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Factors Influencing Family Business Succession
Case Study: Gaza Family Businesses

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Dedication

To my parents who emphasized the importance of education and helped me throughout my life, they supported me to continue my education.

My appreciation and respect must go to my wife who her prayers helped and supported me to carry out this work.

To my dear brothers and sister as well as all my friends.

I dedicate this work to all of you and prayed God Almighty to be beneficial .

Researcher

Mahmoud F. Hania

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ABSTRACT

This research aims to study the Factors Influencing Family Business Succession Case Study: Gaza Family Business. This research studied the founder, successor and the existence of succession plane and going public.

However, research indicated that other factors such as Non-Family Members within Top Management, decision-making authority, strategic planning and Financial Management are not relevant factors influencing family business, the results were as follows:

- The factors influencing the success of family business succession in the Gaza strip are (Founder influence, Successor influence, Succession Planning ,and Going public) according to what has been postulated, while the other factors (Non-Family Members Within Top Management, Decision-Making Authority, Strategic Planning, Financial Management) haven't any influencing Contrary to what has been postulated in the beginning of the research.
- The research results shown that when the company has a written and clear succession plan, which will define the roles of stakeholders to ensure the success of the family business succession.
- In addition, the research results show that going public is very essential to ensure its sustainability, despite the existence of potential entry of new parties.
- It was also found that the most important obstacles which negatively affect on the success of the family business succession are the conflicts between generations, the absence of clear and specific organizational structure, and the generation conflict of interest.

The main recommendations of the research were that Gaza family business need to concentrate their improvement efforts in the following areas in order to get successful family business succession:

- Improve the good practice of Succession Planning.
- Strategic plan for going public.
- Play more active role for the Successor.
- Play more active role for the founder.

الملخص

يهدف البحث الى دراسة العوامل المؤثرة على نجاح انتقال ملكية الشركات العائلية في محافظات غزة. حيث تبين أن للمؤسس، ووجود خطة لنقل الملكية، من أهم العوامل المؤثرة في نجاح انتقال الملكية في ظل توفر شخص مناسب لتولي مهام المؤسس في المرحلة التي تعقبه. إضافة إلى ذلك فإن امكانية تحول الشركة لمساهمة عامة تضمن كذلك نجاح انتقال الملكية.

في حين أوضح البحث أن العوامل الأخرى مثل عدم وجود اشخاص من خارج العائلة في الادارة العليا، و طبيعة اتخاذ القرارات، والتخطيط الاستراتيجي ليست عوامل ذات صلة بنجاح انتقال الملكية في الشركات العائلية.

وقد كانت نتائج البحث على النحو التالي:

- أنه من الضروري أن يكون لدى الشركة خطة واضحة ومكتوبة لانتقال الملكية، والتي سوف تحدد أدوار الجهات المعنية لضمان نجاح عملية الانتقال.
- بالإضافة إلى ذلك، تظهر نتائج البحث أن تحويل الشركة لمساهمة عامة ضروري جدا لضمان استمراريتها.
- تبين من خلال البحث أن أهم المعوقات التي تؤثر سلبا على نجاح عملية الانتقال هي الصراعات بين الأجيال، وعدم وجود هيكل تنظيمي واضح ومحدد، وتغليب المصلحة الشخصية.

أما أهم التوصيات فهي:

من أجل ضمان نجاح انتقال ادارة الملكية في الشركات العائلية في غزة وضمان استمراريتها، تحتاج الشركات إلى تحسين أدائها في ما يلي:

- تفعيل التخطيط الخاص بآليات انتقال ملكية الادارة وتحديد الأدوار الخاصة بالشركاء في المستقبل.
- وضع وتنفيذ خطة استراتيجية لتحويل الشركة الى مساهمة عامة.
- دعم وتفعيل دور الشخص المتوقع أن يقوم بإدارة مرحلة ما بعد المؤسس.
- تعزيز المؤسس ودعمه لتحقيق نجاح انتقال الملكية وترسيخ مبادئ تحديد الصلاحيات.

CHAPTER 1: Research Frame Work

First: Background

Second: Research Problem

1.1 Research Questions

1.2 Research Objectives

1.3 Research Variables

1.4 Research Hypotheses

Background

Family businesses are large and successful worldwide, due to their organizational structure, and are managed and operated by family members who usually hold key positions in the organizational hierarchy. However, the division of power varies from one family business to another but it is possible to identify a certain pattern of power division based on two important factors, which are, organizational structure which means, whether the key positions are managed by one, few or many persons in the company as well as succession which means the succession of the family business from one stage of development to another due to several factors (Ibrahim, 2001).

Researcher confirms that only about one third of family businesses survive the succession from the first generation to the second generation of owner-management. Moreover, of those who do survive the first stage, only about one third tend to survive the succession from second to third (and beyond) generation of ownership (Poutziouris, 2000; Ibrahim, 2001).

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

Family businesses in Gaza Strip, and like any small, large, international or multinational firms abroad have the structure with minor changes depending of course on the type and the size of the business. For instance, there can be a president or chairman for each department in the business. Moreover departments can be divided vertically or horizontally depending on the requirements of the firm. A board of manager can be established or a managing department and so on. This model is a classical one which can be modified in many ways. Another characteristic of Palestinian family businesses that differentiate them from international ones are the managerial positions filled with family members from sons, cousins, in-laws, and relatives. This can be negative to performance and leadership because the lack of merit and rewards between employees especially in large family businesses operating worldwide. Unfortunately, there is no specific law in Palestine defining the size of the enterprises whether family type, small, medium or large business.

Second: Research Problem

The private companies in Gaza are 30,202 companies (PCBS, 2007), but there is no statistic clarifying the family business companies in Gaza governorates as a part of private companies.

As the previous literature shows, that there are many conflicts occurs in the family business companies related to different factors, especially during the succession process. These conflicts leading these companies to be fail.

The question of this research is: What are the factors influencing family business succession in Gaza strip? And how can researcher enhance companies' performance, sustainability, and therefore their succession?

1.1 Research Questions

- Main research question:

What are the factors influencing the success of family business succession in the Gaza Strip?

- Research sub-questions:

This study attempts to answer the following sub-questions:

1. What are the factors influencing the success of family business succession in the Gaza Strip?
2. What are the procedures should be taken to ensure the success of family business succession in the Gaza Strip?
3. How does the founder and partners affect succession in the Gaza Strip?

4. What are the main obstacles affect in the success of family business succession in the Gaza Strip?
5. How does a succession plan fit into the succession process in the Gaza Strip?
6. What are the main recommendations that ensure family business succession in the Gaza Strip?

1.2 Research Objectives

1. **General Objective**

- To explore factors influencing the success of family business succession in Gaza.

2. **Specific Objectives**

- To study the modern orientation in managing family business.
- To focus on the importance of family business succession to ensure company's sustainability.
- To identify the major factors influencing family business succession.
- To study the role of founder, successor, and stockholders related to family business succession.
- To develop special recommendations to ensure family business succession.

1.3 Research Variables

The previous Literature shows that there are 15 factors that influencing in family business succession which are (Non-Family Members within Top Management, Decision-Making Authority, Conflict and Disagreement about Management Decision, Succession Planning, Founder Influence, Going Public, Use Of Outside Consultants, Advisors And Professional Services, Strategic Planning, Financial Management, Management Style, Capital Structure, Successor Influence, Business Performance, Compensation Issues, and Women Family Members Working In The Firm), but of course some of these factors or variables are not suitable because of our culture in the Gaza strip.

Independent Variable

Successful family business succession in Gaza strip.

- **Dependent Variables**

Dependent variables can be organized as follows:

1. Non-Family Members Within Top Management
2. Decision-Making Authority
3. Succession Planning
4. Founder's Influence
5. Successor Influence
6. Going Public
7. Strategic Planning
8. Financial Management

According to: (Chrisman, Chua, & Sharma, 1998; Barach & Ganitsky, 1995; Barach, Ganitsky, Carson, & Doochin, 1988; Cabrera-Suarez, 2004; Chrisman et al., 1998; Handler, 1994; Sharma, Chrisman, & Chua, 1997; Churchill & Hatten, 2003)

1.4 Research Hypotheses

As discussed earlier, a number of factors that affect family business succession have been identified by researcher s and practitioners. The following hypotheses will be tested:

1. "Non-Family Members within Top Management" significantly affects the success of family business succession process at $\alpha \leq 5$ level in Gaza.
2. "Decision-Making Authority" significantly affects the success of family business succession process at $\alpha \leq 5$ level in Gaza.
3. "Succession planning" significantly affects the success of family business succession process at $\alpha \leq 5$ level in Gaza.
4. "Founder Influence" significantly affects the success of family business succession process at $\alpha \leq 5$ level in Gaza.
5. "Successor influence" significantly affects the success of family business succession process at $\alpha \leq 5$ level in Gaza.
6. "Going Public" significantly affects the success of family business succession process at $\alpha \leq 5$ level in Gaza.

7. "Strategic Planning significantly affects the success of family business succession process at $\alpha \leq 5$ level in Gaza.
8. "Financial Management" significantly affects the success of family business succession process at $\alpha \leq 5$ level in Gaza.

1.5 Research Population

Research population is generally a family business companies in the Gaza Strip and it reaches 2,047 companies according to (PCBS, 2010). However, researcher s often cannot test every individual in the population because it is too expensive and time-consuming. This is the reason why researcher s rely on sampling techniques. A research population is also known as a well-defined collection of individuals or objects known to have similar characteristics. All individuals or objects within a certain population usually have a common, binding characteristic or trait, and researcher select random sample with size 300.

1.6 Research Importance

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

Far too often the family business succession process is governed by the technical components, which are typically worked out between the current owners and their trusted advisers. In these situations, although the impact of the family component may be considered, it is not actively integrated into the process. In other situations, where there is an attempt to integrate the family component into the succession process, it is often the process itself or the lack of formality to the process that prevents the desired outcomes from being achieved. There needs to be a departure from the traditional approach to business succession to a customized approach for family business.

CHAPTER 2: LITERATURE REVIEW

Section One: Main Factors Affecting Family Business

Section Two: Family Business in Palestine

Section Three: Conceptual Framework

CHAPTER 2: LITERATURE REVIEW

Section One: Main Factors Affecting Family Business

In the literature of family business, certain management activities, styles and characteristics have been most frequently examined. Yet no prior research focusing on the relationship between these family businesses variables has been found.

2.1 Non-Family Members within Top Management

Sharma and Irving (2005) suggest that different forms of commitment can be found simultaneously. All the successors in the study joined the family firms with different types of commitment, ranging from imperative to affective commitment levels. However, by the time succession had occurred, successors largely possessed both affective and normative commitments to the family business despite entering the firm with another type of commitment. Future research should examine the changes in commitment that occur during the successor's tenure at the family firm and how the changes affect outcomes like performance or succession.

McConaughy and Phillips (1999) studied large publicly owned founding-family-controlled companies and concluded that (a) descendent-controlled firms were more professionally run than were founder-controlled firms; (b) first-generation family managers are entrepreneurs with the special technical or business backgrounds necessary for the creation of the business, but the descendents of the founder face different challenges, to maintain and enhance the business, and these tasks may be better performed in a more professional manner, often by non-family members.

2.2 Decision-Making Authority

Another aspect of family business behavior is the distribution of decision-making authority in the firm. Cadieux, L. (2007) investigates the degree of family business centralization, which related mainly to the firm decision. Aronoff (1998) developed this suggestion further to determine the level of decision-making authority and the use of team management versus autocratic decision-making. Team management involves parents, children and siblings in the firm all having equality and participative involvement in important decision-making, even if one family member is still the nominal leader of the business. Aronoff furthermore reported that 42 percent of family businesses are considering co-presidents for the next generation. Thus, decision-making authority is included as a variable influencing family business succession for this study.

2.3 Conflict and Disagreement about Management Decisions

Interpersonal dynamics, including conflict and disagreement among family members, has been a major focus of family firm research (Sonfield and Lussier 2002). Morris et al. (1997) found that the relationship within the family has the single greatest impact on successful succession between generations of family businesses. Other researcher s also studied conflict (Davis and Harveston 1999, 2001). Thus, conflict and disagreement about management decisions is included as a variable influencing family business succession for this study.

2.4 Succession Planning

Succession planning is a major focus of the literature on family firms (Sonfield and Lussier 2002). The primary issues here involve the difficulties founders have in “letting go” and passing on the reins of control and authority, the lack of preparation for leadership which next-generation family members often receive, and thus the need for, and importance of, succession planning (Handler;1994). Dyer (1998) investigated “culture and continuity” in family firms, and the need for firm founders to understand the effects of a firm’s culture and that culture can either constrain or facilitate successful family succession. Fiegener and Prince (1994) compared successor planning and development in family and non-family firms and found that family firms favor more personal relationship-oriented forms of successor development, while non-family firms utilize more formal and task-oriented methods. Building upon these and other studies of succession in family firms, Stavrou (1998) developed a conceptual model to explain how next-generation family members are chosen for successor management positions. This model involves four factors which define the context for succession: family, business, personal and market. Thus, succession planning is included as a variable influencing family business succession for this study.

2.5 Founder Influence

Another issue of interest in the investigation of family business is “generational shadow” (Davis and Harveston 1999). In a multi-generation family firm a generational shadow, shed by the founder, may be cast over the organization and the critical processes within it. In such a situation, “succession” is considered incomplete, may constrain successors, and may have dysfunctional effects on the performance of the firm. Yet this “shadow” may also have positive impact, by providing a clear set of direction and standards for subsequent firm managers. Kelly, Athanassiou, and Crittenden (2000) similarly proposed that a family firm founder’s “legacy centrality” will influence the strategic behavior of succeeding generations’ family member managers, with both positive and negative impact. Davis and Harveston (1999) also investigated generational shadow, but reached mixed conclusions regarding its impacts. Thus, founder influence is included as a variable influencing family business succession for this study.

2.6 Going Public

Family businesses are not always privately owned. As firms grow, opportunities and needs for “going public” may arise. The family may not be able, or may not choose, to provide sufficient management or financial resources for growth, and outsider ownership can resolve this situation. And even publicly owned companies can continue as “family businesses,” if management or financial control is maintained by the family (Sonfield and Lussier 2002). McConaughy (1994) found that twenty percent of the 1000 firms are family-controlled. Thus, going public is included as a family business variable for this study.

2.7 Use Of Outside Consultants, Advisors And Professional Services

As stated earlier, several researcher s of family firms have studied differences in “paternalistic” versus “professional” management. As family firms age, they also progress from informal, subjective and paternalistic styles of leadership to more formal, objective and professional (Aronoff 1998; Coleman and Carsky 1999; Dyer 1988; Filbeck and Lee 2000; McConaughy and Phillips 1999; Miller, McLeod, and Oh 2001; Schein 1983).

More specifically, some family business researcher s have postulated that as family businesses grow and move into subsequent generations, these firms increase their use of outside consultants, advisors and professional services (Sonfield and Lussier, 2002). This use of external resources is perceived by the managers of these more mature family firms as being more “professional” and leading to better decision-making (Aronoff 1998, Dyer 1988).

2.8 Strategic Planning

Similarly, “professional” management involves a greater portion of management activity focusing on strategic management (Sharma, Chrisman, and Chua 1997). The research suggests that as family firms mature, their top managers more frequently look beyond the present operational aspects of the business, consider the broader directional alternatives available to the firm, and make strategic choices with regard to the long term (Aranoff 1998; Miller, McLeod, and Oh 2001).

2.9 Financial Management

Another aspect of the move toward “professional” management by maturing family firms is the use of more sophisticated financial management tools (Sonfield and Lussier 2002). Several family business researcher s have concluded that as they grow and move into subsequent generations, family businesses are more likely to engage in more sophisticated forms of budgeting, forecasting, cash flow analysis and modeling (Coleman and Carsky 1999; Filbeck and Lee 2000).

2.10 Management Style

Many family business researcher s have found that management style in younger, first generation family firms tends to be more informal and subjective. In more mature second and third generation family firms, management style becomes more formal and objective (Aronoff 1998; Coleman and Carsky 1999; Dyer 1988; Filbeck and Lee 2000; McConaughy and Phillips 1999; Miller, McLeod and Oh 2001; Schein 1983).

2.11 Capital Structure

The capital structure decision is important for family business (Romano, Tanewski, and Smyrnios 2001). The debt to equity ratio has been studied by several researcher s (Sonfield and Lussier 2002). Coleman and Carsky (1999) found that older and larger family firms use more equity financing and less debt financing than younger and smaller family firms. However, Gersick, Davis, Hamptom, and Lansberg (1997) found that family businesses are reluctant to use debt financing. Thus, capital structure (debt to equity) is included as a variable influencing family business succession for this study.

2.12 Successor Influence

A successor is the family member who assumes managerial control and eventual ownership control of the family business after the founder steps down or leaves the family firm. The term “potential successor” describes a family member that has the necessary traits and willingness to potentially take over the family business but has not or did not assume leadership of the business. Though much of the succession research focuses on the role of the founder in the process, or the succession process itself, little attention has been paid to the role of successors. Past research has examined successor attributes that are good for succession (Sharma, Chrisman & Chua, 1997). Family business scholars generally agree that successors need to be willing, capable, and committed to taking over the family business (Handler, 1994; Sharma, Chrisman, & Chua, 1997).

Handler's (1994) research shows that the more a next-generation successor has achieved fulfillment of career interests, psychosocial needs, and life stage needs in the family firm, the more likely the individual will experience a positive succession experience.

Successors are an important stakeholder group in the succession process. In the absence of a successor who is managerially and physically capable of taking over the ownership, succession within the family will rarely occur. Therefore, the issue of successor development is of great interest to researcher s and practitioners (Ibrahim et al., 2001b). Fiegener et al. (1994) compares successor development in family and non-family businesses and concludes that family firms favor more personal, direct, relationship-centered approaches to successor development, while non-family businesses rely more on formalized, detached, task-centered approaches. Lansberg (1999) suggests that to be effective, mentors or seniors must understand the differences between parenting and mentoring. Thus, Successor Influence is included as a family business variable for this study.

2.13 Business Performance

Researcher s believe that business performance is a valid indicator to assess the effectiveness of business succession (Morris et at., 1997). Therefore, more empirical investigations into the relationship between succession issues and business performance become necessary. Few papers address this issue empirically and most of them focus on the comparison between family and nonfamily businesses (Donckels and Frohlick 1991; Bird, B., et al, 2002). However, Gudmundson, D. (1999) and Morris et al. (1997) do empirically investigate the relationship between succession issues and business performance. Thus, Business Performance is included as a family business variable for this study.

2.14 Compensation Issues

Compensation issues have recently received increasing attention. However, researcher s have different opinions as to whether family members working for the business should be paid less to reduce the company's payroll costs or more because of they own the business. The most discussed variables include family member's shareholding schemes as well as remuneration issues (Kaslow, 1993; Gudmundson et at., 1999).

2.15 Women Family Members Working In The Firm

Nelton (1998) studied gender issues in family firms and stated that daughters and wives are rising to leadership positions in family firms more frequently than in the past, and that the occurrence of daughters taking over businesses in traditionally male-dominated industries is increasing rapidly. Cole (1997) found the number of women in family businesses increasing. Thus, women family members working in the firm is included as a family business variable for this study.

Comments on the previous Studies

The previous Literature shows that there are 15 factors that influencing in family business succession which are (Non-Family Members within Top Management, Decision-Making Authority, Conflict and Disagreement about Management Decision, Succession Planning, Founder Influence, Going Public, Use Of Outside Consultants, Advisors And Professional Services, Strategic Planning, Financial Management, Management Style, Capital Structure, Successor Influence, Business Performance, Compensation Issues, and Women Family Members Working In The Firm), but off course some of these factors or variables are not suitable because of our culture in the Gaza strip such as Women Family Members Working In The Firm , and other factors such as Capital Structure, and Compensation Issues are already related to the factor Financial Management . So, in this research researcher will use the other 8 factors.

This Study characterized by its interesting by a certain business environment in Gaza Strip, which is affected by external factors, which must be taken into account when studying the impact of previous variables on the succession process. This research is the first one in this field as far as researcher known in the Gaza Strip, and thus shed light on the impact of family business on the national economy in general and the importance of preserving the continuity

Section Two: Family Business in Palestine

General Palestinian Economic Performance

The findings of the revised time series in current prices of the Palestinian economy throughout 2005-2010 show that the value of total indicators of the Gross Domestic Product (GDP), the Gross national Income (GNI), and the Gross Disposable Income (GDI) have significant fluctuation, growth and decline caused by the political and economic situation throughout the years, as shown in Table 1.1.

Table 1.1 Major National Accounts Indicators in Palestine for the Years 2005-2010 at Current Prices (value in US$ million).

Indicator	2005	2006	2007	2008	2009	2010
Current Prices						
Gross Domestic Product (GDP)	4,634.4	4,619.1	5,182.4	6,108.2	7,148.1	8,148.1
Gross National Income (GNI)	4,992.2	5,047.0	5,708.8	6,708.5	7,745.9	7,325.9
Gross Disposable Income (GDI)	6,120.1	6,323.2	7,802.7	9,866.7	10,326.8	9,626.8
Saving	511.0	601.1	1,198.3	2,067.7	3,457.5	2,657.5

Source: Palestinian Central Bureau of Statistics, 2009 and the National Accounts Statistics 2005-2010

The revised contribution of the most prominent economic activities of the gross domestic product at current prices during 2005-2010. Table 1.2 shows the contribution of various economic activities in the GDP. The service sector provided the highest contribution to the GDP followed by industrial activities in some years and public administration and defense in others. The activities of the financial intermediation registered the lowest contribution to the GDP.

Table 1.2: Percentage Contribution to GDP in Palestine by Economic Activity for the Years 2005-2010 at Current Prices.

Economic Activity	2005	2006	2007	2008	2009	2010
Agriculture and fishing	5.5	5.8	5.6	5.8	6.5	7.1
Mining, manufacturing, electr. And water	16.8	15.5	15.9	13.9	17.3	17.1
Construction	6.4	7.6	5.1	3.9	5.7	5.7
Wholesale and retail trade	9.9	10.6	13	14.4	10.2	9.8
Transport, Storage and Communications	5.6	6.0	7.2	9.4	6.4	6.1
Financial intermediation	4.3	4.0	6.3	5.6	3.8	3.6
Services	22.6	21.6	20.5	21.2	23.7	22.8
Public administration and defense	13.4	13.4	12.1	12.0	15.0	14.3
Households with employed persons	0.0	0.1	0.1	0.1	0.2	0.1
Other	15.4	15.4	14.2	13.7	11.2	13.4
Total	100	100	100	100	100	100

Source: Palestinian Central Bureau of Statistics, 2009 and the National Accounts Statistics 2005-2010

Family business in Gaza strip

Family business is an important sector of the economy and contributes significantly to Gross Domestic Product (GDP). According to the Palestinian central bureau of statistics, (2010) there are 33,933 nongovernmental organizations that contribute directly in the (GDP), about 83 % of these interties are family business companies in the Gaza strip.

The Palestinian economy continues to contract under the pressures of economic restrictions and political instability. In 2007, per capita GDP dipped to 60% of its levels in 1999, and investment dropped to precariously low levels. In the last two years, public investment has nearly ceased as almost all government funds have been used to pay civil service salaries and cover operating costs; and according to the IMF, private investments declined by over 15% between 2005 and 2006, with no evidence of any significant increase in 2007 or 2008. Achieving economic growth will require reversing this trend of low public and private investment, which in turn entails the easing of continued economic restrictions, namely the Israeli restrictions on movement of Palestinian people and goods and on access to natural resources. A prior World Bank

Table 1.3: Number of Establishments in Operation in the Private Sector, Non Governmental Organization Sector and Government Companies in the Remaining West Bank and Gaza Strip by Governorate and Legal Status, 2010

Govern.	**Total**	Foreign. Co.Branch	Assoc.& Charities	Cooperative	Unlimited Liability	Limited Liability	Limited Shares	Public Sharholding Co	Shareholding Co.	Limited Part.	General Partnership Co.	Defacto Co.	Sole Proprietor.
Gaza Strip	**32,047**	**21**	**1,350**	**10**	**22**	**307**	**80**	**55**	**312**	**57**	**444**	**1,234**	**28,155**
North Gaza	**4,777**	0	187	4	3	68	6	4	24	5	59	216	4,201
Gaza	**13,402**	16	492	3	14	162	58	44	244	45	312	689	11,324
Dier Al Balah	**4,441**	1	203	0	1	26	2	4	14	1	31	85	4,073
Khan yunis	**5,735**	3	279	2	2	46	12	1	21	3	30	107	5,229
Rafah	**3,692**	1	189	1	2	6	2	2	9	3	12	137	3,328

Source: Palestinian Central Bureau of Statistics, 2009

policy note addressed the consequences on the economy of the closure regime and attendant restrictions on the movement of people and vehicles4. This second policy note explores the impact of inadequate access to land on economic development by investigating linkages to public and private investment in various sectors including construction and housing, industry and agriculture. The focus is on the West Bank, which is characterized by the small size of the total land area effectively made available to the Palestinian people for their development needs. (World bank, 2009)

Section Three: Conceptual Framework

An Overview of Family Business

Person starts his or her business to fulfill the needs of his or her family. When this business pass from one generation to other is known as family business. Family Business is a business governed and/or managed on a sustainable, potentially cross-generational, basis to shape and perhaps pursue the formal or implicit vision of the business held by members of the same family or a small number of families.

Let us understand the fact or related to sustainability to family business (Das, 2010) .

- Interest in next generation to carry on the family business.
- Identifying the right karta or persons to hold business responsibilities.
- Changing as per market needs.
- Understanding new competitors.
- Diversifying or expanding the core business.
- Continue the family pride in society.
- Increase trust and faith of family.

The family is, no doubt, the oldest and longest running social unit in our world. Families were formed along with small communities long before commerce began. In fact, families, often in connection with the local communities, sustained themselves by self-sufficient means (Ponzetti, 2003). Although the business enterprise is, of course, integral to the long-run sustainability of the family firm, the family is equally important to the family firm. The family unit brings together and creates the forces enabling the emerging and sustained entrepreneurial behavior. The conceptualization of the family business must encompass a multidisciplinary and comprehensive perspective of the complex and dynamic phenomenon of business that is owned and operated by family members.

The emergence of business concerns from within families is simply a historical fact and a nature and logical phenomenon. For their sustainability, families must provide for their members, earn a living day to day, and, very often, desire to accumulate wealth over time. Businesses started and operated by families have historical ties to farmers, guild members, crafters, and local commerce, to name a few. So, often historically, the physical location of the business was synonymous with the actual business location and operations and the family. Even in the case of the early, small-scale storefront businesses, families often lived in the upper floors of the building with the store on the street level. Or in the case of farmer, the family was quite literally in the midst of the agricultural activity and, in some cases, the actual growing or producing of vegetables, poultry, eggs, or milk and its related products were carried by family members on the farm. Only with the industrial age, did the segmentation of the family from the business widen along with the development of wage or salary work for a non-family employer (Heck et al., 1995).

Family businesses in our society and economy have strong historical presence and extensive prevalence, as well as vital economic and social contributions (Heck and Stafford, 2001; Heck and Trent, 1999). Nonetheless, family business as a field of academic study is recent and still emerging. Scholars have begun to recognize the importance of family businesses and their connection to entrepreneurship (Rogoff and Heck, 2003; Zachary and Mishra, 2011). The prevalence of family firms as the most prevalent business structure in the USA has been documented (Heck and Trent, 1999) and worldwide (Bosma et al., 2008; International Family Enterprise Research Academy [IFERA], 2003; Morck and Yeung, 2004). The entrepreneur is a central and vital player in the entrepreneurial phenomenon, but he or she is only part of the total picture (Zachary and Mishra, 2011). A new broader and more comprehensive view or approach, based on the concept of family entrepreneurship and the family business, may be the most accurate description of most businesses throughout the world (Danes et al., 2008; Heck et al., 2006; Rogoff and Heck, 2003; Stafford et al., 1999).

Perhaps Habbershon, T.G. and M. Williams. (1999) offer the most holistic view with three possible definitions of family business that include a broad, middle, and narrow definition of the family firm. Since RESEARCHER did not want to build a theory around a very limited definition of family business, it was important for the definition to take continuation of family leadership into account and also be applicable to a large portion of the family business community. Therefore, this paper uses Astrachan and Shankar's middle definition to define family firms: a business that a family member runs and has the intention of passing onto another family member. Whether small or large, family businesses face unique obstacles and issues that non-family businesses do not encounter. Even simple business processes can become complicated and difficult as family, management, and business ownership systems increasingly overlap and intermingle. For this reason, many scholars have looked down on family business, considering them inefficient and not worthy of study (Dyer, 2003).

Defining Family Business Succession

Family business succession is the process of successioning the management and the ownership of the business to the next generation of family members. The succession may also include family assets as part of the process. Family members typically play a controlling role in both the management succession as well as the ownership succession. As such, the effective integration and management of the family will have a determining effect on the success of the succession process. issues (Coleman, S. and M. Carsky, 1999).

Far too often the family business succession process is governed by the technical components, which are typically worked out between the current owners and their trusted advisers (e.g., accountant, lawyer). In these situations, although the impact of the family component may be considered, it is not actively integrated into the process. In other situations, where there is an attempt to integrate the family component into the succession process, it is often the process itself or the lack of formality to the process that prevents the desired outcomes from being achieved. (Ibrahim et al., 2001).

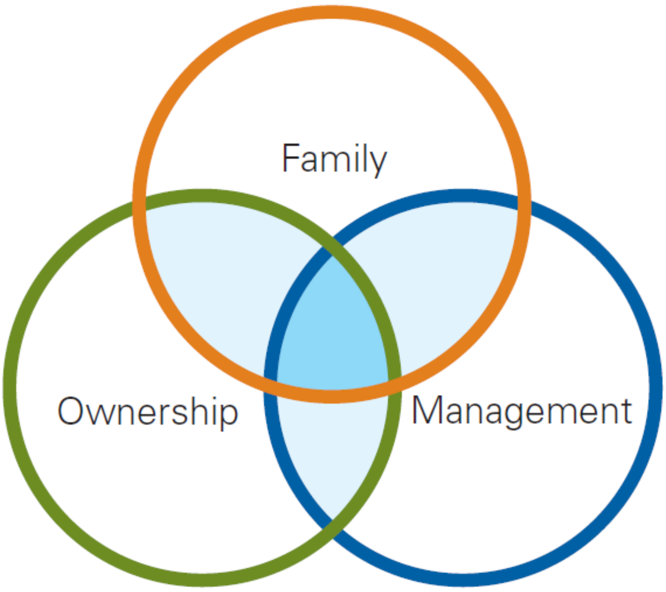
There needs to be a departure from the traditional approach to business succession to a customized approach for family business.

Impact of the Family on the Business

The three Circle Model outlined below is often used to illustrate the interaction/impact of the family on the management and ownership of family businesses. The three circle model is represented by the ownership circle, the management circle, and the family circle. The ownership circle represents the interaction/impact that the owners have on the family and on the management of the business. The management circle represents the interaction/impact that management has on the family and on the ownership of the business. The family circle represents the interaction/impact that the family has on the management and ownership of the business. (Walsh G., 2011)

The family, with its own dynamics, is an important and fundamental entity for creating and sustaining behaviors described in the literature as entrepreneurial behavior or experience (Cramton, 1993; Danes et al., 2008, 2010; Rogoff and Heck, 2003; Sharma, 2004; Stafford et al., 1999). Family capital, the total resources of owning family members, enables and foster short-term family business success and long-term sustainability (Danes et al., 2009).

Figure1: The Three Circle Model

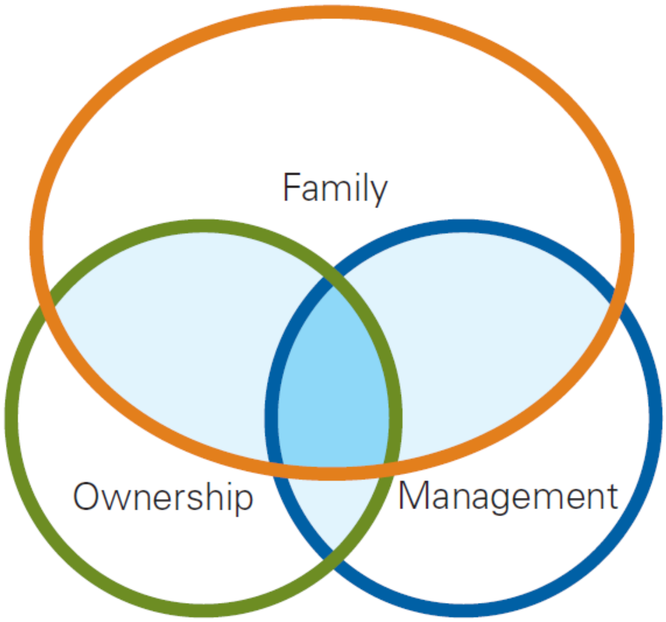


Source: Walsh G., 2011, p7.

The ownership circle and the management circle are common to all businesses. The family circle is unique to family business and is what differentiates it from its nonfamily business counterparts. In many family businesses, the family permeates the management and the ownership of the business, making it a significant, if not the major component in the overall running of the family business. It is easy to see how the interaction between these three components can create family, management, and ownership challenges, as well as provide unique opportunities. The Three Circle Model illustrates how each of the components interacts with each other and how all three circles meet in the middle, indicating that at some stage of the family business, ownership, management, and family are mixed together.

Below is a variation of the conventional Three Circle Model that illustrates the significance or degree of influence that the family component can have. Researcher believes this to be a more accurate illustration of a typical multigenerational family business. The family circle tends to be much more prominent and has a much greater impact on the management and ownership of the business. In effect, in many family businesses, the ownership is all family and the management is all or primarily family. In these situations, learning how to effectively manage the family component is even more important.

Figure2: The Three Circle Model



Source: Walsh G., 2011, p8.

The ability of family businesses to outperform their non-family counterparts and successfully transfer the business to the next generations is very much dependent on their ability to manage their 'family component'.

The Benefits of Family Business

There are many benefits to being a family in business. Unfortunately, far too often, family business is portrayed (especially in the media) as being plagued by intergenerational and sibling conflicts, fiscal irresponsibility, incestuous hiring and promotional practices, and ongoing legal battles among shareholders. Of course, family business can provide numerous benefits to family members, non-family employees, and the communities in which these family businesses operate. These benefits often serve to differentiate these family businesses and elevate them to a level of preferred status and competitive advantage .

The Challenges of Family Business

Conflicting Goals/Values: Family members, especially between generations, can have different personal and business goals/values. These goals/values need to be clearly expressed and understood by all, to avoid unnecessary stress and potential conflict among family members.

Conflicting Personalities: Everyone is different. Different personalities can often lead to sibling rivalries and intergenerational conflicts. Left unattended or unmanaged, they can destroy family and business harmony, and in some cases, destroy the business .

Expectations: Family members have different expectations from the family and from the business. Expectations with respect to employment, management, ownership, compensation, work assignments, training, use of business assets, etc. will vary among family members. These expectations need to be addressed and managed in order for the family and the business to operate smoothly. Left unattended or unmanaged, they will negatively impact family and business harmony, and challenge the long-term survival of the business.

Work Ethics: The work ethic tends to differ significantly as the family business moves through its generations. The newer generations tend to be less prepared to invest the kind of time their parents invested in the business. This can cause considerable stress and disaccord between the generations and can also unnecessarily delay the succession of both management and ownership.

Employment of Family Members: Who gets to work in the family business? Who gets what jobs? Can spouses and in-laws work in the business? Will employment be based on what the families want (bloodline) or what the business needs (competencies)? How are these employment decisions made? If not effectively addressed, all of these issues can turn into liabilities for both the family and the business.

Compensation: Compensation and the inappropriate use of compensation to achieve family or personal goals instead of business goals continues to be one of the most challenging issues facing family businesses. The expectations to be fair are often in conflict with the desire to treat family members equally. Emotions can run high when this topic is addressed.

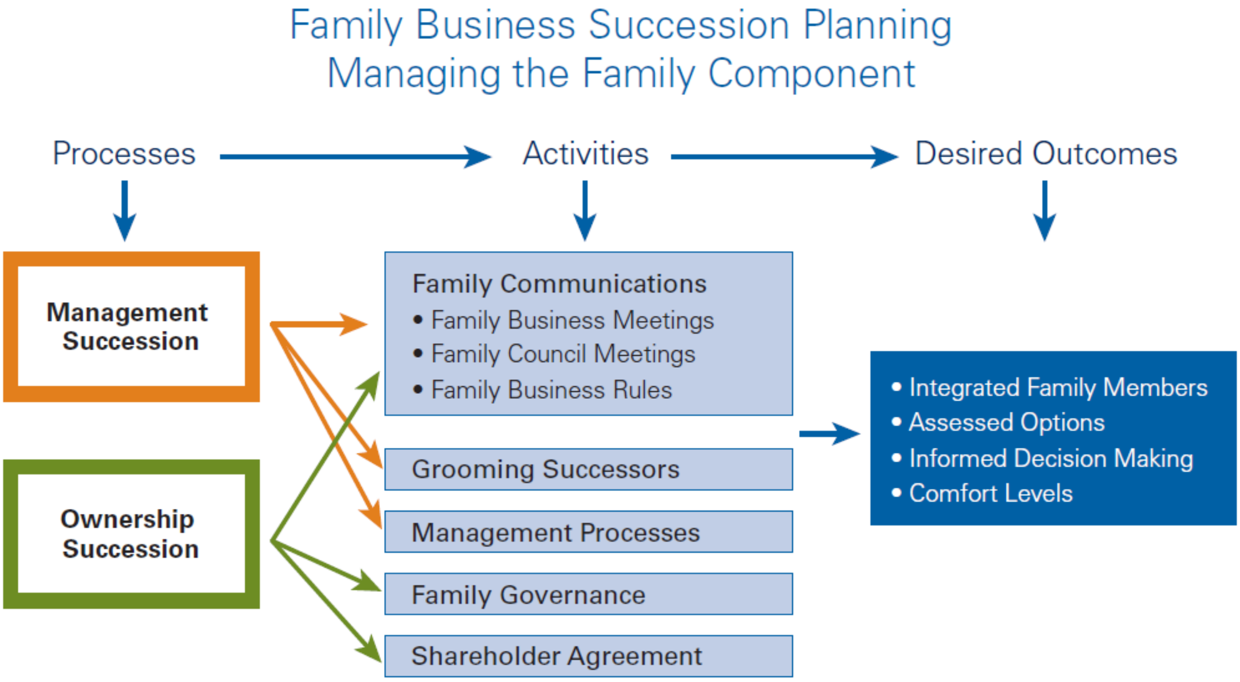
Reluctance to Plan: Generally, family business owners (especially the founders) are not very good at articulating and sharing their vision for the family business or their long-term business goals. Business planning, succession planning, and financial planning are often viewed as an ineffective use of time instead of a necessary business process. As the business moves through the generations, the owners' vision tends to get lost or blurred and the next generation of owners often find themselves without direction as they plan for the future. The dining room table often replaces the boardroom table, and whatever planning is done tends to be informal and irregular.

The Element of Time: In general, the family gets more difficult to manage as the business moves from one generation to the next. Therefore, learning how to manage the family early on in the evolution of the family business will pay dividends down the road

Managing the Family

Before, researcher referred to the Three Circle Model to illustrate the interaction/impact of the family, management, and ownership components in family business. The following model is intended to illustrate how to effectively manage the all-important family component or family circle during the succession process.

Figure3: Family Business Succession Planning
Managing the Family Component



Source: Walsh G., 2011, p15.

The Nature of Succession in Family Firms

Succession in family firms includes the dynamics that proceed and lead up to the actual succession, as well as the aftermath of the succession and its implications for the various involved parties. These parties can include family members both in and out of the firm, non-family employees, the founder owner, customers, suppliers and so forth. (Handler, 1991) identifies three specific stages in the succession itself: personal development of the heir apparent prior to working in the firm, business involvement of the heir, and leadership succession.

Individual successions can be characterized not only by the length of each stage, but also by how well-planned the stages are, conflicts that occur between the current head and the heir apparent over time, conflicts experienced within the family and by non-family employees, changes that arise in managerial roles, and the ultimate ease with which the succession occurs (Handler, 1991).

In evaluating a given succession, it has also been suggested that one should distinguish between the “quality” of the experience and the “effectiveness” of the succession (Handler, 1991, Kets de Vries, 1993). Quality is a reflection of how the involved family members personally experience the process. It is concerned with such issues as conflict, distrust, rivalry, resentment and stress.

Effectiveness is more related to how others judge the outcome of the succession. Examples of issues here include organizational performance indicators and satisfaction levels experienced by next generation managers. Further, it would seem logical that quality and effectiveness are related, although it is not clear in what way. For instance, there is some anecdotal evidence to suggest that some degree of conflict and rivalry may contribute to a more effective succession in terms of outcomes (Kenny, D.A., 1979; Kets de Vries, 1993).

Researcher suggest a definition of successful leadership succession by further developing Sharma, Chrisman, Pablo, and Chua's (1997) definition of the succession process: Successful leadership succession is the actions, events, and developments that influence both the transfer of managerial control from one family member to another and the continued profitability of the family firm after the process has occurred.

This view of successful succession processes takes the non-linear nature of succession into account and seeks to remove perceptions from the definition of a successful succession.

In the pluralized and emerging field of family business, if there is one generally agreed upon finding about successors in the succession process, it is the belief that the most desirable characteristics successors can possess are ability, experience, willingness and commitment to the business (Cole, 1997; Chrisman et al., 1998; Handler, 1994; Sharma, Chrisman, & Chua, 1997).

The Succession Process

Researcher has characterized succession as a process rather than an event (Handler, 1994). This notion indicates that succession does not just happen with a management change or transfer of stock; as all participants in the succession process must devote much time and commitment to the process. There are varying definitions of the succession process but Sharma, Chrisman, Pablo, and Chua's (2001) definition is best suited for this paper because it does not limit itself to one type of succession scenario and takes a very holistic approach by defining the succession process as the actions, events, and developments that affect the transfer of managerial control from one family member to another.

While family business scholars generally agree that succession is a process, many have proposed different variations of the process (Barach & Ganitsky, 1995; Churchill & Hatten, 1987; Handler, 1990). The researcher s that have contributed to developing models of the succession process generally break succession into four stages. Churchill and Hatten's (1987) four-stage life cycle approaches family business succession by focusing in on the founder and successor. Handler's (1990) four-stage model examines the adjustment of roles between the incumbents and successors. While some researcher s have adopted some of these models, there are still many differing views and models on the succession process. Nonetheless, in some way or another, each of the four stage models examines the role adjustments of successors and founders. Yet, there are other factors to consider in the succession process, such as timing. other study finds that different life-stage combinations of a father and son can either smooth the progress of family business succession or complicate it. The research indicates that relationship factors and timing can have a dramatic effect on succession.

Succession Activities

The model in figure 1 shows a number of family business succession activities intended to integrate family members into the management and ownership succession processes. The activities are also intended to make family members feel comfortable with both the

succession process and its outcomes. The ultimate goal is to allow family members to make informed decisions about their individual and collective futures in the management and ownership of the family business (Hatten,1987).
Establishing family communication activities, such as family business meetings for the active family members, family council meetings for the broader family, and family business rules, will serve to guide the overall succession process. These communication activities will pave the way for the effective management of the all important family component. The management succession activities also include the grooming of successors and integrating the active family members into a number of key management activities. The model also shows the ownership succession process including a list of succession activities involving family members. These activities comprise the same channels of communication as indicated in the management succession process.

The ownership succession activities also include family governance and shareholder agreement issues. The management and ownership succession activities can be carried out simultaneously. However, it is recommended that the management succession process/plan be underway or in place before undertaking the ownership succession activities. You will notice that the proposed activities to manage the family's communication (family business meetings, family council meetings, and the family rules) are the same for both the management and ownership succession processes. What will differ is the type of succession issues that are addressed at the family meetings. It is strongly recommended that regardless of which of the management or ownership succession processes are undertaken, you start with the family communication activities (Barach & Ganitsky, 1995; Churchill & Hatten, 1987; Handler, 1990).

Family Business Stakeholders

Succession requires the involvement of several players within the family firm. Before diving into the literature on the succession process, it is necessary to differentiate the perspectives of various stakeholders that make up a family business in order to understand the impact succession has on a family business (Lansberg, 1988). Stakeholders can be divided into four different contingencies: family, owners, managers, and people external to the firm. Each contingency has different goals and expectations but the overlapping and intermingling goals and expectations of the family, management, and ownership contingencies are particularly important in family business succession matters. This paper focuses on the roles of the founder and successors, which are the two most critical stakeholders in the succession process.

Successors

A successor is the family member who assumes managerial control and eventual ownership control of the family business after the founder steps down or leaves the family firm. The term “potential successor” describes a family member that has the necessary traits and willingness to potentially take over the family business but has not or did not assume leadership of the business. Though much of the succession research focuses on the role of the founder in the process, or the succession process itself, little attention has been paid to the role of successors. Past research has examined successor attributes that are good for succession (Chrisman, Chua, & Sharma, 1997). Family business scholars generally agree that successors need to be willing, capable, and committed to taking over the family business (Barach & Ganitsky, 1995; Barach, Ganitsky, 1995; Chrisman et al., 1998; Handler, 1994; Sharma, Chrisman, & Chua, 1997). Handler's (1994) research shows that the more a next-generation successor has achieved fulfillment of career interests, psychosocial needs, and life stage needs in the family firm, the more likely the individual will experience a positive succession experience.

Why Succession Does Not Occur?

Research shows that only approximately 30% of family businesses make it the second generation (Dyer, 1988). While most of the research has focused on successful succession, De Massis, Chua, and Chrisman (2008) argue that little systematic attention has been paid to factors that prevent transfer of managerial control from one family member to another. They paid a lot of attention to how incumbents, successors, and non-family stakeholders can prevent succession but essentially narrowed it down to three exhaustive but not mutually exclusive direct causes: All potential family successors decline management leadership of the business, the senior generation rejects all potential family successors, or the senior generation decides against family

succession even if willing and acceptable family successors exist. Therefore, it is important to recognize how the relationships between
Important stakeholders like founders and successors can play a crucial role in the succession process.

Family business research suggests that the person most responsible for the continuity of the family business is the founder; this is because the founder is the only stakeholder that is part of all three contingencies central to a family firm (Lansberg, 1988). For this reason, much of the family business succession literature focuses on the founder. When it comes to succession, many founders frequently develop a complex set of rationalizations and compromises that prevent them from engaging in succession planning, have ambivalent feelings towards succession, or inadvertently sabotage potential successors (De Massis et al., 2008; Handler, 1994; Lansberg, 1988).
Nonetheless, many researcher s and practitioners say that one of the most significant factors that determine continuity of the family firm from one generation to the next is whether the succession process is planned (Dyer, 1988; Handler, 1994; Lansberg, 1988). Despite the rational reasons for planning succession, research suggests that leadership succession is seldom planned in family businesses (Lansberg, 1988). Founders are often reluctant to plan the succession process (Ibrahim et al., 2001; Lansberg, 1999). It is a generally held belief that a founder or incumbent's resistance or reluctance to create a succession plan and successfully follow through with it can jeopardize a family business and all who depend on it. Unless the succession process is a sudden or forced event, the process should be thoroughly planned . The low survival rate of family businesses also highlights the fact that many family businesses lack capable and committed successors (Lansberg, 1999). There are several reasons why qualified successors may choose not to participate in the family business. Potential successors may have different career interests or goals; on the other hand, they may not want to work with family, or have concerns about the fairness of decision-making, resistance to change, or ability of co-workers Furthermore, a successor’s unwillingness to forgive family for mistakes, or lack of appreciation and recognition may also create more hurdles for succession (Dyer, 1988); or family issues may hinder a potential successor’s desire to join and manage the family business (Coleman, S. and M. Carsky. 1999).

Successor Commitment: What Family Businesses Need to Survive

Throughout the history of family business research, scholars have focused on successor commitment and willingness to take over the business. Chrisman, Chua, and Sharma's (1998) research indicates that integrity and commitment to the business are the most desirable traits for family business successors. Throughout the literature, it is evident that some scholars use willingness and commitment in the same context or assign the same meaning to both terms. However, in order to further the advancement of the succession literature and create a more rich research agenda for future successor related succession research, the difference between willingness and commitment should become more distinct. The word commitment seems to hold a stronger connotation than willingness. In some cases, a successor can be willing to take over the family business but not fully committed, thus jeopardizing the continuity of the family firm and all who depend on it. Sharma and Irving's (2005) research that pulls from the organizational behavior literature on commitment offers a 40 solution for this problem; different levels of willingness are accounted for in the four shades of successor commitment. Even though successors can share a common focal behavior of pursuing a career in the family firm, the motivation or willingness can vary significantly (Dumas, Dupuis, Richer, & Cyr, 1995). Therefore, researcher use Sharma and Irving's (2005) research to define successor commitment: Successor commitment is characterized by the successor's frame of mind or psychological state that compels the individual toward the focal behavior of continuing to profitably operate the family firm.

Furthermore, the level of commitment that a successor has to the continuation of the business can determine how he approaches problems that arise in the family business. Sharma and Irving's (2005) four types of successor commitment include affective, normative, calculative, and imperative commitments. Affective commitment is characterized by the successor's genuine desire to be in the family firm. Normative commitment occurs when family members join the firm out of obligation, Calculative is based on opportunity costs, and Imperative commitment occurs when successors feel that they need to join the firm, often because they doubt their ability outside the firm. When family business researcher s talk about commitment, they are typically referring to affective commitment (Sharma & Irving, 2005). Research suggests that affective and normative commitments are the two strongest types of commitment (Miller, 2001). Sharma and Irving (2005) further propose that each form of commitment leads to a different levels of binding strength of a successor with the organization.

However, commitment often develops because of multiple motives, so different forms of commitment can be found to exist simultaneously (Miller, 2001). In this study, even though successors may have entered the business with different commitment types, by the time of succession successor commitment types were largely affective and normative; thus lending evidence that stronger commitment levels from successors lead to the successful continuation of the family business. Furthermore, the sense of obligation or desire to be in the family business pushed the successors to make tough personal decisions that ultimately helped the business persevere, even when faced with obstacles like a resistant incumbent, forced succession, or family problems. The succession process was different at each business; some businesses had a single successor, some had co-successors, while another firm focused more on shared leadership rather than naming one single successor (Sharma & Irving, 2005).

Successor Capabilities: What Family Businesses Need to Thrive

When examining successors in the succession process, family business scholars have often studied the important qualities or attributes that a successor needs for succession. In their research, Chrisman, Chua, and Sharma (1998) found decision-making abilities and experience, interpersonal skills, intelligence, self-confidence, creativity, experience in the business, and past performance were all in the top ten most desirable attributes of family business successors. Much of the early literature prescribes the need for a capable successor but does not fully define the concept. Therefore, Capability, within the scope of this paper is defined as:

Successor capability is characterized as the successor's mix of intelligence, experience, relevant skills, and interpersonal skills that allows the individual to profitably continue operation of the family business.

Most of the researcher follows a linear process where the successor enters the firm and gradually takes on more responsibility while further developing his capabilities until the time of leadership succession. However, capabilities can develop within or outside the family firm. Much less attention has focused on quick and forced succession events where a successor with experience in the family business may not exist. Therefore, it is important to note that capable family successors can exist outside the family firm. The definition of successor capability used in this article takes both explicit and tacit knowledge and potential capability into consideration. By looking at the successor's mix of intelligence, experience, relevant skills, and interpersonal skills, the definition does not limit itself to a specific circumstance or skill set. Chrisman, Chua, and Sharma (1998)

Intelligence refers to the person's understanding of the business that helps successfully run the business and his capacity to further learn, reason, or understands critical business information, circumstances, and events; it can come from formal education or natural mental capacity. Experience involves any activity, observation, or exposure a successor has in a work environment; it does not have to be work experience that is specific to the family firm as long as the knowledge the experience gained can be generalized within the context of the family firm. Relevant skills are the successor's acquired work related abilities that can be used to run the business. Interpersonal skills describe the successor's ability to interact well with critical actors in the family business environment; it is the relationship skills that allow him to gain acceptance from family and non-family employees in the family firm. (Chrisman, J.J., Chua, J.H., & Sharma, P.1998).

Chrisman, Chua, and Sharma's (1998) find that successor's capabilities develop throughout his lifetime, within and outside the firm, and come from different experiences and sources. The sources of successor capabilities can often overlap and intermingle, the important point is that the mix of capabilities needs to be sufficient enough to continue running the firm profitably when the founder steps down or suddenly exits the firm. As shown in Table 3, the sources of successor capability came from the person's intelligence, education, work experience within and outside of the family business, ability to work well with family business employees, and in cases where the succession process was planned and followed through with, the successor's relationship with the founder was also an important factor. Much of the literature that views succession as a linear process has not addressed the fact that a capable family successor can come from outside the firm, yet various cases suggest that it is a very possible scenario.

Succession Planning: When the Founder Sets Doubts Aside

Succession planning is something that family business consultants and practitioners often recommend as a remedy to the low survival rate of family business. As for the academic side of family business, the available research hardly takes succession plans into consideration when actually researching the succession process; the typical succession article explains why succession plans do not formulate or offers succession plans as an afterthought or solution to a problem researcher s identified in their work. Previous research does not go into great depth about how such a plan emerges but indicates that unless the succession process is a forced event then it should be thoroughly planned (Dyck et al., 2002). Succession plans can include implications for both transfers of leadership and ownership, but for the scope of this paper RESEARCHER will focus mainly on the transfer of leadership from one family member to the next. Before going any further it is important to define how the term succession plan is used in this paper: A succession plan is an explicit plan that seeks to develop potential successors for eventual leadership of the family firm; it sets a framework in place for the family business incumbent to transfer leadership to an identified family successor who has developed the necessary skill set and characteristics for successfully continuing the leadership of the family firm.

In order to improve the chances of a family business‟ survival it is important to minimize the probability of forced succession situations by planning for succession. Dyck (2002) found that family businesses that had developed a succession plan and communicated it to critical family business stakeholders were more likely to continue the family business profitably after succession than those who had not planned the succession process.

The Founder’s Effects on Succession

Research suggests that the founder is the person most responsible for the continuity of the family firm (Barnes & Hershon, 1989). Much of the available research takes this into consideration; building on founder-centric constructs like the founder's willingness to relinquish control, trust in the successor or a harmonious relationship with the successor.

Evidence from the cases indicates that the founder does have an effect on the succession outcome but it may not be as strong as past research might suggest. Unless a successor comes from outside of the firm to fill a role in a forced succession, the founder's effect on succession is mediated by the capabilities and commitment of the successor that is chosen to continue leadership of the business. Therefore, the founder's effect on succession largely comes from his ability to develop successor commitment and capabilities. Furthermore, the founder can improve the likelihood of success in a succession process by creating an explicit succession plan. However, in line with previous literature, the founder is often reluctant to plan succession. Evidence from case studies indicates that when a founder believes a capable and committed successor exists then he is more likely to plan the succession process. The founder's cooperation helps make succession a smooth succession and ultimate success. Therefore, the successor-centric theory of family business succession shows that the successor's commitment and capabilities moderate the founder's likelihood of creating an explicit succession plan and following through with it (Barnes & Hershon, 1989).

The founder improves probability of succession by fostering stronger successor commitment, capabilities, and succession plans. Ultimately, the founder can easily lower the chances of successful succession by undermining successors and not planning succession; but the successor can combat this by increasing commitment and capability, even when the founder does not acknowledge such improvements. If a family business is defined by it's intent to continue family leadership and ownership, the burden of the succession process ultimately falls on the successor (Dyck et al., 2002).

The Successor's Effects on Succession

An overwhelming portion of the literature discusses how the founder is the most influential actor in succession, suggesting that if the founder is resistant to transfer of leadership then succession will most likely not occur. However, my findings indicate otherwise. When examining the case studies, there is a lot of evidence that supports the current research literature but there are also several diamonds in the rough that challenge it and present new avenues of study to explore. First and foremost, evidence from the cases shows that the successor's commitment level and capability to take over the business is not fully tied to the founder; successors can develop these traits separately from the founder. So even when the founder is resistant to the succession process, a potential successor can still hold an affective commitment to the business and develop capabilities by working around the founder, waiting for an opportune time for succession to occur, It is beneficial for a family business to have a supportive founder but my research shows that it is not crucial. When the family business intends to keep ownership and leadership in the family, the only way to have the business continue is with a capable and committed family successor.

Therefore, when the founder is taken completely out of the picture, it becomes apparent that the business can still survive with a capable and committed enough successors (Dyck et al., 2002).

In the case where the successor comes from outside the firm to fill a leadership position, he has proven his capability elsewhere and uses interpersonal skills to gain acceptance from employees. Furthermore, evidence from the cases shows how it is also possible for a capable and committed successor to outlast a founder so that he can assume leadership or overthrow the founder to ensure that the business continues profitably (Dyck et al., 2002).

Desired Outcomes

The succession activities are intended to achieve the desired succession outcomes. By integrating family members into the process and by providing sufficient comfort to the current and future owners of the family business, informed decisions can be made. It is these informed decisions that will ensure a smooth and effective family business succession (Cadieux, 2007).

If the current owners are not sufficiently comfortable with the proposed financial arrangements, the management succession plan, or the ownership succession plan, they will not most likely let it go. The owners have invested far too much in the family business to pass it on without the necessary assurances that it will continue to prosper. Furthermore, the owners want to be assured that the family and key employees, often referred to as the extended family, are also taken care of. The same can be said for the next generation. If the next generation is not sufficiently comfortable with the proposed roles and responsibilities of the management succession team, the compensation philosophy, the distribution of wealth, and the funding of the ownership succession, they will most likely delay or defer their willingness to implement a succession plan. Therefore, the sooner the succession activities get underway the more opportunity there is for each party to build their comfort zones.

The higher the comfort levels of those involved, the easier it is for them to make decisions. The speed at which the succession process unfolds will be in large part based on the owner’s knowledge of their options and their level of comfort, both of which will lead to informed decisions. Therefore, developing the succession process with activities that will provide options, assess comfort, and allow for informed decision making by family members is essential for success(Barach & Ganitsky, 1995; Cadieux, 2007; Handler, 1990).

CHAPTER 3

RESEARCH METHODOLOGY

CHAPTER 3

RESEARCH METHODOLOGY

3.1 Introduction

This chapter describes the methodology that was used in this research. The adopted methodology to accomplish this study uses the following techniques: the information about the research design, research population, questionnaire design, statistical data analysis, content validity and pilot study.

3.2 Research Methodology

Data Collection Methodology:

In order to collect the needed data for this research , researcher use the secondary resources in collecting data such as books, journals, statistics and web pages , in addition to preliminary resources that not available in secondary resources through distribute questionnaires on study population in order to get their opinions about the factors influencing family business succession: Gaza governorates . Research methodology depends on the analysis of data on the use of descriptive analysis, which depends on the poll and use the main program (SPSS).

Population and sample size:

There is no statistic clarify the family business companies in Gaza governorates but table 3.1 shows that the total of Gaza governorates companies are 30,202 companies and sole proprietor companies are 28,155 companies. (PCBS, 2007)
The researcher will exclude the sole Proprietor companies because it will not be taken as family business companies until it will change its legal situation to make succession to the second generation.

Table 3.1: Number of Establishments in Operation in the Private Sector, Non Governmental Organization Sector in Gaza Strip by Governorate and Legal Status, 2007

Governorate	Sole Proprietor	private Co.	General Partnership Co.	Limited Part.	Shareholding Co.
North Gaza	4,201	216	59	5	24
Gaza	11,324	689	312	45	244
Dier Al-Balah	4,073	85	31	1	14
Khan Yunis	5,229	107	30	3	21
Rafah	3,328	137	12	3	9
TOTAL	**28,155**	**1,234**	**444**	**57**	**312**

Source: Palestinian Central Bureau of Statistics, 2007

So, research population is generally a family business companies in the Gaza Strip and it reaches 2,047 companies. However, researcher often cannot test every individual in the population because it is too expensive and time-consuming. This is the reason why researcher relies on sampling techniques. A research population is also known as a well-defined collection of individuals or objects known to have similar characteristics. All individuals or objects within a certain population usually have a common, binding characteristic or trait, and the researcher select random sample with size 300 using NCSS PASS v.11 program, the questionnaires were distributed to the research sample and 193 questionnaires are received.

The respondents is very small because most of the companies in Gaza do not like to talk about their privacy, and the sensitivity of the family business

And all questions follow lekart scale as the following:

Level	**Strongly agree**	**Agree**	**Don’t know**	**Disagree**	**Strongly disagree**
Scale	5	4	3	2	1

Pilot Study

A pilot study for the questionnaire was conducted before collecting the results of the sample. It provides a trial run for the questionnaire, which involves testing the wordings of question, identifying ambiguous questions, testing the techniques that used to collect data, and measuring the effectiveness of standard invitation to respondents.

Validity of the Research

Researcher can define the validity of an instrument as a determination of the extent to which the instrument actually reflects the abstract construct being examined. "Validity refers to the degree to which an instrument measures what it is supposed to be measuring". High validity is the absence of systematic errors in the measuring instrument. When an instrument is valid; it truly reflects the concept it is supposed to measure. Achieving good validity required the care in the research design and sample selection. The amended questionnaire was by the supervisor and three expertises in the tendering and bidding environments to evaluate the procedure of questions and the method of analyzing the results. The expertise agreed that the questionnaire was valid and suitable enough to measure the purpose that the questionnaire designed for.

Content Validity of the Questionnaire

Content validity test was conducted by consulting two groups of experts. The first was requested to evaluate and identify whether the questions agreed with the scope of the items and the extent to which these items reflect the concept of the research problem. The other was requested to evaluate that the instrument used is valid statistically and that the questionnaire was designed well enough to provide relations and tests between variables. The two groups of experts did agree that the questionnaire was valid and suitable enough to measure the concept of interest with some amendments.

Statistical Validity of the Questionnaire

To insure the validity of the questionnaire, two statistical tests should be applied. The first test is Criterion-related validity test (Pearson test) which measures the correlation coefficient between each item in the field and the whole field. The second test is structure validity test (Pearson test) that used to test the validity of the questionnaire structure by testing the validity of each field and the validity of the whole questionnaire. It measures the correlation coefficient between one filed and all the fields of the questionnaire that have the same level of similar scale.

Criterion Related Validity:

1) **Internal consistency**:

Internal consistency of the questionnaire is measured by a scouting sample, which consisted of **thirty** questionnaires, through measuring the correlation coefficients between each paragraph in one field and the whole filed. Tables No.'s (3.2-3.9) below show the correlation coefficient and p-value for each field items. As show in the table the p- Values are less than 0.05 or 0.01,so the correlation coefficients of this field are significant at $\alpha = 0.01$ or $\alpha = 0.05$, so it can be said that the paragraphs of this field are consistent and valid to be measure what it was set for.

Table (3.2)

The correlation coefficient between each paragraph in the field and the whole field (Non-Family Members Within Top Management)

No.	question	Pearson coefficient	p-value
1	The company depends on the existence of people from outside the family in top management to manage the company's activities	0.784	0.000
2	The existence of people from outside the company's top management is necessary to avoid internal conflicts, and increase the efficiency of the company	0.692	0.000
3	The presence of persons from outside the family in the top management of the company effects positively on succession process	0.880	0.000
4	The dominance of the family members in top management in the company ensures continuity and its succession from one generation to another.	0.669	0.000

5	The presence of persons from outside the family in the company's top management improving decision-making process	0.621	0.000
6	In case there are people from outside the family in the top management the company does not considered as family business company.	0.866	0.000

Table (3.3)

The correlation coefficient between each paragraph in the field and the whole field (Decision-Making Authority)

No.	question	Pearson coefficient	p-value
1	The company depends on the system of decentralization in decision-making	0.673	0.000
2	Founder have Decision-making authority without sharing the Board of Directors	0.800	0.000
3	Affect the adoption of the decentralization of decision-making in the company's positive impact on the continuity of the company and the success of their succession from one generation to another	0.557	0.001
4	It is recommended that the decision-making power is concentrated in the hands of the founder in order to avoid potential conflicts between family members.	0.798	0.000
5	The usage of the Organizational structure with job description contributes significantly to the success of the succession process.	0.498	0.007

Table (3.4)

The correlation coefficient between each paragraph in the field and the whole field (Succession Planning)

No.	question	Pearson coefficient	p-value
1	The company has succession plan clear and specific timetable.	0.686	0.000
2	Presence of succession plan in the company's ensure the success of succession	0.646	0.000
3	Contribute to separation of the company's capital for personal property in the success of the plan of transfer of ownership	0.734	0.000
4	The diversity of the company's activities contribute to the success of the succession process	0.600	0.000
5	The identification of the authorities of each member of the family is clearly in the presence of founder necessary to ensure the success of the plan of transfer of ownership.	0.712	0.000

Table (3.5)

The correlation coefficient between each paragraph in the field and the whole field (Founder Influence)

No.	question	Pearson coefficient	p-value
1	Founder plays major role in the management of the company's activities	0.590	0.001
2	Founder prepare one of the of a family member to receive his duties in the future	0.694	0.000
3	Founder affect positively on the succession plan	0.519	0.003
4	Founder play role in the implementation of elements of the succession plan ensure the succession process	0.767	0.000

5	Founder must have personal and administrative skills to ensure the succession process	0.752	0.000

Table (3.6)

The correlation coefficient between each paragraph in the field and the whole field (Successor Influence)

No.	question	Pearson coefficient	p-value
1	The successor plays a key role in the management of the company's activities	0.862	0.000
2	There is separation between authorities of the first generation to ensure succession process	0.744	0.000
3	First generation adhere the instructions of the founder with respect to the activities of the company and the distribution of authorities to ensure the successful succession process	0.777	0.000
4	It is necessary to adhere to the first generation to separate personal interests from the company's interest to ensure the success of the succession process	0.846	0.000
5	The successor must have administrative and personal skills to ensure the success of succession process	0.798	0.000

Table (3.7)

The correlation coefficient between each paragraph in the field and the whole field (Going Public)

No.	question	Pearson coefficient	p-value
1	The company have the ability for going public	0.770	0.000
2	Founder alone has the decision for going public	0.783	0.000
3	The trend to going public is necessary to ensure the success of succession	0.817	0.000
4	Going public rely on people from outside the family	0.840	0.000

	ensure the succession of the company.		
5	Going public in the organization prevent conflict between family members and ensure the success of succession process.	0.685	0.000

Table (3.8)

The correlation coefficient between each paragraph in the field and the whole field (Strategic Planning)

No.	question	Pearson coefficient	p-value
1	The company has a clear strategic plan	0.738	0.000
2	The identification of opportunities and risks of the most important elements necessary for success of the succession process	0.754	0.000
3	The identification of strengths and weaknesses of your company's most important elements necessary for success of the succession process	0.715	0.000
4	The identification of future resources necessary to implement the planned activities of the company affect the success of succession process	0.430	0.018
5	The company in the preparation and follow up the implementation of the strategic plan on their own external consultants.	0.762	0.000

Table (3.9)

The correlation coefficient between each paragraph in the field and the whole field (Financial Management)

No.	question	Pearson coefficient	p-value
1	The adoption of the company's members from outside the family in financial management important to the success of succession process.	0.414	0.023
2	Interested in the company's separate financial accounts with family members about the company's capital, which contributes to the continuity and success of the succession.	0.680	0.000
3	The company must have financial system is checked with respect to the distribution of shares and profits of the company personnel to ensure the success of succession process in the future	0.832	0.000
4	Unique to the founding managing financial matters without the participation of family members, which negatively affects the success of the transfer of ownership in the future.	0.597	0.000

Structure Validity of the Questionnaire

Structure validity is the second statistical test that used to test the validity of the questionnaire structure by testing the validity of each field and the validity of the whole questionnaire. It measures the correlation coefficient between one filed and all the fields of the questionnaire that have the same level of liker scale.

As shown in table No. (3.10), the significance values are less than 0.05 or 0.01, so the correlation coefficients of all the fields are significant at $\alpha = 0.01$ or $\alpha = 0.05$, so it can be said that the fields are valid to be measured what it was set for to achieve the main aim of the study.

Table No. (3.10)

Structure Validity of the Questionnaire

Number	section	Pearson correlation coefficient	p-value
1	Non-Family Members Within Top Management	0.883	0.000
2	Decision-making authority	0.777	0.000
3	Succession Planning	0.874	0.000
4	Founder Influence	0.832	0.000
5	Successor Influence	0.663	0.000
6	Going Public	0.774	0.000
7	Strategic Planning	0.732	0.000
8	Financial Management	0.737	0.000

Reliability of the Research

Reliability of an instrument is the degree of consistency with which it measures the attribute it is supposed to be measuring. The test is repeated to the same sample of people on two occasions and then compares the scores obtained by computing a reliability coefficient. For the most purposes reliability coefficient above 0.7 are considered satisfactory. Period of two weeks to a month is recommended between two tests Due to complicated conditions that the contractors is facing at the time being, it was too difficult to ask them to responds to our questionnaire twice within short period. The statistician's explained that, overcoming the distribution of the questionnaire twice to measure the reliability can be achieved by using Kronpakh Alpha coefficient and Half Split Method through the SPSS software.

Half Split Method

This method depends on finding Pearson correlation coefficient between the means of odd rank questions and even rank questions of each field of the questionnaire. Then, correcting the Pearson correlation coefficients can be done by using Spearman Brown correlation coefficient of correction. The corrected correlation coefficient (consistency coefficient) is computed according to the following equation:

Consistency coefficient = 2r/(r+1), where r is the Pearson correlation coefficient. The normal range of corrected correlation coefficient 2r/(r+1) is between 0.0 and + 1.0 As shown in Table No.(3.11), most the corrected correlation coefficients values are between 0.8232and 0.8966 and the general reliability for all items equal 0.8588, and the significant (α) is less than 0.05 so all the corrected correlation coefficients are significance at α = 0.05. It can be said that according to the Half Split method, the dispute causes group are reliable.

Table (3.11)

Split-Half Coefficient method

Number	section	person-correlation	Spearman-Brown Coefficient	Sig. (2-Tailed(
1	Non-Family Members Within Top Management	0.8125	0.8966	0.000
2	Decision-making Authority	0.7255	0.8409	0.000
3	Succession Planning	0.7725	0.8717	0.000
4	Founder Influence	0.7125	0.8321	0.000
5	Successor Influence	0.6995	0.8232	0.000
6	Going Public	0.6560	0.7923	0.000

Number	section	person-correlation	Spearman-Brown Coefficient	Sig. (2-Tailed(
7	Strategic Planning	0.8193	0.9007	0.000
8	Financial Management	0.6807	0.8100	0.000
	Total	0.7525	0.8588	0.000

Cronbach's Coefficient Alpha

This method is used to measure the reliability of the questionnaire between each field and the mean of the whole fields of the questionnaire. The normal range of Cronbach's coefficient alpha value between 0.0 and + 1.0, and the higher values reflects a higher degree of internal consistency. As shown in Table No. (3.12) The Cronbach's coefficient alpha was calculated for the first field of the causes of claims, the second field of common procedures and the third field of the Particular claims. The results were in the range from 0.8425 and 0.9215, and the general reliability for all items equal 0.8759. This range is considered high; the result ensures the reliability of the questionnaire.

Table (3.12)

For Reliability Cronbach's Alpha

Number	section	No. of Items	Cronbach's Alpha
1	Non-Family Members Within Top Management	6	0.9215
2	Decision-making Authority	5	0.8719
3	Succession Planning	5	0.9014
4	Founder Influence	5	0.8625
5	Successor Influence	5	0.8425

Number	section	No. of Items	Cronbach's Alpha
6	Going Public	5	0.8588
7	Strategic Planning	5	0.9130
8	Financial Management	4	0.8470
	Total	40	0.8805

- **Statistical Treating:**

To achieve the research goal, researcher used the statistical package for the Social Science (SPSS) for Manipulating and analyzing the data.

- **Statistical methods are as follows:**

1- Frequencies and Percentile

2- Alpha- Cronbach Test for measuring reliability of the items of the questionnaires

3- Person correlation coefficients for measuring validity of the items of the questionnaires.

4- Spearman –Brown Coefficient

5- One sample t test

6- Independent samples t test

7- One way ANOVA

One Sample K-S Test

One Sample K-S test will be used to identify if the data follow normal distribution or not, this test is considered necessary in case testing hypotheses as most parametric Test stipulate data to be normality distributed and this test used when the size of the sample are greater than 50.

Results test as shown in table (3.13) , clarifies that the calculated p-value is greater than the significant level which is equal 0.05 (p-value. > 0.05), this in turn denotes that data follows normal distribution, and so parametric Tests must be used.

Table (3.13)

One Sample K-S

Number	section	items No.	Statistic	P-value
1	Non-Family Members Within Top Management	6	1.060	0.211
2	Decision-making Authority	5	1.059	0.212
3	Succession Planning	5	0.634	0.816
4	Founder Influence	5	0.714	0.688
5	Successor Influence	5	1.254	0.086
6	Going Public	5	1.076	0.197
7	Strategic Planning	5	1.349	0.053
8	Financial Management	4	0.816	0.518
	Total	40	0.989	0.282

Chapter 4

Data Analysis and Discussion

Section One: properties of the samples

Section Two: Research Factors

Section Three: Discussion and Hypothesis Test

Chapter 4

Data Analysis and Discussion

Section one: properties of the samples

The following tables illustrated the properties of the samples:

• Title of the project according to the province:

Table No.(4.1)

Title of the project according to the province

Title of the project according to the province	**Frequency**	**Percentages**
Gaza	111	57.5
North (JABALIA,BAITLAHIA)	38	19.7
Middle (DAIR BALAH, NUSIRAT)	28	14.5
South (KHANYOUNIS, RAFAH)	16	8.3
Total	193	100.0

• Age of the family business

Table No.(4.2) show that 8.3% of the age of the family business " from 5 to 10 years ", and 47.7% of the age of the family business " from 11 to 15 years " , and 31.6% of the age of the family business " From 16 to 20 years " , and 12.4% of the age of the family business " more than 20 years old ".

Table No. (4.2)

Age of the family business

age of the family business	**Frequency**	**Percentages**
from 5 to 10 years	16	8.3
from 11 to 15 years	92	47.7
From 16 to 20 years	61	31.6
more than 20 years old	24	12.4
Total	193	100.0

- **Who is the founder of the company:**

Table No. (4.3)

Who is the founder of the company

Who is the founder of the company	**Frequency**	**Percentages**
Grandfather	18	9.3
Father	142	73.6
Big Brother	27	14.0
other	6	3.1
Total	193	100.0

The previous table show that most of the company's founder is the father "73.6%", this according the culture in Gaza which ensure that most of the companies continue to the second Generation, Researcher s confirm that only about one third of family businesses survive the succession from the first generation to the second generation of owner-management. Moreover, of those who do survive the first stage, only about one third tend to survive the succession from second to third (and beyond) generation of ownership (Poutziouris, 2000; Ibrahim, 2001).

- **Current manager of family relationship**

Table No.(4.4)

Current manager of family relationship

current manager of family relationship	**Frequency**	**Percentages**
From within the family	179	92.7
From outside the family	14	7.3
Total	193	100.0

The previous table show that most of the company's manager is from within the family "92.7%", this according the culture in Gaza that refuses the managers from outside family, our culture is deferent than the researcher s Dyer (1988) and McConaughy and Phillips (1999) found an earlier basis in Schein (1983), who also suggested more professional forms of management with the inclusion of non-family managers.

- **Age of manager of the family business**

Table No.(4.5)

Age of manager of the family business

age of manager of the family business	**Frequency**	**Percentages**
less than 30 years	5	2.6
30 to less than 40 years	36	18.7
40 to 50 years	66	34.2
more than 50 years	86	44.6
Total	193	100.0

• **Education of manager of the company of family**

Table No. (4.6)

Education

Education	**Frequency**	**Percentages**
High school or less	39	20.2
Diploma	95	49.2
Bachelor degree	59	30.6
Post graduate	0	0.0
Total	193	100.0

The previous table show that most of the company's manager education is "49.2%", this according the culture in Gaza that the managers from start business according to their own experience not according to education, our culture is deferent than the researcher s Dyer (1988) and McConaughy and Phillips (1999) , who also suggested more Specific attention include the heir's formal level of education and training.

• **Number of employees:**

Table No. (4.7)

Number of employees

Number of employees	**Frequency**	**Percentages**
more than 5 employees	91	47.2
20-30 employees	46	23.8
More than 30 employees	56	29.0
Total	193	100.0

- **The company's capital in USD**

Table No. (4.8)

Company's capital in dollars

company's capital in USD	**Frequency**	**Percentages**
less than 100,000 $	9	4.7
100000 - less than 500000 $	70	36.3
500,000 - less than Million $	71	36.8
more than a million $	43	22.3
Total	193	100.0

- **The nature of the company's activity**

Table No. (4.9)

The nature of the company's activity

The nature of the company's activity	**Frequency**	**Percentages**
Commercial	48	24.9
Industrial	135	69.9
service	10	5.2
other	0	0.0
Total	193	100.0

• Ownership of the company

Table No.(4.10)

Ownership of the company

ownership of the company	**Frequency**	**Percentages**
Defacto Co.	21	10.9
General Partnership	63	32.6
Shareholding Co.	109	56.5
Limited Partnership	0	0.0
Total	193	100.0

• Company Generation

Table No.(4.11)

Generation Company

Company Generation	**Frequency**	**Percentages**
first	21	10.9
second	63	32.6
third	109	56.5
Total	193	100.0

Section Two: Research Factors

In the following tables Researcher use a one sample t test to test if the opinion of the respondents in the content of the sentences are positive (weighted mean greater than "60%" and the p-value less than 0.05) or the opinion of the respondents in the content of the sentences are neutral (p- value is greater than 0.05) or the opinion of the respondents in the content of the sentences are negative (weighted mean less than "60%" and the p-value less than 0.05)

As discussed earlier, a number of factors that affect family business succession have been identified by researcher s. The following hypotheses will be tested:

1. **"Non-Family Members within Top Management" significantly affects the successes of family business succession process at α ≤ 5 level in Gaza.**

Researcher use a one sample t test to test if the opinion of the respondent about **(Non-Family Members within Top Management)** and the results shown in Table No. (4.12) from the highest respondent to the lowest respondent according to weighted mean as follows:

Table(4.12)

(Non-Family Members within Top Management)

No.	**Items**	**Weighted mean**	**t-value**	**P-value**
1	The company depends on the existence of people from outside the family in top management to manage the company's activities	21.14	-75.761	0.000
2	The existence of people from outside the company's top management is necessary to avoid internal conflicts, and increase the efficiency of the company	48.50	-14.157	0.000
3	The presence of persons from outside the family in the top management of the company effects positively on succession process	58.24	-2.162	0.032
4	The dominance of the family members in top management in the company ensures continuity and its succession from one generation to another.	52.33	-8.377	0.000
5	The presence of persons from outside the	53.26	-6.512	0.000

	family in the company's top management improving decision-making process			
6	In case there are people from outside the family in the top management the company does not considered as family business company.	23.52	-43.882	0.000
	All items	**42.83**	**-38.456**	**0.000**

Critical value of **t** at df "192" and significance level 0.05 equal 1.97

1. In item No. (3) the weighted mean equal " 58.24%", which is less than 60.0% and the p-value equal " 0.032" which is less than 0.05 ,that means (The presence of persons from outside the family in the top management negatively affect succession process).
2. In item No. (5) the weighted mean equal " 53.26%", which is less than 60.0% and the p-value equal " 0.000" which is less than 0.05 ,that means (The presence of persons from outside the family in the company's top management negatively affect on succession process).
3. In item No. (4) the weighted mean equal " 52.33%", which is less than 60.0% and the p-value equal " 0.000" which is less than 0.05 ,that means (The family members dominance negatively affect succession process).
4. In item No. (2) the weighted mean equal " 48.50%", which is less than 60.0% and the p-value equal " 0.000" which is less than 0.05 ,that means (The existence of Non-Family Members within Top Management negatively affect avoiding internal conflicts, and increase the efficiency of the company).
5. In item No. (6) the weighted mean equal " 23.52%", which is less than 60.0% and the p-value equal " 0.000" which is less than 0.05 ,that means (The company does not considered as family business company negatively affected in case there are Non-Family Members within Top Management of the company.).
6. In item No. (1) the weighted mean equal " 21.14%", which is less than 60.0% and the p-value equal " 0.000" which is less than 0.05 ,that means (The

company does not depend on the existence of people of Non-Family Members within Top Management to manage the company's activities).

In general, the results for all items of the section (Non-Family Members within Top Management) show that the average mean equal 2.14 and the weighted mean equal 42.83 % which is less than " 60%" and the value of t test equal 38.456 which is greater than the critical value which is equal 1.97 and the p- value equal 0.000 which is less than 0.05, that means "Non-Family Members within Top Management" negatively affects the succession process at significance level of α ≤ 5 level in Gaza

The findings support the evidence to reject the first hypothesis since Non-Family Members within Top Management negatively affect family business succession, this finding discloses the culture in Gaza which makes managers from within family take care about the business more than managers from outside company.

In regards to Non-Family Members within Top Management, the research results contradicted other research results (Dyer, 1988) and (McConaughy and Phillips,1999) which suggested more professional forms of management with the inclusion of non-family managers. This reveals deferent cultures and needs more research to explain this behavior.

2. "Decision-Making Authority" significantly affects the success of family business succession process at α ≤ 5 level in Gaza.

One sample t test was used to test if the opinion of the respondent about the effect of **(Decision-making authority)** on the succession process and the results shown in Table No. (4.13) From the highest respondent to the lowest respondent according to weighted mean as follows:

Table (4.13)

(**Decision-making authority**)

No.	**Items**	**Weighted mean**	**t-value**	**P-value**
1	The company depends on the system of decentralization in decision-making	21.35	-65.639	0.000
2	Founder have Decision-making authority without sharing the Board of Directors	70.31	2.204	0.029
3	The adoption of the decentralization of decision-making in the company's effect positively on the succession process	34.40	-18.957	0.000
4	It is recommended that the decision-making power is concentrated in the hands of the founder in order to avoid potential conflicts between family members.	32.54	-21.359	0.000
5	The usage of the Organizational structure with job description contributes significantly to the success of the succession process.	72.12	7.866	0.000
	All items	46.11	-13.451	0.000

Critical value of **t** at df "192" and significance level 0.05 equal 1.97

1. In item No. (5) the weighted mean equal "72.12%", which is greater than 60.0% and the p-value equal " 0.000" which is less than 0.05 ,that means (The usage of the Organizational structure with job description contributes positively affect the success of the succession process).
2. In item No. (2) the weighted mean equal " 70.31%", which is greater than 60.0% and the p-value equal " 0.029" which is less than 0.05 ,that means (The usage of the Organizational structure with job description positively affect the success of the succession process).
3. In item No. (3) the weighted mean equal "34.40%", which is less than 60.0% and the p-value equal " 0.000" which is less than 0.05 ,that means (The adoption of the decentralization of decision-making in the company's effect negatively on the succession process).
4. In item No. (4) the weighted mean equal " 32.54%", which is less than 60.0% and the p-value equal " 0.000" which is less than 0.05 ,that means (It is not recommended that the decision-making power is concentrated in the hands of the founder in order to avoid potential conflicts between family members.).
5. In item No. (1) the weighted mean equal " 21.35%", which is less than 60.0% and the p-value equal " 0.000" which is less than 0.05 ,that means (The companies depends on the system of centralization in decision-making).

For general the results for all items of the section (Decision-making authority) show that the average mean equal 2.31 and the weighted mean equal 46.11% which is less than " 60%" and the value of t test equal 13.451 which is greater than the critical value which is equal 1.96 and the p- value equal 0.000 which is less than 0.05, that "Decision-Making Authority" negatively affects the success of family business succession process at $\alpha \leq 5$ level in Gaza

The findings demonstrates an evidence to reject the second hypothesis since Decision-making authority negatively affect family business succession, because the founder have in the beginning the Decision-making authority then in the second generation change according to the family members.

In regards to Decision-making authority, the research results have the same other research results. (Aronoff, 1998) furthermore reported that 42 percent of family businesses Decision-making authority are considering co-presidents for the next generation.

3. **"Succession planning" significantly affects the succession process at α ≤ 5 level in Gaza.**

Researcher use a one sample t test to test if the opinion of the respondent about **(Succession planning)** and the results shown in Table No. (4.14) From the highest respondent to the lowest respondent according to Weighted mean as follows:

Table (4.14)

(Succession planning)

No.	**Items**	**Weighted mean**	**t-value**	**P-value**
1	The company has succession plan clear and specific timetable.	21.76	-72.880	0.000
2	Presence of succession plan in the company's ensure the success of succession	56.34	-4.485	0.000
3	Contribute to separation of the company's capital for personal property in the success of the succession process	53.65	-5.898	0.000
4	The diversity of the company's activities contribute to the success of the succession process	71.61	10.700	0.000
5	The identification of the authorities of each member of the family is clearly in the presence of founder necessary to ensure the success of the succession process	81.14	15.498	0.000
	All items	56.89	-6.501	0.000

Critical value of **t** at df "192" and significance level 0.05 equal 1.97

1. In item No. (5) the weighted mean equal " 81.14%", which is greater than 60.0% and the p-value equal " 0.000" which is less than 0.05 ,that means (The identification of the authorities of each member of the family is clearly in the presence of founder positively affect the Succession planning).

2. In item No. (4) the weighted mean equal " 71.61%", which is greater than 60.0% and the p-value equal " 0.000" which is less than 0.05 ,that means (The diversity of the company's activities positively affect the success of the succession process).

3. In item No. (2) the weighted mean equal " 56.34%", which is less than 60.0% and the p-value equal " 0.000" which is less than 0.05 ,that means (Presence of succession plan in the company's negatively affect the success of succession).

4. In item No. (3) the weighted mean equal " 53.65%", which is less than 60.0% and the p-value equal " 0.000" which is less than 0.05 ,that means (Contribute to separation of the company's capital for personal negatively affect the Succession planning).

5. In item No. (1) the weighted mean equal " 21.76%", which is less than 60.0% and the p-value equal " 0.000" which is less than 0.05 ,that means (The companies have not Succession planning of the elements of clear and specific timetable).

For general the results for all items of the section (Succession planning) show that the average mean equal 2.84 and the weighted mean equal 56.89 % which is less than " 60%" and the value of t test equal 6.501 which is greater than the critical value which is equal 1.96 and the p- value equal 0.000 which is less than 0.05, that means "Succession planning" negatively affects the success of family business succession process at $\alpha \leq 5$ level in Gaza

The findings gave us an evidence to reject the third hypothesis since Succession planning negatively affect family business succession, because of Gaza culture which always makes next generations follow and maintain the founder to choose who is the successor without any planning.

In regards to (succession Planning), the research results have the same other research results succession planning is a major focus of the literature on family firms (Sonfield and Lussier 2002). The primary issues here involve the difficulties founders have in “letting go” and passing on the reins of control and authority, the lack of preparation for leadership which next-generation family members often receive, and thus the need for, and importance of, succession planning.

4. **"Founder Influence" significantly affects the success of family business succession process at α ≤ 5 level in Gaza.** Researcher use a one sample t test to test if the opinion of the respondent about **(Founder Influence)** and the results shown in Table No. (4.15) from the highest respondent to the lowest respondent according to weighted mean as follows:

Table (4.15)

(**Founder Influence**)

No.	**Items**	**Weighted mean**	**t-value**	**P-value**
1	Founder plays major role in the management of the company's activities	69.33	8.263	0.000
2	Founder prepare one of the of a family member to receive his duties in the future	50.88	-9.258	0.000
3	Founder affect positively on the succession plan	79.59	16.052	0.000
4	Founder play role in the implementation of elements of the succession plan ensure the succession process	60.32	0.333	0.740
5	Founder must have personal and administrative skills to ensure the succession process	51.71	-7.579	0.000
	All items	62.37	5.687	0.000

Critical value of **t** at df "192" and significance level 0.05 equal 1.97

1. In item No. (3) the weighted mean equal " 79.59%", which is greater than 60.0% and the p-value equal " 0.000" which is less than 0.05 ,that means (Founder affect positively on the succession plan).

2. In item No. (1) the weighted mean equal " 69.33%", which is greater than 60.0% and the p-value equal " 0.000" which is less than 0.05 ,that means (Founder plays major role in the management of the company's activities positively affect the succession process).
3. In item No. (4) the weighted mean equal " 60.32%", which is greater than 60.0% and the p-value equal " 0.740" which is greater than 0.05 ,that means (Founder play role in the implementation of elements of the succession plan positively affect the success of the succession process).
4. In item No. (5) the weighted mean equal " 51.71%", which is less than 60.0% and the p-value equal " 0.000" which is less than 0.05 ,that means (It is not necessary to have the founder of management skills and personal attributes to the success of transfer of ownership from one generation to another).
5. In item No. (2) the weighted mean equal " 50.88%", which is less than 60.0% and the p-value equal " 0.000" which is less than 0.05 ,that means (Founder prepare one of the of a family member to receive his duties in the future negatively affect the success of the succession process).

For general the results for all items of the section (Founder Influence) show that the average mean equal 3.12 and the weighted mean equal 62.37% which is greater than " 60%" and the value of t test equal 5.687 which is greater than the critical value which is equal 1.97 and the p- value equal 0.000 which is less than 0.05, that means " Founder Influence" significantly affects the succession process at $\alpha \leq 5$ level in Gaza

The findings gave us an evidence to accept the fourth hypothesis since founder influence strongly affect family business succession, because of Gaza culture which always make next generations follow and maintain the founder legacy.

In regards to Founder Influence, the research results insure other research (Kelly, Athanassiou, and Crittenden, 2000) which found that a family firm founder's "legacy centrality" will influence the strategic behavior of succeeding generations' family

5. **"Successor influence" significantly affects the success of family business succession process at α ≤ 5 level in Gaza.**

Researcher use a one sample t test to test if the opinion of the respondent about **(**Successor Influence**)** and the results shown in Table No. (4.16) From the highest respondent to the lowest respondent according to weighted mean as follows:

Table (4.16)

(Successor Influence)

No.	**Items**	**Weighted mean**	**t-value**	**P-value**
1	The successor plays a key role in the management of the company's activities	75.65	12.969	0.000
2	There is separation between authorities of the first generation to ensure succession process	53.78	-5.945	0.000
3	First generation adhere the instructions of the founder with respect to the activities of the company and the distribution of authorities to ensure the successful succession process	69.74	8.345	0.000
4	It is necessary to adhere to the first generation to separate personal interests from the company's interest to ensure the success of the succession process	74.09	10.652	0.000
5	The successor must have administrative and personal skills to ensure the success of succession process	62.28	2.493	0.014
	All items	67.11	14.188	0.000

Critical value of **t** at df "192" and significance level 0.05 equal 1.97

1. In item No. (1) The weighted mean equal "75.65%", which is greater than 60.0% and the p-value equal " 0.000" which is less than 0.05 ,that means (The successor plays a key role in the management of the company's activities positively affect the success of the succession process succession process).
2. In item No. (4) The weighted mean equal "74.09%", which is greater than 60.0% and the p-value equal "0.000" which is less than 0.05 ,that means (It is

necessary to adhere to the successor to separate personal interests from the company's interest positively affect the success of the succession process)

3. In item No. (3) the weighted mean equal " 69.74%", which is greater than 60.0% and the p-value equal " 0.000" which is less than 0.05,that means (First generation adhere the instructions of the founder with respect to the activities of the company and the distribution of authorities positively affect successful succession process).

4. In item No. (5) the weighted mean equal " 62.28%", which is greater than 60.0% and the p-value equal " 0.000" which is less than 0.05 ,that means (The successor must have administrative and personal skills to positively affect the success of succession process).

5. In item No. (2) the weighted mean equal " 53.78%", which is less than 60.0% and the p-value equal " 0.000" which is less than 0.05 ,that means (The separation between authorities of the first generation to negatively affect the success of succession process).

For general the results for all items of the section (Successor Influence) show that the average mean equal and the weighted mean equal % which is greater than " 60%" and the value of t test equal which is greater than the critical value which is equal 1.96 and the p- value equal 0.000 which is less than 0.05, that means "Successor influence" positively affects the succession process at $\alpha \leq 5$ level in Gaza

The findings gave us an evidence to accept the fifth hypothesis since Successor influence strongly affect family business succession, because the in the absence of a successor who is managerially and physically capable of taking over the ownership, succession within the family will not occur.

In regards Successor Influence. (Handler's, 1994) research shows that the more a next-generation successor has achieved fulfillment of career interests, psychosocial needs, and life stage needs in the family firm, the more likely the individual will experience a positive succession experience.

6. **"Going Public" significantly affects the success of family business succession process at α ≤ 5 level in Gaza.**

Researcher use a one sample t test to test if the opinion of the respondent about **(Going Public)** and the results shown in Table No. (4.17) From the highest respondent to the lowest respondent according to weighted mean as follows:

Table (4.17)
(Going Public)

No.	**Items**	**Weighted mean**	**t-value**	**P-value**
1	The company have the ability for going public	69.12	7.762	0.000
2	Founder alone has the decision for going public	54.06	-5.520	0.000
3	The trend to going public is necessary to ensure the success of succession	80.00	16.154	0.000
4	Going public rely on people from outside the family ensure the succession of the company.	72.98	11.712	0.000
5	Going public in the organization prevent conflict between family members and ensure the success of succession process.	77.72	11.259	0.000
	All items	**70.77**	**16.346**	**0.000**

Critical value of **t** at df "192" and significance level 0.05 equal 1.97

1. In item No. (3) the weighted mean equal " 80.00%", which is greater than 60.0% and the p-value equal " 0.000" which is less than 0.05 ,that means (The trend to going public positively affect the success of succession).
2. In item No. (5) the weighted mean equal " 77.72%", which is greater than 60.0% and the p-value equal " 0.000" which is less than 0.05 ,that means (Going public in the organization positively affect avoid conflict between family members and ensure the success of succession process.).

3. In item No. (4) the weighted mean equal " 72.98%", which is greater than 60.0% and the p-value equal " 0.000" which is less than 0.05 ,that means (Going public rely on people from outside the family positively affect the succession of the company).

4. In item No. (1) the weighted mean equal " 69.12%", which is greater than 60.0% and the p-value equal " 0.000" which is less than 0.05 ,that means (The company have the ability for going public positively affect the success of succession process).

5. In item No. (2) the weighted mean equal " 54.06%", which is less than 60.0% and the p-value equal " 0.000" which is less than 0.05 ,that means (Founder alone has the decision for going public negatively affect the success of succession process).

For general the results for all items of the section (Going Public) show that the average mean equal 3.54 and the weighted mean equal 70.77 % which is greater than " 60%" and the value of t test equal 16.346 which is greater than the critical value which is equal 1.97 and the p- value equal 0.000 which is less than 0.05, that means "Going Public" positively affects the success of family business succession process at $\alpha \leq 5$ level in Gaza

The findings gave us an evidence to accept the sixth hypothesis since Going Public positively affects the success of family business succession, because Family businesses are always privately owned. As firms grow, opportunities and needs for “going public” may arise. The family may not be able, or may not choose, to provide sufficient management or financial resources for growth, and outsider ownership can resolve this situation.

In regards to Going Public, the research results have the same other research results (Sonfield and Lussier 2002). McConaughy (1994) found that twenty percent of the family businesses are always privately owned. As firms grow, opportunities and needs for “going public” may arise controlled.

7. **"Strategic Planning significantly affects the success of family business succession process at α ≤ 5 level in Gaza.**

Researcher use a one sample t test to test if the opinion of the respondent about **(Strategic Planning)** and the results shown in Table No. (4.18) from the highest respondent to the lowest respondent according to weighted mean as follows:

Table (4.18)

(Strategic Planning)

No.	**Items**	**Weighted mean**	**t-value**	**P-value**
1	The company has a clear strategic plan	23.32	-42.601	0.000
2	The identification of opportunities and risks of the most important elements necessary for success of the succession process	47.89	-15.140	0.000
3	The identification of strengths and weaknesses of your company's most important elements necessary for success of the succession process	59.17	-0.883	0.378
4	The identification of future resources necessary to implement the planned activities of the company affect the success of succession process	70.88	10.376	0.000
5	The company in the preparation and follow up the implementation of the strategic plan on their own external consultants.	27.88	-24.439	0.000
	All items	**45.82**	**-25.854**	**0.000**

Critical value of **t** at df "192" and significance level 0.05 equal 1.97

1. In item No. (4) the weighted mean equal " 70.88%", which is greater than 60.0% and the p-value equal " 0.000" which is less than 0.05 ,that means (The identification of future resources necessary to implement the planned activities of the company positively affect the success of succession process).
2. In item No. (3) the weighted mean equal " 59.17%", which is less than 60.0% and the p-value equal " 0.000" which is less than 0.05 ,that means (The identification of strengths and weaknesses of your company's not important elements for success of the succession process).
3. In item No. (2) the weighted mean equal " 47.89%", which is less than 60.0% and the p-value equal " 0.378" which is greater than 0.05 ,that means (The identification of opportunities and risks of the most important elements negatively affect the success of the succession process).
4. In item No. (5) the weighted mean equal " 27.88%", which is less than 60.0% and the p-value equal " 0.000" which is less than 0.05 ,that means (The company not follow up the implementation of the strategic plan on their own external consultants.).
5. In item No. (1) the weighted mean equal " 23.32%", which is less than 60.0% and the p-value equal " 0.000" which is less than 0.05 ,that means (The company has not a clear strategic plan).

For general the results for all items of the section (Strategic Planning) show that the average mean equal 2.29 and the weighted mean equal 45.82% which is less than " 60%" and the value of t test equal 25.854 which is greater than the critical value which is equal 1.96 and the p- value equal 0.000 which is less than 0.05, that means "Strategic Planning negatively affects the success of family business succession process at $\alpha \leq 5$ level in Gaza.

The findings gave us an evidence to reject the seventh hypothesis since (Strategic Planning) negatively affect family business succession, because culture and continuity in family firms, and the need for firm founders to understand the effects of a firm's culture and that culture can either constrain or facilitate successful family succession.
In regards to "Strategic Planning ", the research results have the same other researches, "professional" management involves a greater portion of management activity focusing on strategic management (Sharma, Chrisman, and Chua 1997). The research suggests that as family firms mature, their top managers more frequently look beyond the present operational aspects of the business, consider the broader directional alternatives available to the firm, and make strategic choices with regard to the long term (Aranoff 1998; Miller, McLeod, and Oh 2001).

8. "Financial Management" significantly affects the success of family business succession process at α ≤ 5 level in Gaza.

Researcher use a one sample t test to test if the opinion of the respondent about **(Financial Management)** and the results shown in Table No. (4.18) from the highest respondent to the lowest respondent according to weighted mean as follows:

Table(4.18)

(Financial Management)

No.	**Items**	**Weighted mean**	**t-value**	**P-value**
1	The adoption of the company's members from outside the family in financial management important to the success of succession process.	23.44	-46.237	0.000
2	Interested in the company's separate financial accounts with family members about the company's capital, which contributes to the continuity and success of the succession.	68.39	8.976	0.000
3	The company must have financial system is checked with respect to the distribution of shares and profits of the company personnel to ensure the success of succession process in the future	71.40	12.814	0.000

4	Unique to the founding managing financial matters without the participation of family members, which negatively affects the success of the transfer of ownership in the future.	67.98	7.062	0.000
	All items	57.85	-4.112	0.000

Critical value of **t** at df "192" and significance level 0.05 equal 1.97

1. In item No. (3) the weighted mean equal " 71.40%", which is greater than 60.0% and the p-value equal " 0.000" which is less than 0.05 ,that means (The company must have financial system is checked with respect to the distribution of shares and profits of the company personnel to positively affect the success of the succession).

2. In item No. (2) the weighted mean equal " 68.39%", which is greater than 60.0% and the p-value equal " 0.000" which is less than 0.05 ,that means (Interested in the company's separate financial accounts with family members about the company's capital, which contributes to the continuity and success of the succession.).

3. In item No. (4) the weighted mean equal " 67.98%", which is greater than 60.0% and the p-value equal " 0.000" which is less than 0.05 ,that means (Unique to the founding managing financial matters without the participation of family members, which positively affects the success of the transfer of ownership in the future).

4. In item No. (1) the weighted mean equal " 23.44%", which is less than 60.0% and the p-value equal " 0.000" which is less than 0.05 ,that means (The adoption of the company's members from outside the family in financial negatively affect the success the succession process).

For general the results for all items of the section (Financial Management) show that the average mean equal 2.89 and the weighted mean equal 57.85 % which is less than " 60%" and the value of t test equal -4.11 which is less than the critical value which is equal 1.97 and the p- value equal 0.000 which is less than 0.05, that means "Financial Management" negatively affects the success of family business succession process at $\alpha \leq 5$ level in Gaza

The findings gave us an evidence to reject the eighth hypothesis since "Financial Management" negatively affect family business succession, because culture of family firms in Gaza do not have clear idea about financial management because all financial management controlled by the founder according to his experience and his own culture and the need for firm founders to understand the effects of a firm's culture and that culture can either constrain or facilitate successful family succession.

In regards to "Financial Management", the research results have the same other researches several family business researcher s have concluded that as they grow and move into subsequent generations, family businesses are more likely to engage in more Financial Management forms of budgeting, forecasting, cash flow analysis and modeling (Cole and Wolken 1995; Coleman and Carsky 1999; Filbeck and Lee 2000).

All sections

Factors Influencing Family Business Succession: Gaza Governorates

Researcher use a one sample t test to test if the opinion of the respondent about **(**a number of factors that affect family business succession have been identified by researcher s and practitioners**)** and Table No. (4.19) shown factors from the highest respondent to the lowest respondent according to weighted mean as follows:

Table(4.19)

(All sections)

No.	**Items**	**Weighted mean**	**t-value**	**P-value**
1	Non-Family Members Within Top Management	42.83	-38.456	0.000
2	Decision-making Authority	46.11	-13.451	0.000
3	Succession Planning	56.89	-6.501	0.000
4	Founder Influence	62.37	5.687	0.000
5	Successor Influence	67.11	14.188	0.000
6	Going Public	70.77	16.346	0.000

7	Strategic Planning	45.82	-25.854	0.000
8	Financial Management	57.85	-4.112	0.000
	Total	55.84	-18.029	0.000

Critical value of **t** at df "192" and significance level 0.05 equal 1.97

1. (Going Public) is the first factor
2. (Successor Influence) is the second factor
3. (Founder Influence) is the third factor
4. (Financial Management) is the fourth factor
5. (Succession Planning) is the fifth factor
6. (Decision-making authority) is the sixth factor
7. (Strategic Planning) is the seventh factor
8. (Non-Family Members Within Top Management) is the eighth factor

For general the results for all items of the all section show that the average mean equal 2.79 and the weighted mean equal 55.84% which is less than " 60%" and the value of t test equal 18.029 which is greater than the critical value which is equal 1.97 and the p- value equal 0.000 which is less than 0.05, that means Factors Influencing Family Business Succession: Gaza Governorates is weak at significant level α=0.05

This is because the family business in Gaza is very hard to understand, this because of the strong effect of the founder management style. So, researcher cannot generalize these factors to all family firms in Gaza, every firm have stand alone properties, and have private factors.

Section Three: Research Hypotheses

The main hypotheses

There are significant differences among Factors Influencing Family Business Succession: Gaza Governorates **due to (**Title of the project according to the province, age of the family business, the founder of the company, current manager of family relationship, Age Manager of the family business, Education of manager of the company of family, Number of employees, the company's capital in dollars. The nature of the company's activity, ownership of the company, Generation Company) **level significance α=0.05**.

Sub Hypothesis:

1. There are significant differences among Factors Influencing Family Business Succession: Gaza Governorates **due to (**Title of the project according to the province) **level significance α=0.05**.

To test the hypothesis researcher use the one way ANOVA and the result illustrated in table no. (4.20) which show that the p-value equal 0.938 which is greater than 0.05 and the value of F test equal 0.136 which is less than the value of critical value which is equal 2.65, that's means There are no significant differences among Factors Influencing Family Business Succession: Gaza Governorates **due to (**Title of the project according to the province) **level significance α=0.05**

Table No. (4.20)

One way ANOVA test for difference towards the factors Influencing Family Business Succession: Gaza Governorates **due to (**Title of the project according to the province)

Field	**Source**	**Sum of Squares**	**df**	**Mean Square**	**F value**	**Sig.(P-Value)**
Factors Influencing Family Business Succession: Gaza Governorates	Between Groups	0.011	3	0.004	0.136	0.938
	Within Groups	4.916	189	0.026		
	Total	4.926	192			

Critical value of F at df "3,189" and significance level 0.05 equal2.65

2. There are significant differences among Factors Influencing Family Business Succession: Gaza Governorates **due to** (age Manager of the family business) **level significance α=0.05.**

To test the hypothesis researcher use the one way ANOVA and the result illustrated in table no.(4.21) which show that the p-value equal 0.328 which is greater than 0.05 and the value of F test equal 1.156 which is less than the value of critical value which is equal 2.65, that's means There are no significant differences among Factors Influencing Family Business Succession: Gaza Governorates **due to (**age Manager of the family business) **level significance α=0.05**

Table No.(4.21)

One way ANOVA test for difference towards the factors Influencing Family Business Succession: Gaza Governorates **due to (**age Manager of the family business)

Field	**Source**	**Sum of Squares**	**df**	**Mean Square**	**F value**	**Sig.(P-Value)**
Factors Influencing Family Business Succession: Gaza Governorates	Between Groups	0.089	3	0.030	1.156	0.328
	Within Groups	4.837	189	0.026		
	Total	4.926	192			

Critical value of F at df "3,189" and significance level 0.05 equal2.65

3. There are significant differences among Factors Influencing Family Business Succession: Gaza Governorates **due to (**current manager of family relationship) **level significance α=0.05**.

To test the hypothesis researcher use the Independent Samples Test and the result illustrated in table no.(4.22) which show that the p-value equal 0.269 which is greater than 0.05 and the absolute value of T test equal 1.109 which is less than the value of critical value which is equal 1.97, that's means There are no significant differences among Factors Influencing Family Business Succession: Gaza Governorates **due to (**current manager of family relationship) **level significance α=0.05**

Table No.(4.22)

Independent Samples Test for difference among Factors Influencing Family Business Succession: Gaza Governorates **due to (**current manager of family relationship)

Field	current manager of family relationship	N	Mean	Std. Deviation	**T**	**P-value**
Factors Influencing Family Business Succession: Gaza Governorates	from within the family	179	2.796	0.161	1.109	0.269
	from outside the family	14	2.746	0.143		

Critical value of t at df "191" and significance level 0.05 equal 1.97

4. There are significant differences among Factors Influencing Family Business Succession: Gaza Governorates **due to (**age of Manager of the family business) **level significance α=0.05**.

To test the hypothesis researcher use the one way ANOVA and the result illustrated in table no.(4.23) which show that the p-value equal 0.118 which is greater than 0.05 and the value of F test equal 1.981 which is less than the value of critical value which is equal 2.65, that's means There are no significant differences among Factors Influencing Family Business Succession: Gaza Governorates **due to (**age of Manager of the family business) **level significance α=0.05**

Table No.(4.23)

One way ANOVA test for difference towards the factors Influencing Family Business Succession: Gaza Governorates **due to (**age of Manager of the family business)

Field	**Source**	**Sum of Squares**	**df**	**Mean Square**	**F value**	**Sig.(P-Value)**
Factors Influencing Family Business Succession: Gaza Governorates	Between Groups	0.150	3	0.050	1.981	0.118
	Within Groups	4.776	189	0.025		
	Total	4.926	192			

Critical value of F at df "3,189" and significance level 0.05 equal2.65

5. There are significant differences among Factors Influencing Family Business Succession: Gaza Governorates **due to (**Education of manager of the company of family) **level significance α=0.05**.

To test the hypothesis researcher use the one way ANOVA and the result illustrated in table no.(4.24) which show that the p-value equal 0.513 which is greater than 0.05 and the value of F test equal 0.671 which is less than the value of critical value which is equal 3.04, that's means There are no significant differences among Factors Influencing Family Business Succession: Gaza Governorates **due to (**Education of manager of the company of family) **level significance α=0.05**

Table No.(4.24)

One way ANOVA test for difference towards the factors Influencing Family Business Succession: Gaza Governorates **due to (**Education of manager of the company of family)

Field	Source	Sum of Squares	df	Mean Square	F value	Sig.(P-Value)
Factors Influencing Family Business Succession: Gaza Governorates	Between Groups	0.035	2	0.017	0.671	0.513
	Within Groups	4.892	190	0.026		
	Total	4.926	192			

Critical value of F at df "2,190" and significance level 0.05 equal 3.04

6. There are significant differences among Factors Influencing Family Business Succession: Gaza Governorates **due to (**Number of employees) **level significance α=0.05**.

To test the hypothesis researcher use the one way ANOVA and the result illustrated in table no.(4.25) which show that the p-value equal 0.205 which is greater than 0.05 and the value of F test equal 1.596 is less than the value of critical value which is equal 3.04, that's means There are no significant differences among Factors Influencing Family Business Succession: Gaza Governorates **due to (**Number of employees) **level significance α=0.05**

Table No.(4.25)

One way ANOVA test for difference towards the factors Influencing Family Business Succession: Gaza Governorates **due to (**Number of employees)

Field	Source	Sum of Squares	df	Mean Square	F value	Sig.(P-Value)
Factors Influencing Family Business Succession: Gaza Governorates	Between Groups	0.081	2	0.041	1.596	0.205
	Within Groups	4.845	190	0.025		
	Total	4.926	192			

Critical value of F at df "2,190" and significance level 0.05 equal 3.04

7. There are significant differences among Factors Influencing Family Business Succession: Gaza Governorates **due to (**the company's capital in dollars) **level significance α=0.05**.

To test the hypothesis researcher use the one way ANOVA and the result illustrated in table no.(4.26) which show that the p-value equal 0.314 which is greater than 0.05 and the value of F test equal 1.191 which is less than the value of critical value which is equal 2.65, that's means There are no significant differences among Factors Influencing Family Business Succession: Gaza Governorates **due to (**the company's capital in dollars) **level significance α=0.05**

Table No.(4.26)

One way ANOVA test for difference towards the factors Influencing Family Business Succession: Gaza Governorates **due to (**Number of employees, the company's capital in dollars)

Field	**Source**	**Sum of Squares**	**df**	**Mean Square**	**F value**	**Sig.(P-Value)**
Factors Influencing Family Business Succession: Gaza Governorates	Between Groups	0.091	3	0.030	1.191	0.314
	Within Groups	4.835	189	0.026		
	Total	4.926	192			

Critical value of F at df "3,189" and significance level 0.05 equal2.65

8. There are significant differences among Factors Influencing Family Business Succession: Gaza Governorates **due to (** The nature of the company's activity) **level significance α=0.05**.

To test the hypothesis researcher use the one way ANOVA and the result illustrated in table no.(4.27) which show that the p-value equal 0.993 which is greater than 0.05 and the value of F test equal 0.007 which is less than the value of critical value which is equal 3.04, that's means There are no significant differences among Factors

Influencing Family Business Succession: Gaza Governorates **due to (**The nature of the company's activity) **level significance α=0.05**

Table No.(4.27)

One way ANOVA test for difference towards the factors Influencing Family Business Succession: Gaza Governorates **due to (**The nature of the company's activity)

Field	**Source**	**Sum of Squares**	**df**	**Mean Square**	**F value**	**Sig.(P-Value)**
Factors Influencing Family Business Succession: Gaza Governorates	Between Groups	0.000	2	0.000	0.007	0.993
	Within Groups	4.926	190	0.026		
	Total	4.926	192			

Critical value of F at df "2,190" and significance level 0.05 equal 3.04

9. There are significant differences among Factors Influencing Family Business Succession: Gaza Governorates **due to (**ownership of the company) **level significance α=0.05**.

To test the hypothesis researcher use the one way ANOVA and the result illustrated in table no.(4.28) which show that the p-value equal 0.282 which is greater than 0.05 and the value of F test equal 1.275 which is less than the value of critical value which is equal 3.04, that's means There are no significant differences among Factors Influencing Family Business Succession: Gaza Governorates **due to (**ownership of the company) **level significance α=0.05**

Table No.(4.28)

One way ANOVA test for difference towards the factors Influencing Family Business Succession: Gaza Governorates **due to (**ownership of the company)

Field	**Source**	**Sum of Squares**	**df**	**Mean Square**	**F value**	**Sig.(P-Value)**
Factors Influencing Family Business Succession: Gaza Governorates	Between Groups	0.065	2	0.033	1.275	0.282
	Within Groups	4.861	190	0.026		
	Total	4.926	192			

Critical value of F at df "2,190" and significance level 0.05 equal 3.04

10. There are significant differences among Factors Influencing Family Business Succession: Gaza Governorates **due to (**Generation Company) **level significance α=0.05**.

To test the hypothesis researcher use the one way ANOVA and the result illustrated in table no.(4.29) which show that the p-value equal 0.947 which is greater than 0.05 and the value of F test equal 0.055 which is less than the value of critical value which is equal 3.04, that's means There are no significant differences among Factors Influencing Family Business Succession: Gaza Governorates **due to (**Generation Company) **level significance α=0.05**

Table No.(4.29)

One way ANOVA test for difference towards the factors Influencing Family Business Succession: Gaza Governorates **due to (**Generation Company)

Field	**Source**	**Sum of Squares**	**df**	**Mean Square**	**F value**	**Sig.(P-Value)**
Factors Influencing Family Business Succession: Gaza Governorates	Between Groups	0.003	2	0.001	0.055	0.947
	Within Groups	4.923	190	0.026		
	Total	4.926	192			

Critical value of F at df "2,190" and significance level 0.05 equal 3.04

CHAPTER 5

CONCLUSIONS, RECOMMENDATIONS AND FUTURE RESERACH

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CONCLUSIONS, RECOMMENDATIONS AND FUTURE RESERACH

5.1 Introduction

This chapter provides the main conclusions related to the field work and the appropriate recommendations to know the Factors Influencing Family Business Succession: Gaza Governorates.

5.2 Conclusions

The overall conclusion that can be drawn from this study is to know the Factors Influencing Family Business Succession: Gaza Governorates.

The overall mean for the eight aspects of the Factors Influencing Family Business Succession: Gaza Governorates. This conclusion is some how expected since the study had concentrated on the large and active family business firms in Gaza Strip.

The following is a summary of the conclusions that can be drawn from this study list based on the research fields:

5.2.1 Non-Family Members Within Top Management

The overall Non-Family Members within Top Management weighted mean is 42.83 In addition, all of the items in the Non-Family Members within Top Management table was less than 60, this because of the culture in Gaza. So, researcher need to pay special attention to this area to get the succession according to the researches which prove that Non-Family Members within Top Management prevent conflicts between family members and improve the chance of succession.

5.2.2 Decision-Making Authority

The overall Decision-making Authority weighted mean is 46.11 In addition, the highest item in the table was "The usage of the Organizational structure with job description contributes significantly to the success of the succession process" the weighted mean for this sub-function was 72.12. So, researcher need to pay special attention to this area to get the succession. This beside sub-function "Founder have Decision-making authority without sharing the Board of Directors" weighted mean was 70.31 researcher have to improve this because this avoid the conflicts between the successor and the second generation.

5.2.3 Succession Planning

The overall Succession planning weighted mean is 56.89 In addition, the highest item in the table was " The identification of the authorities of each member of the family is clearly in the presence of founder necessary to ensure the success of the plan of transfer of ownership" weighted mean was 81.14 this mean the founder play a main role in succession planning. Also, the item "The Company has succession plan clear and specific timetable" was weighted 21.76 that mean the companies in Gaza have to improve succession planning to improve the chance of succession and to avoid conflicts between generations.

5.2.4 Founder Influence

The overall Founder Influence weighted mean is 62.37 In addition, the highest item in the table was " Founder affect positively on the succession plan " weighted mean was 79.59 this mean the founder play a main role in succession. Also, the item "Founder plays major role in the management of the company's activities" was weighted 69.33 that mean the founder influence have is one of the important factor in this research.

5.2.5 Successor Influence

The overall Successor Influence weighted mean is 67.11 In addition, the highest item in the table was " The Successor Plays a key role in the management of the company's activities " weighted mean was 75.65 this mean the Successor play a main role in succession. Also, the item "It is necessary to adhere to the successor to separate personal interests from the company's interest to ensure the success of the succession process" was weighted 74.09 that mean the successor influence must have special supervision to insure that there is no conflict of interest, also Successor Influence is one of the important factor in this research.

5.2.6 Going Public

Factor "Going Public" have overall weighted mean was 70.77. The following highlights in researcher findings:

- Requires opening new markets outside the domestic market to rely on people from outside the family, which threatens the continued success of the company and the transfer of ownership in the future (80.00 weighted mean).
- Contribute to open new overseas markets in the organization of the relationship (72.98 weighted mean).
- Between family members and conflict prevention to ensure the continued success of the company and the transfer of ownership (77.72 weighted mean).

So, researcher have to say that Going Public is one of the important factors in this research.

5.2.7 Strategic Planning

The overall Strategic Planning weighted mean is 45.82 In addition, the lowest item in the table was " The company has a clear strategic plan " weighted mean was 23.32 this mean that there is no strategic planning in Gaza firm, but all research said that the strategic planning one of the important factor in succession. So, there are two areas that need improvement:

- The identification of opportunities and risks of the most important elements necessary for success of the succession process (47.89 weighted mean).
- The company in the preparation and follow up the implementation of the strategic plan on their own external consultants (27.88 weighted mean).

5.2.8 Financial Management

Family business in Gaza play semi-active role in financial management .This got the low overall weighted mean of 57.85. The research showed that most of the Gaza firms have no external auditor. The weighted mean was 23.44. Furthermore, "Unique to the founding managing financial matters without the participation of family members, which negatively affects the success of the transfer of ownership in the future" The weighted man was 67.98.

5.3 Research Results

This research achieve its general objective through discovering the factors influencing the success of the family business succession in the Gaza Strip, take into its consideration Gaza private environment, and situation.

Beside, that this study illustrates the importance of family business succession to ensure company's sustainability, and identify the major factors, successor, and stockholders related to the success of family business succession and sustainability.

The research findings are answering the research questions as follows:

- The factors influencing the success of family business succession in the Gaza strip are (Founder influence, Successor influence, Succession Planning ,and Going public) according to what has been postulated, while the other factors (Non-Family Members Within Top Management, Decision-Making Authority, Strategic Planning, Financial Management) haven't any influencing Contrary to what has been postulated in the beginning of the research.
- The research results shown that it is essential that the company has a written and clear succession plan, which will define the roles of stakeholders to ensure the success of the family business succession.
- In addition, the research results show that going public is very essential to ensure its sustainability, despite the existence of potential entry of new parties.
- It was also found that the most important obstacles which negatively affect on the success of the family business succession are the conflicts between generations, the absence of clear and specific organizational structure, and the generation conflict of interest.

5.4 Recommendations

In order to improve family business role and enhance the sustainability, Family business firms in Gaza need to improve their performance in the following:

- Improve the good practice of Succession Planning.
- Strategic plan for going public.
- Play more active role for the Successor.
- Play more active role for the founder.

5.5 Future Research

The researcher would like to point out that more research is needed in the area of the Family Business due to the limited research efforts that had been devoted to this topic in the Arab World in general and in Palestine in particular. The following are suggestions for future research ideas:

- Family Business Management Activities, Styles and Characteristics.
- Family Business Succession Planning.
- Differences between foreign family business and Arab family business.
- Patterns in strategy formation in a family firm.
- Analysis of family business performance.
- Conflicts in family business firms.
- Family Business development.

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ANNEXES

Annex (1) – The Questionnaire

Questionnaire

The researcher Mahmoud F. Hania student in the Master's program in Islamic University Gaza to study Factors Influencing Family Business Succession: Gaza Governorates, please answer the following questions in order to complete this study and thank you very much.

General information about the company:

• The name of the company's "optional":

• Address: ( ) Gaza ( ) North ( ) and middle ( ) South

• Age of the family business ( ) from 5 to 10 years ( ) from 11 to 15 years
( ) From 16 to 20 years ( ) more than 20 years old

• Who is the founder of the company: ( ) Grandfather ( ) Father ( ) Big Brother ( ) etc.

• Current manager relationship ( ) from within the family ( ) from outside family

• Age of Manager of family business ( ) is less than 30 years ( ) 30 to 40 years
( ) 40 to 50 years ( ) more than 50 years

• Education: ( ) High school or less ( ) Diploma ( ) Bachelor degree ( ) Post graduate

• Number of employees: _____ employees

• the company's capital in USD ( ) less than 100,000 ( ) 100000-500000
( ) 500,000 - one million ( ) more than one million

• The nature of the company's activity ( ) Commercial ( ) Industrial ( ) service ( ) other

• ownership of the company ( ) Defacto Co. ( ) General Partnership Company
( ) Shareholding Company ( ) Limited Partnership

• Company Generation ( ) first ( ) second ( ) third

1. **Non-Family Members within Top Management**	**Strongly disagree**	**Disagree**	**Don’t know**	**Agree**	**Strongly agree**
1. The company depends on the existence of people from outside the family in top management to manage the company's activities					
2. The existence of people from outside the company's top management is necessary to avoid internal conflicts, and increase the efficiency of the company					
3. The presence of persons from outside the family in the top management of the company effects positively on succession process					
4. The dominance of the family members in top management in the company ensures Continuity and its succession from one generation to another.					
5. The presence of persons from outside the family in the company's top management improving decision-making process					
6. In case there are people from outside the family in the top management the company does not considered as family business company.					

2. Decision-making authority	**Strongly disagree**	**Disagree**	**Don't know**	**Agree**	**Strongly agree**
1. The company depends on the system of decentralization in decision-making					
2. Founder have Decision-making authority without sharing the Board of Directors					
3. Affect the adoption of the decentralization of decision-making in the company's positive impact on the continuity of the company and the success of their succession from one generation to another					
4. It is recommended that the decision-making power is concentrated in the hands of the founder in order to avoid potential conflicts between family members.					
5. The usage of the Organizational structure with job description contributes significantly to the success of the succession process.					

3. Succession Planning	Strongly disagree	Disagree	Don't know	Agree	Strongly agree
1. The company has succession plan clear and specific timetable.					
2. Presence of succession plan in the company's ensure the success of succession					
3. Contribute to separation of the company's capital for personal property in the success of the plan of transfer of ownership					
4. The diversity of the company's activities contribute to the success of the succession process					
5. The identification of the authorities of each member of the family is clearly in the presence of founder necessary to ensure the success of the plan of transfer of ownership.					

4. **Founder Influence**	**Strongly disagree**	**Disagree**	**Don't know**	**Agree**	**Strongly agree**
1. Founder plays major role in the management of the company's activities					
2. Founder prepare one of the of a family member to receive his duties in the future					
3. Founder affect positively on the succession plan					
4. Founder play role in the implementation of elements of the succession plan ensure the succession process					
5. Founder must have personal and administrative skills to ensure the succession process					

5. **Successor Influence**	**Strongly disagree**	**Disagree**	**Don't know**	**Agree**	**Strongly agree**
1. The successor plays a key role in the management of the company's activities					
2. There is separation between authorities of the first generation to ensure succession process					
3. First generation adhere the instructions of the founder with respect to the activities of the company and the					

distribution of authorities to ensure the successful succession process					
4. It is necessary to adhere to the successor to separate personal interests from the company's interest to ensure the success of the succession process					
5. The successor must have administrative and personal skills to ensure the success of succession process					

6. Going Public	**Strongly disagree**	**Disagree**	**Don't know**	**Agree**	**trongly agree**
1. The company have the ability for going public					
2. Founder alone has the decision for going public					
3. The trend to going public is necessary to ensure the success of succession					
4. Going public rely on people from outside the family ensure the succession of the company.					
5. Going public in the organization prevent conflict between family members and ensure the success of succession process.					

7. **Strategic Planning**	**Strongly disagree**	**Disagree**	**Don't know**	**Agree**	**Strongly agree**
1. The company has a clear strategic plan					
2. The identification of opportunities and risks of the most important elements necessary for success of the succession process					
3. The identification of strengths and weaknesses of your company's most important elements necessary for success of the succession process					
4. The identification of future resources necessary to implement the planned activities of the company affect the success of succession process					
5. The company in the preparation and follow up the implementation of the strategic plan on their own external consultants.					

8. **Financial Management**	**Strongly disagree**	**Disagree**	**Don't know**	**Agree**	**Strongly agree**
1. The adoption of the company's members from outside the family in financial management important to the success of transfer of ownership.					
2. Interested in the company's					

separate financial accounts with family members about the company's capital, which contributes to the continuity and success of the succession.					
3. The company must have financial system is checked with respect to the distribution of shares and profits of the company personnel to ensure the success of transfer of ownership in the future					
4. Unique to the founding managing financial matters without the participation of family members, which negatively affects the success of the transfer of ownership in the future.					