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ISTANBUL AYDIN UNIVERSITY

INSTITUTE OF SOCIAL SCIENCES

IMPACT OF RISK ON CONTINUITY OF FAMILY BUSINESS: A CASE STUDY ON JORDANIAN ORGANIZATIONS

THESIS

Ahmad Abudarwish

Department of Business

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Thesıs Advisor: Assist. Prof. Dr. Cidem OZARI

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İSTANBUL AYDIN ÜNİVERSİTESİ
SOSYAL BİLİMLER ENSTİTÜSÜ MÜDÜRLÜĞÜ

YÜKSEK LİSANS TEZ ONAY FORMU

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DECLARATION

I hereby declare that all information in this thesis document has been obtained and presented in accordance with academic rules and ethical conduct. I also declare that, as required by these rules and conduct, I have fully cited and referenced all material and results, which are not original to this thesis.

Ahmad Abudarwish

FOREWORD

With my regards and appreciate, sincere thanks to **Assist. Prof. Cidem Ozari**, my Thesis advisor, thanks to your good mentoring and guidance during my master course as well preparation project.

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I would like to take this chance to thanks to all of professors of Department of Business Administration, at Istanbul Aydin University.

September 2018 **Ahmad Abudarwish**

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IMPACT OF RISK ON CONTINUITY OF FAMILY BUSINESS: A CASE STUDY ON JORDANIAN ORGANIZATIONS

ABSTRACT

For weak management and collapse of family businesses, the research recommends that the members must trend positively in the family firm toward management which in result leads to the continuation of the family establishment as well as to realize Success in a family business this is a result of the coordination between the culture of the institution and the leadership style of its management.

For the lack of strategic planning and the collapse of family businesses, the research recommends that establish effective strategic planning leads to easy transmission of management from generation to generation and the appropriate organizational structure ensures harmony between management, owners and family organization.

As for the failure to form family councils and the collapse of family businesses, the research recommends that the family within the business should try as possible to stay away from any argument between family members as possible and find solution before it become difficult or the collapse the business as well as the decision-making power should not be only in one hand, but Fateful decisions are taken in the company by the Family Council or the Board of Directors.

For domestic laws and the collapse of family businesses, the research recommends that must be laws to resolve conflicts and revise the current law of companies because it does not help the improving and developing the family firm. With regard to the difficulty of entering the capital market and the collapse of family businesses, the research recommends that impose regulations and the continuous development are important to instill investor confidence and encourage interest on the market and participation in it.

Key Words: *family businesses, collapse of family businesses, management, strategic planning, family councils.*

RİSKLERİN AİLE AİLESİNİN SÜREKLİLİĞİ ÜZERİNDEKİ ETKİSİ: ÜRDÜN ÖRGÜTLERİ ÜZERİNE BİR VAKA ÇALIŞMASI

ÖZET

Aile işletmelerinin zayıf yönetimi ve çöküşü için araştırma, aile şirketlerinin aile şirketlerinin yönetimine yönelik olarak olumlu bir eğilim göstermelerini ve sonuç olarak aile işletmelerinin devamını sağlamayı ve aile işletmelerinde Başarıyı gerçekleştirmeyi tavsiye etmelerini tavsiye etmektedir. Kurum kültürü ve yönetiminin liderlik tarzı arasındaki koordinasyon.

Stratejik planlama eksikliği ve aile işletmelerinin çöküşü için araştırma, etkili bir stratejik planlamanın kurulmasının, yönetimin nesilden nesile kolay bir şekilde aktarılmasına yol açtığını ve uygun organizasyon yapısının yönetim, mal sahipleri ve aile organizasyonu arasındaki uyumu sağladığını önermektedir. Aile konseyleri kurma ve aile işletmelerinin çöküşü için yapılan araştırmada, iş dünyasının aile üyelerinin mümkün olduğu kadar aile üyeleri arasındaki herhangi bir argümandan uzak durması ve çözümü zorlaştırmadan çözüm bulması önerilmektedir.

karar verme yetkisi kadar iş de bir yandan olmamalı, ancak şirkette Aile Konseyi veya Yönetim Kurulu tarafından kararlar alınmalıdır. Aile içi yasalar ve aile işletmelerinin çöküşü için araştırma, anlaşmazlıkları çözmek ve aile şirketini iyileştirmeye ve geliştirmeye yardımcı olmadığından şirketlerin mevcut kanunlarını revize etmek için yasalar olması gerektiğini tavsiye etmektedir. Sermaye piyasasına girme zorluğu ve aile işletmelerinin çöküşüyle ilgili olarak, araştırma, düzenlemelere ve sürekli gelişime yatırımcı güvenini aşılamanın ve piyasaya olan ilginin ve katılımın teşvik edilmesinin önemini vurgulamaktadır.

Anahtar *Sözcükler: aile işletmeleri, aile işletmelerinin çöküşü, yönetim, stratejik planlama, aile konseyleri.*

1. INTRODUCTION

Family businesses play an important part in the economy (Astrachan and Shanker 2003; La Porta, Lopez-de-Silanes and Shleifer 1999), and should be recognize that management is essential for any group work to successful company and continuity family business as well. The management in these companies is often in the hands of one of the family members, and just recently the number of research that talk about this type of firm start increase (Craig & Moores, 2009).

What is the thing that makes family business different from other kind of businesses?

The thing that different the family business on others that it focus on members to be from family not only financial purpose like hiring family member in managerial level. Another point is that most of family businesses are small or middle size company as a result the managerial rules have to be different.

When the family business take a wide range in the economy of the country for instance the family businesses in Europe collect revenue of 1 trillion 60% of all companies (Family Firm Institute, 2015). In China 85% owned by family member in private sector and 60-70% of GDP in India (Family Firm Institute 2015), the effect become so clear on powerful or weakness and as time pass we realize that we need to create proper control for this kind of businesses or going forward with the new procedure that will effect on the overall performance of the organization and kill the weakness point and avoid the collapse of the organization as well.

To make sure the family businesses will take place of continuity We need to identify and clarify these factors that going between improving our performance and make every member more creative and on other hand these factors work and prevent the negativity in this environment, also we should find some tools to help us in these goals.

This type of businesses the control will be with one of the family member which will usually affect negatively on the other members.

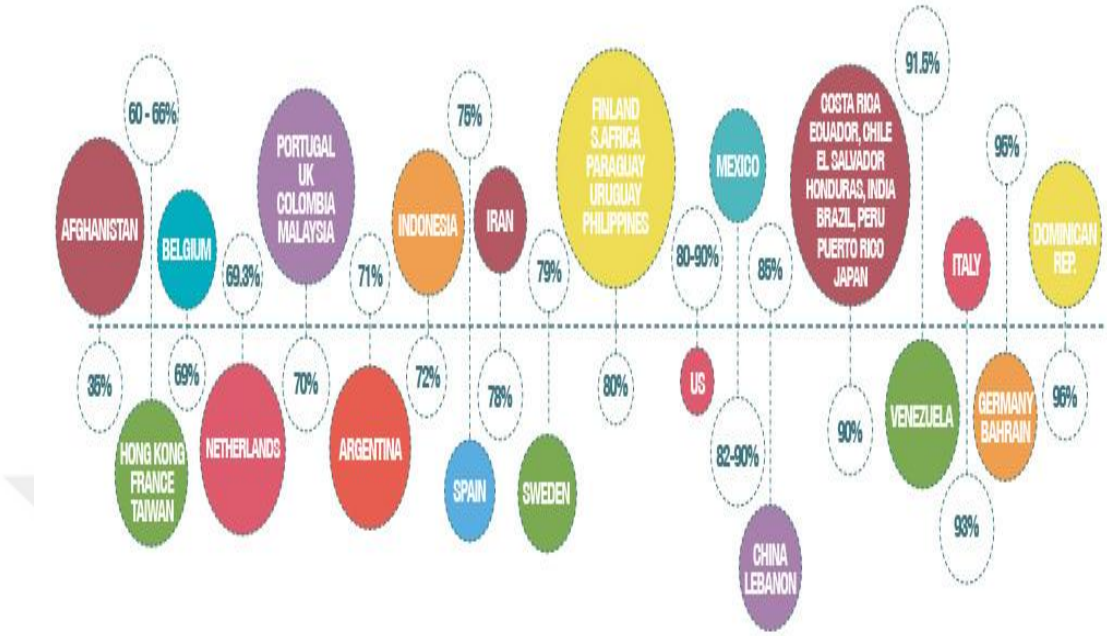

Figure 1.1: Percentage of Family Businesses in the Private Sector

Source: John Davis, Tharawat magazine and published in Issue 22, 2014

General benefits of family businesses than other type of businesses:

create better profit on the long run

Less chance to kick employee out of the company and the availability to hire more employee as well.

Less engaged in debt commitment and more conservative about financial process.

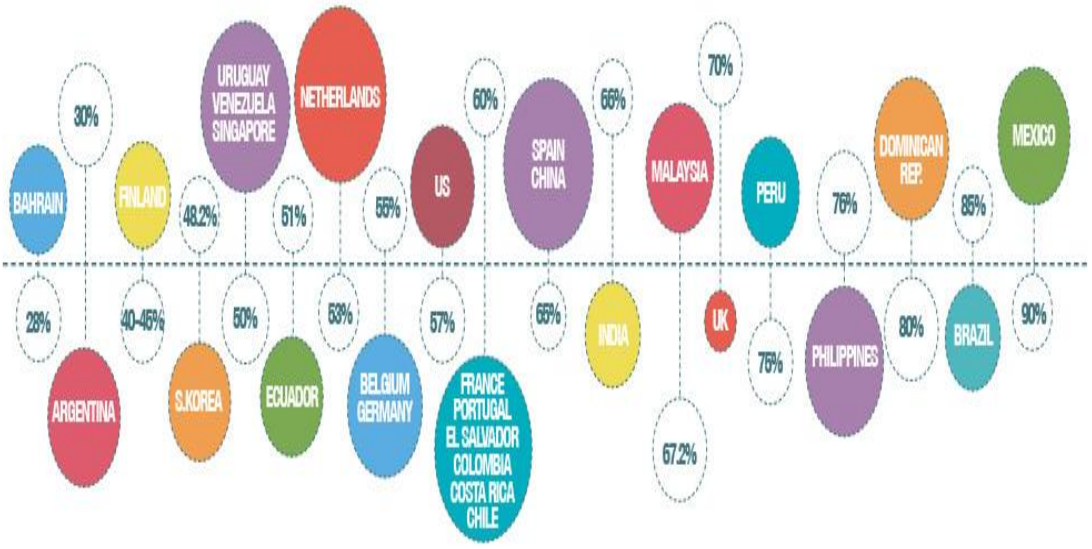

Figure 1.2: Percentage of Workforce Employed by Family Businesses

Source: John Davis, Tharawat magazine and published in Issue 22, 2014

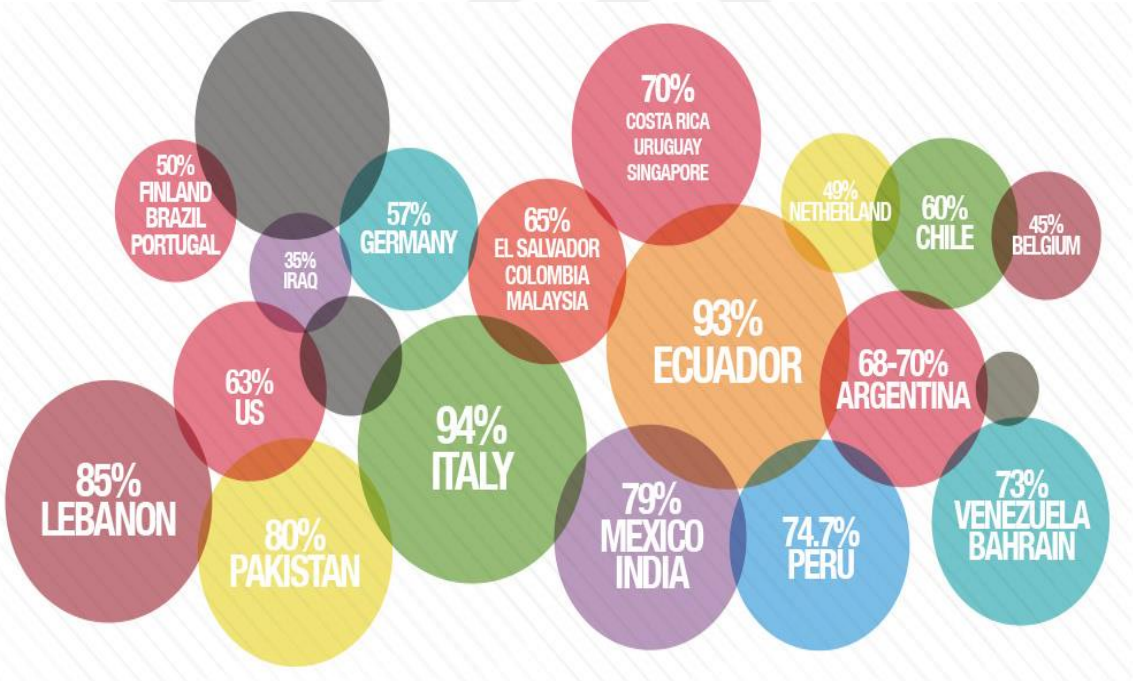

Figure 1.3: Percentage of Family Business Contribution to National GDP

Source: John Davis, Tharawat magazine and published in Issue 22, 2014.

The statistic above illustrate the globalization of the family businesses around the world (Interview with John Davis, Harvard Business School)

Family business take a place around 33% of all businesses around the world,

Around 80% of annually GDP generated from family businesses company,

70-80% of companies started with family business money.

Family businesses between 70-80% of all businesses around the world.

50-60% of family businesses looking for fix income in next five years.

Family business is a company owned, controlled and managed by the family member (Pérez & Basco, 2011), and one of the slight studies that mentioned ownership in corporation by (La Porta et al, 1999). More descriptions of what a family constitution is:

A Family firm is a company owned and developed by family members that have specific objectives and follow family values and deals within the circle of family relationship (Ivan Lansberg, 1999).

The vision of the family institutions is to run a successful company, hire the members of the family and rewards must be distribution in a fair manner, Promotions are given to those who have priority in this area and finally The main objective is continuity in this business for the next generations.

1.1 Problem statement

Family businesses are established to be for generation to generation and to have the capabilities to perform their jobs and it is an essential part of any successful business. Since future problems can be predicted in family businesses, plans should be made to try to prevent such these conflicts.

There are many features to develop such plans and strategies:

- Avoid problems before it occur or provide a solution at least when the problem occurs.
- Minimize potential family problems in the future.
- Work on agreements with strong points. For example: an Employment Policy, Dividend Policy, job description for directors.
- Clarify agreement and work points to avoid misunderstandings

A weak management and social problems will lead this kind of business to collapse in second or third generation.

1.2 Significance of the Study

The importance of this study refer to that the family business play an important part in economy in all fields of businesses and collapse of this type of businesses will lead to clear damage in the economy as a whole.

1.3 Objective of Study

The specific goals are enumerated as follow:

- Studying the situation of companies in general and its impact on the Jordanian economy.
- The importance of family businesses to the Jordanian economy.
- The main objective for the research is to Study the problems surrounding family businesses.
- Reasons for the collapse-(Collapse of family business means in that the disappearance of family businesses in one of the next generation) of family businesses.

1.4 Hypothesis

H_{A1}. There is a relationship between poor personal leadership character and the collapse of family businesses.

H_{A0}. There is no relationship between poor personal leadership character and the collapse of family businesses.

H_{B1}. There is a correlation between lack of family leadership character and the collapse of family businesses.

H_{B1}. There is no correlation between lack of family leadership character and the collapse of family businesses.

2. LITERATURE REVIEW

The purpose of this chapter is to answer to the questions will be addressed one by one: While including the cycle of the generation for family firm, the importance of separating property from management in family firms, Expansion of the family company's capital and create an administrative structure, financial and accounting departments. Principal questions are going to be answer in this chapter.

2.1 2.1 Family Ownership & Structure

First generation: Family businesses usually begin the career as a single project with a person with a practical plan and that person is working hard to achieve it. The control and management of this project become in the hand of this person as he owned the project. After that the project starts to convert to a family project through joining sons to the founder to work on this project (Khalaf, 2009).

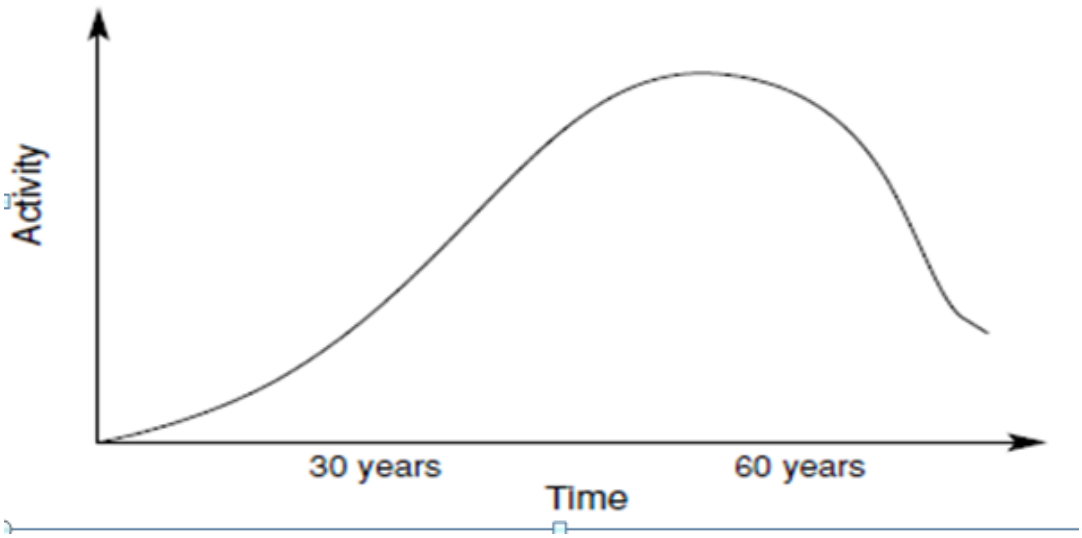

Figure 2.1: The human life cycle structure for a family business.

Source: Randel S. Carlock and John L. Ward- 2001

Figure 2.1 shows the effect of change and transfer of the life cycle in family business where planning and desire to increase the size of business increases in the next generations, which bring for more challenges. The challenges are not limited only to the business side but to the family itself in terms of the transition from one generation to the next. The influence of the owner or manager is most effective between the ages of 30 and 60 (Carlock and Ward, 2001).

Often the founder collects different data from outside consultants to establish the company but at the end he makes the right decision by himself and this is the most important stage where choosing the right strategies will effect on the future of the company. For the future of the family company and its continuity to the second generation, the founder must develop appropriate plans for the next person who will lead the company (Ward, 1991).

Hence, it is possible to say that family businesses have a specific stages and it starts with what can be called the first generation or the first stage, which is the stage of trend towards development.

Second generation: Of the stages of the family company the partnership of the sons or the second generation stage begins after the death of the company founder or a complete inability to work or he had to transfer administrative responsibility to the second person who is usually the eldest son who takes the role of father and thus continue to work in the company and the work is less than the Previous stage (Khalaf, 2009).

Third generation: At this stage the administration is somehow difficult because of the existence of a larger number of family members from different generations and relatives of the family, on other hand, it possible in this stage to contain a variety of experiences and strategic plans from different generations (Ward, 1991).

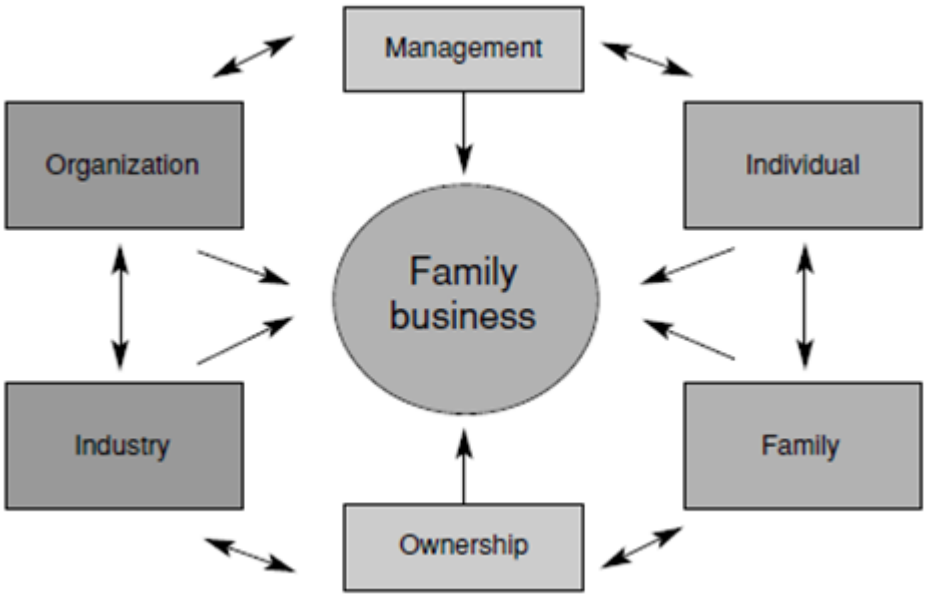

Figure 2.2: Life cycle forces influencing family business planning.

Source: Randel S. Carlock and John L. Ward- 2001

in figure 2.2 show different sides that the family business need to get improve and develop as the life cycle of new generation move on .All types of businesses face difficulties in progress in developing the company forward, but what distinguishes the family business is how to reconcile the transition from the family generation in the company and the development of the company on the other hand (Carlock and Ward- 2001).

One of the stages of the development of the family firm is some aspects of the family negotiations about who will lead the company from the third generation each partner wants to have a son who will be the leader, these negotiations lead to some administrative complications and difficulties for the company, The strategic decisions necessary for the development, sustainability and continuity of the company (Khalaf, 2009).

The main reason for these complications and difficulties in most cases refer to the absence of awareness at the local or external level with similar companies. As for the third generation stage, the problem starts with who runs the company? As a result it must be at this stage a separation between Property and Management.

2.1.1 Some points have to follow to continue the business

- The importance of separation of ownership from management in family businesses: -

One of the things that help to the continuation of family businesses, the separation of ownership from management, so the management of the company will continue in its operations without mixing with the ownership, and thus can avoid the negative impact of different owners on the company's activity, as a result the owner responsibility is limited on the establishment of rules, regulations, financial administrative, marketing policy, company development plans and expansion.

Therefore it is best to choose a manager for each family company with the necessary experience and trust, and leave the full power within the framework of the financial and marketing rules and ask the manager to make reports to the owners.

If it is difficult to convince the partners in family firm to separate the property from the management and give the managers the full power under the supervision of the partners, this is the way that leads to the continuation of family businesses, where the management work efficiency and continuity without allow the partners affecting on the company performance. In addition, partners have the right to remove the non-partner once they have decided to do so if they found he is not valid for company management. The effect of family and social relationship on the success of the company (Ward, 1994; morris, Williams & nel, 1996; morris, Williams, allen & avila, 1997; Cabrera, de saá, García & Rao, 2001).

- Capital Expansion of family company ownership: -

One of the things that a family business need is to expand the ownership by increasing its capital after enroll New partners in the business, and this can be done while the owners of the family company can keep their share of capital, the family company is originally established on the basis of personal trust between the partners from the same family, such action will not affect when the new partners share with a small amount in the capital or create new share

basement for the owners - in both cases the management supposed to take formal actions as a new company.

As a result this would increase the company's family share in the market, and make new shareholders in the company, and get new ideas to benefit the company, which is helpful for the possibility of Company continuation activity and stability.

- Establish an administrative structure and organize financial and accounting system: -

Establish an accurate administrative structure and organize financial and accounting system helps the stability and continuity of a family company, without The existence of these arrangement can be difficult to keep the continuation of the business, which in turn leads to the mixing of responsibilities and lack Discipline in the accounting system, so it is better for each family company to establish Simple organizations but clear. The family company cannot discipline financially only by a qualified accountant to follow out Financial and accounting work inside the organization, serious confusion in Financial and accounting system in company what happens sometimes in the company's money mixed with partner's money, with some balances withdrawn By the company account to meet some special purpose by the owner. The right is to separate the personal money of partner from company's money, and this can be created by strict accounting system for the family company, and hire a qualified accountant to follow up with the right procedures, while giving him the full authority to work in accordance with the correct accounting principles and without intervention in the business. The opinion here is that each family company with certain number of workers should provide an eligible accountant for financial stability (Khalaf, 2009),

- Transparency of company information: -

One of a partner in the family company may move out from the agreement and leave the company or may die, and if the contract of the company contain the possibility of the son or other partner to take the old partner place, in such case the new potential partner may not be aware about the company's financial

position and may result kind of problems and conflict which affects the continuation of the company.

So one of the important things in family businesses, is to give attention to information transparency and publish these information which express truthfully about the reality about all aspects of the company, this action is not harmful for the company, But it is useful to expand the ownership base or to convert it into a public stock company in the future, which encourage family businesses to apply transparency.

2.2 Responsibilities Between Family And Non-Family

In non-family institutions, workers are hired according to specific experience and get a particular responsibility, while in family businesses; things are more complicated where the employee can hold a position with multiple tasks for different positions (Neubauer and Lank, 1998).

2.3 Owners in family business

The owner of the institution in the family business has some motivations that give him some kind of advantages and sometimes caused conflicts and complications in the administration process. For example, the owner of a family company often prefers to reinvest profits instead of distributing them as dividend, while the situation is different for the manager in non-family companies (Neubauer and.Lank, 1998).

On the other hand in non-family businesses there are some advantages to the management that there is a common situation in family businesses where some sensitive positions are reserved for a member of the family as a result, this adversely affect the motivation and performance of the manager who is not family member, like to know that no matter how hard he works, He cannot get certain positions in the family company.

One of the side effects of this negativity is that it is difficult to find a skilled and experienced manager to accept the work in the family firm under such conditions. The solution to this negativity is to impose clear policies in the company's terms, which will give motivation to employees to work hard and

make them interested in the development of the company. As a result the owner can get convenient environment for all employees, whether from the family or from outside the family (Neubauer and Lank, 1998).

When choosing board of directors for company, most family businesses hold these positions for family members or trusted people to keep the company going as previously it was. As what mentioned earlier family members have more responsibility for the company than non-family employees, which can lead to some inconsistencies and complications, and this is one of the reasons for the non-continuity of the company.

To try to avoid such problems, controls and rules must take a place to all family members by specify the range of access to information and allow them only as much as they need to make the work done properly (Lansberg, 1999).

2.4 Family governance

What distinguish family companies from other companies is that the family principle of these companies depends on the rules of the family. When the family company is in its begging, the laws role applied very low. After the Company move to bigger level it becomes necessary to introduce laws to regulate the company and to develop strategies to control the company in a way that helps its continuity (Montemerlo and Ward, 2005).

Corporate governance refers to the relationship between the management and shareholders in the company and for sound corporate governance, the appropriate and correct rules must be established (Neubauer and Lank, 1998).

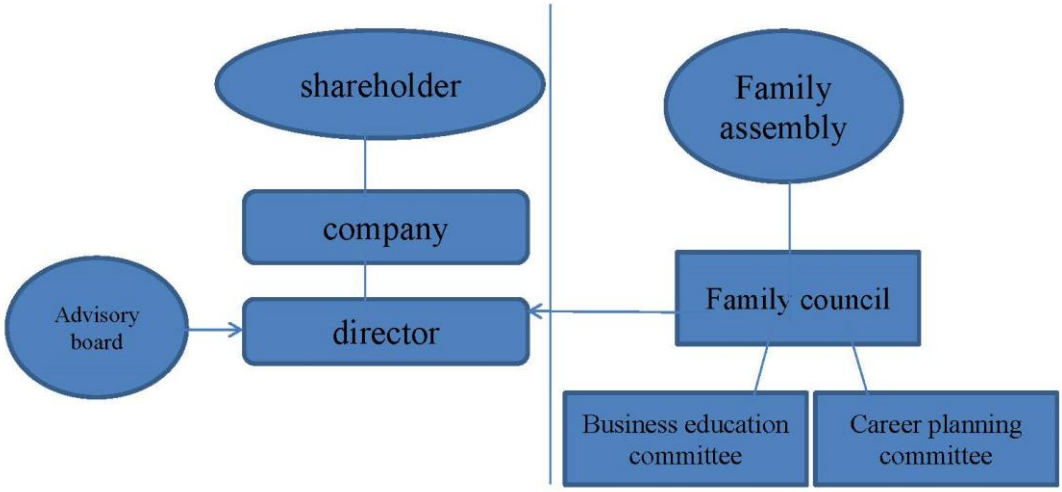

Figure 2.3: This figure shows the basic governance structure for a family business.

Source: David Bork, 1996 - Working with family businesses: a guide for professionals

Through the guide of family governance structures and in the right way, it helps to keep all the family members of the company updated about developments, achievements and how company is work in addition allow individuals in the company to communicate in a suitable way to work and introduce new ideas that may be owned by one of the family member.

- A family constitution

Family constitution has a clear objective to achieve certain purpose and values as well to establish organizational points and policies for the company.

- Family institutions,

It different from family constitution that it has many different goals for example: create boards of director and family group consultant.

2.4.1 Family constitutions

It can be called also “Family Protocol” or “Family Rules and Regulations”. The term "Constitution" or "Protocol" refers to a set of rules, rules and regulations which are wisely defined and formulated with the knowledge and participation of specialized experts, The relevant parties are accepted and respected by family members and swear by Obligation to the mission of the family business. And

permit it to achieve their goals by follow, family goals, interests and objectives of its members, whether economic, social or moral, assuming that this will bring about a set of values and principles for family members to achieve Friendliness, cooperation, honesty and integrity, as well as their contribution to the company's growth Stability (Khalaf, 2009).

The family constitution focus on the main achievement of certain goals and values as well as to establish organizational points and policies for the company, It also describes the structure of the organization and the weaknesses in the work area, management, staff and workers in general as well as the relationship of the governance and their association in operating the company.

- Constitution of the Family covered parts by the following Charter:

To protect the nature of the constitution, the constitution or family agreement is within fields Critical issues of serious impact on the structure and survival of the family enterprise growth and stability. These areas are as follows:

(A) The message, objectives and objectives of the family company.

(B) The nature of the relationship between family and family business.

(C). Royal rights in terms of their origin, quotas, selection and termination.

(D) Extraction and succession of family management among the generations.

(E) Employment and special work of the family members of the family company.

(F) Management authorities in taking strategic decisions in the Company Family.

(J) Foundations and controls for the employment of leadership and administrative functions in family businesses.

The type and contents of the family constitution vary according to the size of the family company and to which stage reached by its development in the work, but in general there are some basic polices of family constitution such as: List of tasks, Future vision, Family values and Family council. Also the family constitution should cover authority, responsibility and Policies.

Although most of family businesses do not have formal family constitution, usually they use alternative policies as a substitute for the family constitution, but when the company become develops and get increase its size, the need for official family constitution becomes a basic requirement (Aronoff and Astrachan, 1998).

2.4.1.1 Family member employment policies

One of the important things in the family business is the development of family employment policies, Many companies do not care about the development of family employment policies, which ends up with an extra number of employees that greater than the need of the company. An additional case in the family company is that some employees who are not qualified for this position or they do not have the experience required.

One of the common mistakes in family businesses is to enter a type of business without a full and comprehensive study of this area of business.

During one of the stages of a family company, family employment policies must take a place and must be clear to regulate the development of the firm. As well as family employment policies should be improved as the business become bigger, These policies should clearly describe the way the employee starts work, hours of work, salaries, etc. These policies should be developed in a similar way to non-family businesses.

Family employment policies are not the same in every family business since there are no uniform terms for all family business companies. For example, some family businesses do not prefer to employ a family member in the company while other companies do not mind under certain conditions such as age, level of university education, experiences. But all family businesses must focus on developing appropriate family employment policies to compete with other companies and equalize between all employees in the firm (Neubauer and Lank, 1998).

2.4.1.2 Family shareholder policies

In some family businesses it is important to determine the Family Shareholding Policies at the beginning of the establishment of the company. The purpose of the Family Shareholding Policies is to know the share of each member which it

useful for the family to develop clear policies to help individuals sell their shares for money in the future. Such an option provides the company with vitality and continuity. In some family businesses there is the option of buying back shares after selling them, which saves the shares for the family members (Lansberg, 1999).

2.4.2 Family Governance Institutions

To get strong family-to-business relationship then must work on so-called Family governance institutions. Through the Family governance institutions, the family members of the company can communicate in the right proper way with the work environment, thus obtaining the required understanding between the family members and the working environment. All members of the family must be aware of the Family governance institutions and know the difference between the Family governance institutions rules for the company and the rules and regulations that will regulate all levels of different types companies. This can be done by distributing to employees a paper or an electronically instructions. Not all family businesses need to follow the same Family governance institutions, but vary according to size, level of development of the company and the number of employees, etc. (Lansberg,1999).

2.4.2.1 Family Assembly

Family Assembly is a family club where family members show their suggestions. In the initial stage of the establishment of the family company, the actions of the Family Assembly be informal just limited by meeting the founder of the company with the rest of the family members, presentation of ideas and prepare the company and stuff to enter the next stage. When the company enters into the new generation of individuals and becomes more complex, owning and operating Family Assembly becomes essential.

Family Assembly objective:

Consolidate the common goals of the family and give the family members the opportunity to stay in clear and continuous knowledge of all events in the work and the necessary steps to be followed for all individuals to perform the work correctly and solve any other issues can be faced in the business.

Some example about family assembly purpose:

- Confirm any updates to Company policies and future insights.
- The level of education of family members in the company and the level required for a given position.
- Selection the Family Council.
- 4-Determine if the company needs any family boards.

Membership:

Normally, all members of the family can join the family assembly, but some family companies set certain rules to join family assembly such as age and required that individual knowledge of family legislation in companies.

In small family businesses or limited individuals the decision maker is in the hands of the owner of the company but if the company is large and has a good number of individuals the task must be entrusted to family assembly (Lansberg,1999).

2.4.2.2 Family Council

Sometimes it is called “Inner Council” or “Family Supervisory Board”.

It is one of the elements of family governance that help to organize the work of family businesses and the relationship of family members within the institution. The difference between Family Council and Family assembly is due to the different in administrative powers of each council and the size of each council (Gallo and Rouvinez 2005; Witt 2008). In the council it is clear about the individual of the family who can work in the company and the percentage of profits (Baus 2010).

The Family Council can propose the strategies and objectives of the family company and present them to the board of director; in addition to that Family Council can choose the board of directors for company (Ward 2004). Second, Family Council can discuss management decisions and influence them (Gallo and Rouvinez 2005; Lansberg 1999). Family Council is selected by individuals from Family assembly; this council usually consists of 30 members. (Lansberg,1999) (Neubauer and Lank,1998). Sometimes there is an overlap or repetition of information while communicating with family members in the

company so the council helps to filter information to minimize such problems (Davis and Herrera 1998).

At the stage of establishing the Council, most policies are meaningless until the vision is fully completed by family member.

Like previous Family Assembly, Family Council varies from one family company to another, but there are common duties between all family businesses.

- The main objective of the Family Council is that link between the family, management, duties and other components of the company.
- Selection of the Board of Directors of the Company
- Review and update the company vision and mission
- And finally handle any family matters in the company

(Lansberg,1999, Neubauer and Lank,1998)

The existence of Family Council helps the process of communication between family members and the participation of all suggestions in the company (Mustakallio, 2002). In this way, Family Council is a focal point for individual suggestions and constructive ideas (Sirmon and Hitt 2003). And thus gives the family company a greater chance to overcome the differences and complications and solve it easily if it occurs (Gersick, 1997; Stöhlker and Tiberini 2005). One of the ways that support the work of the Council is to organize meetings or interactive sessions etc. (Schmid 2008b).

Membership:

The number of members usually in this council consists of 5-9. As is the case in management in a non-family company, the qualifications and the abilities of the members to perform the tasks properly have certain rules to join Family Council such as age and the knowledge of family business legislation. In this Council, equal opportunity must be exercised among family members.

In the Family Council, there must be someone who presides over the council and is chosen by the rest of the Family Council members. This person shall be the main interface of this Council.

There are several meetings for the council each period and the meetings of this Council has some requirement like other councils in non-family companies, the

Family Council have the voting right to do arrangements for work (Lansberg,1999).

2.4.2.3 Family Office

The family company needs to obtain some legal and financial direction and advice, or any technical or accounting support, and through the Family Office can be obtained. The administrative work is regulated and monitored by family council.

The main purpose of the Family Office is to provide advice to the owner of the company where and how he should turn his investments. Also to follow up with tax matters, Social insurance or any other concerns of members of the company.

Membership:

Members of this board not necessarily have to be from employees of the company unlike other councils. In Family Office Members most likely to be experts in investment, tax and other financial matters (Neubauer and Lank,1998).

2.5 Family business theories

There is a relationship going between business and family, to understand the relationship between family and business system method researchers have taken some theories from various fields of work that illustrate the family business relationship system.

2.5.1 Principal-agent theory

Principal-agent theory describes potential problems happen through conflict of interest between different departments in the company, as some decisions are issued for the purpose of personal interests without thinking about getting the public interest for the business (Jensen and Meckling 1976; Ross 1973), Which leads to a moral problem in the body of the company (Holmström 1979). The Company shall bear some costs (agency cost) in its attempt to reduce or overcome such problems by having a certain control systems. All such costs are incurred by the Company due to the personal interests of the Manager or the Owner of the Company (Jensen and Meckling 1976).

One of the basic hypotheses of this theory is that the agency cost increase when the separated of property from the control process of the company happened (Fama and Jensen 1983b). This leads us to say that when the owner takes over the management of the company, the agency costs fall (Ang, Cole and Lin 2000; Fama and Jensen 1983b; Jensen and Meckling 1976; Schulze, Lubatkin and Dino 2002).

When we compare the size of control investments in family businesses, we find them less than others in non-family businesses (Daily and Dollinger 1992).

The authors expressed different kinds of agency cost (Schulze, Lubatkin, Dino and Buchholz 2001).

- Altruistic behavior.
- Management entrenchment and shareholder expropriation.

2.5.1.1 Implications of altruism

Generally known as behaviors and morals that serve others without material goals (Batson 1990), effects of altruism in economic terms, a benefit is obtained by an individual or a group in a positive way to serve a particular party (Bergstrom 1989).

Becker (1981) mentioned that Parents serve their children for the purpose of family stability, which is actually a benefit to the parents and is not limited to the interest of children. Description of the relationship between parents and children does not fully reflect the relationship within the environment of the company but in some way express altruism (Vries 1993; Schulze, 2003b).

The implementation of the theory of altruism is useful as it helps improve the communication process which reduces the frequency of ineffective information (Berghe and Carchon 2003).

Some researchers have suggested that by applying altruism the company can have some competitive advantages (Carney 2005; Chami 2001). Most studies have talked about the effectiveness of psychological altruism, but when we talk about altruism in family businesses, altruism is by how parents transfer tangible property and social status to their children (Lubatkin et al. 2007a, p. 1026). The process of transfer the ownership and social status in the company is carried out

with clear rules and bases and of course the government conditions must be followed in such cases (Lubatkin, 2007a).

Why the firm must work on improving the performance process of altruism? Because it is an effective tool to increases utility power for the company and thus reduces agency costs (Tracey and Phillips 2006).

As there are positives points for altruism, there are disadvantages as altruism gives the director of the company or the decision-maker type of control, which sometimes have negatively effect on the work of the firm (Schulze, 2003b). This type of control consider under immoral behavior by the manager or owner (Thaler and Shefrin 1981).

Most altruism actions in the company going toward the children or people close to the owner, which reduce the equality and justice among the employees in the company, as a result make clear harming on the company (Schulze, 2001, 2003b). One of the examples of this situation is hiring employees for the company because of family relation rather than scientific qualifications and professional experience (Schulze, 2001).

2.5.1.2 Management entrenchment and shareholder expropriation

This theory discusses two types of problems in the company. The first problem is between the owner of the company and the manager. The second problem is between the manager and the other company partners (cf. Villalonga and Amit 2006). Some authors talked about the existence of some negative sides of the owner in the administration process of the company as he is looking for the appropriate environment for his own decisions and how it can be serve his own personal interests (Mejía, Nickel and Guiterrez 2001). Also the transformation of control and work requirements on a way that serve his personal skills instead of the skills required in the competitive market (Chrisman, 2005).

2.6 Risk and return

As any type of business it is important to understand the relationship between risk and return, the two main definitions cannot be separated as they are positively linked, as the desire to increase the return and profit of the company requires a higher risk (Bernstein, 1996). When looking at common stocks, for

example, we see that a desire for a higher profit requires a higher risk (Fama and French, 1992).

The definition of risk in financial terms is that the actual income earned is less than the expected income when drawing up the profit plan of a project in advance (Horne, 1980). Leverage level, It is one of the company's risk control methods, acting as a measure of how well a company is safe from risks (Mishra and Mc Conaughy, 1999). The second method revolves around how some individuals do mistakes by make risky financial decisions on the company, which ends up collapse the company as a result of these decisions (Kahneman and Tversky, 1991).

The return in the family business is the financial outcome of the business transactions or services and others provided by the establishment. In comprehensive word the financial returns of the family business can also be called cash flows (Jaskiewicz, 2005).

3. METHODOLOGY

The research is the collection of information within a specific field that the researcher is working on and containing new and effective information for this research (Robson, 2002).

the research focuses on some of the fundamental risks facing family businesses in the second and third generations then lead that business to collapse. There are some factors I will use in this part of the research to analyze the data and present the results that lead to the collapse of family businesses and solutions to these dilemmas. Through the questionnaire and questions about this case will be the best option for research methods.

One of the difficulties encountered in this type of study is the lack of complete transparency of some companies and individuals as it is difficult for some companies and individuals to share some private information.

3.1 Research Tools for Data Collection

In case study, the study and description is usually focused on a specific institution or specific area and to answer certain questions for the case study uses a quantitative method such as questionnaire and statistical process for the purpose of collecting primary data and then analyzing the data.

Then use the qualitative method, such as interviews or the use of scientific articles, books and other sources the reason of using the qualitative method after the quantitative method to take a deeper look and verify the numerical data reached.

3.2 Sample Size

Distribution the questionnaire to a number of family companies 31 companies. Because most companies in general and family businesses in particular are concentrated in the capital, the sample of companies to be taken will be from

the capital city Amman. Answering the questionnaire will be through the employer, the current director and employees of the company from family members or from outside the family.

3.3 Questionnaire

Questionnaire: The following questionnaire measures the factors that lead to collapse of family business with weak management factors and lack of strategic planning. The questionnaire will not solve or try to find solutions for the problems related to the collapse of family businesses but it examines the relationship between the factors mentioned.

This research contains questionnaire that targeted employees of the current generation in the company who are currently working in the family business or have previously worked in this type of business. Determine the compatibility of the options with the importance of each component to possess effective characteristics of the management of the company and to develop appropriate plans in the future.

Study tool: The design of the survey instrument show as follows:

First part explain Demographic Questions, The study covered the demographic characteristics of the respondents as follow: (Relationship of the current manager to the family, Age of the manager, Qualification, The age of the company and the capital).

In second part Likert scale Questions model; they include Business Issues and Family Issues. One of the most important things in this questionnaire is the participation of family members in the company or employees who work in the family company with their beliefs about how to work in the company and how the family is related to the company.

In the questionnaire, information is collected from specific categories of people who are targeted according to the type of research. Through my research, I will provide information from employees of family businesses, both administrative and staff and the relevance of weak management and the importance of providing qualifications for management in this type of companies.

The questionnaire is an appropriate method for this kind of research because of systematic data acquisition, targeting all classes of management and employees in family businesses. On other hand such a face-to-face operation requires time and effort. In addition, the questionnaire as a data collection tool does not put the person under pressure, thus transparency and clarity by giving an answer and other effective reason for being questionnaire proper method for collecting data in this research.

Selective sample: Specific criteria were chosen from the sample to answer the questionnaire, and no random sample was chosen. The sample was selected from family businesses employees.

The first question that speaks about gender is to see if there is a relationship between the male or female in director level that may influence on the family work.

The second question about the relationship between the current managers of the company as it is important to know the impact of management when it is from outside the family and its impact on continuity or if it is within the family.

The third question is about the age of the manager in the family company to find out whether it is necessary that the age of the manager has an impact on the direction of management in the company or not.

Question 4: Is the director who has a scientific qualification capable of managing the project more efficiently than other managers without a qualification or less qualification?

The fifth question is how the capital has an impact on the future development of the company and overcome the problem of future collapse of the company.

Question 6: the age of organization, does it have an impact on the management performance of the company and beyond the collapse of the family company?

3.4 Cronbach Alpha

The Cronbach Alpha test is a measure and indicator of consistency; most researchers show great importance to the coherence and consistency of their

studies because these two elements have a significant impact on the results of the research.

The higher the coherence and the degree of consistency of research, the more the researcher will be able to check the results of his research and confirm and thus Publish it.

The Cronbach alpha test is a way to measure the reliability of the test. What is important in the Cronbach Alpha method is that it has been able to innovate in the field of measurement where researchers have been able to identify the faults in their research through a comprehensive statistical model, which helps researchers to design more precise tests to ensure the results of clarity and safer.

The formula for Cronbach's alpha is:

$$\propto \frac{N.c}{\nabla + (N-1).\complement}$$

Source: *Mohsen Tavakol and Reg Dennick. Making Sense of Cronbach's Alpha. International Journal of Medical Education. 2011; 2:53-55 Editorial*

N = the number of items.
c̄ = average covariance between item-pairs.
v̄ = average variance.

Table 3.1: Cronbach Alpha

Cronbach's alpha	**Internal Consistency**
a≥0.9	Excellent
0.9>a≥0.8	Good
0.8>a≥0.7	Acceptable
0.7>a≥0.6	Questionable
0.6>a≥0.5	Poor
0.5>a	Unacceptable

Source: Mohsen Tavakol and Reg Dennick. Making Sense of Cronbach's Alpha. International Journal of Medical Education. 2011; 2:53-55 Editorial

4. RESULTS AND ANALYSES

4.1 Demographic statistics of the respondents

Demographic questions are the first part of the questionnaire which are simple questions and do not take time to answer them.

Data for Demographic Questions were collected by communicating with 30 companies through the managers only and responses were not taken from the questionnaire because the answers to this part of the questionnaire would be uniform for all company members.

Table 4.1: Demographic profile of respondents

		Demographic profile	
		frequencies	percentage
Gender			%
	Male	22	73.3%
	Female	8	26.7%
Relationship of the current manger to the family	Within the family	19	63.3%
	Outside the family	11	36.7%
Age of the manger	Less than 20 years	5	16.7%
	25 to 40 years	8	26.7
	40 to 45 years	8	26.7
	Greater than 45	9	30%
Qualification of the company manger	School	3	10%
	Diploma	13	43.3%
	Higher education	14	46.7%

Table 4.1: (con) Demographic profile of respondents

		Demographic profile	
Company's capital	From1000-5000.	3	10%
	From 5001-10000	4	13.3%
	Less than 50000$	15	50%
	Higher than 50000$	8	26.7%
Age of the orgnization	Between 1-5 years	3	10%
	Between 5-10 years	8	26.7%
	Between 10-15	11	36.7%
	More than 15	8	26.7%

Table 5.1 shows in gender part that most of the family businesses owners are male with a percentage 73.3% of total.

In relationship of the manger with family company Table 5.1 shows that, most managers of family businesses are members of the same family in terms of 63.3%, followed by managers from outside the family, who accounted for 36.7%.

Age: As shown in the table, most of the age group common among managers in these family businesses is age over 45, which accounted for 30%, followed by the age group of 25-40 and the age group of 40-45 equally, where the proportion of both 26.7% and the lowest age group in the list is the category of less than 25 years and accounted to 16.7%.

Scientific Qualification of the manager: The table illustrate that the percentage of those with higher education is the highest proportion of scientific qualifications, where the proportion equivalent 46.7% after this on the list who have a university degree only43.3% and finally the school certificate as a scientific qualification with 10%.

Capital: The table shows that the majority of family businesses had a capital of less than 50 thousand, representing 50% of the total study population and followed by companies whose capital was more than 50 thousand with 26.7% of the total sample of the study followed by a small difference between two groups that companies whose capital was between $ 5001-10000 and companies with capital between 1000-5000 by 13.3% and 10%, respectively

In the last part of table 5.1 illustrate age of the organization which is clear that most family businesses were with 10-15 years old at 36.7% and were followed equally by companies over 15 years old and companies between 5-10 years old, 26.7% for both and finally 10% for companies with less than 5 years.

In order to describe the relationship between two category demographic variables and scale questions, a special type of table was used which called a cross-tabulation.

In the demographic questions the test used was conducted on some questions to find out the relationship between each other. One of the questions that is there deferent between male and female who answer the Likert scale questions survey? To answer the question the table can provide some analysis data.

Table 4.2: Crosstab gender and scale

	question 1		Positively influences					Total
			5	4	3	2	1	
Gender	male	Count	1	1	23	71	86	182
		% within Gender	.5%	.5%	12.6 %	39.0%	47.3%	100.0%
	female	Count	0	3	12	19	33	67
		% within Gender	0.0 %	4.5%	17.9 %	28.4%	49.3%	100.0%
	question 2		Builds teams					Total
			5	4	3	2	1	
Gender	male	Count	1	6	32	65	78	182
		% within Gender	.5%	3.3%	17.6 %	35.7%	42.9%	100.0%
	female	Count	2	2	13	21	29	67
		% within Gender	3.0 %	3.0%	19.4 %	31.3%	43.3%	100.0%
	question 3		Shares a vision					Total
			5	4	3	2	1	

Table 4.2: (con) Crosstab gender and scale

	question 1		Positively influences					Total
Gender	male	Count	1	5	32	86	58	182
		% within Gender	.5%	2.7%	17.6 %	47.3%	31.9%	100.0%
	female	Count	0	2	12	23	30	67
		% within Gender	0.0 %	3.0%	17.9 %	34.3%	44.8%	100.0%
	question 4		personally motivated					Total
			5	4	3	2	1	
Gender	male	Count	1	2	28	76	75	182
		% within Gender	.5%	1.1%	15.4 %	41.8%	41.2%	100.0%
	female	Count	2	1	15	19	30	67
		% within Gender	3.0 %	1.5%	22.4 %	28.4%	44.8%	100.0%
Total		Count	3	3	43	95	105	249
		% within Gender	1.2 %	1.2%	17.3 %	38.2%	42.2%	100.0%
	question 5		big picture					Total
			5	4	3	2	1	
Gender	male	Count	1	3	29	91	58	182
		% within Gender	.5%	1.6%	15.9 %	50.0%	31.9%	100.0%
	female	Count	1	3	10	28	25	67
		% within Gender	1.5 %	4.5%	14.9 %	41.8%	37.3%	100.0%
	question 6		performance standards					Total
			5	4	3	2	1	
Gender	male	Count	2	5	30	82	63	182
		% within Gender	1.1 %	2.7%	16.5 %	45.1%	34.6%	100.0%
	female	Count	0	2	10	30	25	67
		% within Gender	0.0 %	3.0%	14.9 %	44.8%	37.3%	100.0%
	question 7		Balances demands					Total
			5	4	3	2	1	
Gender	male	Count	1	4	33	86	58	182
		% within Gender	.5%	2.2%	18.1 %	47.3%	31.9%	100.0%
	female	Count	2	0	6	41	18	67
		% within Gender	3.0 %	0.0%	9.0%	61.2%	26.9%	100.0%
	question 8		Communicates effectively				Total	
			4	3	2	1		

Table 4.2: (con) Crosstab gender and scale

	question 1		Positively influences				Total
Gender	male	Count	5	28	83	66	182
		% within Gender	2.7 %	15.4 %	45.6 %	36.3%	100.0%
	female	Count	3	8	39	17	67
		% within Gender	4.5 %	11.9 %	58.2 %	25.4%	100.0%
	question 9		Addresses conflict positively				Total
			4	3	2	1	
Gender	male	Count	3	33	91	55	182
		% within Gender	1.6 %	18.1 %	50.0 %	30.2%	100.0%
	female	Count	0	12	31	24	67
		% within Gender	0.0 %	17.9 %	46.3 %	35.8%	100.0%
	question 10		sets out plans				Total
			4	3	2	1	
Gender	male	Count	7	37	92	46	182
		% within Gender	3.8 %	20.3 %	50.5 %	25.3%	100.0%
	female	Count	2	13	30	22	67
		% within Gender	3.0 %	19.4 %	44.8 %	32.8%	100.0%
	question 11		culture establishment and leadership style				Total
			4	3	2	1	
Gender	male	Count	6	29	88	59	182
		% within Gender	3.3 %	15.9 %	48.4 %	32.4%	100.0%
	female	Count	5	13	39	10	67
		% within Gender	7.5 %	19.4 %	58.2 %	14.9%	100.0%
	question 12		Effective strategic planning				Total
			4	3	2	1	
Gender	male	Count	5	28	83	66	182
		% within Gender	2.7 %	15.4 %	45.6 %	36.3%	100.0%
	female	Count	2	17	32	16	67
		% within Gender	3.0 %	25.4 %	47.8 %	23.9%	100.0%
	question 13		organizational structure				Total
			4	3	2	1	

Table 4.2: (con) Crosstab gender and scale

	question 1		Positively influences				Total
Gender	male	Count	7	32	83	60	182
		% within Gender	3.8 %	17.6 %	45.6 %	33.0%	100.0%
	female	Count	4	17	25	21	67
		% within Gender	6.0 %	25.4 %	37.3 %	31.3%	100.0%
	question 14		Diversifying education				Total
			4	3	2	1	
Gender	male	Count	3	34	82	63	182
		% within Gender	1.6 %	18.7 %	45.1 %	34.6%	100.0%
	female	Count	3	14	27	23	67
		% within Gender	4.5 %	20.9 %	40.3 %	34.3%	100.0%
	question 15		feasibility study				Total
			4	3	2	1	
Gender	male	Count	4	32	81	65	182
		% within Gender	2.2 %	17.6 %	44.5 %	35.7%	100.0%
	female	Count	1	14	25	27	67
		% within Gender	1.5 %	20.9 %	37.3 %	40.3%	100.0%
	question 16		differences between members				Total
			4	3	2	1	
Gender	male	Count	8	37	66	71	182
		% within Gender	4.4 %	20.3 %	36.3 %	39.0%	100.0%
	female	Count	4	12	25	26	67
		% within Gender	6.0 %	17.9 %	37.3 %	38.8%	100.0%
	question 17		decision making power				Total
			4	3	2	1	
Gender	male	Count	4	31	80	67	182
		% within Gender	2.2 %	17.0 %	44.0 %	36.8%	100.0%
	female	Count	4	15	25	23	67
		% within Gender	6.0 %	22.4 %	37.3 %	34.3%	100.0%
	question 18		Confusion between the institution				Total
			4	3	2	1	

Table 4.2: (con) Crosstab gender and scale

	question 1				Positively influences		Total
Gender	male	Count	5	30	85	62	182
		% within Gender	2.7 %	16.5 %	46.7 %	34.1%	100.0%
	female	Count	2	11	29	25	67
		% within Gender	3.0 %	16.4 %	43.3 %	37.3%	100.0%
	question 19			new blood		Total	
			4	3	2	1	
Gender	male	Count	2	30	79	71	182
		% within Gender	1.1 %	16.5 %	43.4 %	39.0%	100.0%
	female	Count	5	16	24	22	67
		% within Gender	7.5 %	23.9 %	35.8 %	32.8%	100.0%

From the table, the responses are relatively evenly divided between males and females in question one strong agree scale percent of male answer 37.3% and female 49.3% in the agree scale a little more deferent 39% of male compare with 28.4% of female. In question two the scale answer show the same close response between male and female, for male .5%, 3.3%, 17%,35% compare with female response 3%, 3%, 19%, 31% which are close percent between both gender. Note that in most cases, the male and female variables in a crosstab had close percent of response on these scale questions with difference range between .5% - 15% in some scale questions.

Other test that took a place in this part, to conclude the deferent between education level on those who answer the Likert scale questions survey? To answer the question the table can provide some analysis data.

Table 4.3: Crosstab Education with scale

	question1		Positively influences					Total
			5	4	3	2	1	
qualification	school	Count	0	2	5	8	10	25
		% within qualification	0.0%	8.0%	20.0%	32.0%	40.0%	100.0%
	diploma	Count	0	2	15	33	59	109
		% within qualification	0.0%	1.8%	13.8%	30.3%	54.1%	100.0%
	higher education	Count	1	0	15	49	50	115
		% within qualification	.9%	0.0%	13.0%	42.6%	43.5%	100.0%
	question 2		Builds teams					Total
			5	4	3	2	1	
qualification	school	Count	2	1	5	7	10	25
		% within qualification	8.0%	4.0%	20.0%	28.0%	40.0%	100.0%
	diploma	Count	0	5	17	31	56	109
		% within qualification	0.0%	4.6%	15.6%	28.4%	51.4%	100.0%
	higher education	Count	1	2	23	48	41	115
		% within qualification	.9%	1.7%	20.0%	41.7%	35.7%	100.0%
	question 3		Shares a vision					Total
			5	4	3	2	1	
qualification	school	Count	0	2	7	7	9	25
		% within qualification	0.0%	8.0%	28.0%	28.0%	36.0%	100.0%
	diploma	Count	0	1	18	42	48	109
		% within qualification	0.0%	.9%	16.5%	38.5%	44.0%	100.0%
	higher education	Count	1	4	19	60	31	115
		% within qualification	.9%	3.5%	16.5%	52.2%	27.0%	100.0%

Table 4.3: (con) Crosstab Education with scale

question1			Positively influences					Total
	question 4		personally motivated					Total
			5	4	3	2	1	
qualification	school	Count	1	1	6	9	8	25
		% within qualification	4.0%	4.0%	24.0%	36.0%	32.0%	100.0%
	diploma	Count	1	0	18	41	49	109
		% within qualification	.9%	0.0%	16.5%	37.6%	45.0%	100.0%
	higher education	Count	1	2	19	45	48	115
		% within qualification	.9%	1.7%	16.5%	39.1%	41.7%	100.0%
	question 5		big picture					Total
			5	4	3	2	1	
qualification	school	Count	1	1	2	14	7	25
		% within qualification	4.0%	4.0%	8.0%	56.0%	28.0%	100.0%
	diploma	Count	0	2	19	43	45	109
		% within qualification	0.0%	1.8%	17.4%	39.4%	41.3%	100.0%
	higher education	Count	1	3	18	62	31	115
		% within qualification	.9%	2.6%	15.7%	53.9%	27.0%	100.0%
	question 6		performance standards					Total
			5	4	3	2	1	
qualification	school	Count	0	2	4	13	6	25
		% within qualification	0.0%	8.0%	16.0%	52.0%	24.0%	100.0%
	diploma	Count	0	2	19	43	45	109
		% within qualification	0.0%	1.8%	17.4%	39.4%	41.3%	100.0%
	higher education	Count	2	3	17	56	37	115
		% within qualification	1.7%	2.6%	14.8%	48.7%	32.2%	100.0%

Table 4.3: (con) Crosstab Education with scale

question1			Positively influences					Total
	question 7		Balances demands					Total
			5	4	3	2	1	
qualification	school	Count	1	0	2	19	3	25
		% within qualification	4.0%	0.0%	8.0%	76.0%	12.0%	100.0%
	diploma	Count	1	2	18	49	39	109
		% within qualification	.9%	1.8%	16.5%	45.0%	35.8%	100.0%
	higher education	Count	1	2	19	59	34	115
		% within qualification	.9%	1.7%	16.5%	51.3%	29.6%	100.0%
	question 8		Communicates effectively					Total
			4	3	2	1		
qualification	school	Count	2	6	12	5		25
		% within qualification	8.0%	24.0%	48.0%	20.0%		100.0%
	diploma	Count	2	16	50	41		109
		% within qualification	1.8%	14.7%	45.9%	37.6%		100.0%
	higher education	Count	4	14	60	37		115
		% within qualification	3.5%	12.2%	52.2%	32.2%		100.0%
	question 9		Addresses conflict positively					Total
			4	3	2	1		
qualification	school	Count	0	5	13	7		25
		% within qualification	0.0%	20.0%	52.0%	28.0%		100.0%
	diploma	Count	1	18	57	33		109
		% within qualification	.9%	16.5%	52.3%	30.3%		100.0%
	higher education	Count	2	22	52	39		115
		% within qualification	1.7%	19.1%	45.2%	33.9%		100.0%

Table 4.3: (con) Crosstab Education with scale

question1			Positively influences				Total
	question 10		sets out plans				Total
			4	3	2	1	
qualification	school	Count	1	5	12	7	25
		% within qualification	4.0%	20.0%	48.0%	28.0%	100.0%
	diploma	Count	2	19	49	39	109
		% within qualification	1.8%	17.4%	45.0%	35.8%	100.0%
	higher education	Count	6	26	61	22	115
		% within qualification	5.2%	22.6%	53.0%	19.1%	100.0%
	question11		culture establishment and leadership style				Total
			4	3	2	1	
qualification	school	Count	3	7	12	3	25
		% within qualification	12.0%	28.0%	48.0%	12.0%	100.0%
	diploma	Count	5	17	53	34	109
		% within qualification	4.6%	15.6%	48.6%	31.2%	100.0%
	higher education	Count	3	18	62	32	115
		% within qualification	2.6%	15.7%	53.9%	27.8%	100.0%
	question12		Effective strategic planning				Total
			4	3	2	1	
qualification	school	Count	2	10	8	5	25
		% within qualification	8.0%	40.0%	32.0%	20.0%	100.0%
	diploma	Count	4	16	48	41	109
		% within qualification	3.7%	14.7%	44.0%	37.6%	100.0%
	higher education	Count	1	19	59	36	115
		% within qualification	.9%	16.5%	51.3%	31.3%	100.0%

Table 4.3: (con) Crosstab Education with scale

question1			Positively influences				Total
	question13		organizational structure				Total
			4	3	2	1	
qualification	school	Count	3	8	6	8	25
		% within qualification	12.0%	32.0%	24.0%	32.0%	100.0%
	diploma	Count	2	23	44	40	109
		% within qualification	1.8%	21.1%	40.4%	36.7%	100.0%
	higher education	Count	6	18	58	33	115
		% within qualification	5.2%	15.7%	50.4%	28.7%	100.0%
	question14		Diversifying education				Total
			4	3	2	1	
qualification	school	Count	2	2	13	8	25
		% within qualification	8.0%	8.0%	52.0%	32.0%	100.0%
	diploma	Count	2	21	39	47	109
		% within qualification	1.8%	19.3%	35.8%	43.1%	100.0%
	higher education	Count	2	25	57	31	115
		% within qualification	1.7%	21.7%	49.6%	27.0%	100.0%
	question15		feasibility study				Total
			4	3	2	1	
qualification	school	Count	1	6	10	8	25
		% within qualification	4.0%	24.0%	40.0%	32.0%	100.0%
	diploma	Count	2	22	38	47	109
		% within qualification	1.8%	20.2%	34.9%	43.1%	100.0%
	higher education	Count	2	18	58	37	115
		% within qualification	1.7%	15.7%	50.4%	32.2%	100.0%

Table 4.3: (con) Crosstab Education with scale

question1			Positively influences				Total
	question16		differences between members				Total
			4	3	2	1	
qualification	school	Count	2	5	7	11	25
		% within qualification	8.0%	20.0%	28.0%	44.0%	100.0%
	diploma	Count	5	19	39	46	109
		% within qualification	4.6%	17.4%	35.8%	42.2%	100.0%
	higher education	Count	5	25	45	40	115
		% within qualification	4.3%	21.7%	39.1%	34.8%	100.0%
	question17		decision making power				Total
			4	3	2	1	
qualification	school	Count	2	6	5	12	25
		% within qualification	8.0%	24.0%	20.0%	48.0%	100.0%
	diploma	Count	3	22	47	37	109
		% within qualification	2.8%	20.2%	43.1%	33.9%	100.0%
	higher education	Count	3	18	53	41	115
		% within qualification	2.6%	15.7%	46.1%	35.7%	100.0%
	question18		Confusion between the institution				Total
			4	3	2	1	
qualification	school	Count	1	5	10	9	25
		% within qualification	4.0%	20.0%	40.0%	36.0%	100.0%
	diploma	Count	2	17	52	38	109
		% within qualification	1.8%	15.6%	47.7%	34.9%	100.0%
	higher education	Count	4	19	52	40	115
		% within qualification	3.5%	16.5%	45.2%	34.8%	100.0%

Table 4.3: (con) Crosstab Education with scale

question1			Positively influences				Total
	question19		new blood				Total
			4	3	2	1	
qualification	school	Count	3	6	7	9	25
		% within qualification	12.0%	24.0%	28.0%	36.0%	100.0%
	diploma	Count	3	19	42	45	109
		% within qualification	2.8%	17.4%	38.5%	41.3%	100.0%
	higher education	Count	1	21	54	39	115
		% within qualification	.9%	18.3%	47.0%	33.9%	100.0%

In table cross tab with Likert scale questions show the different percent of answer for different level of education. The difference becomes clearer when considering the school qualification compared to the diploma qualification and postgraduate studies in terms of distribution of answers to questions, while the difference in the responses to the university qualification and higher education is relatively low by almost 10% on most of the questions. In question 5, 7, 10 and 14, there is more different percent on the answers.

4.2 Reliability and Validity

The Cronbach method is used to measure whether the questionnaire questions really measure the purpose of that measurement also if the questionnaire is clearly intended to be valid for statistical analysis (Julian C. Stanley, 1963).

Test is done in this study through SPSS to check the reliability and validity of indicators dependent and independent variables for three factors.

The first item as group, that is personal leadership character (A_1, A_2, A_3, A_4, A_5, A_6), the second group is family leadership character (B_1, B_2, B_3) ,the third group consist of collapse of the family company (C_1, C_2, C_3, C_4, C_5, C_6, C_7, C_8, C_9, C_{10}).

For example the Cronbach alpha for these questions (A_1, A_2, A_3, A_4, A_5, A_6), that they should individually and in groups measure personal leadership character. The coefficient of Cronbach alpha should be close to 1.

Table 4.4: Reliability and Validity (Cronbach Alpha)

	Cronbach's Alpha	
Items	Cronbach's Alpha (α)	N of Items
A_1, A_2, A_3, A_4, A_5, A_6	0.882	6
B_1, B_2, B_3	0.777	3
C_1, C_2, C_3, C_4, C_5, C_6, C_7, C_8, C_9, C_{10}	0.878	10
All	0.926	19

Table 4.5, illustrate overall reliability coefficients of all three personal leadership character, family leadership character and collapse of the family company are strong and above 0.70 ($\alpha>0.70$) that considered as accepted criteria and ranged from 0.77 to 0.88 (Nunnally, 1967).

4.3 Assumptions of variable in Multiple Linear Regression

For the purposes of finding the relationship between the independent variables and the dependent variables Multivariate Normality tests was used.

There are several methods of evaluating whether data are normally distributed or not. To examine the normality of variables, kolmogrov-smirnov test is used.

Table 4.5: One-Sample Kolmogorov-Smirnov Test

		poor personal leadership	lack of family leadership	collapse of the family company
Normal Parametersa,	N	249	249	249
	Mean	24.95	12.31	40.51
	STD. deviation	3.97	1.91	5.88
	Skewness	-1.00	-.63	-.28
	Kurtosis	1.87	.78	-.22

In table 4.6 skewness for the independent variables poor personal leadership and lack of family leadership are -1 and -.63 which is between -1 and -0.5 as result the data is moderately skewed. In the dependent variable collapse of the family company skewness is -.28 which is between -0.5 and 0.5, that's mean the data are fairly symmetrical. All the rsults in Negative which explain Skewness has the tail of the left side of the distribution.

In Kurtosis the results of all the variables between -3>3 which indicate normal distribution between the variables.

4.4 Correlation Analysis and Hypothesis Testing

Correlation analysis methods were used to find the strength of relationships among the variables under the study in estimation by other variables that describe independent and dependent variables through number between -1 and +1 describe positive relationship or negative relationship.

In positive correlation when one variable go up the other variable go up while in negative correlation on the contrary way when one variable go up the other variable go down. Value of 0 indicates that there is no association between the two variables, A value 0> value <1 indicates a positive association and a value 0<value<-1.

The Pearson Correlation analysis does not take into attention whether a variable has been classified as a dependent or independent variable. It treats all variables equally.

Table 4.6: Pearson Correlation of Results

Pearson correlation	
Sig. (2-tailed)	
N=162	
Independent variables	Dependent variable (collapse of the family company)
personal leadership character	0. 630 **
family leadership character	0. 642 **

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

The two variables of the study used to find the relationship among poor personal leadership character and lack of family leadership character with the dependent variable of the study which is collapse of the family company.

The statistics data have been collected by the researcher concluded 249 respondents of the survey, which were processed in SPSS for analysis. From the above table 4.3, the researcher found that sig < 0.05 means that there is a linear relationship between the independent and dependent variables, which means that there is a positive relationship between poor personal leadership character and the collapse of family businesses, with Pearson's correlation of 0.630 indicates that the linear relationship is positive because it is close to 1. Also in the second hypothesis there is a positive relationship between lack of family leadership character and the collapse of family businesses, with Pearson's correlation of 0.642 indicates that the linear relationship is positive because it is close to 1.

Table 4.7: The results of tested hypothesis

H	Hypothesis	Result
HA1(poor personal leadership)	0. 630 **	Accepted.
HB1(lack of family leadership)	0. 642 **	Accepted.

4.5 Hypothesis Variables

There are three variables used in this case study, which are poor personal leadership character, lack of family leadership character and collapse of the family company. All the variables mentioned contain their own specific questions that the five grade LikertScale questions techniques are being used in the reports of questionnaires. These questionnaires as mentioned before are taken from 30 family businesses and 249 responses have been collected,

4.6 Multiple Regression Assumption Test

In family businesses study, multiple regression analysis was working to analyze the factors poor personal leadership character and lack of family leadership character and how they lead to the collapse of the family company. The reason for choosing this method is that it is mostly appropriate to analyze a hypothesis in the business area of study (Cohen, 2013).

In this research, there are two independent variables (poor personal leadership character, lack of family leadership character) and one dependent variable (collapse of the family company). Multiple regressions are a statistical technique that can provide the collaboration between two or more different independent variables and one dependent variable (Hair et al. 2005),

Table 4.8: Expressions outcomes on coefficients of determination

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.704[a]	.496	.492	4.19171

a. Predictors: (Constant), var2, var1
b. Dependent Variable: collapse of the family company

The regression results about the study that provides central info about regression lines measurement for total variation to study dependent variable, which is collapse of the family company. The dependent variable can be measured by variance. From Table 4.6, the value of R square is 0.496, which means that 49 percent of the total variance in variables has been collapse of the family company toward the poor personal leadership character and lack of family leadership character.

R Square: can be finding through R Square, related data about clarification of the model by independent variables can be presented. It is used to test if the collected data are closely fit to the regression line. R Square ranges between 0 to 1. In this model summary Table 4.6 presented two independent variables of the study.

Table 4.9: Shows regression analysis of collapse of the family company and other variables

Coefficients[a]

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	11.346	1.894		5.992	.000
poor personal leadership	.553	.087	.374	6.387	.000
lack of family leadership	1.248	.180	.406	6.937	.000

a. Dependent Variable: collapse of the family company
b. *significant in 95% Confidence interval

The Coefficients table provides us with the necessary information to predict collapse of the family company from the poor personal leadership character and lack of family leadership character, In the table of coefficients, in the Colum B, the constant value is presented. In the column Beta is the coefficients of the independent variables are showed,

To present the regression equation as:

Collapse of the family company = 11.346 + 0.553 (poor personal leadership)+ 1.248(lack of family leadership.

4.7 Results of Multiple Regression Analysis

In this research, multiple regression analysis was directed to provide shape of relationship between independent and dependent variables, which established the hypothesized model. This model included only collapse of the family company as a dependent variable and two independent variables including poor personal leadership character and lack of family leadership character.

- H_{A1}. There is a relationship between poor personal leadership character and the collapse of family businesses.
- Identifying that the two variables poor personal leadership character and collapse of the family company are related, results of the Table 4.5 shows that there is a significant positive relationship between them (t-value = 6.38) will result to 0.37 standard deviations increase in collapse of family businesses. So $\mathbf{H_{A1}}$ is accepted.
- H_{B1}. There is a correlation between lack of family leadership character and the collapse of family businesses
- Identifying that the two variables lack of family leadership character and collapse of the family company are related, results of the Table 4.5 shows that there is a significant positive relationship between them (t-value = 6.93) will result to 0.40 standard deviations increase in collapse of family businesses. So $\mathbf{H_{B1}}$ is accepted.

5. CONCLUSION, LIMITATION, AND RECOMMENDATIONS

The family company need to provide technical support from the experts to guide the company to the right way in the development of plans and policies of the company and the next step depends on the owner and the rest of the company members to keep the company functioning in a positive way to maintain its continuity.

To follow the above summary, the company must follow three steps: Research, design, build and implementation.

Research: The first step is to meet the owner and the company's members to discuss the proposals concerning the company as a preliminary stage and gather all views that may be of concern to the company in the future. The second step is to give an opportunity to present ideas and perspectives individually by company members and gather them for discussion later.

Design: The second stage is to review the data in the first stage and discuss the ways of implementation the points that have been agreed upon and review points that have not been taken a decisive decision. The next step is to start developing strategic plans with the help of experts after full approval from the owner for those plans.

Build and implementation: The adoption of such plans and guidance will often make benefit to the family business in order to achieve the desired objectives. Some plans and policies are easy to achieve and work after working directly, but in some cases need a long time or need to prepare meetings and may need months or years to be finish because of their comprehensiveness.

In the end, the circumstances may differ from business to business like social or economic reasons and other internal or external circumstances, so choosing the right and clear policies is the basis for maintaining the company.

5.1 Suggestıons For Further Research

Since this study discovered Family businesses in Amman, Jordan. The Researcher recommends that; similar study should be done in other countries for comparison purposes and to discover the deference between other kind of businesses on financial performance and stages of development of these organizations.

the study recommends that similar study should be done to explore the challenges that face Family businesses and their impact on the economy in Kabul. A comparative study between Family businesses and other type of businesses in Jordan should be conducted.

5.2 Recommendatıons

Family businesses are one of the most important pillars of the economy in many countries and because of the nature of this business, it is overcrowded a lot of difficulties and constraints One of the most important challenges is the vital structure of the company which called corporate governance. It requires a lot of clarity in defining the functions of the employees, responsibilities and policies mentioned in the second chapter of my research and the focus increase when the talk take place about the owner or management of the company. What matters to the company's staff as members of the family is that their commitment to work in long term and ensuring proper control over their responsibilities. Requirement and responsibility of individuals and will not be limited to corporate governance but as well the relationship with the family in the company and how to work in harmony with each other.

As a result of development of corporate governance in a clear and correct way in the early stage of the company that helps to create a suitable and convenient environment to work and overcome any future complication expected to collapse the business and reach with the business to the success and advanced level. In addition, the management of the family company must possess the skills and qualifications required to hold positions to reflect the performance of management on the company and the development of strategies that will run the daily business of the company. As a conclusion to this point, the management of

the company must be chosen based on the qualifications and experience required for this position instead on the basis of family or kinship.

Awareness should be take a place when establishing a family company to sit a family corporate governance suitable for the work of the company as soon as possible, delay work on corporate governance until the company reaches an advanced stage or increase its size increases the complexity of the mechanism of work and make difficulties in implementing job and therefore outbreak of differences that may lead to the collapse of the family company in some stage.

Time and clarity of work on family corporate governance Is the basis of maintaining family work over time and reaching the best performance for individuals.

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APPENDICES

APP 1: Demographic Questions
APP 2 : Questions

APP 1: Demographic Questions
1. What is your gender?

- Female (1)
- Male (2)

2-Relationship of the current manager to the family?

- From within the family (1)
- From outside the family(2)

3-age of the family business manager?

- Less than 25 years(1)
- From 25 to 40 years(2)
- 40 to 45 years old(3)
- greater than 45 years(4)

4-Scientific qualification of the family company manager?

- school(1)
- diploma(2)
- higher education(3)

5-The company's capital?

- from 1000-5000 $(1)
- from 5001-10000 $(2)
- less than 50,000 $(3)
- higher than 50,000 $(4)

6-the age of the family business (organization)?

- between 1-5 years(1)
- between 5-10 years(2)
- between 10-15 years(3)
- more than 15 years(4)

Scale Questions A
(1) Strongly disagree
(2) Disagree
(3) Neither agree nor disagree
(4) Agree
(5) Strongly agree

Please rate the following information about personal leadership character

- Positively influences others. 1 2 3 4 5
- Builds teams. 1 2 3 4 5
- Shares a vision for the business. 1 2 3 4 5
- Is personally motivated. 1 2 3 4 5
- Understands the 'big' picture. 1 2 3 4 5
- Sets high performance standards

Please rate the following information about family leadership character

1 2 3 4 5

- Balances family and business demands. 1 2 3 4 5
- Communicates effectively. 1 2 3 4 5
- Addresses conflict positively. 1 2 3 4 5

APP 2 : Questions

(1) Strongly disagree
(2) Disagree
(3) Neither agree nor disagree
(4) Agree
(5) Strongly agree

Please rate the following information about collapse of the family company

- In family decisions, the Board of Directors sets out plans that do not conform to the direction of the executive management
  1 2 3 4 5
- Achieving success in the family business is the result of the correlation between the culture of the establishment and the leadership style of its management
  1 2 3 4 5
- Effective strategic planning leads to ease of transmission of management from generation to generation
  1 2 3 4 5

- The appropriate organizational structure ensures harmony between management, owners and family institution
  1 2 3 4 5

- Diversifying the sources of family education strengthens the family's future
  1 2 3 4 5
- One of the reasons for the collapse of family businesses is the entry of projects without an economic feasibility study
  . 1 2 3 4 5
- One of the reasons for the collapse of family businesses is differences between family members
  . 1 2 3 4 5
- One of the reasons for the collapse of family businesses is the concentration of decision-making power at senior levels without giving the executive levels an opportunity to participate
  . 1 2 3 4 5
- Confusion between the institution and the family leads to many conflicts
  1 2 3 4 5
- The entry of new blood into the management of the family business leads to its continuation 1 2 3 4 5

T.C.
İSTANBUL AYDIN ÜNİVERSİTESİ REKTÖRLÜĞÜ
Sosyal Bilimler Enstitüsü Müdürlüğü

Sayı : 88083623-044
Konu : AHMAD MOHAMMAD FAZEI ABU DARWISH'ın Etik Onayı Hk.

Sayın AHMAD MOHAMMAD FAZEI ABU DARWISH

Tez çalışmanızda kullanmak üzere yapmayı talep ettiğiniz anketiniz İstanbul Aydın Üniversitesi Etik Komisyonu'nun 11.03.2019 tarihli ve 2019/04 sayılı kararıyla uygun bulunmuştur.

Bilgilerinize rica ederim.

e-imzalıdır
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RESUME

Ahmad Mohammad Abudarwish

Personal Information:

- Nationality: Jordanian
- Date of Birth : 21 - 5 - 1991
- Place of Birth : Jordan - Zarqa
- Marital Status : Single
- Driving License : Available

Contact Details:

- Mobile : +90 (551) 1847 400
- Address : Jordan - Amman.
- Email : ahmad.ontario91@gmail.com

Objective:

- I am self-motivated, striving and ready to learn. I am a responsible person with strong communication skills and work ethics besides being creative, focused and highly strong-minded. I am prepared to take responsibility and work independently. At the same time, I can work well in teams.

Academic Qualifications:

- Istanbul Aydin University (Jun. 2019)

MBA English, degree (3.06)

- The Hashemite University (Jan. 2013)

Accounting, Bs degree (2.98)

Training Courses:

- B.E chartered professional accountant, Ontario (Canada)- August. 2016

Accountant

Carrier History:

- **Golden Energy - Amman, Jordan**

Relationship Manager (may. 2017- August.2017)

(Building and maintaining relationships with clients, Letting customers know about other products, Monitoring company performance against service, Negotiate contracts with customers.)

- **AL-mufeed Taxes and finance consulting - Amman, Jordan**

General accountant (Nov. 2016 - April. 2017)

(Organize all company financial programs, Monitor and implement all accounts payable, Assist departments in account reconciliation)

- **Trans Saudi Constracting co.,- Riyadh (Saudi Arabia)**

General accountant (April. 2013 - Feb. 2016)

(Supervise all regular accounting processes, Prepare journal entries, accounting responsibilities,)

General Skills:

- Microsoft Office (Word, Excel, and Power Point)
- Statistical work for the social science department SPSS.
- Professional writing and communication
- Exceptional time management
- Self-motivated and fast learner
- Ready to work under pressure
- Good public relations and team work,
- Talented to work within a group of different nationalities

Languages:

- English: Very Good.
- Arabic: Mother Tongue