Memili et al., 2012).

2.4.2 Beyond the Founder's Shadow

So far it has been discussed that the family firm must seek a managerial transition and the reasons were clarified. In this section, the light will be thrown on the nature of that managerial change, especially the change that occurs upon the founder leaving the business for various reasons. It can be inferred from various studies that the firm, in the early stages, depends on the founder who is at the centre of decision-making and deals with everything (Churchill et al., 1983). Therefore, scholars who are concerned with the developmental growth of firms, state that the first change any firm faces in order to survive, is to go beyond the founder's full control and involvement, so that the founder is not the centre of management any longer (Churchill et al., 1983, Flamholtz 1995, and Greiner 1998). This can be inferred from *Figure 10*, depicting the founder and the business as the white and black circles respectively (Churchill et al., 1983). As shown, as far as the firm goes beyond the early stages towards success and eventually take off, the two circles are getting further apart, indicating that business is not too tied to the founder as it grows (Churchill et al., 1983). In addition, the white circle of the owner gets smaller as the business is growing through time to be bigger than the founder's ability to control.

Figure 10: Characteristics of Small Business at Each Stage of Development



Source: Churchill et al., (1983)

Although there are several stages of growth that the family firm goes through, professionalisation has received special attention and occupies a considerable amount of space in the literature (Stewart and Hitt, 2012). It seems that it was not a coincidence when Churchill et al., (1983) used the word "pivotal" to describe the stage in which the firm attempts to professionalise. Peiser and Wooten (1983) described the process of moving from the entrepreneurial to professional management as a "crucial test". Hofer and Charan (1984) moreover stated that *"the most likely causes of business failure are the problems encountered in the transition from one-person, entrepreneurial style of management to a functionally organised professional management"* (p, 1). This can be concluded from the fact that only 30% of firms survive through the second generation (Zellweger et al., 2011).

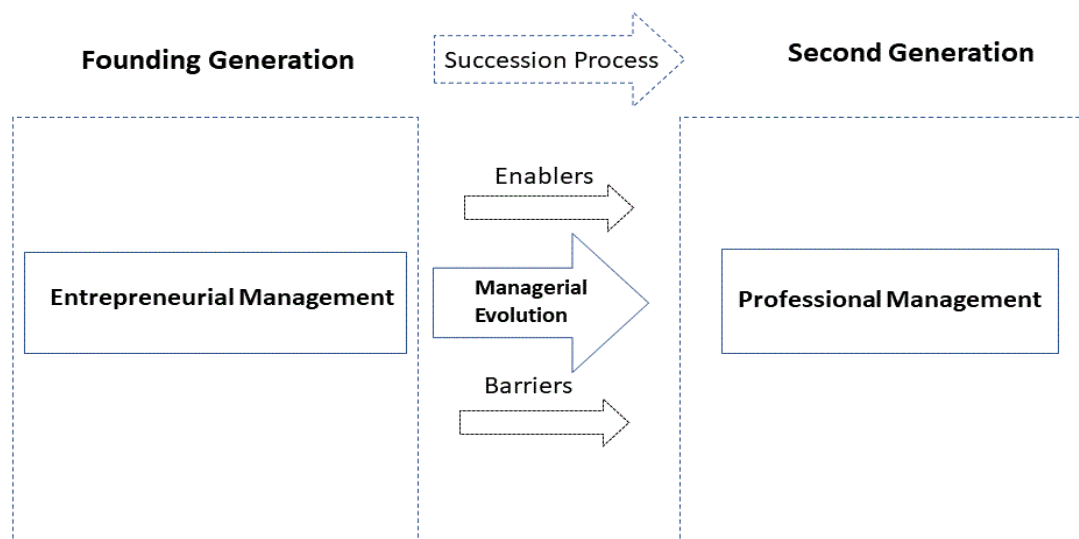
In summary, the beginning of this chapter was to define family business so as to clarify all relevant details of the phenomenon of interest in this research. Then it was discovered that the objective of family business definitions was mainly to distinguish between family and nonfamily business. This led us to investigate the differences between family and nonfamily business. Several aspects of these differences were clarified, of which one is the managerial style applied in each form of organisation. This investigation clarified that family businesses are perceived in the literature to have an entrepreneurial style of management, whereas nonfamily businesses are assumed to have a more advanced managerial form of organisation, which is commonly described as professional management. The entrepreneurial and

professional management directed the research to the area of managerial evolution. Reasons for, and phases of managerial development were illustrated in greater detail to provide a clear image of all the phases any firm goes through.

2.5 Preliminary Theoretical Framework

To visualise what was discussed in the chapter so far, *Figure 11* shows the managerial evolution process from the entrepreneurial to professional management. It is worth mentioning that the succession process is included in this figure because no phenomenon in family business can be in an isolation from the impact of succession.

Figure 11: Preliminary Theoretical Framework



Source: (El Gallad, 2018)

As clarified in *Figure 11*, there is an evolutionary process from entrepreneurial to professional management. The two dotted arrows exhibit the research objective, which is to investigate the potential barriers and enablers that hinder or facilitate the task of family businesses seeking to adopt professional management.

Based on that in the following Chapter 3, a detailed literature review will be undertaken, relating to each part of Figure 11, starting with investigating in

more detail the two styles of management, entrepreneurial and professional. Then a review of the existing barriers and enablers of professional management mentioned will be conducted. Finally, the succession process existing in the literature will be displayed. In light of these objectives, the following review questions will be used in Chapter 3 to conduct the systematic literature review.

A. What entrepreneurial "practices" of management are applied in family businesses?

B. What professional "practices" of management are applied in family businesses?

C. How does the succession process relate to the transition from entrepreneurial to professional management?

3 Systematic Literature Review

3.1 Introduction

Having identified the review questions in Chapter 2, in this chapter the systematic literature review (SLR) will be presented. The main objective of this SLR is to identify the research gap in the literature through building on Chapter 2 in which professional management was presented as a possible solution to deal with the inability of family businesses to survive across generations. This objective will be achieved through two approaches. The first is to clarify the two styles of management, professional and entrepreneurial, in greater detail so that the managerial transition, discussed in *Chapter 2*, is clearer. This will be fulfilled by listing the practices of both styles mentioned in the corresponding literature. The second approach is to list all enablers and barriers that face the family businesses when they attempt to adopt professional management practices. The purpose of these lists is to exhibit a research gap by reflecting on findings obtained from the empirical project to provide evidence for the research contribution claimed.

This chapter is structured as follows. Section 3.2 starts with the review questions developed in Chapter 2 to research different databases, and the whole systematic review is illustrated through a detailed review protocol. The chapter then focusses on two main streams, namely entrepreneurial and professional styles of management, which are related to the first two review questions. Every stream ends with defining certain practices and distinguishing each of them. As the managerial transition takes place during, and is caused by, a generational succession, section 3.3.3 of the literature review will shed light on the main themes of succession in family business literature relating to the third review question. The chapter lists four important tables. Two tables list all practices of entrepreneurial and professional styles of management in sections 3.3.1 and 3.3.2 respectively. In the same sections, the other two tables list all barriers and enablers mentioned in literature facing the family firm when it adopts professional management practices.

3.2 Literature Review Methodology

3.2.1 The Scope of Research

Three areas of research are investigated within the realm of family business as indicated in *Figure 1* in *Chapter 1*. The first is entrepreneurship, while the second area covers professionalisation. Third is succession. These areas are in line with the three review questions mentioned previously in *Chapter 2*.

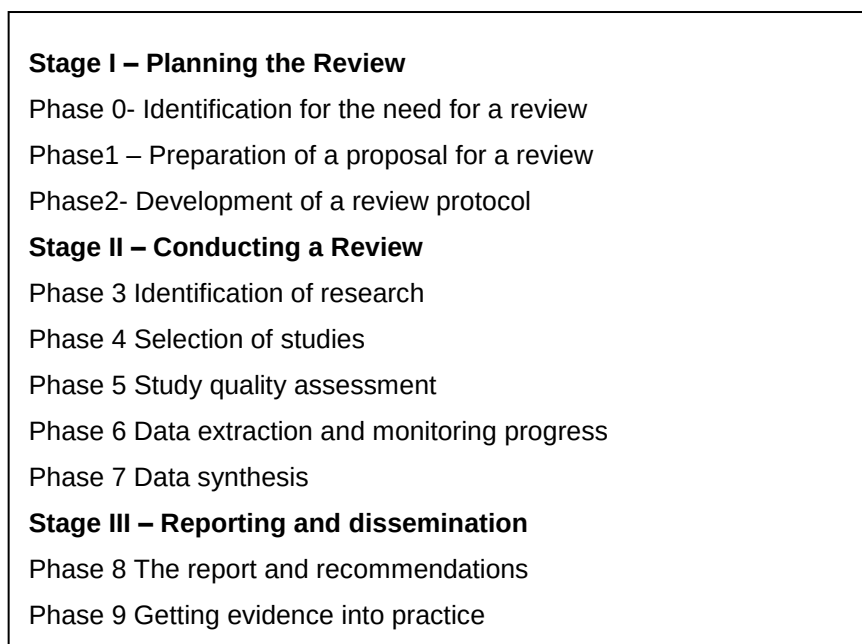
The Systematic Review Process

Review Protocol

A systematic literature review (SLR) is defined as “the selection of available documents on the topic that, contain information, ideas, data, and evidence written from a particular standpoint, to fulfil certain aims, or express certain views on the nature of the topic and how it is to be investigated, and the effective evaluation of these documents in relation to the research being proposed” (Hart, 1998). Another definition of a systematic literature review is “a replicable, scientific and transparent process, in other words a detailed

technology, that aims to minimise bias through exhaustive literature searches of published and unpublished studies and by providing an audit trail of reviewer's decisions, procedures and conclusions (Tranfield et al. 2003). The systematic review was conducted using the methodology prescribed by Tranfield et al. (2003) as outlined in *Figure 12*. This methodology includes three main stages; planning the review, conducting the review, and finally reporting and disseminating the results of the review.

Figure 12: Stages of A Systematic Review



Source: Tranfield et al. (2003)

The first two phases in planning the review is to identify the need for the review and prepare a proposal for the review, which were accomplished in *Chapter 2* by identifying the problem the family business suffers, namely having a very low percentage of family businesses able to survive across generations. *Chapter 2* also clarified the importance of applying professional management and, ended with developing review questions. The last phase in stage 1 is to develop a review protocol that aims to protect objectivity through providing explicit descriptions of the steps taken to conduct this literature review (Tranfield et al., 2003).

Reasons for Writing a Literature Review

According to Bryman and Bell (2011), there are several reasons for writing a literature review. These reasons are:

- To learn from other researchers' mistakes
- To learn about different theoretical and methodological approaches to the research area.
- To suggest research questions for the new researchers.
- To help with the interpretation of findings.
- To help in developing analytical framework.
- To know what is already known about the area of research.

In this research, the role of the literature review is to provide a conceptual framework by investigating what is already known in the area of family business literature; more specifically the existing barriers and enablers of professional management.

Review Panel

It is worth mentioning that the entire research process was under the supervision of a review panel in Cranfield School of Management, see *Table 5*. This is to confirm that all steps in this review were under the supervision of high calibre professors in Cranfield School of management. In addition, according to the DBA requirements in Cranfield School of Management, the systematic literature review must be done under strict supervision and review process by a review panel.

The review panel consisted of three members of the Cranfield School of Management. The panel chair is Cliff Bowman Professor of Strategic Management who focuses on the facilitation of strategy processes within firms. He has written eight books and published over sixty papers. He was Chairman of the European Case Clearing House, and Academic Dean of the School of Management from 1998-2006.

The panel also includes Mike Bourne who is the Professor of Business Performance at Cranfield School of Management. He has spent the last 20 years helping companies design, implement and use their performance measurement and management systems.

The lead supervisor is Dr. Stephanie Hussels. Dr. Hussels is a Senior Lecturer in Entrepreneurship at Cranfield University, Director of BGP and runs the venture capital module on the full-time and executive MBA. Her current research focuses on entrepreneurial resilience, family business and business survival.

Table 4: Review Panel Members

Person	Organisation	Involvement
Dr. Stephanie Hussels	Cranfield School of Management	Lead Supervisor
Professor. Mike Bourne	Cranfield School of Management	Panel Member
Professor Cliff Bowman	Cranfield School of Management	Panel Chair

Conducting the Review

Upon conducting a systematic review, the beginning is the identification of search keywords (Tranfield et al., 2003). Search key words are shown in *Table 6*. After the review questions and search key words, the search strings are the following step. Having completed the search strings, they are entered into various online databases, clarified in *Tables 11 to 14*. After obtaining the results of each data base, a filtration process takes place by removing duplicates via Refworks. The final articles are then subject to a quality assessment through inclusion and exclusion criteria. Quality assessment includes also appraising the internal validity and degree to which design, conduct and analysis have minimised bias and error.

Search Key Words

Table 5: Key Search Words Used in The Systematic Review

Key Search Words
Family business, family firm, family-controlled business enterprise, family enterprise, family company
Family business succession, management succession, generational succession, family business life cycle
First generation. Founding generation. Second generation
Entrepreneurial management, small business management
Professionalisation, professional management, managerial upgrade, managerial improvement, managerial transition, professional management barriers, enablers

Search Strings

In line with the above review questions, the search strings below were developed in light of the three review sub questions

Table 6: Search Strings

String 1: ("family business *" OR "family firm*" OR "family-controlled business enterprise*" OR "family enterprise*" OR "family company*")
RQ1.What entrepreneurial style "practices" of management are applied in family businesses?
String 2: ("entrepreneur*" OR "small business manage*")
RQ2.What professional style "practices" of management are applied in family businesses?

String 3: ("professional*" OR "professional manage*" OR "managerial upgrade" OR "managerial improvement" OR "manage* development")
RQ 3. How does the succession process relate to the transition from entrepreneurial to professional management?
String 4: ("succession plan*" OR succession OR "management success*" OR "Management transition*" OR "business life cycle")
String 5: ("first generation" OR "found* generation") AND ("second generation")

Report of Databases Results for Search Strings

Searching for articles in the areas of study, four databases were searched: EBSCO host, ABI, Scopus and Web of Science. Google Scholar was used but it does not provide advanced search features like the other four databases. Google Scholar was researched after the other four databases searches were completed, where many articles, obtained before, were generated again. This provided confidence that the searches in the four databases, to some extent, covered a wide scope of articles written in the selected areas of the research.

In *Table 8*, the results of the four databases are exhibited. As it appears, for the two databases, EBSCO Host and ABI, the number of results was quite big as these databases focus more on social and managerial sciences. Reversely, SCOPUS, has the lowest number of results as this database does not have such a big coverage on social and managerial science like the first two databases.

Table 7: Number of Results for Combinations of Search Strings in Four Databases

Database Strings	EBSCO Host	ABI	SCOPUS	Web of Science
String 1 and 2	1373	3966	407	791
String 1 and 3	847	2392	35	25

String1, 2 and 3	141	561	3	83
String1, 2, 3 and 4	26	97	1	4
String1, 3 and 4	153	382	8	25
String1, 2 and 4	181	569	53	76

After obtaining the above-mentioned total number of results for each database, the filtration step decided on articles based on the exclusion and inclusion criteria as indicated in *Table 9 and Table 10*. Based on limiting the results to scholarly journals, the first evaluation method was to downsize the number of articles based on title and abstract relevancy. This was applied to each database. These articles were then exported to Refworks to check for duplicates and to start the process of evaluating these articles based on the full text. In the following section, illustrations for each database results are exhibited.

Table 8: Inclusion Criteria

Criteria	Rationale
Chartered Association of Business Schools rankings of four, three, two and one	To ensure the quality and objectivity of information
Peer reviewed articles	To ensure the quality and validity of data
Type of publication: academic "scholarly" journals	To ensure the paper structure and methodology are properly presented
English journals	To allow examiners and readers access and review sources easily

Table 9: Exclusion Criteria

Criteria	Rationale
Non-English Language Journals	English is the only official language in the review.
Non-rated journals	Cannot guarantee a high quality to avoid possible bias or errors
Articles before 1950	The beginning of family business discussions started in 1953.
Some types of publications	Magazines, news. To avoid subjectivity of people's personal opinions.
Impact of specific industry or sector on family business	Example: family business in sportswear business and generational succession in diamond sector in US
Subjects that are specific to certain contexts	Example: family business taxation in US
Mergers and acquisition in family businesses	Certain case studies that are not generalisable
Ethnicity in family business	Example: how Asian employees deal with family business owners in the USA?

After deciding on the criteria for including and excluding articles, a search of four main databases started. The four databases are ABI, Scopus, EBSCO Host and Web of Science. For each database, combinations of several strings were searched in order to include the greatest possible number of related articles. In the following *Tables 11,12, 13 and 14*, the results of each database will be exhibited.

Table 10: ABI Database Results

ABI			
String Combinations	Number of hits	Limited to Scholarly Journals	Based on title & abstract
String 1 and 2	3966	630	122
String 1 and 3	2392	423	88
String1, 2 and 3	561	138	33
String1, 2, 3 and 4	97	30	9
String1, 3 and 4	382	62	22
String1, 2 and 4	569	92	30
No. of articles exported to Refworks to check for duplicates and full text evaluation			304

Table 11: EBSCO HOST Database Results

EBSCO HOST			
String Combinations	Number of hits	Limited to Scholarly Journals	Based on title & abstract
String 1 and 2	1373	645	134
String 1 and 3	847	275	85
String1, 2 and 3	141	79	23
String1, 2, 3 and 4	26	14	6
String1, 3 and 4	153	58	20
String1, 2 and 4	181	85	30
No. of articles exported to Refworks to check for duplicates and full text evaluation			298

Table 12: SCOPUS Database Results

SCOPUS			
String Combinations	Number of hits	Limited to Scholarly Journals	Based on title & abstract
String 1 and 2	407	318	83
String 1 and 3	35	25	6
String1, 2 and 3	3	2	1
String1, 2, 3 and 4	1	0	0
String1, 3 and 4	8	6	2
String1, 2 and 4	53	47	15
No. of articles exported to Refworks to check for duplicates and full text evaluation			107

Table 13: Web of Science Database Results

Web of Science			
String Combinations	Number of hits	Limited to Scholarly Journals	Based on title & abstract
String 1 and 2	791	571	106
String 1 and 3	25	21	12
String1, 2 and 3	83	40	5
String1, 2, 3 and 4	4	4	1
String1, 3 and 4	25	17	8
String1, 2 and 4	76	58	20
No. of articles exported to Refworks to check for duplicates and full text evaluation			152

Having generated a certain number of articles from the four databases based on the relevancy of title and abstract, the following step is to evaluate these articles based on full text body. However, prior to assessing articles based on full text, checking for duplicates between these databases was done to avoid reviewing the same article twice. *Table 15*, duplicates between the four databases were excluded, leading to the final number of articles included.

Table 14: Four Databases Articles to be Evaluated Based on Full Text

Database	Number of articles to be evaluated on full text (with all strings combinations)
Ebsco Host	298
ABI	304
Scopus	107
Web of Science	152
Google Scholar	43
Total	904
Duplicates	397
Articles (evaluated based on full text)	507
Number of relevant articles after full text evaluation	66
Articles added during research design, empirical project and cross referencing	79
Final	145

After the systematic literature review was conducted and presented in May 2016, a continuous update was regularly undertaken. This is based on the Bryman and Bell (2011) advice that literature review is not something that should stop once the research design begins. In addition, a further literature review was conducted as the research was progressing with its design and

empirical project as it clarified in Chapter 4, adding 79 articles. This addition brought the final number of articles included in this thesis to 145.

Cross Referencing

One of the main methods used during this research to generate references is cross referencing. Through the course of this research it appeared evident that cross referencing is an effective method. This is because family business is a very specific topic that has been discussed and researched in only a few journals which are mainly *Family Business Review*, and *Entrepreneurship Theory & Practice* (ET&P). In addition are two other journals which are *Journal of Business Venturing* and *Research Policy*. In Table 16 below, the main journals concerned with family businesses studies are displayed.

Table 15: Major Journal Discussing Family Business Topics

Journal	Ranking
<i>Family Business Review</i>	4*
<i>Entrepreneurship Theory & Practice</i> (ET&P)	3*
<i>Journal of Business Venturing</i>	3*
<i>Research Policy</i>	4*

3.3 Main Streams in Family Business Literature

Based on reviewing the family business literature, certain streams were identified. These streams are clarified in Table 16.

Table 16 Main Streams in Family Business Literature

Topics	Articles, % of total
Succession planning/protocols/continuity	17.4
Professionalisation	0.7
Management and organisational theory	11.5
Strategy management and organisational change	7.8
Entrepreneurship/innovation	4.7
Human resource management	3.5
Gender and ethnicity	3.6
Business performance and growth	6.4
Interpersonal family dynamics	7.8
Financial management/capital market/liquidity and fiscal issues	7.2

Source: Velasco et al. (2011)

The above *Table 16* shows the main streams researched in the family business literature. This table was generated by Velsaco et al. (2011) based on reviewing 703 articles in the area of family business literature. As it appears, the most researched area in family business is succession yielding 17.4%. As indicated previously this research is concerned with investigating barriers and enablers of professional management. The professional management is the style of management the subsequent generations attempt to adopt after the founder's era distinguished with the entrepreneurial management. Therefore, this research is on a relationship with, entrepreneurial management, professionalization and succession literature. This sequence can be noticed in the following sub-questions utilised in the literature review. It should be noted that the contribution expected from this research will be mainly from the

professionalisation area of research through the investigation of barriers and enablers to adopt professional management.

3.4 Findings: Entrepreneurial and Professional Management

Referring to review questions discussed previously in *Chapter 2*, in this section, review questions 1 and 2 will be addressed.

1. What entrepreneurial practices of management are applied in family businesses?
2. What professional style practices of management are applied in family businesses?

In Chapter 2, it was clarified that the managerial transition beyond the founder is a movement from the entrepreneurial to professional management (Hofer and Charan, 1984, Charan et al. 1980 and Stewart and Hitt, 2012). In this section, the two managerial styles will be further clarified in greater detail and thoroughly investigated. The purpose of this section is to illustrate all the practices corresponding to each style of management.

Section 3.3.1 starts with illustrating the concept of entrepreneurship and its main constituent, which is the entrepreneurial orientation. Then the section clarifies how entrepreneurship is applied in a family business specific context. Finally, the section ends with *Figure 14* that summarises all possible practices of entrepreneurial style of management in general and in the realm of family businesses.

3.4.1 Entrepreneurial Style of Management:

The entrepreneurial firm is *“a firm geared towards innovation in the product market field, by carrying out risky initiatives, and which is the first to develop innovations in a proactive way in an attempt to defeat its competitor”* (Miller and Friesen, 1982 p. 771).

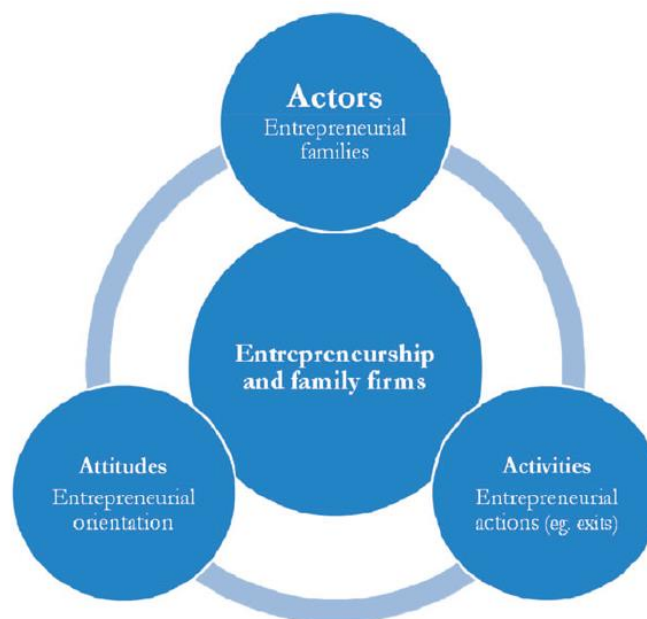
It can be noted that entrepreneurship is usually mentioned to describe a certain management mind-set, spirit (Kellermanns and Eddleston 2006), an organisation initiative (Cruz and Norqvist, 2012), behaviour, personality, attitude

or in other words "orientation" (Cruz and Norqvist, 2012). This leads us to highlight the concept of entrepreneurial orientation.

Entrepreneurial Orientation

Entrepreneurial orientation (EO) is *"a construct that addresses the mind-set of firms, engaged in the pursuit of venture creation that reflects the organisational processes, methods and styles uses to act entrepreneurially"* (Lumpkin & Dess, 1996, p. 139). Entrepreneurial orientation is one of the three constituents that shape the relationship between entrepreneurship and family business (Nordqvist and Melin, 2010). This is exhibited in the framework of entrepreneurship and family business by Nordqvist and Melin (2010) (Figure 13). As shown, EO (attitudes) is one of the three main elements of entrepreneurial families (Nordqvist and Melin, 2010).

Figure 13: Framework for Entrepreneurship and Family Firms: The Three A's of Entrepreneurial Families



Source: (Nordqvist and Melin, 2010)

According to Hernández et al. (2018), the entrepreneurial orientation composite construct consists of five independent dimensions. Three of them, innovativeness, proactiveness and risk taking were developed by Miller (1983).

The other two dimensions, autonomy and competitive aggressiveness, were developed by Lumpkin and Dess (1996). These dimensions are a major part in the essence of running a family business (Hoy and Verser, 1994).

The first component of entrepreneurial orientation is innovativeness, which refers to a company's efforts to discover new product and/or service opportunities, and make improvements to existing processes and systems (Lumpkin et al, 2010). It consists of a willingness to introduce novelty and seek solutions through experimentation and creative problem solving (Lumpkin and Dess 1996). It is always confirmed that innovativeness is crucial to the firm viability because it is the source of new ideas that create new products (Lumpkin et al, 2010).

The second component is proactiveness. If innovativeness was to discover new opportunities in the market, proactiveness refers to a company's efforts to recognise and seize them (Miller, 1983). Proactiveness involves tracking and monitoring changes in the business environment (Lumpkin and Dess 2001). It also includes taking action quicker than competitors to discover future demands (Lumpkin et al, 2010).

The third component is risk-taking, which means the willingness to venture into the unknown without certain knowledge of probable outcomes (Covin and Slevin 1991). Investing in unproven technologies, entering untested markets and accepting financial risk are all examples of risk-taking (Lumpkin et al. 2010). Risk taking is the most distinguishing feature of entrepreneurial behaviour because entrepreneurs believe in a certain idea and seek to achieve it without being confident about the consequences (Lumpkin and Dess 1996).

The fourth element of the entrepreneurial orientation is competitive aggressiveness. Competitive aggressiveness refers to a firm's efforts to outperform its rivals (Lumpkin and Dess 1996). In a competitive marketplace, the company must have an aggressive response aimed at overcoming threats (Miller and Camp 1985). Competitive aggressiveness may also leverage the outcomes of the previous three elements of proactiveness and innovativeness to build and protect the competitive advantage of the business.

The last component of the entrepreneurial orientation is autonomy. Autonomy refers to the independence that is needed to explore opportunities, bring forth business concepts and carry them through to completion (Lumpkin et al. 2010). It is essential that, in a highly competitive environment, individuals and teams have the ability to make decisions and take action without being hindered by the organisational constraints that usually impede progress (Lumpkin and Dess 1996).

Having identified the concept of entrepreneurship and entrepreneurial orientation, in the following, the adoption of entrepreneurial management in family businesses will be further discussed.

3.4.1.1 Entrepreneurial, Family or Founder Management: Towards a Precise Description

Family Firm Management

There has been a common perception that family business and entrepreneurship are closely linked and this can be inferred from Hall and Nordqvist (2008) who stated that "family firms constitute a unique context for entrepreneurship". Considering the relationship between family business and entrepreneurship, Hoy and Verser (1994) asked whether they should be seen as an omelette or two eggs in an attempt to find common ground between both and to decide if we are dealing with one or two separate entities. Hoy and Verser (1994) concluded that family business falls within the entrepreneurship domain; meaning that they are independent but overlapping at the same time. However, there is no integrated theory to explain the relationship between entrepreneurship and family business (Hoy and Vesper, 1994). It has been always assumed that entrepreneurship is the essence of family businesses (Hoy and Verser, 1994).

Entrepreneurial management is intertwined with the family business literature to describe the behaviour and management applied in family business in general, and in other cases describing the management style of the founder (Hofer and Charan, 1984, Charan et al., 1980, and Memili et al., 2012). From reviewing the literature related to family business and entrepreneurial

management, it can be noted that it is somewhat "chaotic" when it comes to demarcating the boundaries between entrepreneurial, family and founder management.

Some scholars label family businesses as entrepreneurial firms as if we are dealing with two faces of the same coin (Hofer and Charan, 1984, Charan et al., 1980, Barnes and Hershon, 1989 and Memili et al., 2012). This trend falsely implies that entrepreneurial management equals family business management. Therefore, it is no wonder to find in family business literature the word entrepreneurial firm used interchangeably with family firm and suggesting that the behaviour of family business is entrepreneurial (Dyer, 1989, Kellermanns and Eddleston, 2012, Chua et al., 2009, Craig and Moores, 2005 Flamholtz, 1995). In this literature review, all elements distinguishing the way of management in family business were reviewed, which goes beyond entrepreneurial orientation elements. As discussed in the introduction of section 3.3.1, entrepreneurial orientation elements are the first part in shaping a family business management. The second part, constituting family business management is the resource of familiness, which is discussed in the following paragraphs.

Familiness

There are some resources of entrepreneurial management that are very special in the family context. Perhaps the most well-known resource is familiness (Kansikas et al., 2012). An important resource of strategic entrepreneurship is familiness (Kansikas et al., 2012). Familiness is defined as *“unique bundle of resources a particular firm has because of the systems interaction between the family and the business”* (Habbershon and Williams, 1999, p11).

Familiness is the major source of family norms (Habbershon and Williams, 1999, p11). Family norms are the recognition of subjectivity, privacy, and intimacy, without specifying formal and written duties and responsibilities relevant to tasks in business governance (Lansberg, 1988). Nepotism and paternalism are two main characteristics of the entrepreneurial management of

family business that cause troubles in many cases, especially when the firm attempts to hire nonfamily managers (Lumpkin et al., 2010).

The role of family to entrepreneurship in the family business context is crucial (Nordqvist and Melin, 2010). Referring to *Figure 13* by Nordqvist and Melin, (2010) family is the "actor" in the relationship between entrepreneurship and family business. Family not only provides financial resources, but also provides the "family feelings", "sense of common fate", which is reflected in business in a form of devotion and commitment (Nordqvist and Melin, 2010). Consequently, any unpleasant incident may occur to the business, such as shedding resources or leaving a market, even if it is unprofitable, is a failure to the family's reputation (Nordqvist and Melin, 2010).

For family entrepreneurs, quite close to the concept of familiness, family is considered a rich reserve of resources: economic, affective, educative and connective (Steier 2007). Family can be seen as the incubator for the generation of new ideas, and the birthplace of the entrepreneurial ventures is usually the home (Nordqvist and Melin, 2010). Family, enhances the feeling of trust, and represents an important source of tacit knowledge by the accumulation of experience through years (Lumpkin et al., 2011). Family bestows "distinct" advantage to family firms (Brockhaus, 1994).

Social capital is another resource that is provided by the existence of the family in the family business context (Carney, 2005). Social capital is possession of or access to networks or relationships that can be drawn upon to achieve certain business outcomes (Salvato, 2004). From a social capital perspective, family, provides what is known as the four C's. These four Cs are continuity (long time horizons), community (unusual care of employees), connection (a focus on enduring relationships outside the firm), and command (ability to make quick and bold decisions) (Lumpkin et al., 2010). The ability to exploit these capabilities provides the family firm strategic advantages (Lumpkin et al., 2010).

Survivability capital is another resource created by the existence of the family in the business (Kansikas et al., 2012). Survivability capital means that

family members contribute personal resources such as free labour, loaned labour, additional investment, or monetary loans to business (Lumpkin et al., 2010). These kinds of resources can never exist in non-family business and thus provide a competitive edge over non-family firms (Brockhaus, 1994). Survivability capital is connected with altruistic behaviour, exhibited by family members who favour the family business needs to their own personal needs (Lumpkin et al., 2010).

Kinship is a basic managerial element produced by the family involvement in the business (Stewart and Hitt, 2012). Although some scholars have some concerns regarding kinship as a professional management barrier, it is an intrinsic managerial aspect of any family firm (Stewart and Hitt, 2012).

Because families consider business investments as properties of the family as well, this creates the concept of patient capital (Lumpkin et al., 2010). Patient capital indicates that families tend to have longer time horizons when it comes to evaluating investments, compared to nonfamily business (Lumpkin et al., 2010). Long-term orientation (LTO) is another element of entrepreneurial management (Kansikas et al., 2012 and Lumpkin et al., 2010). The way to evaluate capital investment in family businesses tends to have a longer time horizon than the cases of non-family business as any business investment could be considered as part of the family wealth at the same time (Lumpkin et al. 2010).

As founders tend to be tenured in their businesses for their lifetimes, this supports the argument that family businesses have longer time horizons and greater consideration towards the long-term performance, compared to non-family businesses (Bartholomeusz and Tanewski, 2006). Focusing on passing the business to succeeding generations and building "lasting family legacy" are two essential supporters to developing longer time horizons in the family business than non-family businesses (Bartholomeusz and Tanewski, 2006). Having some nonfinancial goals is added to the drivers of family business to have long-term orientation (Bartholomeusz and Tanewski, 2006).

A family company "brand" is another resource the firm enjoys as a result of the family basis (Lumpkin et al. 2010). This increases the trust of clients, especially in some industries, such as consumer products (Lumpkin et al. 2010). Habbershon and Williams (1999) support this view, stating that being an owner and manager at the same time creates stakeholders' efficiencies. There is an advantage to be found in a customer's ability to interact with a family member whose family name is on an advertising billboard (Habbershon and Williams, 1999).

Continuing with the elements of familiness contribution to the family business, examples are kinship (Smith, 2007), paternalism (Hoy and Verser, 1994), nepotism (Memili et al., 2012), feelings of common fate between family members (Nordqvist and Melin, 2010), patient capital behaviour, family brand (Craig and Moores, 2005). All of these characteristics can be bundled under the umbrella of familiness, which represents all the resources the family firm enjoys as a result of the interaction between family and business resources (Kansikas et al., 2012).

Having discussed the second part of family business management, familiness, in the following paragraphs, the third element, the founder style, is discussed.

Founder Style of Management

Some scholars label the entrepreneurial style of management to describe those companies run by the founder, or have the merit of depending on a one man show (Hofer and Charan, 1994 and Watson ,1995). Again, this association between a founder run family business and an entrepreneurial family firm provides an inaccurate depiction of the family business management. This is because, based on the reviewed literature, the founder style of management has several constituents beyond elements of entrepreneurial orientation; innovativeness, proactiveness, risk taking, competitive aggressiveness and autonomy (Lumpkin et al., 2010), discussed in section 3.3.1. Adding to the (EO) elements, the majority of founders possess some individual traits as follows.

For the individual traits, the majority of the founders have long-term orientation (Lumpkin et al., 2010), centralised decision-making (Kellermanns and Eddleston, 2006), intuition-based decisions (Cruz and Nordqvist, 2012), rapid decision making (Kansikas et al., 2012) and desire for ego satisfaction (Hofer and Charan, 1984). Entrepreneurial leaders are also stress resistant and nonexperimental in their actions, conscientious, conformist and competitive (Kansikas et al., 2012).

Continuing with the personal motives of the entrepreneur, three important traits must be included, which are the need for achievement, high internal locus of control, and propensity to risk-taking (Ahmed, 1985). The need for achievement is defined as the desire to do well to attain an inner feeling of personal accomplishment McClelland (1961). Risk taking is defined as dealing with uncertainties and the degree of readiness to bear them. Internal Locus of Control can be defined, according to Rotter (1966). as one's perception of events being contingent upon one's own characteristics or actions. On the other side, External Locus of Control is viewed as one's feeling of the outcome being fully independent of his own actions. This means that outcomes can be the result of luck, chance, fate or powerful others.

Table 17 below summarises the general characteristics that compose the founder style of management, which are either entrepreneurial or general.

Table 17: Characteristics of the Founder Style of Management

Entrepreneurial (EO)	Individual Traits “Capabilities”
<ul style="list-style-type: none"> ▪ Autonomy ▪ Risk taker ▪ Innovative ▪ Proactive ▪ Competitive aggressive (Lumpkin et al., 2010) 	<ul style="list-style-type: none"> ▪ Longer term oriented (Lumpkin et al., 2010) ▪ Centralised decision maker (Kellermanns and Eddleston, 2006) ▪ Intuition based decision-maker (Cruz and Nordqvist, 2012) ▪ Rapid and flexible decision-maker (Kansikas et al., 2012) ▪ Ego satisfaction seeker (Hofer and Charan, 1984) ▪ Conformist (Kansikas et al., 2012) ▪ Stress resistant (Kansikas et al., 2012) ▪ Nonexperimental in action (Kansikas et al., 2012) ▪ Conscientious (Kansikas et al., 2012) ▪ High internal Locus of control (Ahmed, 1985) ▪ Need for achievement (nAch) (Ahmed, 1985) ▪ Propensity for risk taking (Ahmed, 1985)

Having clarified three elements of family business management, EO "company level", Familiness, and the founder style of management, some additional characteristics were identified during the literature review that cannot be grouped with any of the three previous parts. Therefore, it was decided to establish a fourth part to gather all the characteristics that distinguish how the family business is run under a separate umbrella called "general characteristics of family business management" as follows.

General Characteristics of Family Business Management

The fourth element of family business management comprises some characteristics that are inherent in the nature of family-controlled firms. One of the basic elements of these characteristics is the low degree of agency cost.

Agency theory is defined by Jensen and Meckling (1976) to *include all actions by an agent that contravene the interests of a principal, plus all activities, incentives, policies, and structures used to align the interests and actions of agents with the interests of principals* (Chua et al., 2005). From an agency theory perspective, family business members are owners and managers

at the same time (Lumpkin et al., 2012). This unique relationship reduces the pressures on family business owner/ manager as there is greater job security than that of a counterpart in a nonfamily business (Lumpkin et al., 2010). This makes the founder/ owner pay less attention to the short-term benefits, which may be the main concern of the manager in nonfamily business (Lumpkin et al., 2010).

In addition to having low agency cost, family businesses have other distinguishing managerial characteristics. One of these tools is highly centralised decision-making (Hofer & Charan, 1984). Other common attributes include informal relations, rapid decision-making, a single decision-maker, an achievement-oriented culture, and individual skills of the leader who can achieve goals in an innovative way and is able to motivate others (Kansikas et al., 2012). According to Nordqvist and Melin (2010), networking in a family business is generally developed by the social capital that the family firm maintains over time, which is a major source of the competitive advantage for family firms.

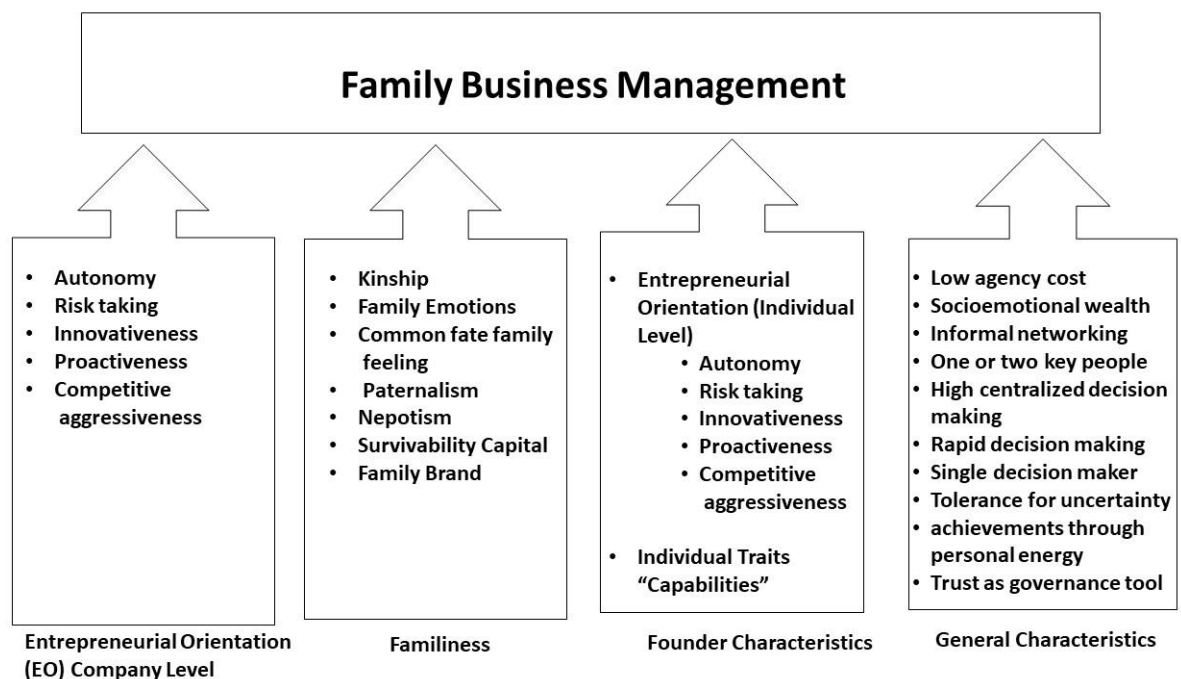
Tolerance for uncertainty, achievements through personal energy, rather than collaborating with others, ideas and individuality driven behaviour rather than policies and procedures, are all added to the general management features (Hoy and Verser, 1994). Trust can be used as a governance mechanism in entrepreneurial management (Lumpkin et al., 2011). Intuition is a major tool for many family entrepreneurs when they make decisions (Dyer, 1989). This may represent an obstacle when the family firm tries to professionalise, as professional management depends on logic and analysis, rather than intuition (Dyer, 1989).

According to Memili et al. (2012), family business is characterised by dependence on one or two key people, a lack of repertory of skills and managerial training, informal communication and networking, flexibility to change plans and no specific responsibility to individuals. Finally, having nonfinancial goals is "socioemotional wealth" one of the intrinsic features of running a family business, which was clarified previously in Chapter 2 as one of

the aspects of differences between family and nonfamily business (Zellweger et al., 2012 and Gomez et al., 2011).

To summarise and visualise the four parts composing the family business management, below *Figure 14* below exhibits them as four main blocks constructing with arrows the family business management.

Figure 14: Four Elements Composing Management in Family Business



Source: El Gallad (2018)

After clarifying what is meant by the family business management, which answers review question one as entrepreneurial elements are part of it, in the following the focus will be on shedding light on professional management, which is the style of management that the subsequent generations attempt to adopt upon the occurrence of a generational succession, mainly beyond the founder.

3.4.2 Professional Style of Management

Professionalisation of family firms is one of the proposed areas for future research (Benavides et al., 2011). In *Chapter 2*, it was discussed that professional management is the style of management the family firm attempts

to adopt upon the generational succession from the founding to the second generation. Therefore, this review is concerned with investigating the barriers and enablers that face family-controlled firms when they attempt to adopt professional management. This section starts with defining professionalisation, both in general and in the context of family business. To complete the illustration of the concept of professionalisation, the related literature was reviewed to extract all practices described in literature as "professional practices". Finally, the section ends with discussing all barriers and enablers of professional management that exist in literature that are the main concern of this research.

3.4.2.1 Definition of Professionalisation

There is no single definition for the concept of professionalisation (Stewart and Hitt, 2012). However, there are some practices extracted from literature that are described as professional. Professionalisation as a term has different meanings and still creates ambiguity as the term has a wide spectrum of practices and gives different perceptions (Watson, 1995).

The most common definition of professionalisation is hiring full time salaried employees, representing an external source of expertise, who are paid to perform a specific task for which they receive a formal education (Stewart and Hitt, 2012 and Watson 1995). Therefore, professionalisation aims to separate ownership from management, so that there will be a real role for an outside manager to perform (Dyer, 1989)

Professional managers are driven by a set of general principles, independent of a particular context (Dyer, 1989). However, professionalisation includes other managerial resources that go beyond just hiring professionals (Stewart and Hitt, 2012 and Dyer, 1983). According to Chandler (2009, p. 127) professionalisation is "*defining [the] organisational structure precisely*" so as to coordinate the work of the salaried managers (Chrisman et al., 2009). For Hofer and Charan (1984), professionalisation is the "*adoption of certain norms*".

3.4.2.2 Professionalisation in Family Business Context

In the realm of family business, the core meaning of professionalisation, is hiring non-family managers (Stewart and Hitt, 2012). This indicates that the main company decisions may not be restricted to the owner "entrepreneur" (Flamholtz, 1995). This represents an important aspect of transition for the family firm when it goes beyond the founder era (Flamholtz, 1995). Dyer (1983) considered professionalisation as "rational alternative to nepotism and familial conflict that plagues a family business".

A similar perspective to Chandler's (1990) of professionalisation is offered by Galambos (2010) who perceived professionalism as having someone who is paid to carry out a certain job that he or she is specialised in doing. This also can be observed in Benavides et al. (2011) who conceptualised professionalism in the family business context as hiring nonfamily managers. According to Watson (1995), the professional manager must have the two connotations of being "competent" and "skilled".

Others, such as (Yildirim-Öktem & Üsdiken, 2010, p. 117) had a "functionalist" perspective of professionalisation in the family firm. The family firm has to cope more competently with competitive and complex business environments. Others looked at family firm professionalisation from a financial dimension in order to enable the firm to obtain credit with better interest rates, better opportunities to raise private equity and enjoy capital from public equity markets (Barden et al, 1984; Dawson, 2011; Ravasi and Marchisio, 2003). This financial dimension also includes preparing the company to go public to reduce taxes and relieve conflict between generations during the succession process (Chrisman et al., 2009)

As in the cases of other scholars who were calling for hiring nonfamily managers, Flamholtz (1995) stated that professionalisation calls for different "types" of managers and more developed abilities of those managers. He asserts that managers should move from being "doers" to those who are mainly concerned with motivation, leadership, organisation and control (Flamholtz, 1995). This is similar to other scholars who said that professionalisation has the

common perception of depending on paid, specialised managers while giving the founder more time and space to lead and plan (Stewart and Hitt, 2012).

3.4.2.3 Professionalisation Benefits

First Mover Advantage

Although family business, as a form of business organisation is overwhelming worldwide, it has been argued that the impact of family business professionalisation is different, based on the business environment in which the family firm exists (Memili et al., 2012). From an institutional theory perspective, social conformity represents pressure on companies to abide by the management norms existing in that environment (Memili et al., 2012). As a result, family firms in developed economies will face a greater requirement to professionalise than those in developing economies (Memili et al., 2012).

Moreover, professionalisation of family firms is expected to represent a competitive advantage in developing economies, rather than in developed economies (Memili et al., 2012). This is because, adoption of professional norms in developed economies would not be rare and not of a great value (Memili et al., 2012). However, in developing economies, hiring professionals and adopting professional norms and practices are quite costly but valuable and could yield the first mover advantage (Memili et al., 2012). Professionalisation is not cheap and applying it may not be easily achieved, especially in developing countries (Memili et al., 2012).

Maintaining Family Relationships

Professional management is not only prescribed for the good of the business but also has a great impact on maintaining good family relationships (Barnes and Hershon, 1989). Professional management "guides a business away from mixing personal lives with business practices, and it helps to avoid the evils of nepotism and weak family successors who appear so often to cause transition crises" (Barnes and Hershon, 1989 p.188).

3.4.2.1 Practices and Norms of Professional Management

As stated by Stewart and Hitt (2012) and Watson (1995), professional management has alternative resources to hire specialists because having only salaried professionals without other managerial improvements occurring in parallel is a failing strategy (Stewart and Hitt, 2012). These resources could include, defining the formal organisational structure (Chandler, 1990), formal training, meritocratic values, decentralised decision-making and delegation to subordinates, (Stewart and Hitt, 2012). Professional management could be a substitute for family management to *"avoid getting lost in the emotions and confusion of family politics"* (Barnes and Hershon, 1989).

Strategic planning is one of the major components of professional management (Stewart and Hitt, 2012). The list of professional management practices also includes formalised, standardised, and scientific means of functioning (Stewart and Hitt, 2012). According to Flamholtz (1995) and Stewart and Hitt (2012), the company will need to organise regular scheduled meetings, define organisational roles and responsibilities, and establish an objective performance appraisal system and management control system that are non-personalised.

Extensive selection, performance-based pay, in-house training, and development, job enrichment, formal networking and employees' empowerment, are all added to the resources of professional management (Stewart and Hitt, 2012). Based on the previously mentioned professional practices, it appears that the process of professionalisation entails a holistic transformation of the company management (Stewart and Hitt, 2012). By the term holistic, professionalisation in the family firm context is multi-dimensional (Stewart, Hitt, 2012).

Based on the above-mentioned practices of professionalisation, *Table 18* lists them all. Professional management can be classified into two categories. The first one is practices, which could be at an operational or managerial level. The second category is related to the mindset existing in the firm, which is described as "norms".

Table 18: Practices and Norms of Professional Management

Norms	Practices (operational and management levels)	
Meritocratic values Stewart and Hitt (2012)	Operational Level	Management Level
Formal networking Stewart and Hitt (2012)	Performance based pay Stewart and Hitt (2012)	Strategic planning Stewart and Hitt, (2012)
Independent nonfamily managers Stewart and Hitt (2012)	In-house and formal training, and development Stewart and Hitt, (2012)	Regularly scheduled meetings Flamholtz (1995)
Substitution to family politics Barnes and Hershon (1989)	Scientific means of functioning Stewart and Hitt (2012)	Delegations to professionals Stewart and Hitt (2012)
	Management control systems Stewart and Hitt, (2012)	Defined Organisation Formal Structure Chandler (1990)
	Job enrichment, and employees' empowerment Stewart and Hitt (2012)	Clear organisation goals & responsibilities Stewart and Hitt (2012)
	Extensive selection Stewart and Hitt (2012)	Decentralised decisions making Churchill (1983)
	Formal Information Analysis based decisions Hofer and Charan (1984)	Intra firm consultative processes decision making Hofer and Charan (1984)

After listing all the practices of professional management, which answer review question two, in the following paragraphs the focus will be to identify the barriers and enablers that the family firm faces when it attempts to adopt professional management practice, which is the main research question. It is worth noting that there was no specific study found that had the main purpose of investigation barriers and enablers of professional management. The following barriers and enablers were collected from several sources that discussed issues related to professional management.

3.4.2.2 Professionalisation Barriers

Some family firms may lack the “skills or the will to successfully make the transition to professional management” (Sharma et al., 1997). Other family firms may be incapable of adopting professional management due to cognitive, cultural, emotional, or managerial barriers. The cognitive impediment is that family business managers may not recognise a need for change (Stewart and Hitt, 2012). An emotional barrier for some founders is the difficulty to “disembed” themselves from the entity they created (Stewart and Hitt, 2012). For some entrepreneurs, personality traits pose equal, if not greater barriers in the transition to professional management than limitations on organisational resources and environmental opportunities (Hofer and Charan, 1984). For example, for some family firms it is quite difficult to switch from nepotism and altruism-centred decision-making to a professional approach (Memili et al., 2012).

Moreover, some family firms are less attractive to nonfamily managers to join because they are not fairly paid compared to family managers (Memili et al., 2012). As discussed previously, the agency cost is low for the family managers because family managers are the owners at the same time. However, hiring nonfamily professionals may raise the agency cost, which is undesirable result of professionalisation (Memili et al., 2012).

Adopting professional management practices through building structured organisation, management systems and hiring of high calibre professionals forces the family firm to pay expenses that not all family firms are willing or able to incur (Memili et al., 2012). Reversely, as will be mentioned in the challenges associated with professionalisation, clashes may occur between nonfamily professionals and family members because they do not understand the cultural idiosyncratic values of the family in conduct of the business (Dyer, 1989).

For nonfamily professionals, the main focus is always directed towards the business and stakeholders' interests (Hall and Nordqvist, 2008). However, this may not be the case in family firms, where the family logics and interest could be predominant over the business logics (Cesaroni et al., 2016).

As discussed in *Chapter 2*, one of the main features of distinguishing family business from other forms of organisation is the socioemotional wealth. To preserve the culture and legacy of the family, family firms may prefer certain professionals who are able to understand the culture of the family firm to others who could be more competent (Gomez et al., 2011). In addition, some professionals have more psychological, social and geographical distance from the family firm and this makes their emotions and relationships individualistic to some extent (Gomez et al., 2011).

Table 19 summarises professionalisation barriers discussed previously.

Table 19: Professionalisation Barriers

Barrier	Author
Professionalisation is expensive	Memili et al. (2012)
Expected clashes with nonfamily managers	Dyer (1989)
Lacking the will or skill to adopt professional management	Sharma et al. (1997)
Cognitive (no need to professionalise), cultural, emotional (how the founder disembeds himself from the entity), or managerial barriers	Stewart and Hitt (2012)
Personality traits (difficult to switch from nepotism- and -centred decision-making to a professional approach)	Memili et al. (2012)
Professionalisation could be counterproductive	Watson (1995)
Higher agency cost	Memili et al. (2012)
Resistance from current employees to any newcomer	Hofer and Charan (1984)
Firm environment not conducive to retention of professionals	Hofer and Charan (1984)
Remuneration to attract new professionals may run counter to firm compensation policies	Hofer and Charan (1984)
Predominance of the family logic over business logic	Cesaroni et al. (2016)
Socioemotional wealth	Gomez et al. (2011)

3.4.2.3 Professionalisation Enablers

After reviewing the professionalisation barriers, now the enablers will be discussed. Having a well-educated second generation is one of the main supporters of professional management (Memili et al., 2012). Alternatively, if the family firm decides to upgrade the current nonfamily managers, it is crucial to have motivated managers to apply the new regulations, otherwise professionalisation efforts will not have the required impact (Dyer 1999).

Motivation of nonfamily managers will be attained through a high level of trust between the family and nonfamily managers, which is another enabler to professional management (Dyer 1999). The high level of trust provides the opportunity for nonfamily managers to be aware and socialise with the family values (Dyer 1999). This can be achieved through continuous active support to nonfamily professionals (Hofer and Charan, 1984). Upon application of professional managerial practices, the management must ensure that the new rules for claiming higher levels of responsibilities are well understood (Dyer 1999).

The business environment in which the family business operates has a significant role in facilitating the adoption of professional practices (Memili et al., 2012). Having a well-developed business environment where the institutional infrastructure is well formalised is another enhancer for professional management.

Table 20 lists above-mentioned enablers to professional management.

Table 20 Professionalisation Enablers

Enabler	Author
Well educated second generation	Memili et al. (2012)
Motivated "current" non-family managers	Dyer (1989)
Trust between family and non-family manager	Dyer (1989)
Help non-family managers to understand the family values	Dyer (1989)
Clear understanding of the rules governing promotion to higher levels of responsibility	Dyer (1989)

Developed business environment (institutional infrastructure formality)	Memili et al. (2012)
Permits delegation of authority	Hofer and Charan (1984)
Active support to new professionals	Hofer and Charan (1984)
Develop new compensation policy based on functional responsibility	Hofer and Charan (1984)
Developed environment so professionals can work properly	Hofer and Charan (1984)
Monitor and reporting of the change process regularly	Hofer and Charan (1984)

After clarifying professional management practices along with the enablers and barriers to adopt it, the following paragraphs provide some critical notes regarding the transition from the entrepreneurial to professional management.

3.4.2.4 Precautions on Transitioning to Professionalism

In the following paragraphs, some highlights will be made on the transition to professional management. This is because not all entrepreneurial elements must be abandoned and not all professional practices must be obtained (Stewart and Hitt, 2012). This section calls for a wise transition and the importance of taking some considerations into account upon the change of management from entrepreneurial to professional management. Flamholtz (1995) used a very interesting sentence, stating that the company should move to be a slightly different type of organisation so that it will be “entrepreneurially oriented and professionally managed”.

Organisations are not Animals

Referring back to the developmental stages proposed by the three scholars (Churchill et al., 1983), Flamholtz (1995) and Greiner (1998) in *Chapter 2*, were scholars who did not agree with that sequence of stages. Watson (1995) refuted the idea that organisations go through sequential stages and asserted that an organisation is not an animal that has to go from infancy and grow older moving through different stages in a biological cycle. Animals have no option other than to grow, whereas organisations do (Watson, 1995).

The same perspective was shared by Stewart and Hitt (2012) who criticized this perspective of evolution and confirmed that growth is not always mandatory to be one of the objectives of the business owners.

Moreover, Watson (1995) gave one of his articles the title "Entrepreneurship and Professional Management: A Fatal Distinction. He criticised the evolutionary stages because they make a distinction at some point, saying that the company has to abandon an entrepreneurial style of management to become professional to enable it to become successful and qualify as a big firm (Watson, 1995). He considered this distinction to be a fatal one (Watson, 1995).

A Call for Wise Transition

Professionalisation is sometimes accused of creating overspecialism and internal divisions among managers (Watson 1995). According to (Watson 1995), professional managers are competent to conduct certain tasks because they are paid to do so. However, the case is different for the entrepreneur who is the owner of the business. The entrepreneur is passionate about doing his job (Watson 1995). He or she is overwhelmed with a new idea or product to get into the market (Watson 1995). Therefore, it will not be advisable to describe the owner as a professional manager (Watson 1995). Watson's concerns (1995) about this fatal distinction, derived criticism from Charan et al. (1980) who assumed that if the firm does not follow certain managerial patterns during its growth, it will suffer. Charan et al. (1980) put it as follows:

"The history of large modern corporations usually reveals an evolutionary process in the form and methods of management. Many such forms started out as small entrepreneurial ventures. As they expanded and grew, formerly successful management practices gradually became obsolete. Consequently, to insure continued survival and growth, it became necessary at some point to make a transition from an entrepreneurial to a professionally managed system
"(1980: Page1)

Adding to Charan et al. (1980), there are numerous examples of scholars who were against the entrepreneurial and family business as a form of organisation. Alfred Chandler (2009) and David Landes (1949) considered family businesses that survive until their time as “relics” of the past. The fifth edition of *Sociology* by Giddens and Griffiths (2006, p. 657) stated that “in the large corporate sector, family capitalism, enterprises owned and managed by families, was increasingly succeeded by managerial capitalism... [and] the entrepreneurial families were displaced” (2006, p.657). Other scholars used some real-life examples of family firms that were purchased by nonfamily firms as a sign of the farewell to entrepreneurial family firms. Professor Michael Useem, in Wharton School of Business, considered that the purchase of Vevendi, a company specialising in digital entertainment, by Seagram Company, the owner of Universal Studios, as a “one more nail in the demise of family capitalism” (Anonymous, 2000). Therefore, it is no wonder that Levinson (1971) proposed that “the wisest course for any business, family or non-family, is to move to professional management as quickly as possible”.

Similarly, Weber (1904/5) favoured professionalisation of management, and discounted any advantage families might give to the business (Lumpkin et al., 2010). The term “family management” has been contrasted to “professional management (Uhlener et al., 2012). Moreover, the dominance of family business in the U.K. was blamed for being a reason behind the economic decline compared to the U.S economy that does not have such a dominance of family-based firms (Chandler, 1990).

With reference to the scholars who criticised dependence only on professionalisation and abandoning entrepreneurial management, Watson (1995) claimed that professionalisation has some practices that could pave the way to the bureaucratic organisation that was developed by Max Weber in 1968. Watson (1995) argues that it will be a big mistake if we are to attain the advantages of bureaucracy, without having informal controls and communication among individuals.

Stewart and Hitt (2012) called for an optimal mix upon the transition from entrepreneurial to professional management. In addition, Stewart and Hitt (2012) further argue that the firm size or market situation may not require the company to have a developed model of professionalisation. Moreover, for many business owners, having a high level of growth, through which the firm moves from one stage to another, may not be among their priorities (Watson, 1995).

The above illustration of the cautious and wise transition from the entrepreneurial to professional management is an important part in this review as it will be utilised and reflected in the rest of the research phases, including the way the researcher will deal with the professionalisation in the empirical project while conducting interviews with participants. This is to ensure that the researcher was not perceiving professional management as superior to entrepreneurial management.

The following will focus on some of the difficulties and challenges that could appear in the case of depending solely on professional practices and abandoning entrepreneurial management that validates the above argument, for a wise transition between the two styles of management.

3.4.2.5 Challenges and Troubles Associating Professionalisation

There are several challenges that associate the process of professionalisation (Dyer, 1983). The first challenge is that business leaders and managers tend to make decisions differently (Dyer, 1983). Whereas founders/ leaders depend on intuition and charismatic personality, managers base decisions on generic rules taught in business schools and academic institutions (Dyer, 1983). This is because both managers and leaders have different educational, or social backgrounds (Dyer, 1983). In addition, nonfamily managers have emotional and geographic distance from the family values and culture (Gomez et al., 2011).

A family owner receives power and authority from ownership, while managers tend to have their own position, based on personal merits and business achievements (Dyer, 1983). Those who are members of the family,

either founders or subsequent generations, grow up and learn practices that are idiosyncratic to the organisation and have little or no experience in other types of organisations (Dyer, 1983). On the other side, professionals are trained formally in business classrooms, where generic skills acquired, enable adaption to any organisation without the ability to understand the idiosyncratic values of the family (Dyer, 1983).

Based on the above-mentioned differences discussed by Dyer (1983) between owners and managers that might result in future business troubles, Hall and Nordqvist (2008) came up with a complete article, asking for an extended understanding to the concept of professionalisation. They proposed that there is a missing part in the professionalisation definition if the assumption is that formal competency is the only constituent of professionalisation (Hall and Nordqvist, 2008). Both formal and cultural competencies, defined as understanding of family goals and meanings of being in business, should be included in the definition of professionalisation (Hall and Nordqvist, 2008).

Killing the Sacred Cow

Professionalisation may create some difficulties as some nonfamily managers assume their role is "*killing the sacred cow*" (Dyer, 1989 p. 231). This means changing the business norms", which could be catastrophic for a family business. According to Dyer (1989), there could be some sacred cows that need to be killed but there are some values of commitment, loyalty, and quality that must to be retained. This requires further research to investigate how professionalisation, which is no doubt recommended by the majority of scholars and practitioners (Dyer, 1983), can be adopted appropriately while avoiding the challenges that could harm rather than assist the family firm.

If formal training is important for professional managers, Hall and Nordqvist (2008) argue that in isolation, it is not sufficient for professional management of family firms. This perspective is supported by Watson (1995) who did not agree with neglecting professionalisation the human desire of wants, and the interests of people within the family firm. A non-family manager usually lacks understanding of the "human issues" in an organisation and the

short-term focus is on financial performance (Dyer, 1983 and Gomez et al, 2011). Hall and Nordqvist (2008) finally came up with a definition of professionalisation integrating cultural competence as follows:

"Professional management in family businesses means an in-depth understanding of the owner family's dominant goals and meanings of being in business (i.e., cultural competence) to be able to make effective use of relevant education and experience (i.e., formal competence) in a particular family business". (p.63)

Last but not least, for some family firms' professionalisation could be counterproductive in terms of organisational effectiveness, with its tendency to encourage internal division and overspecialisation among managers within the enterprise (segmentalism) (Watson, 1995).

As the managerial transition from entrepreneurial to professional management in family businesses usually occurs during a generational succession, in the following paragraphs, the focus will be on the process of succession. Having discussed both the managerial change from entrepreneurially and professionally managed firms, in the coming section the succession process will be discussed since, as mentioned above, it is one of the reasons behind the creation of managerial change (Habbershon and Willaims, 1999). In addition, no phenomenon in family businesses can be studied in isolation from the succession process (Benavides, 2011). Also, the third review question investigates the relationship between succession and the managerial transition from the entrepreneurial to professional management. Therefore, all the themes regarding succession in the family business literature will be identified.

3.4.3 Succession in Family Business

Generational succession usually occurs simultaneously with managerial transition (Barnes and Hershon, 1989). Succession is the most difficult challenge any family business faces (Lansberg, 1988). Therefore, it is no wonder that succession is the most researched area of family business, yielding

17.4% of all researched topics, followed by 11.5% for management and organisation theory, and governance at 9.9% (Benavides et al., 2013). These percentages are based on reviewing 703 articles in the area of family business (Benavides et al., 2013). Succession and continuity are two terminologies permanently linked to each other (Lansberg, 1988). The failure of family firms to continue beyond the life of the founder has severe social and economic impact (Lansberg, 1988).

Succession is considered to be a crisis in the life cycle of the firm, and for a family firm to pass it safely, the founder must find a way to disengage himself from managing the business (Peiser and Wooten, 1983). Even if the founder remains involved, this might create path dependencies that the next generation seek to change, based on their realisation of new opportunities, which may subsequently create conflict (Lumpkin et al. 2010).

Managerial change from entrepreneurship to professionalisation cannot be studied in isolation from succession (Habbershon and Williams. 1999). Actually, whenever there is a succession process in the family firm, there has to be a change in the managerial resources of the company (Habbershon and Williams, 1999). Lansberg describes the importance of the succession process because it "imposes a wide variety of significant changes on the family firm: family relationships need to be realigned, traditional patterns of influence are redistributed, and long-standing management and ownership structures must give way to new structures" (1988, p. 121). Family business succession has been defined as

the passing of the leadership baton (and sometimes ownership), from the founder-owner or incumbent-owner to a successor, who will either be a family member or a nonfamily member, who is, a professional manager (Beckhard & Dyer, 1983).

3.4.3.1 Literature Themes of Succession

Since succession is a continues process that has an impact on any phenomenon studied in family business, (Beckhard and Dyer, 1983), in the

following paragraphs, succession in the family business literature will be reviewed. This is to decide if any succession study tackled this topic from the managerial transition lens. There are two main themes in succession literature, which are predictors of successful succession and how succession process proceeds.

Predictors of Successful Succession

The first set of studies deals with the predictors of superior successor performance as *Figure 15* shows. The first predictor is the predecessor related factors, such as her or his personality, motivation, and the relationship to the successor (Barach and Ganitsky, 1995; Cabrera-Suárez et al. 2001; Dyer, 1988; Handler, 1990; Lansberg, 1988). Another factor relates to the successor, such as his or her experience, capabilities, and motivation to the succession process (Barach and Ganitsky, 1995; Goldberg, 1996; Handler, 1992; Morris et al. 1997; Sharma, et al. 2001).

Other studies were interested in investigating the role of the family in the succession process, such as the climate of trust between individuals, quality of communication, and presence of resistance to succession process (Davis and Harveston, 1998; Dyer, 1989; Handler, 1990; Handler and Kram, 1988; Morris et al., 1997).

The literature also examines other factors, such as the composition of board of directors, previous succession process (Astrachan et al., 2002), organisation culture, and linkages between business and family lifecycles (Dunn, 1999).

Figure: 15 Predictor Variables of Superior Succession Performance in the Literature

Key Constructs/Variables in the Literature	Representative Studies	Key Findings
Predecessor-Related Factors Predecessor motivation, personality, and characteristics; relationship between incumbent and successor	Barach & Ganitsky (1995); Cabrera-Suárez et al. (2001); Dyer (1988); Goldberg (1996); Handler (1990); Lansberg (1988)	Importance of predecessor preparing for succession, overcoming anxiety, willing to face mortality and his/her ability to delegate, capacity to trust and share, mentoring, cooperative attitude and openness to new ideas; quality of relationship based on mutual trust and understanding between predecessor and successor is critical
Successor-Related Factors Successor motivation, abilities, education, outside work experience, apprenticeship	Barach & Ganitsky (1995); Chrisman et al. (1998); Morris et al. (1997); Sharma et al. (2001)	Willing and fully committed successor; fit between business and successor's personal needs and motives; appropriate education, outside work experience, apprenticeship within the company is correlated with effective succession
Family-Specific Factors Quality of family relationships, harmony (or lack thereof) among family members, commitment to the business, family council	Davis & Harveston (1998); Handler & Kram (1988)	Important factors include family dynamics and the quality of communication, climate of trust prevailing between the main groups of individuals involved, and the presence of sources of resistance that may have an impact on how the succession process unfolds
Business-Specific Factors Composition of the board, previous succession experience, organisation culture, business cycles, tax system	Bjuggren & Sund (2001); Dunn (1999)	Progress with succession tasks was more evident when the lifecycle stages in the family, business, and ownership subsystems were congruent
Succession Process Planning for succession, successor-selection process, nurturing and development of successor, corporate governance structures, shared vision	Dyck et al. (2002); Dyer (1988); Elstrodt (2003); Lansberg (1999); Sharma, Chrisman, & Chua (2003)	Succession must be anticipated in advance and managed as a planned process; there should be a shared vision about the goals and strategy; right selection procedures, avoidance of nepotism, nurturing of the successor for the responsibility, and setting up right corporate governance structures are positively correlated to effective succession

Source: Chittoor and Das, 2007

How Succession Proceeds

The second set of studies was concerned with theoretical models to depict the possible scenarios of how the succession process proceeds. *Figure 16* by Chittoor and Das (2007) shows the three dominant succession models in literature.

Figure 16: Key Theoretical Models/Frameworks of the Succession Process

Name of the Model/Framework	Brief Description	Reference
Stages-of-succession model	The incumbent and the successor fulfil specific roles during the succession process, and these roles change over the stages of the transition. As the succession progresses, the incumbent takes on the roles of a "sole operator" to "monarch" to "overseer/delegator" to "consultant," while the successor moves through the four stages of "having no role" to "helper" to "manager" to "leader/chief decisionmaker."	Handler (1990)
Relationships model	Relationships play the most important role in family business succession. Six relationships are emphasized, those between (1) the business and its key stakeholders, (2) the business and the incumbent, (3) the business and the successor, (4) the incumbent and the successor, (5) the successor and the key stakeholders, and, lastly, (6) the incumbent and the key stakeholders.	Fox et al. (1996)
Relay-race model	A model for succession planning using the analogy of a relay race. As in a relay race, four factors are important in succession planning: (1) sequence, in selection of a proper successor, (2) timing of handover to the successor, (3) baton-passing technique, following the right processes for handover, and, lastly, (4) communication between the incumbent and successor.	Dyck et al. (2002)

Source: Chittoor and Das (2007)

As seen in the succession related literature, there was no specific theme in the family business literature that tackled or tried to combine succession and managerial transition from entrepreneurial to professional management in parallel. This is an added value of this research.

In light of the above literature on entrepreneurially and professionally managed firms' practices in addition to management succession, in the following section, discussion is provided on the main points presented earlier in this chapter and the research gap will be discussed.

3.5 Research Gap

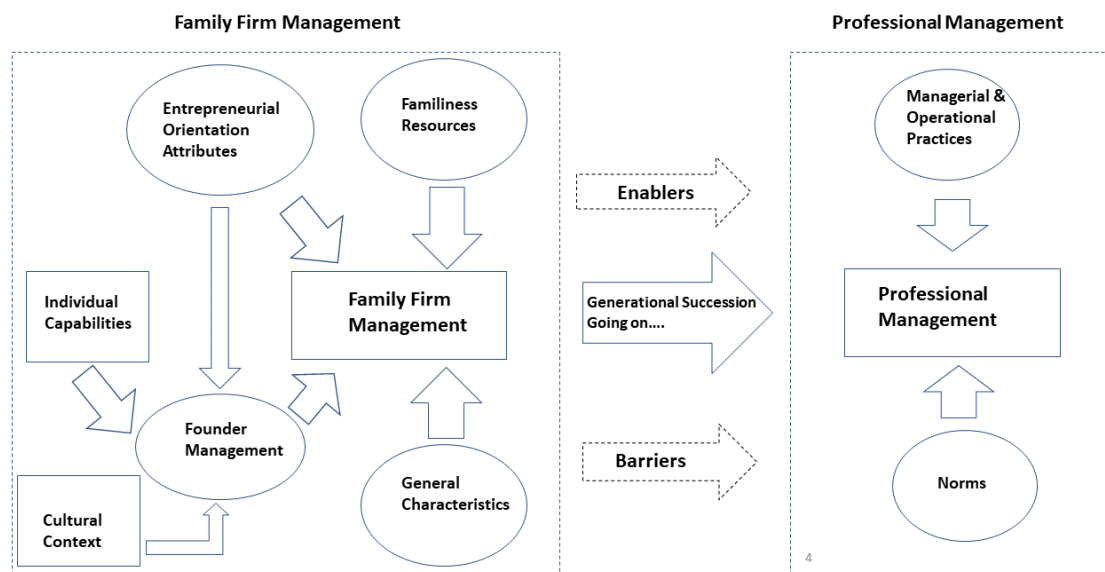
The research gap is divided into two parts. The first part is related to the barriers and enablers of professional management. The second part is concerned with the Egyptian family business which is the context in which the empirical study was conducted.

As discussed above, there was no specific study that focusses mainly on investigating barriers and enablers of professional management. As discussed previously, the inability of family-controlled firms to adopt professional management is one of the problems behind the transition from the founder to subsequent generations leading to the termination of the family firm. The barriers and enablers listed in *tables 19 and 20*, were obtained from variety of articles and mentioned while discussing other issues related to professionalisation. Therefore, this will be the first study dedicated to the topic of professional management barriers and enablers as the main focus. In addition, it will be in a context that deserves to be discussed and leads us to the second part of the research gap.

The second part is related to the Egyptian family business context. As clarified above, there were only two articles that included Egypt in their empirical studies and the topics of the two articles were not professional management. The two articles did not include Egypt exclusively, but rather Egypt was among several countries as it will be further illustrated in the following section 3.6. Even the current studies that mentioned barriers and enablers or professional management were conducted in contexts that differ to Egypt. This leads us to investigate the empirical studies from other countries to ascertain the differences found in Egypt.

To visualise the research gap discussed, it is necessary to refer back to *Figure 12* in *Chapter 2*; the preliminary analytical framework. Based on this systematic literature review, there will be some amendments to *Figure 12* based on the findings discussed earlier. The main amendment is that family business management will replace entrepreneurial management in addition to exhibiting all the elements that shape family business management. Based on this, *Figure 17* exhibits the process of transition from family business management to professional management during the succession process, and the two dotted arrows indicate the proposed research gaps to be investigated in the empirical study.

Figure 17: Managerial Transition During Generational Succession and Proposed Gap



Source: (El Gallad, 2016)

3.6 Research Question

Based on the above research gap and the literature review conducted, the three review questions mentioned at the beginning of the chapter can be grouped in the following research question:

"For a family-controlled firm transitioning from one generation to another, what factors restrict or enable the adoption of professional style of management?"

This is the question that will be used in the forthcoming Chapter 4, research design, to develop the interview protocol.

3.7 The Context: Egyptian Family Business Literature Review

As the Egyptian family business is the context in which the empirical project will be conducted, it was important to review the literature related to family businesses in Egypt.

Plenty of small family business succession research has been conducted from various perspectives, but in the case of Egypt, research activity in this area has been modest. Based on reviewing the literature of family business, two articles were found to have discussed empirical studies in Egypt. The two articles are built on a quantitative strategy.

The first article is titled "A six-country study of first-, second-, and third-generation family businesses" (Lussier and Sonfield, 2010). The study was quantitative and data collection was through survey research collecting data from six countries. The purpose was to compare first, second, and third-generation family business managerial characteristics and practices from a sample of six countries with different cultural contexts, economies structures, entrepreneurial activity, and family business demographics. The countries were Croatia, Egypt, France, India, Kuwait, and the USA. The main finding is that some managerial characteristics change, while others remain the same when the family firm experiences succession from first to second to third generation. The second finding is to confirm commonality of family businesses in spite of the differing cultural, economic, and demographic variations between the six countries (Lussier and Sonfield, 2010).

The second article is titled "Family businesses' succession planning: a seven-country comparison" (Lussier and Sonfield, 2012). The research strategy was quantitative with survey as the data collecting instrument. The purpose was to measure and compare differences in levels of family business planning for succession in seven countries, which are Croatia, Egypt, France, India, Kosovo, Kuwait, and the USA. The article finds that there were statistically significant

differences in family business succession planning between Croatia, Egypt, France, Kosovo, Kuwait, and the USA (Lussier and Sonfield, 2012).

Based on the summary of the above two articles that included Egypt in their sampled countries, it is evident that this study is unique in that it is the first empirical study that focusses on studying the barriers and enablers of professional management. In addition, in a recent study by Hernandez et al. (2018), there is a lack of investigations and empirical studies on family business in certain religious backgrounds contexts such as Islamic countries.

3.8 Discussion

In this section, a summary of the contributions discussed in the chapter will be presented.

Management in Family Business is not only Entrepreneurial

One of the main contributions of this research is related to the literature review by presenting a clearer and more organised way to deal with the concept of entrepreneurial, founder, family business management concepts. The three terminologies are commonly used in family business literature and usually dealt with as if they all represent a single method of managing. In section, 3.3.1.1, the four elements that shape family business management were clarified by illustrating every constituent separately; family, founder, entrepreneurial and general characteristics. These four elements were visualised in *Figure 14*.

As a result, it will be more precise to use the term "family business management" rather than entrepreneurial firm, entrepreneurial family and, founder style of management if we are to describe the way to run a family firm. It is also important to clarify that it is not mandatory to have the four elements of family business management, clarified in *Figure14*, all present at the same time. For example, if the founder dies or retires, this means the managerial element related to the founder style of management will no longer exist and the family firm will still have three other constituents namely; familiness, entrepreneurial elements and general characteristics intrinsic in the family firm.

A Better Clarification for the Professional Management

In this literature review, professional management in the context of family business was clearly exhibited in an organised way in *Table 18*. In addition to providing a better organised exhibition, the purpose of developing this table is to use it in the empirical project to illustrate to interviewees what is meant by professional management, so that the term "managerial transition" becomes better understood and avoids any vague perceptions a participant might have regarding professional management. Moreover, there was no single study that presented this detailed exhibition of the professional management practices.

Barriers and Enablers of Professional Management

In *Tables 19 and 20*, the barriers and enablers of professional management existing in the literature were listed respectively. The objective to develop those two tables is to compare all of the findings obtained from the empirical project to decide which barriers and enablers already exist and which can be claimed as a research contribution. Again, there was no literature source that organised the barriers and enablers of professional management as this research did.

Generational Succession and Managerial Transition

As previously discussed, the literature concerned with succession primarily focussed on the succession process from two main themes. The two themes are the predictor of successful succession and how the succession process proceeds after a succession event occurs. Neither theme discussed the topic of adoption of professional management in parallel with the study of succession process. This research attempts to study the process of management transition from entrepreneurially to professionally managed family firm during the succession period.

The relationship between succession and professionalisation is recommended as a proposed area of future research by Benavides et al (2013) as follows:

'Professionalisation' is a topic understudied that can be related to the succession-planning process and involves transitioning from an informal management style to a more formal management style to guarantee sustainable growth (p.9)

It can be inferred that there was no specific empirical study that focused on the barriers and enablers of professional management in family businesses. The only exception is Dyer (1989) who made the main focus of his empirical paper the problems, issues and dilemmas related to the adoption of professional management. However, the study was dependent "mainly" on a single case study in a certain context which is the United States of America.

Having completed the systematic literature review, the following step is the design for the empirical project. This will be addressed in *Chapter 4* which is the research design.

4 Research Design

4.1 Introduction

This chapter is 'Research Design'. The purpose of this chapter is to design the empirical project dedicated to the enablers and barriers that family-controlled firms face during the transition towards professional management as a result of the generational succession process from one generation to another. This research design was developed prior to starting the empirical project and subjected to amendments during the empirical project, such as adding some questions and removing others in the interview protocol. A phase by phase execution plan of the research is developed and presented along with other practical and ethical considerations.

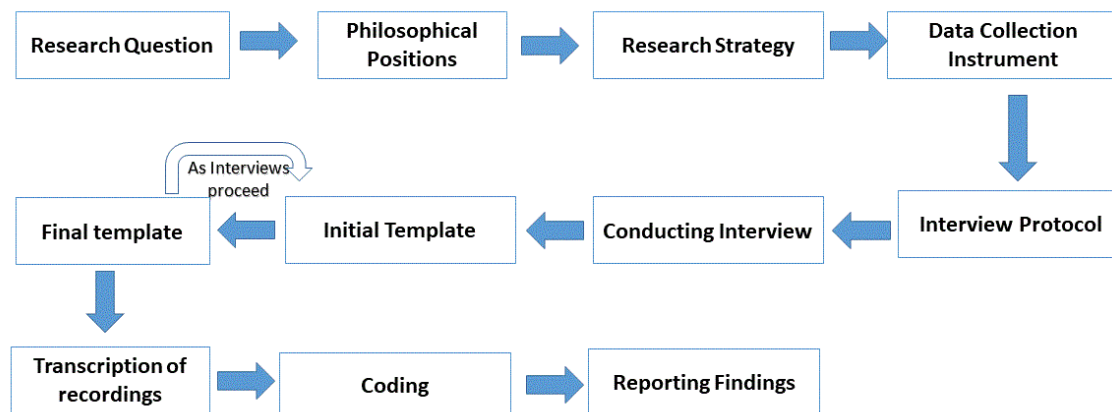
According to Bryman and Bell (2011), research design "represents a structure that guides the execution of a research method and the analysis of the subsequent data" (p.41). The paper starts by clarifying the philosophical stances taken for the empirical project regarding epistemology and ontology. Then the paper illustrates the research strategy and the method of data collection along with the method of data analysis. Interview protocol is illustrated with some amendments made after a sample interview. Finally, details are illustrated about the interviewees and their family firms, such as age, academic background, gender, size of their family firms, economic activity and to which generation they belong.

Research Sequence in Steps

To provide an overview of the sequence of steps in the research methodology, the research flows in steps as shown in *Figure 18* below. The beginning covers the research question developed in *Chapter 3*. The philosophical position taken in reference to epistemology and ontology are clarified. Then, the research strategy is discussed, which is qualitative. Based on that, the data collection instrument is illustrated based on semi-structured interviews. For the interviews to proceed, the interview protocol is clarified both before and after conducting a sample interview. Since the interviews were audio

recorded, the following step was to transcribe the content. Based on the interviews conducted, the data analysis method is exhibited using coding, along with Nvivo software and Gioia's approach. Finally, findings are reported, which will be discussed in *Chapter 5* of the empirical findings.

Figure 18: Research Design Process



4.2 Philosophical Position for Research

4.2.1 Epistemological Considerations

Epistemology is the study of the nature of knowledge (Blaikie, 2007). It looks at how human beings come to have knowledge of the world around them (Blaikie, 2007). In other words, epistemology is concerned with "how we know what we know" (Blaikie, 2007). The kind of knowledge that is legitimised as "scientific" varies, depending on the approach or perspective applied (Murray and Ozanne, 1991). There are two main epistemological positions, namely positivism and interpretivism (Bryman and Bell, 2011). Positivism is an epistemological position that advocates the application of the natural sciences to the study of social reality (Bryman and Bell, 2011). However, the stance the authors take from the positivism perspective varies from one author to another (Bryman and Bell, 2011).

Alternatively, the second main epistemological position is interpretivism that respects the difference between people and the objects of the natural sciences, and therefore requires the social scientist to grasp the subjective

meaning of social action (Bryman and Bell, 2011). Interpretivism seeks to understand topics through observation and interaction (Murray and Ozanne, 1991). The intellectual heritage of interpretivism includes; Weber's notion of Verstehen; the hermeneutic-phenomenological tradition and finally symbolic interactionism (Bryman and Bell, 2011).

Epistemological Position Chosen: Interpretivism and Symbolic Interactionism

In this research, the epistemological position chosen is interpretivism. There are several reasons behind this choice. The first reason is that this research is concerned with understanding the different points of view of the people who work in the family firms regarding family and business issues. According to Bryman and Bell (2011), an interpretivist epistemology is concerned with understanding the meanings people give to a certain concept in their social interaction. This research will be concerned with investigating family members in the family firms from different generations.

Family members have varying and even contradicting interests because each will have their own perspective of various issues that differs to others. According to Murray and Ozanne (1991), interpretivist epistemology is entitled to develop an interpretive understanding of each stakeholder's worldview as people's behaviour is understood in light of their specific interests. Interpretivism can produce surprising findings (Bryman and Bell, 2011).

Symbolic Interactionism

As mentioned previously, symbolic interactionism is one of the intellectual elements of interpretivism (Bryman and Bell, 2011). One of the leading founders of symbolic interactionism was George Herbert Mead (1863-1931) who stated that our notion of self, emerges through appreciation of how others see us (Bryman and Bell, 2011). Symbolic interactionists conclude that interaction takes place in such a way that the individual is continually interpreting the symbolic meaning of his or her environment (which includes

actions of others), and acts on the basis of this imputed meaning (Bryman and Bell, 2011).

Every family firm has interconnected relationships and interactions between different parties i.e. founding generation, second generation, nonfamily employees and suppliers. To capture and integrate the social interactions of different stakeholders, this research will draw on symbolic interactionism. Symbolic interactionism helps the researcher to highlight how individuals continuously interpret and assign meanings to their own and others' actions and interactions (Hall and Nordqvist, 2008). The success of the researcher in this research requires mutual understanding, contextual sensitivity and the ability to take the role of the other (Hall and Nordqvist, 2008). This means the researcher should be able to view and understand the situation from someone else's perspective (Hall and Nordqvist, 2008).

4.2.2 Ontological Considerations

The question of social ontology is concerned with the nature of social entities (Bryman and Bell, 2011). Ontology answers the question: "What is the nature of social reality" (Blaikie, 2007). The nature of enquiry here is whether the social entities should be considered objective entities that have a reality external to social actors, or should they be considered social constructions built up from perceptions and actions of social actors (Bryman and Bell, 2011). These ontological stances are referred to respectively as objectivism and constructionism (Bryman and Bell, 2011). Two common terms- objectivism and constructionism- that are central to social science-organisation and culture-illustrate the difference between the two positions (Bryman and Bell, 2011).

Objectivism is an ontological position that asserts that social phenomena and their meanings have an existence that is independent of social actors (Bryman and Bell, 2011). According to objectivism, organisations have an independent reality that exerts pressures on the individuals who work for them (Bryman and Bell, 2011). They have to adhere to the requirements of the organisation, apply rules, follow procedures and carry out the jobs to which they are appointed (Bryman and Bell, 2011). If people do not carry out the previous

missions, they may be reprimanded or even fired (Bryman and Bell, 2011). Therefore, organisations are viewed as constraining forces that act on their inhabitants (Bryman and Bell, 2011).

Constructionism on the other hand is an ontological stance that asserts that social phenomena and their meanings are continually being accomplished by social actors (Bryman and Bell, 2011). Constructionism assumes that social phenomena are not only produced through social interaction but are always in a constant state of revision (Bryman and Bell, 2011). Contrary to objectivism, an organisations' rules are less extensively imposed than might be assumed from the classic account of an organisation (Bryman and Bell, 2011). Preoccupation with the formal properties of organisations (rules, regulations and roles) tends to neglect the degree to which order in organisations has to be accomplished in everyday interaction (Bryman and Bell, 2011). Of course, this is not to say that the formal properties have no element or impact to constrain individual actions (Bryman and Bell, 2011).

Connecting ontological stances to the research strategies, Gioia et al. (2012) state that qualitative research strategy is a research strategy to understand how people "construct" their perceptions of the world around them. Gioia et al. (2012) state: "studying social construction processes implies that we focus more on the means by which an organisation's members go about constructing and understanding their experience, and less on the number or frequency of measurable occurrences".

The same point of view applies to the idea of culture (Bryman and Bell, 2011). Instead of looking at culture as an external reality that constrains people, it is taken as an emergent reality in a continuous state of construction and reconstruction (Bryman and Bell, 2011). Culture acts as a point of reference but is always in the process of being formed (Bryman and Bell, 2011). The two leading scholars (Strauss et al. and Becker) do not neglect the pre-existence of objects (organisation and culture) but they also stress the active role of individuals in social construction of social reality (Bryman and Bell, 2011).

This research explores the factors that help or hinder the adoption of professional practices in family firms going through succession from one generation to another- constructionism is taken as the ontological position in this research.

The research will investigate several stakeholders i.e.; founding generation and subsequent generations. Thus, the social phenomena here under study are constructed by the social actors and are not independent from them. Constructionism assumes the "indeterminacy of knowledge", which means that our knowledge could be uncertain or incomplete (Bryman and Bell, 2011). This motivates the researcher to seek to understand the current phenomena by interacting with social actors concerned with the study.

4.3 Deductive, Inductive, or Abductive Research Process

Deductive reasoning takes the rule and observation as premises and derives the observation (Mantere and Ketokivi, 2013). In deduction, the researcher draws a conclusion about the particular based on the general (Mantere and Ketokivi, 2013). The challenge facing deductive reasoning is that one might reject the general rule as empirically incorrect, and thus the credibility of the drawn observation is in doubt (Mantere and Ketokivi, 2013). Deduction views knowledge acquisition as a 'top down' process, where hypotheses are tested against observations (Blaikie, 2007).

Inductive reasoning combines the observation and the explanation to infer the rule, and thus moves from the particular to the general (Mantere and Ketokivi, 2013). The point of induction is that the observation of the particular establishes the rule in an incomplete sense (Mantere and Ketokivi, 2013). In other words, the rule does not logically follow from repeated observations, and this is well known as the problem of induction (Mantere and Ketokivi, 2013). To exemplify the two approaches of deductive and inductive, assume there is a bag full of beans. By following deductive reasoning, if we get a white bean followed by another white bean, this concludes that the coming bean should be white too (Mantere and Ketokivi, 2013). Following inductive reasoning, picking one white bean does not logically assume that the next bean should be white

(Mantere and Ketokivi, 2013). Induction, is a 'bottom-up' process through which patterns are derived from observations of the world (Blaikie, 2008).

What if we have more than one bag of beans and it is not apparent which bag is the source of observed beans? In this case, we refer to the third approach, which is abductive reasoning (Mantere and Ketokivi, 2013). In abduction, the beginning is usually the rule, and observation then explanation is inferred if it accounts for the observation in light of the rule (Mantere and Ketokivi, 2013).

In this research, inductive reasoning will be used. The first reason is that inductive reasoning is not only presumptive, it is also strictly interpreted, a special case of the fallacy of affirming the consequent (Mantere and Ketokivi, 2013). According to Hall and Nordqvist (2008), the inductive approach requires the researcher to move back and forth between theory and empirical material to guarantee the accuracy of drawn conclusions. This is normal in qualitative research to revisit the collected data many times before making any judgement (Hall and Nordqvist, 2008).

It is worth noting that Blaikie (2007), argues that there are no "pure" induction or "pure" deduction approaches. So, it is important that the researcher keeps an eye on the other approach that is not aligned with in research.

4.4 Insider or Outsider- Expert or Learner

Blaikie (2007) states that the researcher's relationship with the subject of research is considered as either an insider or outsider. In this research, semi-structured interviews will be used, making the researcher part of the research. As a result, the insider perspective will be considered. The second dimension is if the researcher considers himself an expert, who has previous theories, or a learner, who comes to the participants with the hope they will help him understand the phenomenon of research (Blaikie, 2007). In this research, the researcher is an insider- learner who needs to know the perspectives of some family members running their businesses.

4.5 Exploratory, Descriptive and Explanatory –Research Approach

There are three types of research; exploratory, explanatory and descriptive (Yin, 2013). Exploratory research occurs when the researcher has an idea or has observed something and seeks to understand more about it (Yin, 2013). Usually exploratory lays the grounds for future studies (Yin, 2013).

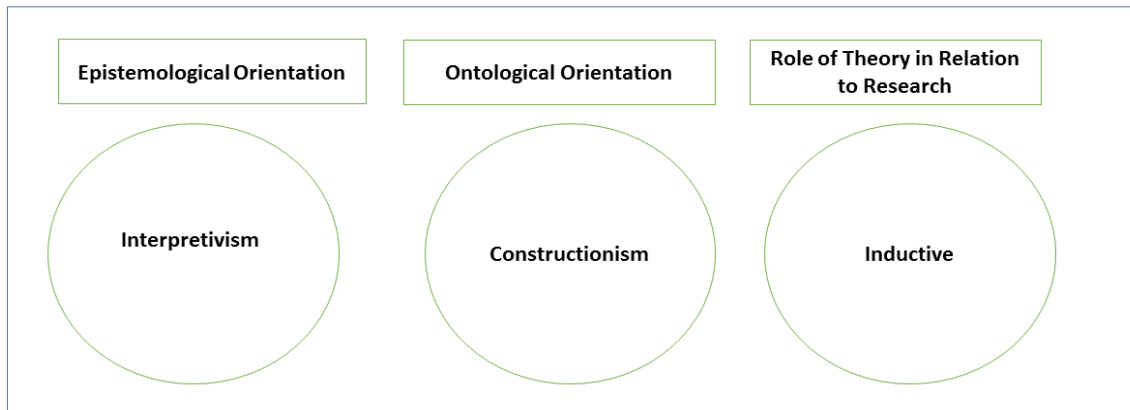
Descriptive strategy follows the exploratory approach and applies when the researcher is trying to describe what is happening in greater detail, filling in the missing parts and expanding our understanding (Yin, 2013). The third approach is the explanatory, which comes after we have already explored the phenomenon and applied descriptive research to increase our knowledge (Yin, 2013). An explanatory approach is used to connect the ideas to understand the cause and effect, in other words, the researcher here is trying to explain what is happening (Yin, 2013). It looks at how things come together and interact (Yin, 2013).

According to Robson (2011), there are three approaches for the research strategy, which are flexible, fixed and a multi-strategy approach. The flexible research strategy enables the research to evolve as the research progresses with the data collection (Robson, 2011).

This research is concerned with exploring the enablers and barriers in the adoption of professional practices in the realm of family-controlled firms taking into account that there are several barriers and enablers already mentioned in literature. The researcher is aiming to find new barrier(s) and enabler(s) that are not yet mentioned in literature in the context of Egyptian family business, that have not been regularly researched, as illustrated in *Chapter 3*, systematic literature review. As the data is collected, the research will evolve. Therefore, this will be an exploratory flexible research strategy.

To summarise all philosophical stances taken in this research design, *Figure 19* exhibits in circles which position is taken.

Figure 19: Fundamentals of Research Philosophical Stances



4.6 Research Methodology

This section addresses the research strategy, data collection instrument, and data analysis respectively.

Methodological Approaches in Family Business Research: Quantitative and Qualitative

The research strategy is "a general orientation to the conduct of business research", which is qualitative or quantitative or mixed methods applying both at the same time (Bryman and Bell, 2011 p.26). According to De Massis et al. (2012), family business literature is widely controlled by either quantitative or qualitative research strategies. In the following, each of the two research strategies will be further discussed.

Research Strategy: Qualitative or Quantitative

In the family business area of research, qualitative research strategy, although less used, has some privileges over the quantitative methodology. Quantitative research usually emphasises the importance of quantification in the collection and analysis of data (Bryman and bell, 2011). Usually, quantitative research is deductive and objectivist. It is influenced by the positivism as a philosophical stance and incorporates the natural science model of the research process (Bryman and bell, 2011). On the other side, the qualitative strategy usually stresses the importance of words rather than quantification. Qualitative research strategy incorporates the inductive relationship between theory and

data. In addition, it is constructivist and interpretivist as far as philosophical stances are concerned.

In the field of family business research, the key strength of qualitative strategy compared to quantitative is that it offers the researcher the ability to build a holistic overview of the phenomenon under study and to observe the development of a phenomenon over time (De Massis et al. 2012). This was attained in the empirical study of this research as shown in the interview protocol when the researcher asked the participant to inform him about the history of the family business and how issues changed on the joining of the second generation. This is quite crucial in the field of family business research since family history must be considered in order to understand how issues evolved from the establishment until the subsequent generations joined the business.

However, quantitative strategy of research takes 'snap-shot' perspectives and may falsely indicate that organisations are still more than moving (De Massis et al. 2012). In the field of family business, it is difficult for quantitative studies to provide a considerable focus to family business paradoxes and dualities (De Massis et al. 2012). Quantitative research does not provide the opportunity to the researcher to have personal contact with the respondent, which makes it difficult to obtain answers because of the sensitivity of family issues. This may limit the usefulness of obtained data through quantitative strategy (Nordqvist, 2009).

In this research, qualitative research is chosen as a research strategy for the reasons below.

Why Qualitative Method of Research?

As Einstein so famously put it, *"Not everything that can be counted counts, and not everything that counts can be counted."* There are several reasons behind the decision to choose the qualitative method of research. The first reason is that family business research is usually linked to the context of the fieldwork, and a qualitative method of research appears to be useful in

signalling the context in which the study is conducted (Fletcher et al, 2015). Qualitative research is also suitable to study the phenomenon from the interior and considering the participants as a starting point (Flick, 2008)

In this research, family members from different generations were interviewed. Qualitative research was appropriate for researching those situations that had contradictory points of view, tensions, and paradoxes (Fletcher et al., 2015). This helped provide a holistic overview of the context under study (Fletcher et al., 2015). Qualitative research also offered the chance to understand more deeply how relationship patterns were shaped and intertwined in the fieldwork (Fletcher et al., 2015). Qualitative research is suitable for questions that start with "what", "how" and "why" (Flick, 2008). This applies to this research question that starts with "what", as clarified in the introduction of this chapter. Moreover, qualitative research aligns with the philosophical positioning stated above in terms of an interpretivist epistemology and constructionist ontology.

Qualitative Research Strategy in Family Business

Upon deciding that this research will depend on a qualitative research strategy, it was found that based on reviewing 215 of the most cited articles on family business, the majority of empirical papers in the area of family business (87.3%) are quantitative, whereas the minority (18) are qualitative (8.4%) (De Massis et al., 2012).

The reason why the qualitative research is used less in family business research is that it requires individuals' approval to speak about certain issues related to family and business that not all people are happy to discuss (Fletcher et al., 2015).

Family business is a complex social phenomenon that involves many participants who interact during a prolonged process and thus studying this phenomenon requires the researcher to employ a research method to understand the perspectives of the various agents involved (Cabrera, 2005). Qualitative research strategy, through interviewing, which will be discussed below, is the appropriate in-depth method, that enables the researcher to

ensure participation of the organisation's members through establishing close relationships with them (Cabrera, 2005).

In an attempt to look at the qualitative empirical research in the area of family business, there were three articles that reviewed the majority of family business studies utilising that strategy, namely (Nordqvist et al., 2009, Fletcher et al., 2015, and Reay and Zhang, 2014). Nordqvist et al. (2009), identified 12 research studies that utilised the qualitative approach. Fletcher et al. (2015) identified 26 empirical studies that used qualitative research. Reay and Zhang (2014) listed 78 articles that used the qualitative research approach out of 656 articles in the field of family business. All articles were reviewed according to title, title and abstract, abstract and text body.

The three author sources were used to generate the table in the Appendix. As the main focus of this research looks at the barriers and enablers of entrepreneurial professional management in family-controlled firms, it was decided to review qualitative articles that focussed on related research areas, which are entrepreneurial management, professional management, and succession in family business. This means, after reviewing 116 articles (including some duplicates of around 10 articles), the table in the Appendix exhibits 24 articles that discuss subjects within the three areas of interest mentioned earlier. It is worth noting that no qualitative study in the area of the family businesses focused on investigating the barriers and enablers professional management neither in Egypt in any other context.

4.7 Who is the Focus of Research?

This research is interview based. It is worth clarifying what the main unit of analysis was in this empirical study. To make the question clear: was it the family firm to which the interviewee belongs or was it the individual interviewee him/herself? The answer is the interviewees considered themselves to be a representatives of the family firm he/ she belongs to. There are two reasons behind this decision. The first is the philosophical stance chosen in the research design, which is a constructionist ontological position. According to the constructionist view, reality is constructed in the minds of individuals (Lincoln

and Guba 1985) and the individual's reality can only be obtained through interaction between the researcher and the participant. Moreover, the constructivist paradigm assumes realities are understandable *"in the form of intangible and mental constructions, socially and experientially based, local and specific in nature and dependent on the individual persons or groups holding the constructions"* (Guba & Lincoln, 1985:110). Based on that, the individual participants are the source of knowledge and are what was studied through the series of interviews.

A second reason for focussing on the individual was the uniqueness of the individual participants' experience, academic background, personality traits and way he or she was brought up. This was evident in the three family firms studied that had two generations interviewed in each. The founder had certain perspectives of the business and family, whereas his son had different opinions and sometimes refuted his dad's opinion. This provides evidence that considering every individual interviewed as the subject of the study, and not the family firm to which he or she belongs, is the correct choice. Therefore, what is meant to be studied is the interviewee' opinions and perspectives and not the firm to which he or she belongs.

4.8 Why is Interviewing as Data Collection Tool Chosen?

Interviews enable the researcher to *"to obtain both retrospective and real-time accounts by those people experiencing the phenomenon of theoretical interest"* (Gioia et al., 2012 p.19). According to Murray and Ozanne (1991), the understanding of the individual and the shared meaning is developed through dialogue between the researcher and social actor. Therefore, the researcher's ability to grasp insights of social actors depends on the extent to which they view the world from the same angle (Murray and Ozanne, 1991). Therefore, it becomes very appropriate to have interviews and dialogue with individuals and groups as a data collection method (Murray and Ozanne, 1991). Semi-structured interviewing was hence chosen as the method of collecting data as they enable the researcher to better understand the participants' points of view which is commensurate with the "insider" perspective illustrated above.

This research aims to understand the barriers and enablers that face family firms when they attempt to adopt professional management. Interviewing is a suitable way to collect data for two important reasons. The first one is that obtaining answers from family members in the Egyptian family business context is not easy taking into account the sensitivity of discussing issues related to family and business. Second, family business, as an area of research, is not easy to make generalisations. It is essential to understand the context of the family member who is being interviewed so as to make a proper analysis of the obtained data.

Critical Incident Technique (CIT) was applied during the interviews to assess behaviour during certain critical events (Flanagan, 1954). This technique intended to focus on the individual or group when recounting critical incidents and interactions and the responses to these events (Flanagan, 1954). For CIT to be utilised effectively, questions should be crafted and asked carefully, otherwise it may lead to a binary decision regarding the positive or negative decision around the event (Chell, 2004). Hence questions can be asked such as:

- Tell me how you felt when X member of the family left the business?
- Why was this incident significant? and
- What were the responses to the incident and the behaviour of yourself and those around you?

4.8.1 Interview Protocol

A single interview protocol was developed. This was used for interviews with family members, either from the founding, second, or subsequent generations.

Sample Interview

The first step in developing the interview protocol was a sample interview conducted with a founder of a family firm specialised in tax and legal consultancy. During that interview, it appeared that the initial protocol needed further elaboration by adding more questions related to the research objective.

This is because after 20 minutes, all questions were answered and it appeared that the interview needed more probing to obtain important answers missed. In addition, the researcher benefitted from the first interview experience by becoming more confident in putting forward the questions and stressing the body language that helped later interviewees to become engaged. Based on the first sample interview a revised interview protocol, see *Table 21*, below was developed.

Table 21: Interview Protocol Family Members

Interview step	Question	Purpose of the question
Introduction	<ul style="list-style-type: none"> • Introduce myself and my institution • Purpose of the study • The topic area • How the data will be used and confidentiality • Permission to record 	Self-presentation and setting up the interview and getting the participant ready
General questions about the participant and the family firm	<ul style="list-style-type: none"> • Tell me a little about your: • Academic background • Your role • When did you join the family firm? • Belongs to which generation? • When was the firm established? • Activity of the firm? • What other family members work in the company and what positions do they hold? • Size of the company in terms of number of people 	Participant presentation and starting the process of building rapport
Context questions	<ul style="list-style-type: none"> • Please inform me about the family firm's past before and after the second generation joins the business? • What is the first thing that comes to your mind when you hear the concept: family business? • On what basis do you consider your company to be a family firm? • What could be distinguished from the history of your family firm that reflects it is based on family? (reflection of family values on business) • How can you guarantee these values will survive across generations? • Do you believe in the value of being perceived as a "family brand" company by having managers from the same family? Do you think it is a point of strength or weakness? • Do you feel a common fate feeling shared with the rest of the family members? Is this something good or bad? • What do you think about paternalism as a privilege the founder enjoys when he or she deals with nonfamily employees? What could be its substitute for the 	Discovering the perspective of participant about family firm

	<p>second generation?</p> <ul style="list-style-type: none"> • Do you think the family firm is an extension of your identity? (the attachment between the family member and the family business) • Do you believe in the concept of the patient capital investment that could exist in some family firms (no need to be rushed for ROI as the investment could be considered family property at the same time)? • What factors do your company have that will support adoption of professional management? (list from literature) • What factors could hinder your company from applying professional management? (list from literature) 	
Professional Management	<p>Before we start the questions of professional management, I would like first to illustrate professional management includes:</p> <ul style="list-style-type: none"> • Depending on nonfamily professional in some key positions and delegating authorities to them • Clear organisational goals and targets. • Performance based pay • Regularly scheduled meeting to: make decisions, plan, evaluate performance etc. • Clear organisation structure • Strategic planning • Formal networking • What factors could hinder your family firm from adopting all or some of these practices? • What factors could enable your family firm to adopt all or some of these practices? • Do you think the educational level of the family members plays a greater role than having a shared understanding and harmony between family members regarding the adoption of professional practices? • According to some statistics: 70% of family firms do not survive beyond the founding generation and this has resulted in some negativity to this form of organization leading some to say that family businesses represents an obstacle against economies: do you believe in that opinion? • Does the succession process have an impact on the management of the company? • What characteristics do the founding generation have that distinguish them from the second generation and vice versa? • What criteria do you use to evaluate whether the second generation will keep the company alive? • Assuming that each generation has its own style of management, what is the style of management you recommend for the second generation in order to be successful? • In general: what are the points of strength and weakness in the family business as a form of organisation? 	

Participant impression about the research impact	<ul style="list-style-type: none"> • Do you think these kinds of researches can help to provide better understanding regarding the nature of family business and how to deal with its challenges? • Is there anything you want to add? 	
End interview	Thank you and close	

The recognition that interview questions must be changed or modified with the progression of the research is something acceptable and anticipated (Gioia et al., 2012). During the fourth interview, with a second-generation male member in a family business, the following was the response to the question on the barriers and enablers of professional management

Actually, I don't like to object to my dad's opinion when it comes to any managerial change decisions because in this case I will not be objecting to my manager but rather my father and it might be seen as disobedience to him which I don't want"

Based on that reply, it was found essential to allow more space for this theme. Therefore, the following question was added to the protocol:

To what extent do you think the intertwined relationship between the father and son from a religious angle (obedience and loyalty to parents), has on the business side and does it represent a challenge to the adoption of professional management specifically and communication between generations in general?

4.9 The Researcher and Preparing for the Interviews

At the beginning of each interview, the researcher presented himself first as a member of an Egyptian family-controlled firm and then as a doctorate student conducting research in the area of family business. There was a reason behind this. It is because discussing the family and a business is very sensitive issue to almost all people, and when asking interviewees to allow the interviews to be recorded, they need to know that this person is trustworthy or reliable. In

addition, having a common language between the interviewee and the interviewer facilitated the communication process and evolution of the dialogue.

As is usual in most interviews, the interviewer established a rapport with the interviewee before recording. During this period, the researcher clarified the purpose of this study and that it is confidential. This had a great impact on the interviewee to encourage him/her to be clear on the problems and the hidden issues in the family and business relationship that could be either confidential or sometimes "embarrassing". In addition, during the warm-up before recording, the researcher gave the interviewee information about the doctorate study such as the objective of this research, and also mentioned some information that could be interesting and encouraging to interviewees. For example, in each interview the interviewer related the statistics showing that more than 70% of family firms do not survive to the second generation and around 13% of these firms only continue to the third generation (Lansberg, 1988). This was surprising to all interviewees who believed that family business problems were specific to Egyptian family businesses. So, the purpose of such a rapport was to say: Hey, if you have something to say, do not be shy because you are not the only one who has faced any unpleasant situation in the family business.

Actually, during several interviews the interviewee started to speak very conservatively and over time they began to speak freely and divulge some details that are not easy to hear if the researcher does not have a shared understanding of the business environment in Egyptian context, which is beneficial to utilise semi-structured interviews.

4.10 Planning and Conducting Interviews

Face to face interviews provided the opportunity to assess body language, gain more information and enable the interviewer to build rapport with the interviewee, which is not possible with telephone or videoconference (Cassell and Symon, 2004). Participants were informed of the purpose of the interviews and they were also notified that confidentiality and anonymity will be maintained. They were also informed that the interview is audio recorded.

During the interview, notes were taken and recorded. Each interview followed the protocol as clarified in *Table 21*, with an amendment of adding the above question about the father and son relationship. This is normal and expected as the interviews proceed and evolve (Cassell and Symon, 2004).

As professional management was at the core of the interviews, the researcher, during every interview conducted, clarified what is meant by a professional management in this research. There are two reasons behind this step. The main reason is to make sure that all respondents have the same perspective when professional management is discussed and it is not left to the personal perception of each interviewee, which could be different to that of other interviewees. This is because professional management does not have a single definition in literature and same cases apply to practice (Hall and Nordqvist, 2008). The interviewee was also given the chance to add any practice he or she perceived to be labelled as professional management practice.

Some literature sources look at professional management primarily as hiring nonfamily professionals on important positions (Hall and Nordqvist, 2008), while others perceive professional management as a set of practices to be applied (Hofer and Charan, 1984). Consequently, it was decided to inform each respondent that professional management, in light of *Table 18* in *Chapter 3*, indicates the following:

- Depending on nonfamily professionals on important positions
- Clear organisational goals
- Regularly scheduled meetings to evaluate performance, make decisions and plan
- Performance based pay
- Strategic planning
- Clear organisation chart
- Formal networking inside the firm
- Decentralised decision making

It is worth mentioning that each respondent was informed that not all these elements of professional management are mandatorily applicable to his or her family firm. This is because for some business activities, some of these practices may not be necessary and thus the respondent may be required to express his or her opinion about practices he or she may not believe to be important to their family firm.

4.11 Selection of Respondents

It was decided to interview family members from different generations to obtain responses from different perspectives. This is to exhibit different points of view from different perspectives who, on real grounds, interact with each other in managing the family firm. The members who decided to be interviewed were:

- Founding generation members
- Second generation members
- Subsequent generations

Determining an ideal number of interviews to be included is not an easy task as it depends on the quality of responses, as there is no a magic number of interviews to be included (Reay, 2014). It was decided by the researcher to continue interviewing until no new responses were received from the interviewees. The interviews continued until a saturation of information occurred and responses began to be repeated (Robson, 2011). This number of interviews included in this research finally resulted in 18.

4.12 Interviewees Details

During seven months of the empirical project period, the researcher contacted several family-controlled firms and finally managed to conduct 18 interviews as clarified in *Table 22*.

Table 22: Interviews Conducted Details

Number of Interviews Conducted	Interviews Excluded	Interviews Included	Total Interviews
18	1	18	19

Selection of Family Members Interviewed

Family members who were interviewed belong to family-controlled firms that had the following characteristics

- Family-controlled: family members have ownership and involved in management
- Family firms where two generations manage: founding and second or second generation and third are in place and so on.

Sector and Size of the Family Business

It was decided to focus on family firms of a medium size or above. The reason behind this choice was to ensure that the size of business is sufficiently viable to encourage the second generation to continue and for the current family members to be keen to make it successful. As opposed to a small business that does not attract new generations to join and ends with the death of the founder. According to the Egyptian Ministry of Finance, medium sized companies in relation to the sector are as follows:

Table 23: Family Business Size.

Sector	Number of Employees “Medium Size companies”
Trade and Service	10-19
Manufacturing & Construction	50-99

Source: Egypt Ministry of Finance

Language Used in Interviews

The interviews were conducted in Arabic, which is the official language of Egypt and then translated by the researcher into the transcripts. To ensure the accuracy of the translation, the researcher revised each interview transcript twice while listening to the audio recording. Further to this is that the researcher revisited the audio recordings, during the coding process to ensure the written transcripts conveyed what the interviewee meant to say. This is because by only using transcripts, ‘the way’ the interviewee responds may not be conveyed

and only a partial response is noted. Reading only transcripts and neglecting audio recordings may mislead the analysis process. This can be further confirmed by Bryman and Bell (2011) who stated that it is crucial to participants usually speak metaphorically. In their research to investigate the impact of bullying at work on those who were the target of it, the researcher paid an attention to the facial and metaphors participants used to articulate and explore the emotional pains associated with their experience (Bryman and Bell, 2011). This asserts the importance of referring to audio recordings usually.

Which Generations were Interviewed?

Initially, the intention was to interview two generations in each family firm, such as founding and second generations or second and third generation. However, it turned out to be unfeasible to schedule interviews with two generations in each family firm. This is due to several reasons. One of the two generations could be busy and have no time to devote to an interview. Others, especially founders, did not like the concept of discussing family and business issues. In addition, making it mandatory to include two generations in each family firm would result in excluding many good family firms' cases and also make it very hard to schedule appointments.

Based on the above clarification, 18 interviews were conducted including founding, second, third and fourth generations as *Table 24* shows. Most interviews were conducted at the premises of family firms during working hours. Of the 18 interviewees, 6 interviewees represented three pairs belonging to three family firms. This means that three family firms had two generations interviewed, while the remaining 12, represented 12 family firms making the total of 15 different family firms.

Table 24: Generations Interviewed

Generations	Number of Interviewees
Founding Generation	4
Second Generation	12

Third Generation	1
Fourth Generation	1

Genders Interviewed

It is worth mentioning that the inclusion of both genders was made on purpose to avoid any gender bias and provide a reasonable space in this research for the perspectives of both genders. After 12 interviews, they were all males, the researcher decided to conduct some interviews with females to enable both genders to have a voice in this research.

Table 25: Genders Interviewed

Males	Females
14	4

Business Activities of Interviewees

In an effort to diversify, the business activities of interviewees were sought from service, manufacturing and trade so as not to limit the interviews to certain business activities, which could have a negative impact on the generalisation of responses. As *Table 26* displays, 8 interviewees belonged to family firms working in manufacturing and construction, 4 interviewees in service and 6 in trade.

Table 26: Activities of Family Firms of Interviewees

Sector	Economic Activity	Number of Interviewees
Manufacturing	Manufacturing of fragrance concentrates	2
	Construction	2
	Manufacturing of chemicals and paints	1
	Manufacturing of home appliances	1
	Manufacturing of medicine	1

	Bakery	1
Service	Educational (KG, Primary and Elementary)	1
	Educational (institute of specific studies "after high school")	1
	Real estate consultation and commissions	1
	Tax expert	1
Trade and Import	Import and trade of furniture accessories	2
	Import and trade of timber and veneer	1
	Import and Trade of ceramics and sanitary ware	2
	Import and trade of medical appliances	1

Size of Family Firms Studied

It was decided previously to focus on family firms of a medium size and above. There are two major determinants of the business size. The first is the annual sales (Kellermanns et al., 2008). However, this determinant was not particularly welcomed to be expressed in the context of family business in Egypt due to several reasons. One reason was that some family members consider such data to be confidential and only available/accessible to family members. In addition, some family members may for various reasons have fears over divulging such values.

Even if the interviewees accepted the reporting of their sales values, there was no independent source to confirm these values as the majority of family firms in Egypt are not listed in the stock market and there are no published financial statements for the public. Another reason is that, in some cases, the annual sales may not be a reliable determinant to reflect size of operation and processes in the business. This applies mainly to business activities that could have large business transactions, whereas the company might be very small in terms of number of people and scale of operation. In this case, one company, with small number of staff and operation, may achieve higher annual sales than another company that has a greater number of staff. For example, a small shop selling jewellery with four employees may yield annual sales more than a restaurant that is employing 30 persons. As a result, it

was decided to use the number of workers as the main determinant of the family firm size.

Referring back to *Table 23*, which exhibited the business size relative to the number of workers according to the Egyptian Ministry of Finance and in light of the activities sectors in *Table 26*, *Table 27* shows the size of the family firms studied.

Table 27: Size of interviewees' family firms

Sector/ Number of workers		Number of Family Firms Studied
Trade and Service	15-20	8
	More than 20	2
Manufacturing & Construction	50-99	6
	More than 99	2

Generation Managing

At the time of the interviews, the family firms of the respondents differed in terms of which generations were managing the family firm. Some family firms had both founding and second generations managing and this was the majority of cases, totalling 13 family firms. Also, some family firms to which the interviewees belong were managed only by second generation, the founding generation had died but the third generation had already joined. Others were managed by either third or fourth generation which were single cases. *Table 28* shows which generations were in place during the time the interviews were conducted.

Table 28: Generation managing the family firms when interviews conducted

Generations Managing	Number of Interviewees
Founding and Second Generation	13
Second Generation (founder died)	3

Third Generation	1
Third and Fourth	1

Interviewees Age Intervals

The ages of the interviewees' varied, ranging from 28 to 67 years old. *Table 29* shows the number of interviewees in reference to their respective age intervals.

Table 29: Age Intervals of Interviewees

Age Intervals	Number of Interviewees
28-35	8
36-45	1
46-55	5
56-65	4

Interviewees Academic Backgrounds

The majority of interviewees, either founding or second generation, hold high academic degrees, especially the younger generation. *Table 30* shows the academic degrees of each person interviewed, classified by the age interval in light of *Table 29* above.

Table 30: Academic Degrees of Interviewees

Age Intervals / Number of Interviewees	Academic Degree
28-35 (No. 8)	Bachelor of Pharmacy (Mansoura University Egypt)
	Bachelor of Mechanical Engineering (AUC* Egypt)
	Bachelor of Business (AUC Egypt)
	Bachelor engineering electronics (AUC* Egypt)
	Bachelor & Masters of computer science (MIU* Egypt) and PhD in CS from University of Glasgow Scotland

	Bachelor of Engineering (Mansoura University)
	Bachelor of Business and MBA (AUC Egypt)
	Bachelor of Business (AUC Egypt)
36-45 (No.1)	Bachelor & Masters of computer science (AUC*)
46-55 (No.5)	Bachelor of Arts: English language (Mansoura University Egypt)
	Bachelor of Chemistry (AUC* Egypt)
	Bachelor Construction Engineering (AUC* Egypt)
	Bachelor of Commerce (Ain Shams University)
	Industrial Technical Institute
56-65 (No.4)	No Degree
	Bachelor of Law (Cairo University)
	Bachelor of Commerce (Ain Shams University)
	Bachelor of Chemistry (Ain Shams University Egypt)

AUC: American University in Cairo

MIU: Egypt International University

Interviews Durations

The duration of the interviews differed. Some interviewees were very participative, provided very detailed answers and probed at every question; whereas others gave answers with no further details beyond the question asked. *Table 31* shows the differences in interview durations.

Table 31: Interviews Durations

Max number of minutes per interview	85
Min number of minutes per interview	30
Average duration	55

4.13 Data analysis Methods

This section clarifies the tools that were used to analyse the data collected from the empirical study. There were two main tools for the coding process. The first was Nvivo software. The second tool was the Gioia approach (2012).

4.13.1 Coding

On completion of the interview, audio recordings were transcribed and compiled with the notes taken during the interviews (Eisenhardt, 1989). One of the central processes in analysing qualitative data is "coding" (Brayman and Bell, 2011).

Coding is defined as clustering the main dimensions of the interview into categories so that answers can be grouped easily (Bryman and Bell, 2011). Two tools were utilised in coding. The first was a coding manual that provided a statement of instructions that outlined all possible categories for each dimension being coded (Bryman and Bell, 2011). The second tool was a coding schedule, which was a form onto which all data relating to an item being coded was entered (Bryman and Bell, 2011).

Coding "entails reviewing transcripts and notes and providing labels (names) to component parts that seem to be of potential theoretical significance and/or that appear to be particularly salient within the social worlds of those being studied" (Bryman and Bell, 2011 p.578). The objective of coding is to label, separate, compile and organise data and is the first step in the generation of theory (Bryman and Bell, 2011). The advantage of coding in qualitative research is that it provides the researcher with a constant state of potential revision and fluidity (Bryman and Bell, 2011).

The coding process paved the way to the "template analysis technique". The template analysis technique started with an initial template that was expanded and reviewed as interviews were conducted and transcribed (Waring and Wainwright, 2008). An interview-by-interview map on the expansion of the template was built using the NVivo analysis tool.

To ensure the reliability and rigor (lack of bias) and generalisability of the research process, a number of steps were taken. For reliability, the audio recordings were visited to ensure that the interviewer did not interrupt the interviewee while he or she was responding, and that the interviewee took a space of time to express his or her opinion (Cassell and Symon, 2004). To ensure research rigor, Gioia et al.'s (2012) approach to the data structure was utilized to show how conclusions were drawn from interviews transcripts.

Software Used: Nvivo

Nvivo was the software used to help in coding the responses obtained from interviews. *Figure 20* shows the initial template analysis, whereas *Figure 21* shows the final template.

The initial coding was developed through various steps. The first code referred to the family business definition. The purpose of this code was to see how the interviewee perceived family business as a form of organisation. This perception would determine the replies to the remaining questions as each response stems from how the participant considers family business as a form of organisation. Therefore, it was essential to see how each participant perceived the family business.

As this research, along with investigating the barriers and enablers of professional management, was also concerned with the succession from one generation to another, it was decided to see how each generation perceives other generation's styles of management. Therefore, the second code exhibits how the second generation considers the founding generation's management and vice versa. Continuing the same theme, another code, providing facts about the succession process, was added to gain insight that could be mentioned relating to the succession process. With succession related to the continuity of the family business, another code was added relating to the barriers and enablers of family business continuity.

As this research is concerned with barriers and enablers of professional management, a code was added for professional management. To analyse all

professional management related issues; sub codes, other than barriers and enablers needed to be included, such as benefits, practices and reasons of professional management

The initial template analysis as shown below in *Figure 20* was generated before the data collection and before the panel meeting to present it. A few amendments were added to this template. This initial template was developed based on the themes expected from the three review questions. For example, one theme is concerned with the advantages and disadvantages of the founder's style of management, which is the phase before second generation involvement. Another theme is concerned with second generation style of management, to describe how the management of family firm alters when the second generation takes the leadership. Reversely, it was decided to have a theme to exhibit the interviewees' perspectives of the family business as a form of organisation with its advantages and disadvantages. Finally, the continuity of family business, which is the greatest challenge facing all family business as clarified in *Chapter 1*, has a separate theme.

Figure 20 Initial Template Analysis

- **Family Business Definition**
- **Family Business as a form of organisation**
 - Negative characteristics
 - Positive characteristics
- **Founder Style of management**
 - Advantages
 - Disadvantages
- **Second generation style of management**
 - Advantages
 - Disadvantages
- **Succession process**
 - Facts about the succession process
- **Professional management**
 - Barriers
 - Enablers
 - Reasons
 - Practices
 - Benefits
- **Continuity of family firms**
 - Enables
 - Barriers
- **Size of company and competition in industry**

After the initial template analysis was developed, a few amendments were made after the data were collected and before the analysis process, as some issues needed to be included that surfaced during interviewees. First, under the professional management code, a sub code of "problems" was added. Moreover, it was decided to add "females in family business", to include any thoughts and perspectives that were specific to females' experiences in family firms. "Father and son relationship" was also added, to include the thoughts and responses related to interaction and the work relationship between father and son. On that basis *Figure 21* below was developed to be the final template analysis.

Figure 21: Final Template Analysis

- **Family Business Definition**
- **Family Business as a form of organisation**
 - Negative characteristics
 - Positive characteristics
- **Founder Style of management**
 - Advantages
 - Disadvantages
- **Second generation style of management**
 - Advantages
 - Disadvantages
- **Succession process**
 - Facts about the succession process
- **Professional management**
 - Barriers
 - Enablers
 - Reasons
 - Practices
 - Benefits
 - Problems
- **Continuity of family firms**
 - Enables
 - Barriers
- **Size of company and competition in industry**
- **Females in family business**
- **Father and son relationship**

4.13.2 Gioia Approach

The purpose of this section is to provide an answer that some readers might ask: where is the evidence of your assertions? It is no wonder that "Qualitative research has a long history of suffering (often well-deserved) criticism that does not adequately justify its assertions, leading to some troubling scepticism regarding whether qualitative researchers are engaging in creative theorising on the basis of rather thin evidence" (Gioia et al., 2012 p.18). In a general sense, qualitative research has been historically suffering from a lack of rigor (Gioia et al., 2012).

To deal with this concern, two levels of analysis were devised that allowed both the interviewee (1st-order codes) and the interviewer's (2nd – order codes) voices to be heard (Gioia et al., 2012). Through 1st order codes and 2nd order codes, aggregate dimensions create what is known as "data structure" (Gioia et al., 2012). The data structure does not only provide a visual aid for the data but also "provides a graphic representation of how the researcher progressed from raw data to terms and themes when conducting the analyses—a key component of demonstrating rigor in qualitative research (Pratt, 2008; Tracy, 2010)". This approach is used in in *Figures 23 and 24*, which exhibits professional management barriers and enablers respectively through exhibiting how the main themes were obtained from the raw data provided by the interviews.

4.14 Ethical and Practical Considerations

Prior to starting the empirical project, ethical approval was received from Cranfield University. All the participants interviewed were mentioned anonymously in this research based on their request and for the purpose of protecting their confidentiality and privacy. All interviewees were aware that the interviews were audio recorded, for which the researcher received their consent.

The interviews allowed the researcher exposure to information that can be considered confidential to both the firm and the interviewees. In this study, the researcher interviewed several family members from different generations. It is quite possible that some members of the same family firm may critique or exhibit disagreement to the management style of another family member. What increases the seriousness of the information ascertained is that interviews were audio recorded. The researcher in this study informed the participant of the purpose of the research before starting the interview. It was also stressed that information provided will be used only for the purpose of the research and with complete anonymity.

5 Empirical Findings

5.1 Introduction

The purpose of this chapter is to present the findings of the empirical project that was conducted and analysed by the analysis tools discussed in *Chapter 4*. This research investigates the enablers and barriers of professional management in family-controlled firms. As noted in the chapter on research design, the empirical study depends on a qualitative research method, with semi-structured interviews as the data collection method. The context in which the empirical project was conducted is the Egyptian family business. The empirical study included 18 semi-structured interviews of family members, from founding, second, third and fourth generations and having different economic activities.

This empirical finding chapter starts with the research findings regarding the barriers and enablers of professional management obtained from the analysis of interviews. This will be achieved through the excerpts provided by the interviewees.

5.2 Empirical Project Findings

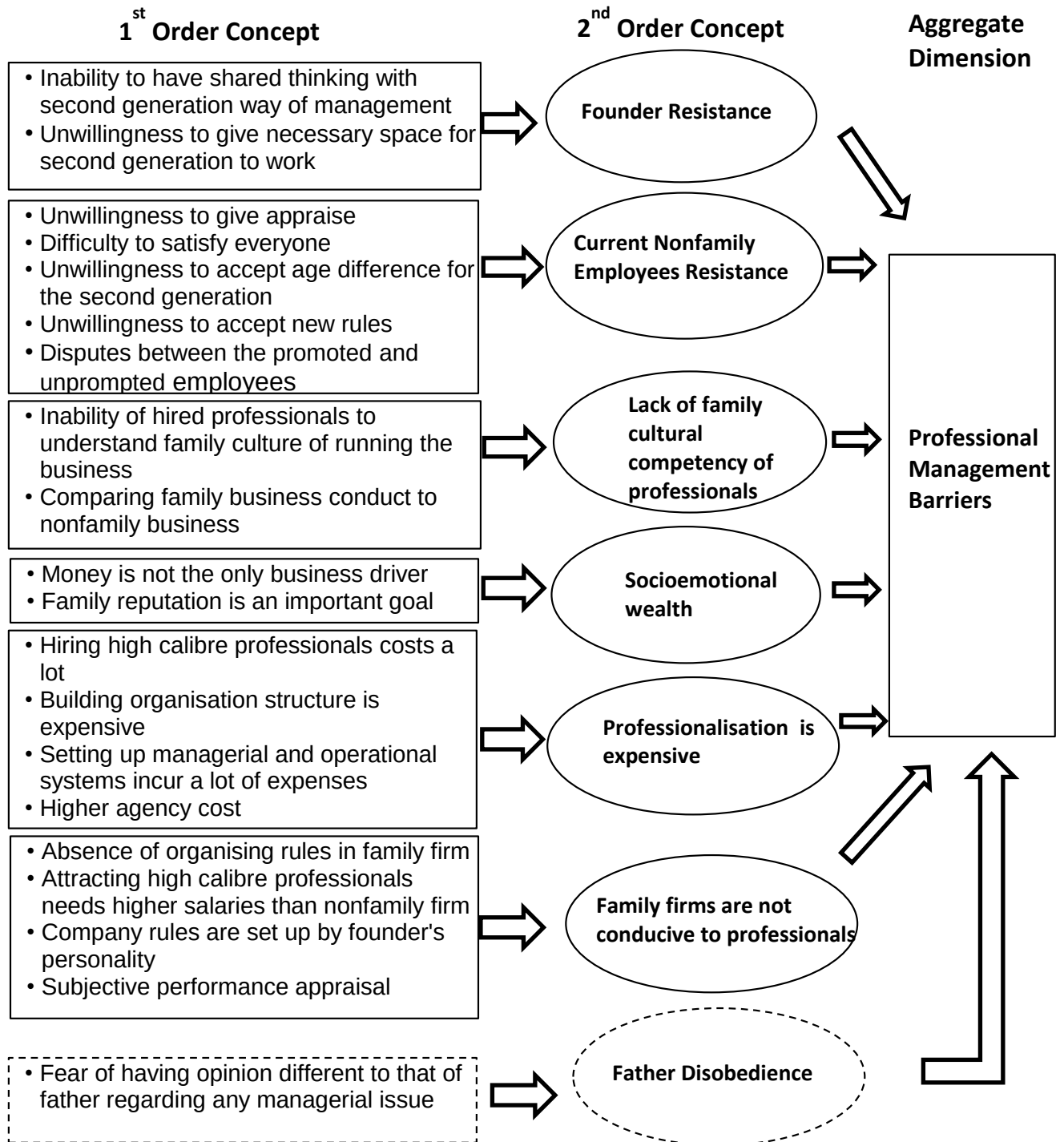
The findings of this research are divided into two parts. The first involves the themes captured from some of the interviews related to professional management barriers. The second part is those themes related to professional management enablers.

To present the findings abbreviations are used to refer to specific interviewees. For example, M G1 refers to the gender of the interviewee in this case male, G refers to generation and 1 in this case is the founding generation. To avoid confusion, the first generation was excluded and substituted by the founding generation and then second generation. F G2 is a female who belongs to the second generation.

5.2.1 Professional Management Barriers

Following Goia (2012), *Figure 22* describes how the data related to professional management barriers was extracted from the interviews and coded into three levels. The first level is the responses obtained from interviewees. The second level illustrates the responses to then obtain the themes under which certain responses can be grouped, and thirdly the aggregate dimensions.

Figure 22: Data Structure. Professional Management Barriers



In the following sections, the 2nd order concepts 'barriers' mentioned in the *Figure 22* will be discussed in detail, along with several excerpts from interviewees' responses.

5.2.1.1 Founder's Resistance

Referring to the interviews conducted, resistance from founders as a barrier to professional management was stressed in the interviews. Eight of eighteen mentioned that the resistance from the founder may be a barrier in the adoption of professional management. This does not mean that the remaining interviewees disagreed but they did not include the founder in the barriers they listed. The following excerpts are some examples of what some interviewees said:

...“the main barrier to apply the professional management is the old thinking... my thinking. My son wants to expand the business and hire professionals and launch marketing campaigns and use internet and I am not used to this way of doing business.” (MG1).

The above sentences were said by one of the male founders who confessed that his way of thinking could be a barrier to the changes his son is proposing. The man was agreeing on the changes his son was proposing on the family firm management. However, his main concern was that he was not experienced with the new changes his son wanted to initiate and thus was not welcoming.

To investigate the perspective of another generation, a 45 years old female who belongs to the fourth generation in her family firm said:

.... "sometimes older generations "founders" may not be welcoming the growth and that the younger generation will take the lead to upgrade the management. Also, older generations are not fully aware that the way of running the business now is completely different from what they used to do. There was no social media and no Internet and no smart phones” (FG4)

This female interviewee stressed the same perspective proposed by the founder above which is the founders may not be aware of the methods their sons are using and thus they may be reluctant to adopt them.

Using the Critical Incident Technique discussed (CIT) in Chapter 4 investigating if the participant has ever sought or actually decided to leave the business and why, the following female belonging to the third generation was telling her story with her dad before he passed away as follows:

...."Of course, at the beginning I had some conflicts with my dad. I remember I got angry and decided to leave the business and actually I joined an oil company for some time because I didn't achieve myself in our family firm. My dad didn't trust me enough to give me any executive position and the people in the factory lab didn't allow me to do what I want to do. That's why I decided to leave before I decide later to come back". (FG3)

That female also stressed the founder as a barrier but this time from a different angle which is that her father was against her engagement in the business and delegating some authority to her. The founder, according to the interviewee, did not have much trust in his daughter for certain reasons. First, being a female, in the eyes of her father, gave the impression that she will not be able to deal with workers in the factory especially as this is an industrial environment usually males dominated.

Another second-generation male who works in the field of medicine manufacturing said:

...I see founders must understand the new generation way of thinking because sometimes the new generation wants to upgrade in a way they are unable to understand and this is considered a barrier to professional management. (MG2)

This above angle is the same as the first one stressed by the founder and also the fourth-generation female that founders may not be aware of the type of changes subsequent generations want to undertake.

In line with the above argument, a second-generation male member who imports furniture accessories said

...."every generation is a product of its own time and thus there must be differences between the two generations of the founders and sons but the question always will be how the relationship between them looks like!" (MG2)

Comparing the perception of the founder to his second-generation member, the following was said by the founder when he spoke about how his son escalated in the ladder of management:

..."my son started the ladder from the beginning. He started with the operations department to get knowledge about the technical side of the business and then was escalated to marketing and upper management and so on. (MG1)

During the meeting with his son the same point was around and the following was his response

"my dad told you how I was escalated in the business since I joined this place 12 years ago. Unfortunately, I suffered a lot. He appointed me at once the operation manager of a certain production line in the factory. I told my dad it is better to hire someone who is professional in this career since I was just graduated from the university a few months ago. You can imagine I am asked to manage people who are working in that field for more than 20 years while I have zero experience. The result was that my dad had to interfere in my work every now and then as I was lacking experience. I felt I was useless and this was so disappointing.

It can be concluded from these opposing opinions that the second-generation member insisted on hiring someone who is qualified than him but his dad refused. The consequences were not satisfactory and thus the son went into troubles at work.

5.2.1.2 Nonfamily Members (Managers and Employees)

Nonfamily members were stated by all interviewees as barrier to professional management for several reasons. The following discusses six different cases where nonfamily managers and employees were perceived as barriers to professional management.

Resistance to Change

One of the reasons is the resistance from some nonfamily employees who were subject to changes in terms of performance evaluation and appraisal system

One of the second-generation males who works in the manufacture of fragrance concentrates said the following:

....“One of the barriers we faced when we came to apply the new system was the non-family managers. They were reluctant because they were aware that they were receiving some privileges they don't deserve compared to their performance. With the new system, we set KPIs to evaluate people performance whereas they are not used to get appraised and evaluated” (MG2)

This resistance from nonfamily employees was due to their reluctance to a new appraisal system that would evaluate their performance more accurately.

Difficulty to Satisfy Everyone

Current nonfamily employees were stressed by what they felt was a barrier to professional management but from another angle as stated by a female who belongs to the third generation and works in the manufacturing of chemicals:

... “Even when nonfamily managers agreed to cooperate in managerial change we found that “everyone wanted to be a manager and not a subordinate. Everyone sees he or she deserves to be promoted which was a challenge how to satisfy everyone” (FG3)

In this instance the employees did not stand against the changes the family members wanted to execute. However, the problem was that everyone wanted to be promoted. The family member needed to look for methods to satisfy those who were not promoted. The situation can be even worse if the employees not promoted decided be uncooperative, which is what happened with a second-generation male who imports sanitary ware:

..."Assume you found the qualified nonfamily manager among a group of workers (let's say 20 workers) and you decided to promote him. What will happen is that the 19 workers will fight him to make him fail. Why? Because all of them see they deserve to be placed in his position. (MG2)

That family member suffered a lot in his attempts to restructure his company management in a professional way, as he confirmed the following when he was describing his experience of adopting professional management:

...."Yes, hiring nonfamily professionals and delegating authority to them is not an easy step at all because walking towards professionalisation [hiring nonfamily managers] we have opened a door for heaven and hell at the same time"

Non-cooperation with Second Generation

Resistance from current nonfamily managers was also stressed by another second-generation male who works in the manufacture of local medicine but from another age group:

..."In general, I see the most difficult barrier is depending on professionals outside the family. In fact, I had a certain situation with one of the nonfamily managers who have been working with my dad for many years before I join the firm. He was a legal consultant to the firm. Whenever I propose any new idea to improve the management, he doesn't agree. The issue is related to age and the fact that he doesn't want to give me the impression that I am his boss. I dealt with him with respect but I was depending on my dad to dictate that manager to do what I want. After some years, the relationship is better but I admit that in Egypt the issue of the age difference really makes some conflict and barrier to deal with older people. I can't say I find a solution for it. (MG2)

Here the second-generation member was suffering due to the age difference and the local culture that stresses seniority either in age or number of years spent in the firm. The same point of view was shared by another second-generation male who said the following about his experience of dealing with some nonfamily managers who worked with him at the school:

...In 2009, after the success I achieved in the new campus, my father in law asked me join the old campus in Masr El Gedida region as he became unable to handle all issues there in the old campus and he wanted to benefit from my experience in the new campus. Guess what happened !! a very challenging period mainly due to those old staff members in the old campus. The first two years in the old campus I was so depressed and was thinking on a daily basis to quit and leave this business. I admitted at some point of time that I failed as they were not cooperating with me at all in any proposed change.
(MG2)

Inability of Professionals to Understand the Culture of the Family Running the Business

The nonfamily members in the family firm still represent a barrier to professional management but this time from a different angle which is the lack of cultural competency to adapt to family values and norms. It can be inferred from the following that there are two cultural aspects that the nonfamily professionals were unable to adapt to. The first is the fact that the founder is the one who makes the decisions and reference of policies and rules. The second aspect is that some families place some nonfinancial goals before financial ones. This was mentioned by seven interviewees.

..."We do have certain goals that are not financial. For example, during the turbulence after the 25th January 2011 revolution, we were about to lay off some people as a way to downsize the business to cut costs. However, we know very well that our workers are in need to their salaries and laying them off will extremely harm them and their families. It took almost a complete year running one of our factories without covering its expenses and we were incurring losses. (F G2)

This was said by a second-generation female who confirmed that their culture states that having financial returns is not the only reason for running their business.

Inability to accept Founder as Substitute to Rules

One of the males who belongs to the second generation of his family business in manufacturing of fragrance concentrates said:

“.. You know... We hired three operations managers for our factory who have been working in multinationals such as P&G in two years' time. Every one of those three managers asked for certain authorities as if he is working in multinational firm. But through time, they got into clashes with my dad and they left. Family firms have certain culture for business operations that not everyone can adapt with. This culture is having crucial decision making centered around the family members and more specific the founder whereas those managers used to have rules more powerful than individuals which is the case in nonfamily companies” (M G2)

As stated by those family members, nonfamily managers failed to understand the family culture although they did not lack formal competency because they spent many years in multinational companies. Nonfamily managers wanted to abide by rules and policies which is not the case in the family firm of an interviewee that is controlled by his father. The same perspective concerning cultural competency of nonfamily managers was mentioned by another female who belongs to the second generation. However, the experience of this female could be unique in that she has both the experience of working in a nonfamily firm for some years and then joined the firm established by her father. She worked in a managerial consulting company before she joined her family firm and said the following based on her experience with both family and nonfamily companies:

...“Based on 7 years of experience in consulting company before I join our family business, it is so hard for those who are not used to work in family business to work in a company like ours. This is because we do have certain business culture that is different from that of non-family firms. I do not think one day in the future we can depend on those professionals who are not familiar with our family culture”. (FG2)

Me: Could you please clarify

Guest: *"professionals always want to abide by strict rules and policies and this could be unavailable in family firm like ours".*

Having Nonfinancial Goals

Having nonfinancial goals was the second cultural angle stated by interviewees, which some nonfamily professionals were unable to deal with. This was asserted by a second-generation male who works in the field of construction and who said:

..."I had previous experience with a person who joined us for some time and promised to make our business professional and he didn't ask for a salary until he achieved his promises. But, unfortunately, he came with completely different thinking from ours. He wanted to make our company a corporation and launch an IPO and make it big one at a time and work with very high-profile clients. He also proposed to be partner in the family firm. Regardless of our perspective to the idea of having an external partner, we, as a family, prefer to work with low profile but very high quality. We are against the idea of having huge advertising campaigns. This person wanted to make a huge propaganda and this is against our family way of thinking which does not prefer to work on a very large scale...He was unable to understand our family values and he left after a short time". (M G2)

The manager who joined that family firm, similar to the majority of other professionals, had the objective of maximizing the profits of the company which, is not the objective sought by the family. According to that second-generation member, his family prefers to work on a smaller number of projects with high quality rather than handling a lot of projects at the same time seeking only to increase sales.

Five interviewees stressed the importance of this point in their family business conduct. One of the females who belongs to the second generation said the following when she was clarifying the main values governing their business conduct:

.... "My dad "founder" wrote his last testament before death "don't ever make money your main concern: a little that will last is better than many that won't. Live and let others live" and this was the essence on which all decisions are made and not any manager or employee can understand this family value" (FG2)

Again, this confirmed the angle of some professionals' inability to understand that financial goals were not the main driver for some families running the business. Another male who works in the field of construction and belongs to the second generation said the following when he was describing what his family firm represents to him:

..."For me money is not everything. I feel very much appreciated and rewarded when I tell one of my friends: go to X area and see the building we built and see how different and elegant it is. This is my source of pride which is not comparable to any monetary reward. (MG2)

Another male who belongs to second generation and works in the trade of sanitary confirmed the same angle through asserting that the psychological reward he receives from his business is far superior to achieving financial profits.

..."I always work to have fun and enjoy and not to make money. I want to make our company a role model for others to imitate. This is a very psychological rewarding feeling which can never be compared to any financial profits gained. (MG2)

A sixty-five years old founder who established a family firm in construction also stated that family business for him is far beyond being a source of income He said:

...."I look at my family firm as a blessing and endowment from God which I must maintain and protect. This is the source of pride and identity in society and not only a source of income" (MG1)

5.2.1.3 Family Firm is Not Conducive to Retention of Professionals

Family firms do not attract a lot of professionals for a variety of reasons and this was affirmed by the interviewees. Two reasons identified being unattractive to some professionals. Firstly, some professionals do not prefer the 'one man' show business environment but prefer working with defined rules and policies. The second reason is that the probability of family firm continuity is low as clarified in the introduction *Chapter 1*. In the following, the two reasons will be discussed into greater detail.

One Man Show Business Environment

One of the second-generation males whose family manufactures fragrance concentrates said the following:

"...Actually, we can afford to hire and pay good salaries to some extent close to those of Multinationals but I cannot deny that many high calibre professionals get worried to join family firms. They do not like the firm where there is someone who is controlling everything as far as he is the owner of the place..." (M G2)

According to family members, the source of worry for some professionals is that they do not like the business environment that is controlled by the founder or a single person who is the centre of management. They prefer to be controlled by rules and policies rather than personal attitudes of some powerful individuals. In reply to the question: why do some professionals prefer not to join family firms? One of the females who belongs to the second generation and who worked for seven years in an Egyptian consulting company before she joined her family firm said:

"... actually, some professionals do fear to join family-controlled firms. I can tell you my point of view based on my experience when I was working in the consulting company. When I told my colleagues there that I am going to join our family firm, all of them were confident that I won't continue there for long time due to the atmosphere of the family firms. Actually, I suffered a lot in the

beginning and was wondering what could be the case for a nonfamily manager who is working in a family firm!!

She also added:

"...It is difficult to hire the professionals who work in multinationals because multinationals require professionals with certain capabilities which we don't need and thus they receive higher salaries. Also, professionals are used to working in certain business environment with strict rules which is may not be the case in family-controlled firms".

High Probability of Failure

Some professionals perceive that family firms have a low probability and ability to continue. Thus, they do not consider them as a safe place where they can plan for their future career. One of the examples who stated this was a second-generation member who works in manufacturing fragrances concentrates:

..."In any cases I believe that family firms have the probability of failure much more than other forms of organisations and this discourage some professionals to join family firms" (MG2)

Therefore, the high probability of family firms to fail is a contributory barrier to professionals joining family firms. As a result, attracting professionals to join family business requires family firms to pay extra for high calibre professionals, which makes professional management expensive and this is discussed in the following.

Using the Critical Incident Technique (CIT) discussed in *Chapter 4*, the following answer was from two participants in reply to the question investigating the consequences when one of the family members decided to leave the business:

..." actually, my elder brother decided to leave the business after 15 years of working with my dad in the family firm. This was very emotionally disappointing. My brother wants to feel independence and act without

supervision from my dad. Three years prior to his leave, he made some unstudied decisions in the business and my dad didn't want to prevent him so as not to make him feel he is suppressing his aspirations. The result was catastrophic because we lost a lot of money due to these decisions and in the end, my brother decided to leave the business. Such family conflicts deteriorate the image of the family businesses and make the mission of attracting high calibre professional uneasy. However, such an incident made me and my younger brother convince my dad that we must apply a different type of management where such unstudied decision should be made or reduced to the lower level possible. (M G2)

The above sentences were said by second generation male who manufactures fragrance concentrates. It can be concluded from the above critical incident of the elder brother leave to the business that it could represent a barrier to professional management and enabler at the same time. The barrier through deteriorating the image of family firms in front of some professionals who may perceive family firm as a place of family conflicts and thus its continuity is always in danger. It also represented an enabler through motivating the two brothers and their dad to adopt another type of management where a decision must be studied carefully and that family relationships have no place when it comes to crucial decisions.

5.2.1.4 Professional Management is Expensive

Building on the previous barriers that some family firms may not be conducive to attracting and retaining professionals, some nonfamily managers ask for higher salaries as stated by one of the second-generation members who said:

"...Assume there is an HR manager in a multinational company. What could be the next position for him? Of course, to be a director. But in multinational company, that person knows very well that there are other people who could be more experienced and qualified in the firm. But he or she has the dream to be a director. So how can he or she achieve this dream? Some professionals say that I can join another less famous company but with higher

title and higher salary. This less famous or lower ranked company could be a family firm. This happened a lot with us and the majority of who joined our company were an example of what I mentioned above. If he is working in a multinational, what could be the motivation to work in an Egyptian company and based on family unless there is higher position with higher salary..." (M G2)

Adopting professional management forces the family firm to incur some costs. This was stressed by some interviewees. Four interviewees mentioned that implementing a professional management structure costs the family firm great deal of money, which could be, for some family firms, unfeasible. In addition, hiring professionals increases the agency cost as the company will depend on some nonfamily managers in key positions, accruing two kinds of costs. The first is the salaries of those professionals, which tends to be high, especially if the family members want to hire high calibre personnel. This can be avoided if the family firm relies only on family members. The second cost involves the supervision and monitoring of those professionals to ensure they are working for the good of the firm. This cost could be avoided by depending on family members who are owners and managers and working for the benefit of the family firm. This can be inferred from one of the females who belongs to the third generation and works in the field of manufacturing painting chemicals said:

"...When we started professionalising our management, we decided to start with hiring a high calibre HR manager. We found that this manager will cost us a lot of money for his salary. We decided to upgrade one of the current people to be an HR manager and we hired someone to give him some training..." (F G3)

Another male founder who works in the field of timber and veneer said the following to describe his experience when he tried to depend on a high calibre nonfamily manager:

"...we can pay the reasonable price to hire professionals but the qualifications are so weak. If I think about hiring an AUC graduate (American

University in Cairo), he or she won't accept to get paid 4000 LE a month. This professional will ask for high salary that we could be unable to pay..." (MG2)

The agency cost was also stressed by some interviewees who confirmed that depending on professionals, even those of high calibre, still need supervision and control to ensure they are placing the interest of the family firm first. The following was said by a second-generation male member who works in the of field manufacturing fragrance concentrates and confirms the agency theory assumption saying:

"...no one will worry and be careful about our money other than the owner(s) of the money..." (MG2)

This sentence summarises a large part of the agency cost that family firms incur when they decide to depend on nonfamily professionals.

5.2.1.5 The Need to Satisfy Different Parties

One of the barriers of professional management is the difficulty to satisfy various parties who might have contradicting interests. This was highlighted by of one of second-generation male members who works in the field of imports and trade of sanitary ware who said:

"...I consider professional management similar to a chess game but the game never ends. There are many parties in front of you and you have to deal with. They are employees, clients, suppliers and founder. This means that any action you make, make sure that no one is harmed from it and that you can satisfy all those parties to some extent. I have to be very cautious in my movements" (MG2)

The above discussion refers to the fact that professional management has different effects. At the company level, it will be for the good of the business as it is supposed to improve performance and increase efficiency. On the workers level, some employees, as clarified before, might be resistant to change. For some founders, they may prefer not to be involved in managerial changes that they are not fully aware of. For the subsequent generations,

conflict may arise with their fathers if such changes are not welcomed; thus, endangering the relationship between them.

5.2.1.6 Disobedience to The Father

The father and son relationship was stressed by many interviewees as a barrier (and sometimes enabler) to some of the managerial changes the second generation attempts to initiate. In response to the question investigating the barriers of professional management, one of the second-generation members who works in the field of construction was asked:

To what extent you see the complication of relationship between father and son from the family side with the business side effects the way the second generation communicate with their fathers in business and the adoption of professional management?

And he answered:

"...Actually I always want to improve how issues are being managed in our family firm but I don't like to object to my dad's opinion when it comes to any managerial change decisions because in this case I will not be objecting to my manager but rather my father and it might be seen as a disobedience to him which I don't want" (M G2)

It may be inferred from the above statement that the founder "dad" does not "always" welcome the new ideas of the second generation. As mentioned earlier, one of the barriers to the adoption of professional management is the "founder's resistance to proposed changes". However, the word disobedience used by the interviewee in the Arabic context may have some dimensions that go beyond that of western comprehension. As a result, a follow up question supporting what the interviewee exactly means was:

.....Me: which background you are referring to in the word disobedience, is it religious?

...Interviewee: yes, the religion is indulged into the scene and my dad may see it as "disobedience to parents" and this intertwining of relationship is one of

the biggest challenges. These intertwined relationships travel with you at home and affect your personal life. You cannot separate. You want to make something correct, from your point of view, but this may put you into conflict with dad. So sometimes you agree about issues that may not be for the goods of the business just to avoid conflicting with my dad" (M G2)

Of the 14 interviewees, 12 interviewees admitted that the complication of the father and son relationship and its reflection on the business represents a "challenge" to the adoption of professional management and the communication between both generations. Two of the 14 interviewees disagreed that this is a complication in the relationship and that they do not think it (obedience vs. disobedience) exists in the business context.

The conflict between father and son was firmly mentioned by several interviewees. One of the second generation, whose family trades in sanitary ware

"...father obedience and the way of discussing issues with father is one of the main elements behind the continuity of family firms in Egypt. Look.. I believe that there has to be a very special way of dealing with the father so as to avoid any conflict. For example, if my dad asked to do something and this discussion was in front of other people. I must obey his order and say; ok I will do even if I see the decision is completely wrong. In this case I will manoeuvre and try to hold this decision in a very smart way. For example, I might call a person to do my dad's orders and I know this person won't be able to fulfil the task..." (M G2)

The family member admitted that he might make sacrifices at the expense of the business in order to maintain a good relationship with his father. This shows the sacred position of the father. That member had two choices; either the good of the business or the good relationship with father, he chose the latter. This can be inferred from the following statement made by the same member:

..."Actually, I believe if the second generation is not able to have a good relationship with their fathers, it is enough to destroy the family firm. (M G 2)

The discussion concerning the religious impact on the father and son relationship continued with several interviewees, where some saw it as religious while others considered it a cultural issue. One female who belongs to the second generation and works in the field of manufacturing home appliances said:

".....I see it a cultural issue. Actually, the disobedience to parents I see is not about objecting to their decisions but rather the way of communicating with parents. So, I believe you can say what you want to say but the way you say determines if there is disobedience to parents or not..." (F G2)

"..... Assume that we have a father who is very liberal and who may not be praying at all and his son dealt with him badly. Of course, that father will be so angry but the question in this case is: How will that father see this action from his son? Culture or religion? Of course, culture. (F G2)

Another female who belongs to the fourth generation and her family owns two bakery shops, had had views more closely connected to the religious side than the cultural side. She said:

".....this could be the disadvantage of family business that we sometimes decide to follow our parents even if the decision is not for the good of the business from our point of view. At the end we follow our parents' decisions regardless of the source of respect although it may tend to be a religious side..." (FG4)

The same way of thinking was shared by a 50-year-old male who belongs to the second generation in a family business importing timber and veneer:

"...Look I don't like to look at the issue from Halal and Haram side. I like to look at it as "I do my part in the required way and that is it". Halal and Haram is not my issue. I believe the mix between religion and business at work

relationship between father and son is a big problem. Why? Because this depends on the essence of education and the culture of the society. In this case, the second generation must find a way to deal with this situation in a smart way that enable them avoid clashing and conflict..." (M G2)

To further complicate the scene, we have to consider culture versus religion; the following sentences were said by one of the founders who faced very unpleasant experience after his elder son left the business without any notice saying:

"...after having opposing perspectives of how to run the business, my son left the business suddenly without any advance notice which had very severe impact on his brother and sister and myself as I was establishing this business for them and not only for myself. I asked him to continue with us as I was in need to his help but he refused and I consider it completely disobedience which will have disastrous consequences on him either during life or after death. He made a great crack in the family and his mom, sister and brother are avoiding him..." (M G1)

It can be inferred from the sentences by that founder that disobedience to the father spoiled the relationship not only between the disobedient son and his father but also between him and the rest of his family. This shows how severe the consequences of disobedience to father are in the Egyptian family business context due to the religious involvement in the father and son relationship.

The level of respect from the second-generation towards their fathers and the fear from being disobedient to them reaches the level that sometimes they prefer not to say all of what they have in their minds clearly to their fathers.

Another second-generation male whose family business is in the field of manufacturing pharmaceuticals said:

"...actually, I always want to say (of course not in front of my dad) that I prefer to separate between being a son and a subordinate at work. I see this complication as a source of troubles and conflicts in both family and business.

Actually, I have no problem with full obedience to my dad on the family level but when it comes to the businesses, I want to say (to my dad) that I am no longer that person who was at home with you few hours ago..." (M G2)

Focus should be on what is mentioned between brackets, *of course not in front of my dad*. This indicates that this interviewee prefers to avoid direct confrontation with his father. He could not guarantee the consequences of such an action; thus, the father and son relationship is maintained, from his point of view even if this will be at the expense of the good of the business.

The consideration of the disobedience to the father was emphasised by another second-generation male whose family owns two school campuses:

"... Yes sure this complication of father and son relationship exists and there are many examples you can find in Egypt of this complication. It can destroy the family relationships and also the business including any managerial changes proposed by the second generation..." (M G2)

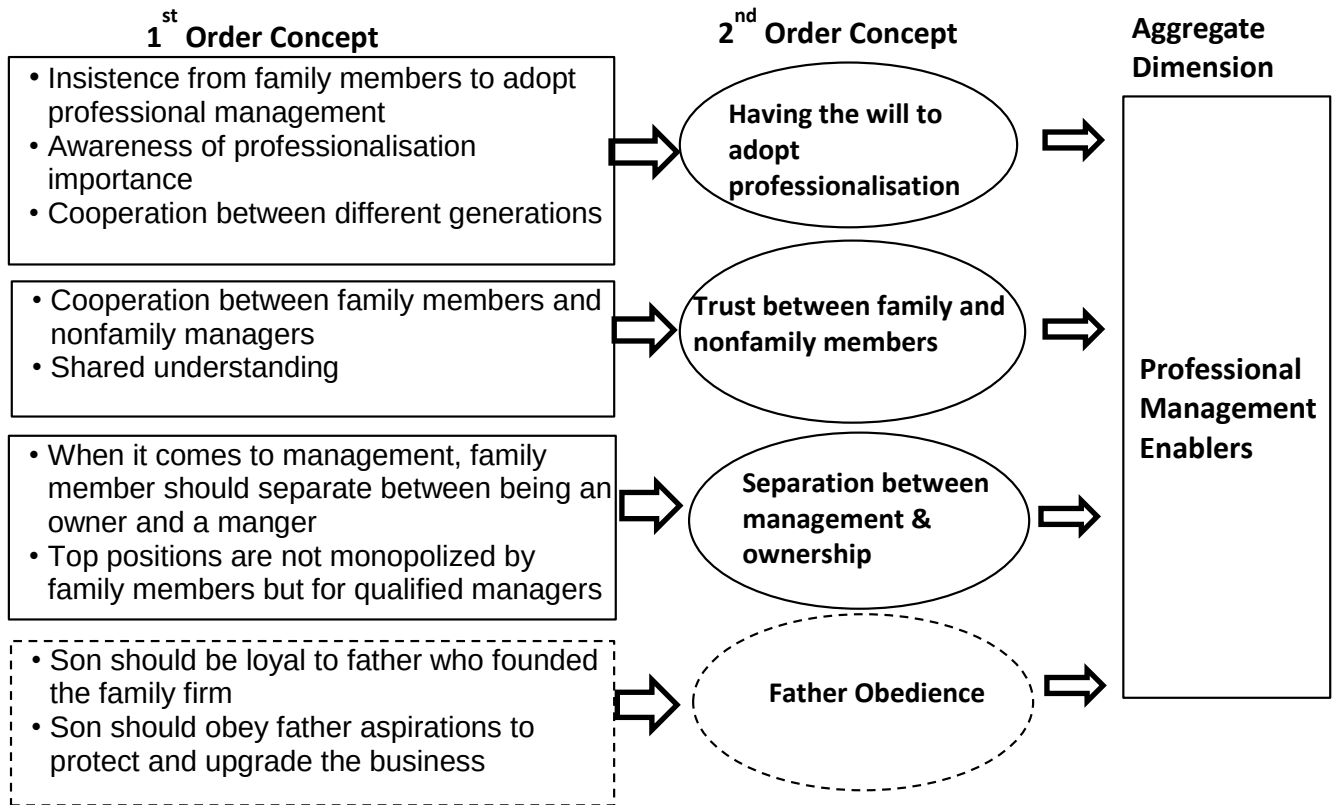
Here family members confirmed that the fear from being disobedient to the father not only has an impact on professional management adoption but it also has a wider impact on the business and the family relationships.

Having exhibited the findings obtained from interviews related to professional management barriers, in the following, the findings will be continued with professional management enablers.

5.2.2 Professional Management Enablers

During interviews, some professional management enablers were identified. They are shown in *Figure 23*, using Gioia (2012) approach analysis tool.

Figure 23: Data Structure. Professional Management Enablers



5.2.2.1 Having The will to Adopt Professional Management

One of the main enablers of professional management that was mentioned by the interviewees is that both generations to have the will to adopt it. One of the male interviewees who belongs to the second generation said

“...we insist to continue professionalisation because if we choose to go backward to the individual decisions, this means our company will collapse as the company size now can never be managed with the old way anymore” (M G2)

This sentence indicates that having professional management is not only caused by transition of leadership from one generation to another but is also related to the increasing size of the family firm as stated in *Chapter 3* under one of the causes creating managerial change.

The same participant also confirmed:

"...The second generation has a hand and a great role in the change but still the will must be shared by the first generation in this change process. So, both generations are needed for the change process" (M G2)

This indicates that both generations must believe in the importance of professional management and thus they develop the will to adopt it.

Adding to above, another male who belongs to the second generation and works in the trade of medical appliances confirmed this by saying:

"...one of the enablers of professional management is that the family members, founding and second generation, are aware of the importance of the professional management and willing to apply it"(M G2)

The above enabler is shared by the two generations who are part of the family running the business. The following enabler is based on cooperation between family and nonfamily members.

5.2.2.2 Trust and Shared Understanding Between Family Members and Non-Family Managers

The adoption of professional management does not only require cooperation between family members, as discussed in the first enabler, but also a shared understating between family and nonfamily members. One of the male interviewees who belongs to the second generation had two varying experiences when he came to deal with nonfamily mangers. His family owns two school campuses. The first campus was established at the beginning of the 1980s, while the second started operating in 2001. What follows tells how of his experience in both and how the relationship with nonfamily managers reflected on the management performance in both cases:

"...I have two different experience with nonfamily managers. The first one was when I joined the new campus in New Cairo. The stuff, due to being a new campus, was mainly a young generation. Because we were at age close to each other there was high level of trust and cooperation between us which was completely the opposite when I moved to the old campus where most of management staff was occupying their positions for more than 20 years and

there was no common language with them at all. Without mutual understanding, I suffered a lot to apply my thoughts which were for the good of the business” (M G2)

The same point was further stressed by another male who belongs to second generation and works in the trade of sanitary ware said:

“...One point to add when I came to apply the new system of management is that the young people of the nonfamily managers were more flexible and cooperating in applying the new regulations than the older people as we were close to each other in age and this fostered the mutual understanding...” (M G2)

It can be inferred from this interviewee that being close to each other in age helped him to execute the managerial improvements. This can be directly related to the above barrier where one of the second-generation interviewees stated that seniority and age difference were obstacles for him in the instruction of one of the nonfamily managers in his family firm.

5.2.2.3 Separation between Management and Ownership

Almost all the interviewees admitted that senior positions should not be monopolised by the family members if the family wants to adopt professional management.

One of the founders who works in the manufacturing of fragrance concentrates said this as the preliminary of the interview:

“...first thing to guarantee continuity of the family firm is to separate in their minds between management and ownership. This does not mean that owners won't be involved in management. Rather it is not restricting all positions only to family members. Ownership is something related to the shares of family members and the only place ownership has an impact is the general assembly where every family member can express their opinions about the firm performance. But for daily operations there are Board of Directors who appoint managers to execute the daily operations” (M G1)

That founder added an important point concerning the separation between management and ownership. This point is that the separation between management and ownership could be from a mental viewpoint. This is concluded when he said that the separation should be "in the minds" of the family members. Therefore, according to that founder, the traditional method of separation, usually through legalised ownership, is not solely enough.

The same perspective of not restricting key positions was shared by another second-generation male whose family manufactures local medicines and had a similar opinion saying:

"...I hope we will live the day when there will be many managers in high positions from outside the owning family. I think this will add a lot to the company but still maintain the company as a family-based firm but for management it must be mix between family and nonfamily members..." (M G2)

5.2.2.4 Obedience to Father

If disobedience to the father was stated by interviewees as a barrier to professional management, the opposite, father obedience, was considered an enabler. A second-generation male member who works in the field of import and trade of sanitary ware said:

"...many doors are opened for me through the name of my dad when I was trying to improve some managerial issues in the factory. This is something quite appreciated and I must be obedient to my dad who established this business for me..." (M G2)

Now we move to another second-generation member whose family works in the field of importing and trade of medical appliances, who confirmed that the father and son relationship is a mixed blessing when it comes to the test of obedience versus disobedience saying:

".... I think there could be a challenge but doesn't live up to be a barrier. When I discuss with my dad any topic, I know where my limits are. And when I

feel that I am approaching a conflict with my dad, I decide to surrender and this creates some depression to me" (M G2)

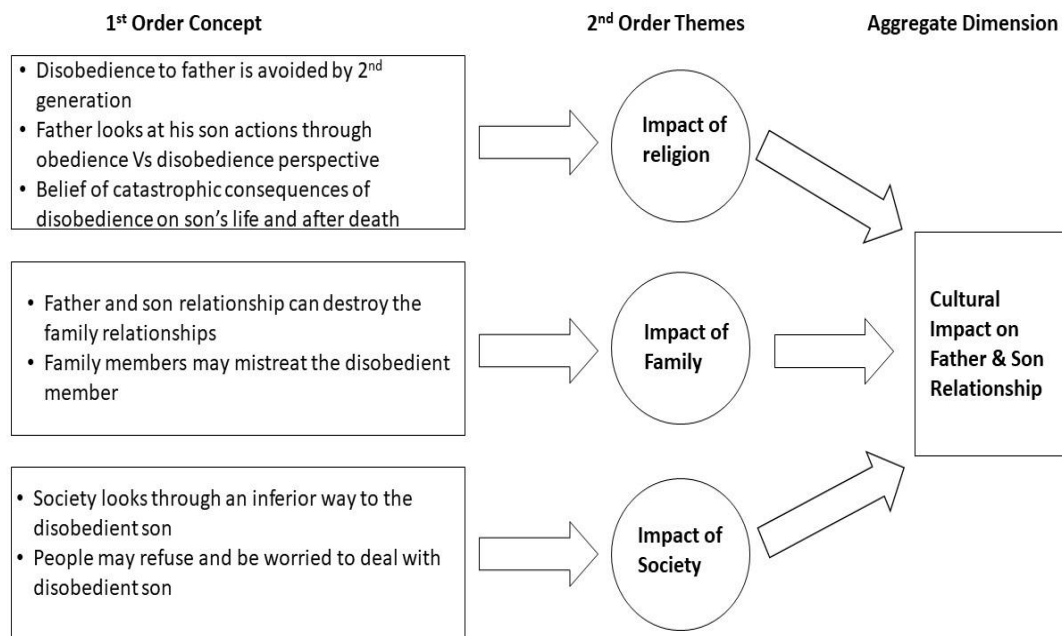
Me: Good. Here I would like to ask: this surrender is stemming from which origin? Religious or "business"

Interviewee: *"in fact, religious and not business" (M G2)*

Again, this was another second-generation member who stressed the fact that the main determinant in the relationship between him and his father and being obedient is religion.

To visualise and summarise the father and son relationship and the impact of disobedience to the father, *Figure 24* exhibits this relationship using the Gioia approach (2012). The father and son relationship is composed of three levels, which are all created by the impact of religion on all of them. Religion affects how the family and society look at the disobedient son. In addition, religion affects how the person looks at himself.

Figure 24: Father and Son relationship



5.3 Succession and Professional Management Adoption

Since the succession process is a key part of the research question and is a reason for making family firms see to adopt professional management practices, it was necessary to investigate the opinion of respondents about this point. As exhibited in the interview protocol in Chapter 4, the warm up phase of the interview included a question of how issues were going since the establishment of the business and what changes happened when the second generation joined the business

A second-generation male who work as teaching staff in an institute said the following before and after the second generation joins the business:

... 'the institute was being managed by my dad and my two uncles. There were only 300 students enrolled who you can say the most failure students who were not able to join any university due to their very low score in high school. However, we as a second generation joined the business starting from 2007 and the majority of the second-generation members (5) are holding MBA and

Ph.D. Therefore, the way the institute was being managed completely changed through having stricter policies and rules and even the image of the place improved dramatically. (M G2)

As clarified by that second-generation member the succession process from the founding to the second generation had a great impact on the management style through having more strict rules and policies to control the institute

Another second-generation member who works in manufacturing fragrance concentrates said the following describing before and after he joins the family firm

..." before my me and my two brother joins the business, my dad used to do almost everything in the business. We followed this way of management for some years after we joined. In many times, we felt we were useless. I remember we used to have many people waiting in front of my dad office everyone is waiting to ask him about something. Even those who wanted to have a personal loan used to go to his office. I was wondering about the hours being wasted and of course, the company performance began to suffer. This forced me and my brother to sit with my dad and told him we must change this way of management because the company will collapse if we continue this way.

All of the above examples indicate that succession cannot be isolated from the managerial change process from the individual style of the founder to the professional management.

5.4 Summary

In conclusion, in this chapter the findings of the empirical project were outlined regarding the barriers and enablers of professional management. Using Goia (2012), two models were developed for professional management barriers and enablers respectively. For the professional management barriers, seven barriers were identified from the interviewees' responses. For the professional management enablers, four enablers were addressed. The chapter closes with

visualizing the father and son relationship in the Egyptian family business context where religion plays a crucial role.

In the following Chapter 6, the identified barriers and enablers will be discussed by linking the empirical findings back the existing literature.

6 Discussion

In this chapter, all the findings presented previously in *Chapter 5* will be discussed. This will be attained through linking back to the literature the findings of the empirical project. The purpose of reflecting on the empirical findings in the existing literature is to identify the barriers and enablers that already exist in the literature and which do not. The chapter starts with professional management barriers followed by professional management enablers.

6.1 Professional Management Barriers

Six professional management barriers were identified. These are resistance from the founder, nonfamily manager and employees, cost of professionalisation, family firms are not conducive to professionals, disobedience to father, and the difficulty to satisfy various parties.

Resistance from Founder

Referring to, the findings discussed previously in *Chapter 5*, the founder resisted the managerial changes proposed by his son because of a lack of familiarity to those changes. The founder was against the managerial changes due to lack of confidence and that the changes would minimise his involvement in the business. Resistance from the founder was mentioned in existing literature as a barrier to adopting professional management but from a different angle that is not mentioned in literature. In the following, the way the family business literature dealt with the founder as a barrier to professional management will be discussed.

The founder's resistance to managerial changes proposed by the second generation is one of the main barriers to the adoption of professional management mentioned in the literature (Stewart and Hitt, 2012 and Barnes and Hershon, 1989). One of the reasons behind such resistance is that some

founders consider the family firm as their "baby" and all who work with them are devices to shape their organisation (Levinson, 1971). "If anyone looks to be other than a device, this means the founder will find himself outside looking in" (Levinson, 1971 p 380). Moreover, the founder considers the business an extension of himself and personal gratification and achievement, and any change that happens to this entity will pass to him (Levinson, 1971). Professional management aims to decentralise decision-making in a way that does not depend solely on the founder (Hofer and Charan, 1984). This means that founders may disengage themselves from some tasks, which for some founders is "signing his or her own death warrant" (Barnes and Hershon, 1989). Therefore, resistance from the founder, according to existing literature is that the founder either too worried to disengage himself from the firm or he may not be sufficiently confident in his son's ability to run the business.

Another reason is that the founder usually considers his son not man enough to run the businesses, but consistently tries to hide this feeling (Levinson, 1971).

Nonfamily Members (Managers and Employees)

Nonfamily members, managers and employees, current and new comers, were clarified in empirical findings, *Chapter 5*, through different angles, as barriers to professional management. Considering nonfamily members as barriers was also discussed in literature, as was resistance from current employees to any proposed change (Dyer, 1989, Hofer and Charan, 1984). Unwillingness to try out their new skills, accepting training mainly to please the owning family and having little commitment to the education process are all reasons behind resistance from current nonfamily employees to any attempt to adopt professional management practices (Dyer, 1989).

The contribution here is that there were some themes identified in the findings that were not mentioned in the literature. It was stated that one of the reasons behind nonfamily members' resistance is the difficulty to satisfy each of them. This occurred when a family member tried to adopt some managerial

changes, especially when that required one of them to be promoted to a higher position.

In addition, it was asserted that some nonfamily managers were reluctant to cooperate with second-generation members due to the age difference and the seniority in the business, which was not mentioned in literature.

Inability of Professionals to Understand the Culture of the Family Running the Business

The inability of some professionals to understand the culture of the family was discussed in *Chapter 5* as one of the barriers to adopt professional management. This barrier can be easily identified in the literature. For example, Hall and Nordqvist (2008) stressed the importance of cultural competency of the nonfamily family manager in addition to formal competencies.

According to Tabor et al. (2018), there a set of studies asserts that nonfamily managers sometimes are unable to adapt with the idiosyncratic cultures of the running families (Mitchell et al., 2003). Adding to the idiosyncratic culture of the family firm, there is also an idiosyncratic communication between the family members created by the relational familiarity between them (Marett et al., 2015). This further complicates the task for the nonfamily members to perform and excel in the family business environment.

Socioemotional Wealth (Nonfinancial Goals)

It was stated in the findings that several family businesses seek some objectives which are not financial. As clarified previously, one of the founders emphasised this attitude and belief in his last testament to his heirs before he passed away. This theme is in line with literature. According to Chrisman et al., (2010), having goals other than that of maximising profit, as the business's first priority, could be a barrier to the adoption of professional management. Tagiuri and Davis (1992) also stressed the fact that family firms pursue financial and non-financial objectives, which is not the case with nonfamily-based firms. This intertwining of economic and noneconomic goals with idiosyncratic values of the

running family makes the family business environment, for nonfamily members, difficult to understand (Memili et al, 2014).

Family Firms Are Not Conducive to Retention of Professionals

Several interviewees stated that family firms are not particularly attractive to professionals compared to the nonfamily firms. Even if the family firm can afford the salary to hire a good professional, some professionals do not like to work in the environment of the family firm. Moreover, those interviewees confirmed that some professionals may not feel secure in family firms due to the business environment being controlled by one man. However, one of the second-generation members added a new perspective through linking the professional's fears to join the family firm with the fact that family firms have high probability of failure due to family conflicts.

This barrier can be identified in literature. According to Hofer and Charan (1984), some family firm environments do not help professionals to excel and may not be able to retain newly hired professionals. This is because some family firms do not have clear compensation plans that are based on functional responsibility and individual contribution (Hofer and Charan, 1984). This is due to the ambiguity inherited in the family business which make nonfamily members struggle to adapt in that business environment (Morris et al., 2010). Besides, family firms pay little attention to the investment in training which makes this form of organization less attractive to nonfamily professionals to join (Chrisman et al., 2014). In general, as Hauswald et al. (2016) indicate, "individuals who aspire to success, power, and self-achievement are generally not attracted to family firms".

Professional Management Has a Potential Cost

Hiring a good caliber employee costs a lot compared to hiring a family member. In addition, it was also emphasised by interviewees that family-controlled firms may not be able to pay salaries as high as nonfamily firms. The fact that professional management incurs extra costs is identified as a barrier that is in line with existing literature. According to Memili et al. (2012), hiring professionals, organising different departments, and establishing clear

organisational structures and set systems to appraise performance all incur expenses that not all family firms can afford. In the findings, this barrier was also linked to the agency theory. Besides, some interviewees confirmed that to attract high calibre professionals, they have to pay salaries even more than the nonfamily firms. This was confirmed in literature by Tabor et al. (2017) who suggest that higher compensation may be needed in family firms more than in nonfamily firms.

The cost is not only monetary as Tabor et al. (2018) confirms. There could be a possibility for conflicts between the family and nonfamily members who are not able to adapt with the family culture (Tabor et al., 2018). In addition, the formalization process may damage the family firm performance by impeding the entrepreneurial capabilities and limiting usage of idiosyncratic methods (Stewart and Hitt, 2012).

As some of the interviewees confirmed that no one will care about the family business and money other than the family members, this was confirmed in the existing literature. Tabor et al. (2018) stated that family owners and manager "*treat nonfamily members as short-term agents but family members as long-term stewards*" (p. 67).

The need to Satisfy Different Parties

It was confirmed by some interviewees that the professionalisation process is a complicated process that include several parties such as the founder, subsequent generations, nonfamily members, suppliers and other stakeholders. The barrier here is that it is not easy to satisfy all parties when undertaking the managerial changes. This barrier was not mentioned in the related literature.

Father and Son Relationship: Linking to Literature

In the empirical findings, *Chapter 5*, it was discussed that fear of being disobedient to the father was one of the barriers that face the second generation undertaking the managerial changes they look to initiate. It was also stated that the main elements behind this fear stems from the religious

background. In the following paragraphs, light will be focused on the existing literature to identify how the father and son relationship was discussed.

One attempt was made by Davis and Tagiuri (1989) that investigates the quality of the father and son relationship in reference to their respective ages. As their ages progress and their individual experience develops, this impacts differently on their relationship, both positively and negatively. The article states seven factors that influence the quality of the work relationship between father and son. One of these seven factors is the "sentiment that each person holds for the other" (p.50) without becoming more profound to clarify the type and root of these sentiments.

Another attempt was Levinson (1971) who focused mainly on the conflicts that hit many family firms. It is worth noting that the main dimension of conflict discussed in the article is "psychological rivalry". Rivalry exists between family members in the business, including between father and son (Levinson, 1971). Conflict starts from the founder as a result of a contradictory feeling between the desire to delegate some authority to his son and the inability to give up the company that he considers as his baby, and also a fear of being "unneeded" (Levinson, 1971). This has a frustrating reflection on the son who is becoming more mature and is looking for a share of the responsibility he deserves.

Levinson mentions the importance of how everyone (father and son) considers each other. Levinson states "the father looks on the son as ungrateful and unappreciative, and the son feels both hostile to his father and guilty for this hostility" (p. 379). The article did not elaborate further to mention the background of which the father considers his son ungrateful and also the background from which the son feels guilty for having hostile emotions towards his father.

Another attempt to investigate the father and son relationship was made by Pasi Malinen, (2001) who attempted to link the father and son relationship to the succession process. Pasi Malinen, (2001) was mainly concerned with proposing solutions to ease the relationship between the father and his son

without looking into the origins of the relationship complications. The context where the study was conducted was the Finnish family business.

Miller et al. (2003) threw light on the father and son relationship since the very beginning of childhood and adolescence and how this relationship is affected by the type of the personality of the fathers. For example, entrepreneurs who may be sometimes narcissistic might have uneasy relationships with their sons, as these fathers tend to have powerful egos. The sons suffer from trying to establish their own identities and independence that could result in engendered timidity. This article accrues the father and son conflicts in business to the type of everyone's personality.

Adding to literature's attempts to deal with the father and son relationship was Dumas (1989) who conducted a comparison of the results of an empirical study of the father-daughter dyad in family businesses and the literature on the father-son dyad in family businesses, stressing the similarities and differences between these two dyads. The article stresses the importance to consider the different psychological structure of the daughter compared to the son. In addition, the article advises that the resolution of conflict between father and son is different to that between father and daughter. Daughters are more affiliative and able to separate between family and business. Therefore, the solution in the case of father and son conflict will differ to the father and daughter resolution. The article did not elaborate on the roots of possible conflicts between the father and his son.

Continuing with literature dealing with the father and son relationship is Gordon and Nicholson (2010). The authors discuss the conflicts between father and children. The relationship starts smoothly as the father is aiding, nurturing and guiding the children onto pathways of success. However, the conflict starts later as the parents want to manage the future of their children, which is seen as unacceptable to the children. Here the sources of conflicts are gender, age spacing "gap" and family size.

The conclusion that can be drawn from the previous attempts in literature to deal with the father and son relationship is that none of these articles focused

on the religious background between the father and his son. In addition, none of these articles were conducted in Egypt or any other Muslim or Arab country where religion plays a crucial role in shaping such a relationship.

Obedience Vs. Disobedience: Enabler Vs. Barrier

Based on the *Tables 19 and 20*, It can be inferred that father obedience and disobedience were not mentioned in the existing literature neither as an enabler nor a barrier to the adoption of professional management. Therefore, this research states that the father and son relationship (disobedience versus obedience) can be added to the list of barriers and enablers that face family-controlled firms in their pursuit to adopt professional management.

One contribution of this research is that it focuses on one of the backgrounds from which both father and the son reveal their feelings towards each other. Levinson speaks of rivalry stemming from a psychological dimension but stops without going deeper to illustrate the roots that create and shape these psychological feelings. This is quite evident when the author recommends some remedies to deal with father and son conflicts. The author proposes that a third party can be involved between father and son and that is a psychologist or psychiatrist. In the following, a detailed description of the parent and son relationship will be provided in general and the disobedience consequences specifically in Islam.

Disobedience vs. Obedience to the Father in Islam

Referring back to the symbolic interactionism epistemology decided in Chapter 4, it was necessary to analyse how every generation assigns meanings to the other actions and how the other perceives his own action. Here the son is concerned to be perceived by his father as disobedient, which stems from a religious background and carries undesirable religious and societal consequences on him. Without symbolic interactionism, it would not have been possible to come up with the claim that disobedience vs. obedience is a barrier and enabler to the adoption of professional management.

As clarified in the empirical findings, several second-generation members expressed fear of being seen as disobedient by having differing opinions to their

fathers in relation to upgrading management. In order to know what disobedience in Islam means, we must refer to the cultural context where the empirical study was conducted. We need contextual understanding of social values in order to better analyse the impact and importance of these values (Bryman and Bell, 2011). The disobedience here stems from a religious origin. In the following, we will focus on understanding what disobedience to the father represents in Islam and its consequences.

Disobedience to parents in Islam is one of greatest sins a Muslim can commit during his life. Obedience to parents is stated in the Quran 16 times in several Surahs and in different verses, ranging from requirement to obey them in issues that are not in conflict with Sharia, being modest, decent words, charity to them and finally praying for them. Disobedience has disastrous consequences on the individual in all personal, familial, societal and religious levels. In addition, Muslims believe that disobedience to parents has catastrophic consequences on the individual's after- life (Prophet Mohamed's Hadith "saying"). According to Prophet Mohamed' saying: "Allah will not speak to three kinds of people on the Doomsday. Neither will He have mercy upon them, nor will He purify their sins". One of them those who are disobedient to their parents.

Disobedience to parents has been always ranked the second most important position in Islam after worship of Allah, either in the Quran or Prophet Mohamed's sayings, and this refers to why this issue is so important in Islam. For example, in Surah An Nisa (The Women), Allah says: "Serve Allah, and join not any partners with Him; and do good- to parents" (Verse 36). Another example in Surah Al Israa (The Night Journey) Allah said: "Thy Lord hath decreed that ye worship none but Him, and that ye be kind to parents. Whether one or both of them attain old age in thy life, say not to them a word of contempt, nor repel them, but address them in terms of honour" (Verse 23).

Some interviewees saw the source of complication in the relationship as stemming from religion, others admitted that it does represent a challenge to the business but they did not totally agree that religion was the source of the

complication. Therefore, a further elaboration was needed to decide if the relationship between father and son can be placed completely under the umbrella of religion or whether if it is a cultural issue in broader terms.

Religion, Culture or Norm?

The father and son relationship can be positioned under the umbrella of culture. This is because religion is one of the constituents of any culture and thus it may be more appropriate to consider father and son relationship as a cultural issue that is caused by religion. This is based on referring to the definition of culture

Culture is the larger umbrella that covers traits which refers to behaviour, knowledge, ideas, beliefs, and norms (Birukou, 2009).

As the definition of culture states, part of the cultural elements is the beliefs which could include religion. As a result, the father disobedience versus obedience can be placed under the wider umbrella of the local culture.

6.2 Professional Management Enablers

Having the Will to Adopt Professional Management

As clarified in *Chapter 5*, having the will, from the side of family members to adopt professional management, was stated by some interviewees as an important enabler to professional management. This enabler is in line with the literature (Sharma et al., 1997). The same enabler is mentioned by Barnes and Hershon (1989) who stated that integrating outside professionals cannot occur "without a top management that wants to take the extra step beyond survival thinking" (p.194).

Trust and Shared Understanding between Family Members and Non-Family Managers

One of the findings stated in *Chapter 5* was that trust and shared understanding between family and nonfamily members is one of the crucial enablers to professional management. This enabler was mentioned in the literature. According to Dyer (1989), it is crucial to have mutual cooperation

between family and nonfamily members in any attempt to professionalise the management (Dyer, 1989).

Separation Between Management and Ownership

One of the interviewees, as mentioned in the findings, started his discussion confirming that separation between management and ownership is one of the main elements and enablers that help in the adoption of professional management. This enabler was also emphasised by several interviewees. Reflecting on this enabler in literature, it can be found that separation between management and ownership is one of the basic enablers of professionalisation of the family firm (Memili et al., 2012). The rationale behind this is to fill the positions with high calibre managers when no family member has such a necessary quality (Memili et al., 2012). Moreover, this will widen the pool of talent and creativity for the family firm with less restriction to just family members (Benavides et al, 2013).

Several interviewees confirmed that they wish they could integrate outside professionals in the decision-making process without neglecting the family members. This enabler is in line with Barnes and Hershon (1989) who stressed that integrating outside professionals does not mean separating families from their businesses. "Families are in business to stay, and any proposal to exclude them is pointless" (Barnes and Hershon, 1989 p. 201).

6.3 Religion in the Egyptian Family Business Context

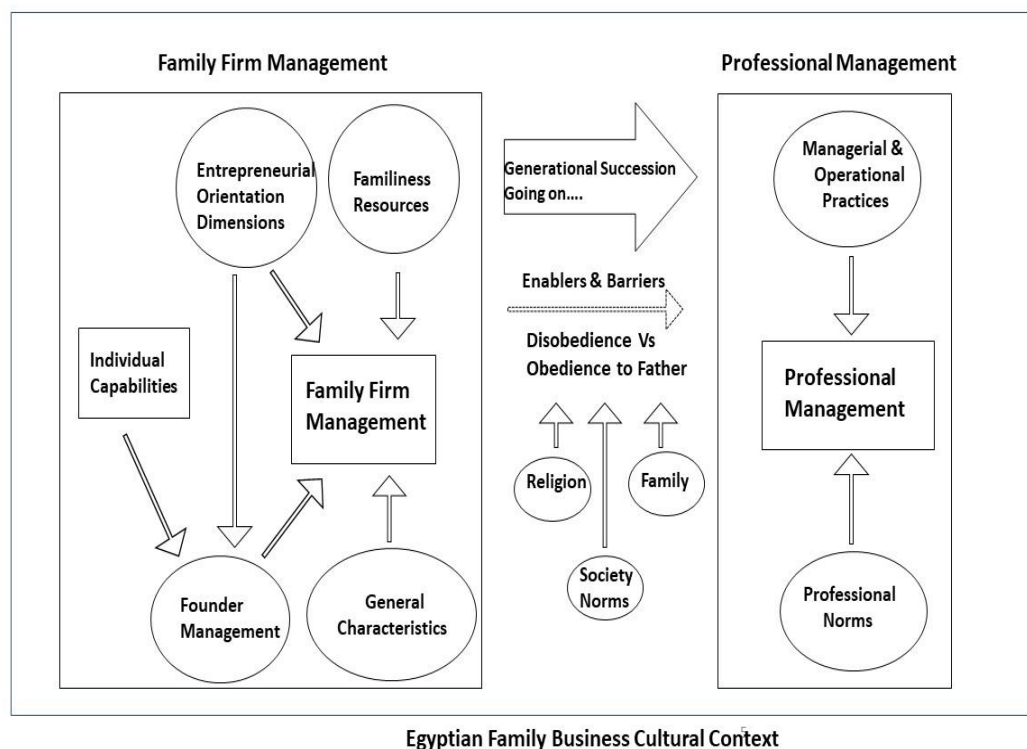
It can be inferred from the interviewee's responses that the Egyptian family business has some unique constituents. One of the main constituents is the religion namely; Islam. Several interviewees stated that their respect and obedience to their fathers stems from a religious background. This was not mentioned in the literature.

Religion for some interviewees was a supporting factor in the father and son relationship which is reflected on their business relationship in managing the family firm. However, in other instances, it complicates the relationship

through mixing the religious obedience with business relationship which could hurt the relationship on the family and business levels.

Building on *Figure 18* in *Chapter 3*, which is an evolution to *Figure 12* in *Chapter 2*, *Figure 25* below exhibits the three processes involved in the adoption of professional management while uncovering the research gap; namely barriers and enablers of professional management practices. The whole process is running under the impact of the cultural Egyptian family business context.

Figure 25: Three Processes Involved to Adopt Professional Management



6.4 Conclusion

The key message of this chapter is that there were some professional management barriers and enablers identified in the empirical project. Some of these enablers and barriers are already existing in the literature while other are not. Those existing in literature were clarified with focus on some nuances. The summary to research contributions will be highlighted in details in *Chapter 7*.

7 Contributions and Conclusions

7.1 Introduction

This chapter discusses the contributions of the research study. The research starts with stating the inability of family businesses to continue across generations which is not exclusive to Egypt but is a problem facing family-controlled firms worldwide. One of the reasons behind this problem is the inability of some family firms to adapt to the managerial changes that occur as a result of the disengagement of the founder. As the founder leaves the scene, the style of management that was ideal previously, known as entrepreneurial management, becomes unsuitable. Therefore, the subsequent generation looks for more organisation and depends on nonfamily managers, which is known as professional management.

This chapter is divided into two parts. The first part is concerned with discussing the contributions obtained from empirical findings, *Chapter 5*, based on the discussion *Chapter 6*. The second part is related to contributions highlighted in *Chapter 3*, the systematic literature review. In addition, it presents some limitations associated with all the steps undertaken in this study. Finally, the chapter ends with some recommendation for future studies that future researchers might seek to discover and research.

7.2 Contributions Obtained from Empirical Study: Professionalisation Barriers and Enablers

The contribution obtained from the empirical study is concerned with answering the research question, which investigates barriers and enablers that face family-controlled firms in the adoption of professional management practices. In the following, some barriers and enablers will be highlighted based on the discussion in *Chapter 6*.

Obedience vs. Disobedience to the Father and The Locus of Control

As discussed in *Chapter 6*, it was highlighted how the complicated father and son relationship in the Egyptian family business context had a great impact on professional management adoption. That relationship was shaped, to a far extent, by the religious background that made the disobedience to the father an issue that sons always tried to avoid. The meaning and consequences of such a disobedience in Islam was further clarified by illustrating how it is mentioned in Quran and in Prophet Mohammed Hadith "saying".

The issue of obedience vs. disobedience to the father can be connected to the concept of locus of control as far as the second generation is concerned. According to the American psychologist Julian B. Rotter, the locus of control is the degree to which people believe that they have control over the outcome of events in their lives, as opposed to external forces beyond their control. In this case, the second generation is facing the challenge if their own actions and decisions are fully under their control, which may be inconsistent with their fathers and thus disobedience appears in the horizon, or choose to take into account the satisfaction of their father and thus they lose part of their control

Referring back to the main challenge facing all family firms, which is the low survivability rate, Levinson (1971) suggests that: "the wisest course for any business, family or non-family, is to move to professional management as quickly as possible"(p. 386). This supports the purpose of our research to look for the barriers and enablers of professional management connected to the father and son relationship. As discussed previously, the father and son relationship (disobedience versus obedience) was uncovered as an enabler and at the same time a barrier to professional management. As a result, the father and son relationship (obedience Vs disobedience) can help or hinder the continuity of the family-controlled firms.

The Need to Satisfy Different Parties

In the findings, *Chapter 5*, some interviewees confirmed that the difficulty of adopting professional management is that it is a process that is intertwined

with several parties. Satisfying all parties concerned is really difficult. This barrier was not stated in the literature. The founder, second generation, other family members, nonfamily managers and employees, suppliers, and governmental bodies are all parties concerned and affected by the professionalisation process. Those parties might have contradicting objectives from the professionalisation process. The founder may need to improve the managerial performance but still be able to have everything under his/her control. Second generation members want to execute certain practices learnt at university, but they face some reluctance from founders and nonfamily managers. Nonfamily managers and employees may resist change for several reasons such as fear of losing some privileges or being exposed to stricter policies. Suppliers may become worried if the new proposed changes seek to widen the supplier base by including new suppliers.

As a result, having several parties involved in the professionalization process with contradicting interests is a barrier that is added to the barriers list identified in the literature previously.

7.3 Theoretical Contributions from Literature Review

7.3.1 Professional Management Definition: More Clarity

This research provided detailed illustration to the concept of professional management as exhibited in *Table 18* in *Chapter 3*. That table combined all managerial elements from the existing literature and divided them into two mainstreams, namely norms and practices. On the practices stream, there are two levels based on the type of the managerial practice, which are classified as operational or managerial. The second stream is norms, which refer to some professional beliefs as an indication to the mindset and mentality of the persons managing the family firm. In the existing literature there is no detailed description of what is labelled as "professional management".

7.3.2 Cultural Context: A Third Element to Founder Style of Management

Referring to *Table 17* in *Chapter 3*, two main elements of the founder style of management were identified based on existing literature which are the individual and entrepreneurial characteristics. The third part composing the founder style of management is based on the empirical project, namely the cultural context. The father and son relationship is one of the main elements that shapes the cultural context in which the founder performs and is affected by. According to the empirical findings in *Chapter 5*, the founder depends on elements such as the father and son relationship, which receives its importance from religion "culture", to implement his or her own instructions and vision. Other elements, such as norms, customs and traditions serve in the cultural dimension by enforcing the importance of obedience to parents and showing respect to their opinions. Continuing on *Table 17* in *Chapter 3*, *Table 32* considers the impact of the cultural context on the characteristics of the founder style of management.

Table 32 Characteristics of the Founder Style of Management and Cultural Context

Entrepreneurial (EO) <ul style="list-style-type: none"> ▪ Autonomy ▪ Risk taking ▪ Innovativeness ▪ Proactiveness ▪ Competitive aggressiveness 	Individual Traits “Capabilities” <ul style="list-style-type: none"> ▪ Longer term oriented ▪ Centralised decision maker ▪ Intuition based decision-maker ▪ Rapid & flexible decision-maker ▪ Founder ego satisfaction ▪ Conformist ▪ Stress resistant ▪ Nonexperimental in action ▪ Conscientious
Cultural Context <ul style="list-style-type: none"> ▪ Father and son relationship <ul style="list-style-type: none"> ▪ Religion ▪ Norms, Customs, and Traditions 	

Based on the above, a founder style of management can be defined as:

A set of entrepreneurial and individual capabilities that are orchestrated under certain cultural and familial context, the founder utilises to present and execute his vision. (El Gallad, 2018)

Based on the above clarification, the contribution of this research is to add greater clarification to the concept of a "founder style of management" and how it differs to the entrepreneurial style of management that some scholars tend to use to label the way the founder manages his/-her family firm. Therefore, it is recommended to use the term "founder style of management" rather than entrepreneurial style of management when it comes to describing the behaviour of the founders running the family business. Since the founder style of management was presented in *Chapter 3* as one of the elements of family business management, the following section how the added part to the founder style of management will be integrated in the family business definition.

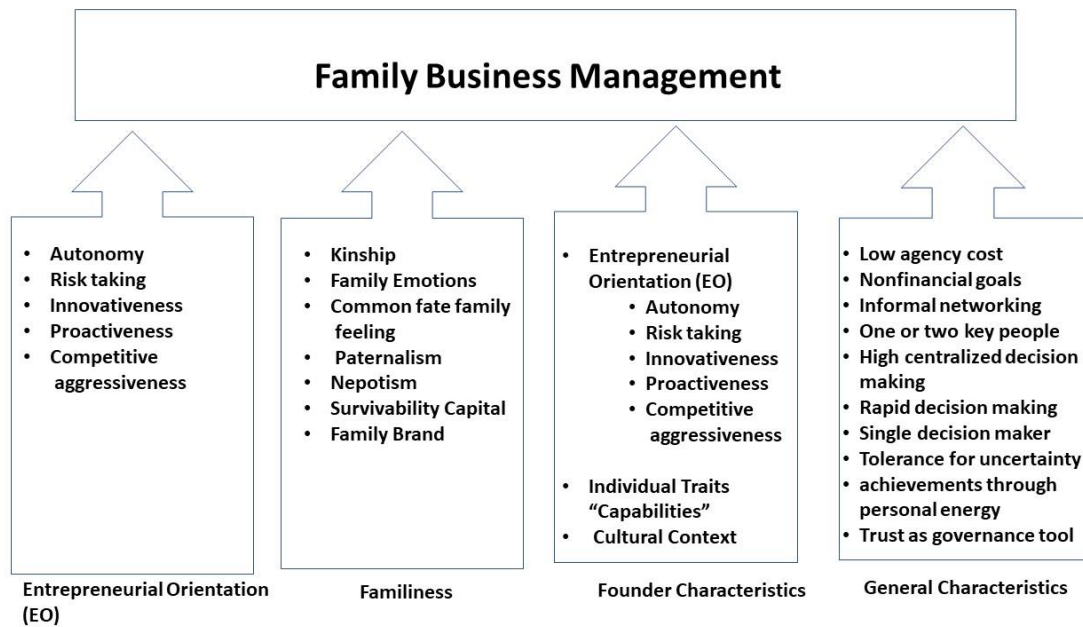
7.3.3 Family Business Management Definition

In *Chapter 3*, a more organised illustration on the concept of family business management was presented. As clarified in *Chapter 3*, there is a sort of confusion when it comes to describing family business management. This was done by clarifying the main parts that form family business management. The four parts were founder, entrepreneurial, familiness and other characteristics.

The contribution here is that it is not accurate to label family businesses as only entrepreneurial firms. In addition, founder-based management cannot be considered only as entrepreneurial. This research contributes to the literature through presenting a thorough and precise description of the way family businesses are run by illustrating each constituent independently. Therefore, using the concept of family business management is more accurate than using entrepreneurial management or founder management to describe the management in family-controlled firms. Based on that, Figure 26 below exhibits the four parts composing the management in family-controlled firms.

Each part was discussed in Chapter 3 in detail. Building on *Figure 15* in *Chapter 3*, *Figure 26* completes the family business definition after including the cultural context element in the founder style of management part.

Figure 26: Four Elements of Family Business Management



Source: El Gallad (2018)

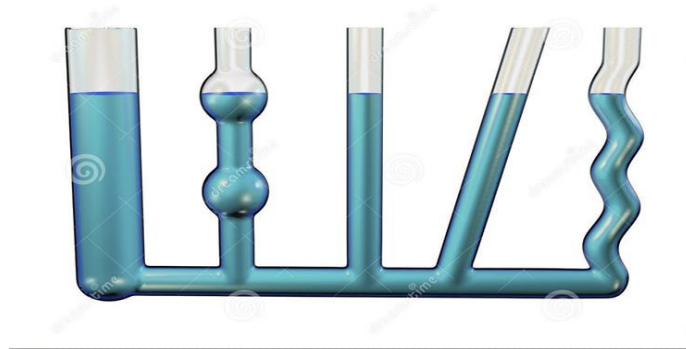
7.3.4 Dealing with Father and Son Relationship

Referring to the father and son relationship, there was an interesting idea proposed by one of the second-generation male members of how the family and nonfamily members can have different points of view towards the adoption of professional management, but still maintain the shared thinking and business objective and avoid conflict. In the following, this recommendation will be further highlighted.

"...I see there is no way to escape from having different opinion between me and my dad and even my brother who is close to my age. But what might be challenging is the fact that sometimes such a difference of opinions, which is normal, may result in other undesirable consequences on our family relationships. I see there must be a dependence on the idea of "communicating

vessels," which is that we have a shared thinking even with minor differences."
(MG2)

Figure 27: The Theory of Communicating Vessels



Source: Blaise Pascal (1623 -1662)

It was found that the communicating vessel developed by the French mathematician and philosopher Blaise Pascal (1623 -1662). The main idea behind providing this resemblance is that, despite the difference between the family members' opinions, they are still "connected and communicating" with each other. Moreover, there is only one type of liquid in the whole device, which implies that family vision, goals and ambitions are the same for all members, although every member exhibits them in his or her own unique way. Therefore, it should not be a crisis or problem when family members have different opinions as long as they are all have the same objective which is expressed by each member's unique way.

7.4 The Egyptian Family Business Context

The contribution of confirming that the father and son relationship (obedience Vs. disobedience) as enabler and barrier to professional management was obtained, owing to the context where Islam had a major existence. This is because the Egyptian family business context has some cultural dimensions that do not exist in any of the contexts where previous empirical studies in the area of family business were conducted. This research is expected to benefit the Egyptian family business context which, as clarified in

Chapter 3, did not receive a lot of attention to conduct researches in the family-controlled firms.

As discussed above concerning the role of the religion, it can be inferred that Egypt, as a Muslim and Arab country, has a business environment with some differences compared to the west. It was not identified in the reviewed literature that religion can create a unique relationship between father and the son that, when reflected on the business, can represent a barrier or enabler to professional management.

In the following paragraphs, some limitations that this study suffered from will be exhibited, in addition to some future avenues for future researchers.

7.5 Limitations

The literature review was conducted through very strict criteria. The review was initially conducted at the beginning of the year 2015 and the researcher kept updating this review until the writing of the thesis. Despite that effort, a literature source of value may have been missed. This, in general, is one of the limitations of the family business as an academic field of study. Family business is a fragmented area of research in which the empirical studies do not accumulate or connect above each other (Schulze and Gedajlovic, 2010). Moreover, there is no unifying paradigm for research and practice in the field of family business studies (Wortman, 1994). This in general hindered the progress to more deeply understand family firms (Habbershon and Williams, 1999).

Another limitation is related to the researcher bias due to the nature of the qualitative study that depends on the researcher in the analysis process to reach the final conclusions. Another limitation is difficulty of generalisation between cases and this is a general norm in the family business field (Chrisman et al., 2012). Also, all the 18 interviewees, except 1, are university graduates, which may not be 100% representative of the family businesses in Egypt as not all the population hold university degrees.

Considering the interviewees of the empirical project, they belong to family firms that are not identical to each other in terms of business activity, family members' academic levels, family history, or level of competition. The family firms included in this study belong to a certain size, which are the medium and larger companies. This may create some concerns regarding the generalisation of results.

Another important limitation is that the family firms included differ in their levels of professionalisation, either in the adoption of professional practices or the mentality the family members have towards professional management. It is not possible to classify family-controlled companies according to the level of professionalisation for two reasons. The first reason is that it is not feasible to evaluate the mentality of the interviewees and how they apply professional management in their companies based on an hour's interview. In addition, there is no an instrument or mechanism through which companies can be evaluated to determine how professional they are. This is because professional management is still a stretchy concept; thus, what someone might see as professional, another might not.

Another limitation is related to the interviewees willingness to provide real responses when it comes to questions that are very sensitive to the relationships between different family members and their own perspective towards the current management.

Last but not least, the research contribution is claimed to present the father and son relationship as a possible barrier and/ or enabler in the adoption of professional management. This may limit the use of such a contribution to family business that has both father and son alive at the same time. This may restrict the impact of the research contribution if the founder is not alive or decides to retire, as such a claimed contribution may lose part of its importance.

7.6 Recommendations for Future Research

Based on some of the limitations mentioned previously, some future avenues have been noted. The first one is to give more space for studying the

participation of the females in the family-controlled companies in Egypt and comparing it to sons in this special business context. In this current study, only four females were included and this number could be increased in the future taking into account that it is not that easy to schedule appointments and get approval of females to participate in audio recorded interviews.

The second avenue is to highlight family businesses of a smaller size, where the challenges of succession could be fiercer if the family firm is less organised than the family firms of the respondents included in this research, which focused mainly on participants who belonged to medium and above medium size family firms. An added avenue is to design a mechanism through which family firms can be evaluated to determine the level of professionalisation. In other words, it could be a benchmark of professionalisation levels against which companies can be evaluated.

During the interviews, the question of father and son obedience as a possible barrier or enabler to professional management was asked mainly to second generation members. This is because this study included 4 founders. Therefore, a third future research avenue is to forward this question and see how the founding generation perceives the issue of father and son obedience relationship as the issue was looked at only from one perspective, which is the second generation.

It is worth noting that all the family firms to which respondents belonged were founded by the father or grandfather. Therefore, the relationship was father son or father daughter in this research. Based on that, it could be an interesting future avenue to investigate how the obedience issue will reflect if the mother is the founder of the business. This will enable the researcher to see how the mother son or mother daughter obedience relationship will be conducted. In this research, only a single interviewee had the business founded by the mother; unfortunately, she passed away a few months prior to interviewing her daughter. Therefore, it was not a suitable time to approach this issue.

The disobedience versus obedience to the father was obtained from the Egyptian family business context as a barrier and enabler to professional management. This is because, as clarified previously, this context has some cultural elements that are different to those in other contexts in which several family businesses researches were conducted. This encourages future researchers to conduct future family business researches on the Egyptian family business as there could be other cultural elements that could result in interesting findings.

8 Impact Plan and Assessment

8.1 Impact Plan

8.1.1 Introduction

According to the Economic and Social Research Council (2012), the DBA as a doctorate programme is intended to derive findings that will have an impact on the managerial decision making and practice (ESRC, 2012). The purpose of this chapter is to exhibit the actual and potential impact of the research. The impact intended is both in the realm of practice and academia. Based on that, potential beneficiaries are identified to provide evidence that this research is of value to practice. Family-controlled firms, family members, nonfamily members, governmental bodies, local communities and national economies are all beneficiaries of this research. In addition, the researcher's engagement plan through the course of the research with different stakeholders are clarified and how this engagement shaped the research will be discussed in the impact assessment section. Finally, a dissemination plan is exhibited to show how the researcher intends to disseminate the research findings and contribution.

What is Impact of a Research?

According to Denicolo, impact is “about making a difference, so there is action or activity that leads to change, but that change needs to be seen within a context that may be global, local or even individual (2013: p1). There have been other attempts to define Impact. For example, Research Councils UK (RCUK) defined impact as “the demonstrable contribution that excellent research makes to society and the economy (2011, p 2). For the Research Excellence Framework ‘REF2014’, impact is the effect on, change or benefit to the economy, society, culture, public policy or services, health, the environment or quality of life, beyond academia (REF, 2011: 48). Therefore, it is very evident that the impact of DBA goes far beyond only academic contribution.

Referring to the programme handbook, the DBA should have societal and economic impact. This societal and economic impact of the DBA research should be, according to RCUK, capable of:

- Fostering global economic performance.
- Increasing the effectiveness of public services and policy.
- Enhancing quality of life, health and creative output.

The DBA programme handbook (2013-2017) specifies three main forms of the DBA research as follows:

- Instrumental: influencing the development of policy, practice or service provision, shaping strategy/legislation, altering behaviour etc.
- Conceptual: contributing to the understanding of practice/policy issues, reframing thinking/debates, consensus challenging etc.
- Capacity building: through technical and personal skill development etc.

8.1.2 Potential Beneficiaries of Research

The following sentences by Barnes and Hershon (1989) state various beneficiaries and the importance of the research in the area of family business especially the problem of succession and its impact on managerial change, which is of concern to this research:

"The transition problem affects both family and nonfamily members. Brokers and bankers, professional managers, employees, competitors, outside directors, wives, friends, and potential stock investors all have more than passing interest as a company moves from one generation to the next. Some of these transitions seem orderly. Most, however, do not. Management becomes racked with strife and indecision. Sons, heirs, key employees, and directors resign in protest. Families are torn with conflict" (Barnes and Hershon, 1989, pp187)

In the following, each beneficiary is discussed in greater detail.

Family-Controlled Firms

This study is concerned with family-controlled firms that are undergoing generational succession; mainly from founding to second generation, and at the same time expecting to survive a managerial transition from the founder style of management to a more organised form of organisation, mainly professional management. The study investigates the enablers and barriers in the adoption of professional management practices in family-controlled firms. This indicates that family-controlled firms are the first beneficiaries of the results of this study.

As 70% of family firms fail to survive beyond the founding generation (Ward, 1987), this represents a real problem not only to Egypt but also to world economies, as about 80% of the businesses around the world are family owned (Bird et al., 2002 and Lumpkin et al., 2010). One of the main reasons behind family-controlled firms' inability to live beyond the founder is the managerial changes that family firms face as a result of the succession process from the founding to the second generation (Habbershon and Williams, 1999). Therefore, providing a more thorough understanding of the transition process and its reflections on the managerial process by identifying new barriers and enablers of professional management adoption, is of utmost importance to family firms that aspire to survive beyond the founding generation.

Families Relationships

Running a family business has a direct impact on the family relationships due to the fact that both relationships are intertwined and families are torn apart through conflict (Sharma, 2004, Barnes and Hershon, 1989). Once the founder intends, or is forced, to leave the family business, several strategic changes occur to the business that have a direct effect on the harmony of the family trying to maintain ownership, because family members have different personal goals. (Dyer, 1989). For example, how the successor will be selected? How will she or he be trained? How will nonfamily managers be motivated if they have no opportunities to reach senior management? Inability to deal with these challenges can destroy family relationships.

There are many challenges that face the family during and after the generational succession process. Referring to the model in *Figure 24*, families should be aware that father and son/daughter relationship in the business may become affected by the religious relationship. The possible destruction of the familial relationship between the father and son/daughter is an issue not properly considered.

This research is concerned with investigating the barriers and enablers of professional management during the generational succession times. It is assumed that professional management, through having clear organisation structure and separation between management and ownership, can help the business avoid part of the above-mentioned difficulties. This would have an immense impact on maintaining the family, ties which are usually the first thing to be harmed once there are difficulties in the family business.

Referring to the model in *Figure 24*, there are various managerial attributes and privileges the business enjoys based on the family involvement in the business. This makes it mandatory when the family firm needs to adopt professional management, there are be some elements the family has to protect and maintain.

Economies and Communities

To illustrate the importance of family-controlled firms to communities and economies Neubauer and Lank (1998) note:

"....family enterprises were among the most effective locomotives of the economies in which they were located: They created jobs; they were among the few enterprises that were successful enough to pay taxes; and they displayed the agility and flexibility necessary to manoeuvre successfully in the troubled economic waters of their national economies..."(p. XIV)

According to a survey conducted by Price Water House Coopers (PwC) professionalisation is a key issue facing family firms in the Middle East (PwC, 2014). Of 44 family firms in various Middle Eastern countries, 48% were concerned with the issue of business professionalisation, 8% more than the global average (40%) (PwC, 2014).

If family-controlled firms manage to survive beyond the founding generation and continue to survive, this will not only be for the good of family members, but also the communities in which family firms are located. Considering the number of employment opportunities that family firms provide illustrates the importance of family firms. For example, in the United States, family firms produce about 57 % of the country's GDP and provide 60 % of employment (Bird et al., 2003).

Family Business in Egypt

With reference to Memili et al. (2012) that professionalisation in developing countries is more valuable than in developed economies due to high cost. This confirms the importance of this research, which is concerned with investigating barriers and enablers that face family firms, operating in Egypt that seek to adopt professional management. Egypt is a developing country, and thus the importance of adopting professional norms increases (Memili et al., 2012).

A conference held in Egypt in 2015 and organised by KPMG discussed challenges facing family businesses in Egypt. Christophe Bernard, who is in charge of the family business sector in Europe, the Middle East and Africa in KPMG, emphasised that only families able to overcome internal differences with "clear policies" succeeded in continuing with the third and fourth generations (Egypt Independent, 2015). The term "clear policies" is part of professional management and this refers to the importance of that style of management in protecting the family-controlled firms.

Nonfamily Members

Family businesses offer job opportunities to many individuals from outside the family. Workers, employees, and white-collar high calibre professionals are all nonfamily members who join family businesses. As it is discussed previously in the empirical project, for some nonfamily professionals, family businesses are not conducive to joining. The fear of a one-man show business environment and the idea of having top positions restricted to family members, regardless of their qualifications, are some of the reasons why some nonfamily professionals prefer nonfamily organisations to family firms.

This research discusses family business issues with the focus on managerial transition during generational succession. The managerial succession is about professional management and the barriers and enablers that face family firms while they attempt to adopt this style of management. One of the main practices of professional management in family businesses is hiring nonfamily managers and delegating authority to them. As a result, it is expected that this research will help nonfamily professionals who consider joining family firms to understand the complexities of family business as a form of organisation and how issues evolve from one generation to another. Moreover, several challenges, mainly lacking cultural competency, that nonfamily managers face in family businesses were discussed which can help them in performing well.

Other nonfamily stakeholders are suppliers, governmental bodies and other services providers i.e. accountants, banks, and tax advisors. Being aware

of how family business management and family issues are intertwined would help those stakeholders avoid potential losses and become more experienced when they deal with family firms. This research studies both styles of management in a family business during the founding and second generation. Understanding each generation's style of management will benefit those shareholders to make the right decisions.

8.1.3 Main Target Audience of Research

As stated above there are several beneficiaries of this research. However, there should be one main target audience. The main target audience is the founding generation for certain reasons. First of all, the main finding of this research is how the father-son relationship could be considered a barrier or an enabler to the adoption of professional management. However, it was not feasible in this research to investigate the perspective of the founding generations except one founder with whom I had the chance to address this issue. This is because this theme was aroused after 3 out of 4 founders were actually interviewed.

Therefore, I would recommend to have founder express and address this sensitive issue. The second reason, based on the empirical study, is that founders are the powerful side in the relationship of the father and son. All second-generation members interviewed were very cautious not to spoil the relationship with their fathers and some of them admitted that they prefer to maintain a good relationship with their father even at the expense of the business.

8.1.4 Intended Dissemination of Research

Conferences

One of the important channels to disseminate research findings in the academic arena is attending and submitting this research to conferences. The researcher intends to attend the following conferences to engage with other scholars and practitioners who are concerned with family business as a field of research.

- EURAM (track in family business)
- BABSON conference

Based on the feedback received from those conferences, the following step will be to submit to journals as clarified in the following.

Academic Journals

Although publishing in a highly rated journal is not an easy step, it is an objective that will achieve, to a large extent, the academic dissemination of results of this research. Several journals concerned with the studies of family firms that the researcher intends to approach are:

- Family Business Review (4*)
- Entrepreneurship Theory and Practice (ET&P) (4*)
- Strategic Entrepreneurship Journal (3*)
- International Small Business Journal (2*)

Additionally, since the intent of the DBA research is not only to contribute to theory but also practice, it is also planned to disseminate the findings through practitioner magazines and newspapers. The first is the Tharawat magazine that specialises in topics and issues relevant to family businesses practitioners and decision-makers across Middle East countries. The magazine is issued on a quarterly basis and is headquartered in Dubai UAE.

The second is Al Mal newspaper, concerned with all economic issues of Egypt. The third is Egypt Independent, which was founded in 2009 as a news website. Egypt Independent has been providing Egypt and the world with high-quality, in-depth content on the political, economic, social and cultural landscape of the country. In 2011, Egypt's year of revolutionary change, Egypt Independent launched a weekly print edition that serves as an insightful digest of the country's dynamic times.

8.2 Impact Assessment

8.2.1 Introduction

This section covers the 'Impact Assessment'. The purpose of this section is to exhibit the actual or potential economic (practical), literature, and societal impact of the research. This section, impact assessment, is based on the course of a four-year study of a DBA in Cranfield School of Management. It is also based on an empirical project that has been done by the researcher. In that empirical project, the researcher met eighteen family members from different generations. In this section the focus will be on the practical implications of the research more than the academic contribution. Testimonials and opinions of several practitioners who were approached and engaged will be presented. One of the main elements to meet the criteria of the impact, as set out by Research Councils United Kingdom (RCUK), is to provide details of how to evaluate the claimed impact of the research contributions. This objective will be attained through a set of questions that family businesses should address, if they want to adopt professional management, which represents a toolkit. Finally, some personal and research reflections will be discussed that occurred during the course of the DBA programme.

In *Chapter 6*, the main contribution was the model in *Figure 24* that exhibits the three processes of generational and managerial transition in parallel along with professional management barriers and enablers. While a family firm attempts adopt the professional management, it faces some barriers and enablers. This research asserts that the father and son relationship (obedience vs. disobedience) as an important enabler or barrier to the adoption of professional management. From an instrumental perspective, this contribution is expected to alter the behaviour of the father and the son by having greater understanding to this sensitive relationship. This will be attained through reframing the way each member thinks about the other, which is a conceptual perspective. As a result, the father and his son should develop the skill and obtain some intelligence to deal with each other in a way that will not approach

such a religious background of relationship. This can be considered a capacity building perspective.

8.3 Engagement of the Researcher

During the course of the DBA study, the researcher managed to engage with several entities and people, during the empirical project phase. The engagement is divided into two parts namely; academic and practitioners. For the academic engagement, the researcher was in contact with the American University in Cairo where he studied his Bachelor and Masters degrees. This facilitated the process of contact as an alumnus. For the engagement with practitioners, the researcher engaged with the empirical project interviewees. In addition, there was an engagement with the world leading consulting firm PwC Egypt. Finally, there was an engagement with other family business members other than those included in the empirical project. In the following each one of those parties will be discussed in greater detail

8.3.1 Engagement with Academics

American University in Cairo (AUC) – Family Business Forum

Recently the School of Business at AUC has given attention to studies of family business, according to Dr. Ali Awni, the Head of Operations Management department. In June 2016, AUC joined the Family Firm Institute (FFI), the oldest and most prestigious multidisciplinary professional association for family enterprise worldwide. During the course of the doctorate, the researcher contacted the AUC and met one of the people who organized the family businesses seminar in 2016. The conference held at AUC in 2016 discussed the challenges of family business in Egypt. However, according to Mustafa El Ashry, the AUC coordinator of that conference, family business studies is still not sufficiently mature and needs future effort to increase awareness in the importance of studying family business. Mustafa EL Ashry assured the researcher of an invite to the first forum to present his research findings.

As a result, it was intended that once this research is signed off, the researcher would contact AUC to organise a seminar to discuss and

disseminate the research findings and contributions. In addition, it will be a good opportunity to investigate the impact of the research at a local level.

8.3.2 Engagement with Practitioners

8.3.2.1 Price Waterhouse Coopers (PwC) Egypt

The researcher engaged with Price Waterhouse Coopers (PwC) Egypt as it provides consulting services and conducts research regularly on family-controlled firms. During the course of this research, the researcher contacted PwC Egypt in an attempt to schedule interviews with family businesses in Egypt. The researcher met Mr. Ahmed Mansour, PwC Egypt Director, who expressed interest in the research and managed to organise an interview for the researcher for the empirical project. In addition, Mr. Tamer Refaay, a Manager PwC Egypt supplied the researcher with several useful surveys conducted by PwC on family business in the Middle East region.

PwC Egypt has a department for family business consultation, which the researcher has contacted. On a periodic basis, PwC issues a family business newsletter concerned with all updates and researches about family business in the Middle East region. The intention of the researcher is to communicate with PwC Egypt after completing with Viva to inform them of the contributions, to ensure that a wider audience will be informed about the study.

Throughout the course of this doctorate, the researcher had meetings with Dr. Nabil Diab who is one of the partners of PwC Egypt and Finance Professor at the American University in Cairo as part of the engagement with practitioners to obtain his feedback. As evidence of communication, a letter of engagement is provided by Dr. Nabil Diab confirming his interest in the research topic and giving support for the research contribution.

8.3.2.2 During the Empirical Project

During the course of this empirical project, the researcher was constantly considering the impact of this research and its connection to practice. The researcher regularly deliberated over what his response would be if questioned over the benefit of the research to a family-based firm? Based on

this the researcher decided to review the interview protocol, and altered the last question in each interview to be: do you think this research will contribute to deeper understanding of the family business issues in general, and provide that professional management is a solution to the problem of family business continuity?

The purpose of this question was to provide an opportunity for the interviewees to express their perspectives concerning this research, and to then assess their feedback. Here are below some examples of responses obtained. Second-generation male who works in the field of furniture hardware and accessories import said:

"I believe this research is of utmost importance since you are discussing an issue all family firms are facing. I am looking forward to hear from you in the very soon and know what recommendations and results you will come with. (MG2)

Another family member who belongs to the second generation and works in the manufacture of local medicine said:

This interview was very beneficial for me. You made me look at the issues I am suffering from in our family business from a different angle and evaluate my actions and decisions. I learnt a lot in this interview and looking to read your final thesis to see how the results and recommendations will be based on interviewing different family firms' members to get benefit from others' experience. We discussed some points I see many people who are concerned with family businesses as a form of organisation must know and be aware of. I was not aware that 70% of family firms do not live beyond the founder worldwide which will make me think a lot of our own family firm and see where we are heading. (MG2)

A female who belongs to the second generation and whose family manufactures home appliances said:

"..I believe in the importance of this research and I hope I can do a similar research in the future" (FG2)

Another female whose family owns two bakery shops and belongs to the fourth generation said:

"...I liked the questions and I believe this kind of research is a good guide for anyone who think of operating a family business" (FG4)

Another second-generation male whose family owns two schools' campuses said:

"...I liked the questions. These kinds of researches are so important and must be published. You said in the beginning of the interview an interesting percentage that less than 30% of family firms manage to live beyond first generation. This will help the founding generation to have a plan if they must convert their family business ownership to shares or another solution that could deal with this problem of continuity. This research highlighted many points which I see are quite crucial to any family firm. And with every new research, it will highlight a new issue". (MG2)

Another second-generation male whose family works in the sanitary trade said:

"...Look when you phoned me three weeks ago asking for the interview and told me about your topic "family business", I asked myself, where are we from this concept? And it really rang a bell in my mind. Actually, I asked my assistant to search for some articles about family business and read about it because the issues we discussed in this interview are quite important and needs further reading from my side". (MG2)

One of the founders who work in the field of real estate development said

This research is important as I see those who won't depend on research won't succeed. Success has nothing to do with money but I mean sustainability of growth which can never be achieved without depending on knowledge and awareness of all relevant issues to the field of family business. (MG1)

One of the second-generation members whose family works in the field of furniture accessories said

In this research you discussed many problems family businesses suffer from and now your role is to come up with solutions and recommendation. I am looking forward to see the final contribution of your research which I believe will be of a great importance (MG2)

Another second-generation male who works in the field of medical appliances said:

"...I admit it is very interesting research and we discussed many issues we as family firms face on a daily basis but the benefit of this research depends if the people will have the chance to read it. As you know in Egypt and the majority of Arab world, people do not appreciate the value of research and the culture of research is somehow weak. I think you should exert some effort to inform people about your research results (MG2)

Perhaps this family member noticed a very crucial issue which is the "dissemination" of this research. He touched a very important note, if people are not informed about a research, the impact of that research will remain a question mark. Therefore, the dissemination of research results was discussed previously in this chapter in both academic and practitioner's journals and magazines.

Family Members (Other Than Those Included in Empirical Project)

In addition to the participants interviewed in the empirical project, other practitioners were engaged in this research. In the second year of the doctorate study, four family firms were interviewed for a qualitative project as training for the empirical project, to build and enhance interview skills. Since that date, the researcher has maintained a relationship with those four family members, providing them periodically with updates of the research and receiving their feedback. Those four practitioners are exhibited in *Table 33*.

Table 33 List of Family Firms Engaged in Research (Other Than Those Included in Empirical Project)

	Interviewee A	Interviewee B	Interviewee C	Interviewee D
Interview	Face to face	Face to face	Face to face	Face to face
Interview Location	Damietta, Egypt	Damietta, Egypt	Damietta, Egypt	Damietta, Egypt
Activity	Manufacturing Furniture	Trading of Dairy Products	Manufacturing Furniture	Trading of Furniture
Generation	Second Generation	Second Generation	Founding Generation	Second Generation
Years of experience	15	28	42	8
Members of family working in the firm	Founder, son and cousin	Two brothers	Founder, son and cousin	Father and two sons
Level of Education	Bachelor of Chemistry	High School	Bachelor of agriculture	Bachelor & MBA

Four family members were interviewed, composing of a single founder and three second generation members. None of those four members were included in the empirical project of this research. As clarified in the above table, three of those family members work in the field of furniture, which is the same activity as the researcher. On this basis, it was decided to exclude them and any family member that works in the field of furniture so as to avoid any sensitivity or probability that the researcher might be interviewing a "competitor" and investigating issues related to his/her family and business. However, for the purpose of investigating their opinion about research impact and engagement of the research, the researcher did not feel any conflict of interest, since there were no questions related to the company management, as was the case with the empirical project questions.

8.4 Evaluating the Impact of the Research

One of the main elements of the impact assessment is to develop a plan that can evaluate the claimed impact of that research. This objective will be

attained through a toolkit composed of a set of questions that a family business should consider if it needs to adopt professional management during a generational succession going on. The questions will be divided into two parts namely; barriers and enablers of professional management. These questions are built on the theoretical findings discussed in *Chapter 3* and the contributions claimed in *Chapter 7*.

Table 34 Question to Consider for Professional Management Barriers

Respondent	Question
Father (Founder) and Son (Subsequent Generations)	How are you going to deal with the high cost to adopt professional management including creating managerial system and agency cost?
	To what extent you are able to tolerate the difference in culture and mentality between you and the newly hired nonfamily professionals?
	Do you agree that some family businesses are not conducive to professionals? If yes, how would you deal with this issue?
	Are you aware of the fact that professionalisation might have some counterproductive aspects such as overspecialization?
	How will you deal with resistance from current nonfamily employees to proposed changes that could affect them?
	Are you ready to change some family managerial aspects, such as nepotism, to dependence on qualified nonfamily professionals?
Father (Founder)	How will you consider your son if he proposes and insists on certain managerial change you may not agree to initiate?
	Will you consider such a stance from a religious perspective (ie. disobedience to you orders)?
	How will you respond to a certain managerial change that your son might propose and you are not fully aware of its full details and impact?
Son (Subsequent Generations)	If you decide to give up your proposal to satisfy your dad, from which back ground are you making your decision: practical or religious?
	Have you ever worried about being disobedient, from your dad's

	perspective, if you insist on certain managerial change he refuses?
	Have you ever thought that adopting professional management requires satisfying different parties with contracting interests?
	Will you insist on achieving certain change in management that your father does not agree with?

The above set of questions can be considered as a toolkit that family members, founder and subsequent generations, should consider when they think about the barriers of professional management. The following *Table 35* is a continuation of that series of questions to consider, but for the professional management enablers.

Table 35 Questions to Consider for Professional Management Enablers

Respondent	Question
Father (Founder) and Son (Subsequent Generations)	Do you have the will, persistence and skill to adopt professional management?
	Are you ready to enable some nonfamily managers in the decision-making process so that it is not monopolised by family members only?
	How will you motivate nonfamily employees and managers to accept and adopt the managerial changes contained in professional management?
	Do you consider separation between management and ownership as an enabler to professional management?
Father (Founder)	To what extent are you ready to cooperate in adopting a style of management you are not used to or you are not very familiar with?
Son (Subsequent Generations)	Have you ever considered being obedient to your father and having good relationship with him as an enabler to adopt professional management?

Adding to the questions related to barriers and enablers, the following *Table 36* includes some questions related to the managerial and generational transition process that need to be addressed by both generations. These

questions need to be considered, in addition to the above questions related to professional management barriers and enablers.

Table 36 Question to Consider for Managerial and Generational Transition

Respondent	Question
Father (Founder) and Son (Subsequent Generations)	Upon adopting professional management, what are the existing key managerial elements your family firm needs to maintain and cannot do without?
	What are the key privileges you benefit from by being a company run by a family that you want to maintain?
	What are the aspects generated from being based on a family you seek to remove upon the adoption of professional management?
	In most of the cases, do you consider the intertwined business and family relationships between you and your sons/ daughters as weaknesses or strengths?
	Which element represents the greater threat to family business; continuity, family or managerial issues?
	Can you specify the key elements that shape the management in your family firm?
	Upon the adoption of professional management, which dimension is of greater importance: professional norms or professional practices?
Father (Founder)	What are the important entrepreneurial and individual attributes you have and you wish your son could possess?
Son (Subsequent Generations)	What are the important entrepreneurial and individual attributes your father masters and you wish you could possess?

8.4.1 Impact of the Research on the Researcher

As mentioned in the empirical project, The impact on the researcher can be divided into two main parts.

Practical Implications

Perhaps one of the most important aspects of the research impact is on the researcher himself and the organisation he belongs to. This is because personal feelings are the most honest and sincere evaluation of the potential impact of the research. It is also because this kind of evaluation is based on five years of study, during which the researcher dealt with many challenges while he was studying for the DBA. This allowed for a clear assessment of the study and the implications of the study had he not set out to ask the research question.

Knowing the challenges and difficulties family businesses go through enabled the researcher to deal with difficult times within his own family firm, as these challenges, based on acknowledgement from this study, are normal and occur within any family firm. The researcher, before this doctorate study, used to look at some incidents as catastrophes. However, the researcher began to change his own way of thinking and the method of dealing with some incidents with greater competence and more informed attitude.

The researcher graduated from the American University in Cairo in 2005 with Bachelor of Business Administration concentration marketing. In 2010, the researcher obtained the degree of Master of Business Administration with concentration of operations management. During those years of study, the researcher did not study any course or a case study about the family business. The researcher, and as a member in a family business, has always believed that the world of the business consists not only banks and corporations that are based on shareholders with no familial ties. The very organised way, considered as professional management, through which business schools teach business subjects such as finance, marketing, operations and accounting, may not be applicable in a lot of family businesses. This is because family business, as a form of organisation, has several barriers that prevent them adopting these

practices. The researcher found this quite evident during the interviews with second-generation members who were somehow frustrated from being unable to implement in their family companies what they learnt in university. This research was concerned with barriers and enablers of professional management, which is very important subject irritating family members and considered as one of the reasons behind low survival rates of family businesses.

Another aspect of this research that impacted on the researcher, beyond reading literature, stemmed from the empirical project. Interviewing various family members from different generations and a variety of business activities. Listening, transcribing, and analysing what interviewees said reaffirmed the researcher's belief in the importance of this research. In addition, the researcher, through listening and analysing interviewee's opinions, enhanced his own resistance to family business challenges as interviews provided him with opportunity to listen to the conflict that others experienced that was more severe than the family challenges the researcher faced in his own family business.

An additional impact on the researcher was how he dealt with a "critical incident" in the life of the family. After the researcher joined the DBA programme in 2013, some difficult family issues began to appear that resulted with the older brother leaving the business in February 2015, thus creating problems both for the family and business in the aftermath of such a departure. One of the main reasons was that the company faced some challenges in the way the transition process from the central founder to three individuals was to be managed. At this moment, the DBA role appeared.

Through this research, the researcher acknowledged that such family business issues are quite normal and common in the overwhelming majority of family businesses, not only in Egypt but also worldwide. This was a pivotal point in dealing with such a family and business incident. It is worth noting that the researcher met two respondents in the empirical project that experienced the

same incident, which gave the researcher some confidence that such situations are expected in family firms and family members can deal with them.

As a result, the DBA study had a direct impact on the way the researcher looked at the situation and how he dealt with it. The researcher insisted that this situation, although very emotionally painful, is normal, and family businesses worldwide face it; the challenge is how to deal with it as it could be a situation that leads to the ruin of the business. This is based on the readings of different sources during the course of the DBA, especially the systematic literature review and the empirical project.

Never Give Up

One of the great lessons I learnt during the study of the DBA is not to give up easily and that there are some hard times must be lived along with some happy times. At the start of the programme, I missed the first week with my cohort due to some issues related to visa issuance. The issue was resolved and I managed to attend all the remaining weeks starting from week 2. In addition, I managed to pass the deliverables of scoping and positioning studies on time. However, due to several reasons, the systematic literature review was delayed for about 5 months leading to delaying the whole progress and also some frustration. I decided not to surrender and upon submission of the SLR, I got back the rhythm of progress and managed to have the first thesis draft on 1st February 2018. Between the rush to finish the DBA and providing a good quality paper comes the second lesson, which is working under pressure.

Working under Pressure

Perhaps the greatest benefit I obtained from studying the DBA is working under huge pressure. Being married and a father of three children and the first responsible son of the founder while studying for the DBA with series of deadlines that must be met placed huge pressures on me. Added to these were several journeys to Cranfield to attend the weeks scheduled for the programme. These pressures reached their peak at the end of programme. The family

business issues were piling up with previously silent people questioning when I would complete the DBA.

The result was, based on the request of all members surrounding me, I decided to make the DBA my first priority, starting from the beginning of October 2017, with a promise that I will finish and defend viva in April 2018. I gave total commitment to the DBA during that period, and my dad, approaching 70 years, accepted to work on my behalf. The first draft of the thesis was submitted on 1st Feb 2018 and after three drafts of thesis, the programme management decided, at the end of March 2018; that the thesis still needed more work and that graduation in June 2018 was not possible. On that day, my dad, wife, mother, and brother became severely frustrated. The only thing I can say about these moments is that I do not want to remember them now. I hope the efforts I exerted in the subsequent months will be sufficient to fulfil the objective to finish the DBA.

8.4.2 Research Reflections

In the following, some reflections related to the research process and will be presented.

It is worth mentioning that the data collection period, Step 4, took seven months, which was longer than expected. This is because contacting family firms, obtaining their approval to meet and schedule appointments was not an easy task and this, again, is the difficulty of qualitative research strategy that depends on semi-structured interviews.

Family businesses are characterised by overlapping of family and business, but most studies focus on only one of the two systems (Cesaroni et al 2016). Even when both systems are analysed, such analysis is made by scholars who do not have the required knowledge and skill to fully understand the complexity of both systems (Cesaroni et al 2016). This puts emphasis on the researcher who is conducting the research. It is worth stating that the researcher of this study is actually a member in his family business in Egypt, in

addition to being a doctorate study at the University of Cranfield and this helped him during the empirical project.

This fact helped the researcher to schedule the interviews, as being a member in a family business gave confidence to the interviewees and facilitated the task to organise interviews and trusted that discussions would be protected. Discussing family and business topics is very sensitive issue and as such should be taken with careful consideration. This fact is well recognised and appreciated by the researcher based on the fact that he is a member in his family firm. "Diplomacy and discretion" are two concepts the researcher is meant to adopt in all interviews conducted (Gioia et al, 2012).

Difficulty to Arrange Appointments

Perhaps the most challenging part of the DBA so far was the empirical project. This was because the research strategy used is qualitative and based on semi structured interviews. Several known contacts and other people were approached in an attempt to organise interviews with individuals according to the criteria chosen in the research design.

When it was known that the research required face to face interviews, many people avoided and did not want to assist especially when they were informed of the topic being studied. The first channel to be contacted is a very well-known consulting company in Egypt that has an international presence. The researcher contacted one of the key people in this agency hoping to organise some interviews with some of their clients in Egypt, especially as this agency has a department devoted to the study of family business in Egypt. The interview protocol was sent to the coordinator but the response was zero.

Another two key figures who are working in one of the leading non-profit associations responsible for helping investors and family firms in Egypt were contacted and again the response rate was zero.

During the empirical project, an interview was scheduled with a CEO who is the founder of a well-known Egyptian family-based company during the month of Ramadan in Cairo. After a 4-hour drive to his company premises, the meeting was cancelled and that person apologised claiming he had to fly

outside Egypt for an emergency. This was so tiring day as the researcher was fasting and driving back and forth on the same day in summer.

Interviewing Females

Interviewing females in this research was not an easy task at all. The researcher did not have any previous contact or relationship with the four females interviewed. The idea that a female sits with someone she does not know and speaks about her family firm while the discussion is audio recorded is not accepted in the Egyptian business society. So, the researcher faced three main challenges. The first one was to approach and contact females then ask about their family businesses to ensure their family businesses met the criteria of companies designed for the research. The last step was to get their approval to conduct the interview, after confirming their family firms were within the criteria assigned. Several females were willing to participate but their family firms were not within the criteria assigned in the research design.

The females were approached through a post on a Facebook closed group for the alumni of the American University in Cairo. The fact that the researcher is an AUC graduate allowed him to approach the candidates. Moreover, the researcher, as previously clarified, presented himself as a family member in an Egyptian family-controlled firm to try to persuade the female interviewees to participate. The four female interviewees were the result of 28 females approached.

The Researcher Stance from Professional Management during Interviews

As discussed in *Chapter 3*, Systematic Literature Review, under the title "The call for wise transition", it is not difficult to spot literature that favours the professional way of management as the ideal route the family firm must follow (Stewart and Hitt, 2012). Actually, Levinson (1971) puts it straight: "the wisest course for any business, family or non-family, is to move to professional management as quickly as possible". In addition, it has been widely believed that professional management is the style of management that is usually applied by the nonfamily firms who are praised for having longer life span and

act professionally (Stewart and Hitt, 2012). Ingram and Lifschitz (2006, p. 351) opposed seeing "the residue of family capitalism as an unfortunate anachronism, a social indulgence that acted as a brake in the progress to corporate capitalism".

On the reverse side, as clarified in the *Chapter 3* of the systematic literature review, Watson (1995) did not agree with the suggestion to abandon entrepreneurial management and replace it with professional management. What confirms this perspective is that several family business scholars tend to believe that the adoption of family norms are the fundamentals of competitive advantages in family firms (Chrisman et al., 2005b and Habbershon and Williams, 1999).

Based on this fact, the researcher before each interview, is meant to clarify where he stands regarding professional management. The researcher stated that he is not necessarily considering professional management to be the ideal and recommended way of running the business and that the interviewee has all the freedom to express any view regarding professional management. This is because the concept of "professional management" is somehow a fashionable and stylish concept for some people.

Also, some people might see the family style of management as old fashioned and ineffective. This may encourage the interviewees to "pretend" that they believe in professional management, which may not be the reality, and this might cause their responses to go in the direction of praising professional management. Therefore, the researcher was very keen to establish comfortable and unbiased grounds for interviewees to express their opinions freely, without the notion of being pushed, in an indirect way, to give certain answers.

A Single Interview Excluded

At the very beginning of the research design, it was planned to include some nonfamily managers to add a different perspective from outside the controlling family. As shown in *Table 22*, it was decided to exclude one of the interviews. That interview was actually conducted and the audio recorded with a nonfamily manager at one of the family firms; this was the only interview

conducted with a nonfamily member. It is worth noting that another interview was conducted with a family member from the same family firm at which that nonfamily manager is working.

The reason behind this exclusion was that it was not possible to obtain unbiased responses from that manager to the interview questions regarding the family firm he works at. The interview, which was around 45 minutes duration, was totally praising of the family members. That manager was already aware that one of the family members would be interviewed and this could be a reason why he kept speaking very positively about everything in the family firm.

Taking into account that the interview was audio recorded, that manager was very reserved to say anything that "may" embarrass him in front of family members, although complete confidentiality was assured before and the only purpose of recording is transcription and analysis of data. This does not indicate anything negative about that nonfamily manager, but rather this could be due to the local business culture in the Egyptian context that makes criticising the family controlling members in family firms unacceptable.

Sequence of Interviews

To conduct the nineteen interviews (including the excluded interview of the nonfamily manager) it took around eight months from February 2017 and the last interview was in mid-September 2017. This may look a long time to schedule 19 interviews. In fact, there were many family firms approached but the attempts were not successful for several reasons. Some people simply did not want to speak once they were informed of the research topic. Others were busy and did not have time to allocate one hour for an interview. Others did not mind talking but they were worried about speaking with someone they did not know.

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APPENDIX

Qualitative Empirical Papers of Professionalisation, Entrepreneurship, and Succession		
Authors / Year	Qualitative Method/ Source of Data Collection	Key Findings
Raveendra Chittoor, Ranjan Das (2007)	Based on an analysis of case studies of three Indian family business groups.	The article deals with succession as management succession and not ownership succession and explores the impact of management succession from a family member to a nonfamily professional manager compared to succession to another family member.
Chirico,F&. Nordqvist (2010)	Case studies with various data collections tools such as multiple direct interviews (with two respondents from different generations in each firm, and observations. Article also used secondary sources (newspapers and magazine articles, internal documents, slide presentations, press releases, websites and balance sheets)	Organisational Culture and transgenerational value creation in family firms. Two family firms from Italy and two from Switzerland, all operating in the beverage industry

Dyck et al (2002)	Single case study. Based on direct interviews (ten in-depth interviews of about 1–2 hour each with incumbent and successor CEOs)	Executive succession considered as a process similar to “passing the baton” in a relay race.
Hall & Nordqvist (2008)	Five Swedish family firms. Multiple direct interviews (with CEOs, former CEOs, top managers, and board members) Observation of meetings Informal interaction with family and firm-related individuals during site visits	Professional management in family business. The article discusses the importance of cultural competency of the professional manager to understand family culture in addition to his professional qualities at his area of specialisation.
Irava & Moore (2010)	Four family-owned businesses ranging in size from 15 to more than 800 employees and belonging to four different industries. All four firms were of Australian heritage, multigenerational, private firms with 100% family ownership, and had shown significant growth in their establishment. Multiple direct interviews (16 open-ended, semi-structured interviews) Observations. Secondary sources (correspondence, documents and company published material)	Familiness and the unique resources of family firms.

Johannisson & Huse (2000)	Twelve Swedish privately-held small family businesses and a longitudinal, in-depth case study of two family businesses (one traditional and one entrepreneurial). Multiple direct interviews (with CEOs, family members, firm partners, and external board members)	The appointment of outside board members in family businesses
Lambrecht (2005)	Multiple case studies involving eight family firms. The cases were chosen from scientific and popular articles Direct interviews (19 interviews with multiple members of the current and future generation of family owners and managers) Biographies of business families Observations Popular articles. Scientific articles	Succession and succession planning in family firms.
Miller et al. (2003)	Multiple case studies involving 16 family-owned businesses where a succession process failed (either successor dismissal or bankruptcy). Case and historical book accounts, as well as newspapers and journal articles on the strategy and organisation of the 16 firms during the 5–10 years following succession	Problems and common patterns in failing intergenerational successions.

<p>Murray (2003)</p>	<p>Drawing from the 1994 survey of Scotland and Northern Ireland's family enterprises, the authors selected five firms that had achieved at 5% per year increase in sales over a 5-year period prior to the analysis and agree that succession will occur within the next 5 years. Direct interviews (with the key individuals, dyads and families between 1994 and 1999) Secondary data (company accounts, consultants' reports, media coverage and marketing material)</p>	<p>The succession transition process.</p>
<p>Salvato, Chirico, & Sharma (2010)</p>	<p>The authors traced the development of the Italian Falck Group from its inception as a steel company in 1906. From its ascension as the largest privately-owned steel producer in Italy, its losses in the 1970s and 1980s leading to business exit from the steel industry in the 1990s, and its successful entry into the renewable energy business. Multiple direct interviews (semi-structured, with family and nonfamily members who were directly involved in the exit and renewal process) Secondary sources (company websites, financial</p>	<p>Entrepreneurship and firm renewal across generations in family firms.</p>

	reports, magazines and newspaper articles, transcripts of the Board of Director meetings, research reports and books)	
Steier (2001a)	Three case studies based on qualitative data gathered via personal interviews, and library and internet-based research. All cases are well-established companies, making family dynamics in relation to company performance well observable. Direct interviews, site visits, library and Internet-based research	The dynamics of trust and its relationship to organisational governance within the family firm.
Steier (2001b)	Qualitative study based on interviews (not specified whether it is a case study). Multiple direct interviews Information obtained from Ernst & Young reports, annual reports, and company publications	Management of social capital during generational transitions.
Steier & Miller (2010)	Multiple case studies. Multiple direct interviews (three interviews with each of the CEOs of the family firms) Secondary sources (websites, annual reports, print material and news clipping)	Change in family business governance of entrepreneurial family firms before, during, and after succession.

W. G. Dyer, Jr. (1989)	Single case Study	Benefits and problem and facts about professionalizing management
Pasi M (2001)	A group representing two generations of small family businesses from southwest Finland was interviewed in order to answer to the research topic. The data were collected through group discussions of a total of 47 people, representing 16 small family businesses operating in southwest Finland in January 2001, organised and conducted by the author. There were two generations representing the small businesses in question	What are the problems of family business succession in Finland at the moment?
Fletcher, D. (2002)	Ethnography of one family firm (interview, documents)	This paper discusses how a small business experiences professional management by examining the relationship between organisational networking and cultural organising in the workplace.

Cadieux, L (2007)	In depth interview of five small and medium-sized family businesses that have successfully completed their first generational transfer.	Article presents a typology of predecessor roles during and after instatement of the successor
Ibrahim, et al. (2001)	Case study of a Canadian company	The article describes the reluctance of the founder to let go of the business to his offspring and the succession process after the death of the founder
Litz, R (2010)	In-depth case study of a family of jazz musicians who came together to jam in honour of their father on the occasion of his retirement.	The study seeks to advance our understanding of how parents and children can collaborate creatively together
Chirico, F (2008)	Four family firms as case studies from Switzerland and Italy	The article contributes to the understanding of how knowledge can be accumulated in family business.
Blumentritt, et al. (2007)	Interviews with 27 family members and nonfamily CEOs (NFCs)	The article explores what makes a successful Nonfamily CEO
Levinson, H (1971)	Case studies	Psychological rivalry between father and son

Cabrera-Suarez, K (2005)	Case study	Impact of father and son work relationship on succession process
Dumas, C. (1989)	In depth Interviews	Comparison between father and son vs father and daughter dyads