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The Impact of Socioemotional Wealth (SEW) on the Entrepreneurial Orientation (EO) and Succession Planning (SP) of Family SMEs in Saudi Arabia

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DECLARATION OF AUTHORSHIP

I, Dalal Alrubaishi, hereby declare that this thesis and the work presented in it is entirely my own. Where I have consulted the work of others, this is always clearly stated.

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DEDICATION

To my beloved mother and father,

and to my beloved husband, Mazen,

for their love and support.

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ABSTRACT

Based on a sample of Saudi family SMEs, this quantitative empirical study investigates the noneconomic driver represented by socioemotional wealth (SEW) on entrepreneurial orientation (EO) and succession planning (SP) of family firms. As a new perspective in family business research, SEW pertains to the noneconomic aspects of family firms and reflects both positive and negative consequences of these noneconomic aspects. Since SEW is found to be the most distinguishable feature underlying the behaviour of family firms, this study provides insight into the impact of SEW on two important factors for the continuity of family firms: entrepreneurship and succession. A stratified random sample was obtained from firms registered with the Riyadh Chamber of Commerce. Both online and delivery-and-collection questionnaires were utilised, and a key informant approach was adopted. A *t*-test and a combination of OLS, logistic, and probit regression were performed to test the research hypotheses. Findings suggest that SEW is advantageous to the EO of family firms. Family firms with high SEW levels tend to be more entrepreneurial than family firms with low SEW levels. The various dimensions of SEW were found to have both positive and negative effects on the SP of family firms. The research contributes to the family business literature by investigating the behavioural drivers of EO in family firms, thus helping to resolve the issue of why some family businesses are entrepreneurial while others are not. The underlying driver of entrepreneurship and succession in family business, to the researcher's knowledge, has never been studied from a noneconomic perspective. Thus, the research addresses this perceived gap in the literature. Furthermore, the research makes a first-time methodological contribution by verifying the FIBER dimensions of SEW, as proposed by Berrone et al. (2012), and assessing their internal consistency, thus addressing the typical inference or inconsistent measurement of the SEW construct in the literature. Finally, instead of comparing family to non-family businesses, this research contributes to the heterogeneity of family firms by illustrating the variations of SEW among family firms. This study opens new avenues of research by demonstrating the importance of the noneconomic aspects in family firms to their entrepreneurial behaviour and succession, as well as asserting the homogeneity among family firms and across generations.

TABLE OF CONTENTS

LIST OF TABLES

LIST OF FIGURES

LIST OF ABBREVIATIONS

CEO	Chef Executive Officer
EO	Entrepreneurial Orientation
FIBER	Family control and influence Identification of family members with the firm Binding social ties Emotional attachment of family members Renewal of family bonds to the firm through dynastic succession
F-PEC	Family Power Experience Culture Scale
MENA	Middle East and North Africa
OLS	Ordinary Least Squares
PCA	Principle Component Analysis
RBV	Resource Based View
RCCI	Riyadh Chamber of Commerce and Industry
SEW	Socioemotional Wealth
SMEs	Small and Medium Enterprises
SP	Succession Planning

CHAPTER 1: Introduction

1.1 Introduction

Family businesses constitute approximately 90 percent of all organisations worldwide (Gedajlovic, Carney, Chrisman, and Kellermanns, 2012). They form the backbone of economies around the world, representing an essential source of wealth and employment in both developed and developing countries (La Porta, Lopez-de-Silanes, and Shleifer, 1999; Masulis, Pham, and Zein, 2011). However, "despite their ubiquity and economic significance, there is a striking absence of research that explains the prevalence, prominence, or even existence of this economic institution" (Schulze and Gedajlovic, 2010, p.191).

In spite of their importance to the economy, the survival rate of family businesses beyond the third generation is extremely low (Ward, 1987; Eddleston, Kellermanns, Floyd, Crittenden, and Crittenden, 2013). As the preservation of noneconomic aspects is a distinctive feature of family firms, this research investigates the impact of the noneconomic aspects of family firms on two important factors for family firm continuity: entrepreneurship and succession.

This is a quantitative study based on 285 questionnaires collected from family owned small and medium enterprises (SMEs) in Saudi Arabia. This research is the first major empirical study of family business entrepreneurship in Saudi Arabia. The participant family firms operate in the capital city, Riyadh, and are drawn from six industries: (1) Import /Export; (2) Manufacturing, (3) Building and Construction; (4) Wholesale, Retail, Hotels and Restaurants; (5) Transportation, Storage and Communication, and (6) Services. The gathered data were analysed using statistical methods, including principle component analysis (PCA), student's *t*-test, ordinary least squares (OLS), logit, and probit regressions.

Part of this thesis will be disseminated in the 2015 Babson College Entrepreneurship Research Conference (BCERC) due to take place in Boston, USA. The paper extracted from the thesis (see Appendix I) is among the 35% accepted papers to be presented in the 2015 BCERC. A paper using material from the thesis was also presented in the 8th Saudi Students Conference held in London January 31 – February 1, 2015, hosted by Imperial College London in collaboration with King Abdullah University of Science and Technology (KAUST) (see Appendix II). Only 118 out of 213 papers were accepted for presentation and the successful submissions presented in the conference were reviewed by academics from the two hosting universities.

In this chapter, the background of the research is illustrated, after which the underlying rationale for the research is presented. Then, the significance of the research is discussed and the aim of the research is stated. This is followed by a presentation of the contributions of the research and finally the structure of the research is outlined.

1.2 Background of the Research

Family firms are the dominant form of organisations in the world (Gomez-Mejia, Haynes, Nunez-Nickel, Jacobson, and Moyano-Fuentes, 2007; La Porta et al., 1999; Masulis et al., 2011). They are the prime source of wealth creation and employment for both developed (Chang, Memili, Chrisman, Kellermanns, and Chua, 2009; Matthews, Hechavarria, and Schenkel, 2012) and emerging economies (Bertrand and Schoar, 2006; Fan, Wei, and Xu, 2011). On average, 19 percent of publicly listed firms in the world are family controlled and this number increases to over 40 percent in emerging markets (Masulis et al., 2011). Family firms constitute 60-70 percent of all organisations in the U.S., and 95 percent of firms in Asia, the Middle East, Italy, and Spain (Kets de Vries, Carlock, and Florent-Treacy, 2007). This is also true in Saudi Arabia, where 95 percent of all companies are family run, contributing approximately 50 percent of non-oil GDP

and providing employment for 80 percent of total private sector employees (The Council of Saudi Chambers, 2014).

In Saudi Arabia, small and medium-sized enterprises (SMEs) comprise 92 percent of all businesses and employ over 80 percent of the workforce (National US-Arab Chamber of Commerce, 2010). The majority of those SMEs are owned by families (Achoui, 2009). The government has shown its understanding of the importance of SMEs as vital instruments in growing the economy in the Kingdom. According to Dr. Mohammed Al Jasser, former Governor of the Saudi Arabian Monetary Agency (SAMA), SMEs are "considered the most efficient and capable instrument to accelerate the pace of economic and social development" (Al-Jasser, 2010, p.1). This importance was recognised in the ninth Saudi economic plan (2010 - 2014), which highlights the significant contribution that SMEs play in economic diversification and job creation (Ministry of Economy and Planning- Kingdom of Saudi Arabia, 2010). For this reason, the government has established many public institutions to support SMEs, including the Saudi Credit and Savings Bank and Saudi Industrial Development Fund (Al-Jasser, 2010). A number of governmental initiatives have also been established to provide training, consulting, guidance, and incubation, as well as to facilitate access to finance and licenses to SMEs and entrepreneurs, such as the National Entrepreneurship Institute and the Kafala Program. The latter is a collaboration between the Ministry of Finance and Saudi commercial banks that seeks to facilitate the provision of financing to SMEs (Al-Jasser, 2011).

According to a 2012 PricewaterhouseCoopers (PwC) survey conducted on family businesses, over 80 percent of businesses in the Middle East are either owned or controlled by families who started as entrepreneurs and then diversified their businesses; many of these firms will face generational transition over the next five to ten years (PwC, 2012). Leadership succession is a challenge for all companies, but

particularly for family businesses (Le Breton-Miller, Miller, and Steier, 2004). In his seminal work of success in family succession, Ward (1987) shows that only 13 percent of family businesses make it through the third generation, while the remaining are either no longer in business, sold to outsiders, or have gone public. In Saudi Arabia, only 5 percent of family businesses survive into the third generation (Ghalayini, 2010). The secretary general of the Counsel of the Saudi Chambers of Commerce stated that one of the main challenges facing Saudi family businesses is the problem of succession (Achoui, 2007).

1.3 Rationale for the Research

Empirical research of SMEs in Saudi Arabia is extremely rare, with the majority of the existing studies being focused on the examination of Human Resource Management (HRM) in SMEs (e.g. Achoui, 2007, 2009). In family business research the paucity of research is even more apparent, with an investigation of strategic planning in Saudi family businesses (Salman, 2005) and a study on family businesses succession in Saudi Arabian culture (Dahlan and Klieb, 2011) being rare examples. This demonstrates the need to explore family businesses in Saudi Arabia, and particularly their noneconomic goals, entrepreneurial behaviour, and intergenerational intentions.

Saudi Arabia is the largest economy in the Middle East and North Africa (MENA) region and one of the 20 largest economies in the world (Saudi Arabia General Investment Authority, 2015). The majority of registered businesses in the country (95%) are family businesses providing $67 billion (U.S. dollars), or approximately 25% of the country's GDP (The Council of Saudi Chambers, 2014). Thus, the survival of these type of organizations is pivotal for the Saudi economy. When it comes to the entrepreneurial environment in the country, Saudi Arabia is described as having a strong economy, expanding markets with many opportunities, no income taxes, and huge and continuous

governmental investments in the economy (Porter, 2012). Furthermore, Saudi Arabian society is economically and culturally dominated by the importance of family values and ties (Davis et al., 2000; Peterson, 2007). Social and business lives in Saudi Arabia revolve around the family. As such, this research will shed light on family SMEs entrepreneurship in Saudi Arabia, helping us understand family firms in general and potentially explaining why family firms continue to be the main form of business organisation around the world.

A wealth of family business research has been conducted during the past two decades (Chrisman, Kellermanns, Chan, and Liano, 2010; Sharma, Chrisman, and Gersick, 2012), with articles published in management, entrepreneurship, economic and finance top-tier journals highlighting growing interest in this topic. As a result of this, certain special characteristics of family firms, including ownership structure (Fiegener, 2010), succession (Le Breton-Miller et al., 2004; Scholes, Westhead, and Burrows, 2008; De Massis, Chua, Chrisman, 2008), entrepreneurship (Kellermanns and Eddleston, 2006; Eddleston, Kellermanns and Zellweger, 2012; Zahra, Hayton, and Salvato, 2004) and noneconomic goals (Gomez-Mejia, Cruz, Berrone, and De Castro, 2011; Chrisman, Chua, Pearson, and Barnett, 2012; Zellweger, Nason, Nordqvist, and Brush, 2013) are now better understood. According to Gedajlovic et al. (2012), family business research has reached its adolescence as an area of study. However, despite this flourishing research, only "few researchers have investigated the role of strategic entrepreneurship in family businesses" (Lumpkin, Steier, and Wright, 2011, p. 286), and “strategic planning and succession planning in privately held family firms are not well researched” (Eddleston et al., 2013, p.1178). As such, this research set out to further investigate the drivers of entrepreneurship and succession in family firms.

According to Yu, Lumpkin, Sorenson, and Brigham (2012), family business roles, succession, and dynamics make the family business domain unique; and

noneconomic performance topics deserve more attention. The review of the literature strongly suggests that many founders of family businesses establish their companies in order to create lasting family legacies and economic value. In the Gulf Cooperation Council (GCC) area, where Saudi Arabia is the largest estate, "more than in any other area of the world, business is viewed as a way to enhance a family's social standing rather than as an impersonal, wealth-generating, market-driven activity" (Davis, Pitts, and Cormier, 2000, p.217). Thus, a noneconomic goal is an important factor in family businesses in the GCC area. As such, the maintenance of the family legacy and social status requires the management of the family succession to replace the founding entrepreneur, meaning that the appointment of an entrepreneurial leader may be instrumental in the success of family firm succession (Nordqvist and Zellweger, 2010). This emphasis on the choice of a family successor makes sense from a noneconomic goals perspective, as it strengthens the sense of legacy and the intergenerational vision of the family-owners (Gomez-Mejia et al., 2011).

1.4 Significance of the Research

As a new perspective in family business research, socioemotional wealth (SEW) stands for the noneconomic rewards family owners derive from their businesses (Gomez-Mejia et al., 2007). SEW is a distinct feature of family firms that distinguishes them from other forms of organisation and accounts for major strategic decisions undertaken in these kinds of business (Gomez-Mejia et al., 2011). A wealth of research has been conducted recently examining the role of SEW in family firms. Scholars have used the concept of SEW to explain various family firms' conduct and behaviours, including firm valuation (Astrachan and Jaskiewicz, 2008; Zellweger and Astrachan, 2008; Zellweger Kellermanns, Chrisman, and Chua, 2012), financial performance (Naldi, Cennamo, Corbetta, and Gomez-Mejia, 2013; Schepers, Voordeckers, Steijvers,

and Laveren, 2014), environmental performance (Berrone, Cruz, Gomez-Mejia, and Larraza-Kintana, 2010), profitability (Sciascia, Mazzola, and Kellermanns, 2014), business risk (Gomez-Mejia et al., 2007), proactive stakeholder engagement (Cennamo, Berrone, Cruz, and Gomez-Mejia, 2012), exit strategies (DeTienne and Chirico, 2013), diversification decisions (Gomez-Mejia, Makri, and Kintana, 2010), CEO's empathy (Goel, Voordeckers, van Gils, and van den Heuvel, 2013), and dividend payout (Vandemaele and Vancauteren, 2015). In this study, the concept of SEW is extended to examine two important family business topics: entrepreneurship and succession.

Because SEW is argued to be the main reference point for decision making and behaviour in family businesses (Gomez-Mejia et al., 2011), it is expected to have an influence on entrepreneurial behaviour and succession decisions in family firms. Linking SEW to entrepreneurial orientation and succession planning in family firms is significant because those two core topics are important for family business survival. However, the literature is inconclusive concerning whether family businesses are entrepreneurial or not, and the drivers of succession planning are still not clear. In this research, the concept of SEW is utilised to investigate entrepreneurial orientation and succession planning in two separate models. Investigating the influence of SEW on both entrepreneurship and succession in family firms could help us understand the drivers of these two important indicators of family business survival and therefore enhance our knowledge about family business growth and longevity.

1.4.1 Entrepreneurship

In contributing to both profitability and growth, entrepreneurship is considered a key factor in the success of companies (Zahra, 1996; Zahra et al., 2004; Casillas and Moreno, 2010), as well as being an important factor in job creation and wealth generation (Davis, Haltiwanger, and Schuh, 1996; Hitt, Ireland, Camp, and Sexton, 2001; Miller, 2011). Entrepreneurship enhances the performance of companies and

therefore their growth in a variety of contexts, including SMEs (Moreno and Casillas, 2008), developing countries (Obeng, Robson, and Haugh, 2014), minority businesses (Wang and Altinay, 2012) and family firms (Casillas, Moreno, and Barbero, 2009). Family business research recognises entrepreneurship as playing a significant role in the survival of these kinds of organisations (Kellermanns and Eddleston, 2006; Jaskiewicz, Combs, and Rau, 2015). Additionally, entrepreneurship enhances the uniqueness of family firms' products and services, and thus boosts their profitability and growth (Zahra, 2003).

Entrepreneurial Orientation (EO) describes the way firms operate (Wiklund and Shepherd, 2003). EO examines entrepreneurial strategy-making and decision-making styles that pursue opportunities in a proactive, risk taking and innovative manner (Miller, 1983; Covin and Slevin, 1989; Wang and Altinay, 2012). Family business scholars have found EO to be a useful framework for investigating entrepreneurship in family firms **(**Zahra, 2005; Naldi, Nordqvist, Sjoberg, and Wiklund 2007; Kellermanns, Eddleston, Sarathy, and Murphy, 2012a; Cruz and Nordqvist, 2012).

Despite the wealth of literature examining entrepreneurship in family firms, there is still a debate on whether or not family firms are entrepreneurial. While some researchers have argued that family firms provide a supporting environment for entrepreneurial activities (Aldrich and Cliff, 2003, Zahra et al., 2004; Zahra, Hayton, Neubaum, Dibrell, and Craig, 2008; Eddleston, Kellermanns, and Sarathy, 2008), others maintain that family firms are typically conservative and risk-averse (Naldi et al., 2007; Gomez-Mejia et al., 2007). Furthermore, Miller (2011) notes that "despite the remarkable attention EO has received and despite the conceptual and empirical progress that has been made by so many excellent studies, there is still much debate about the drivers and consequences of EO" (p.876). This research seeks to investigate the drivers of entrepreneurship in family firms through an examination of the influence of family

noneconomic goals, represented by socioemotional wealth (SEW), on the entrepreneurial orientation (EO) of Saudi family SMEs.

1.4.2 Succession

Succession is a fundamentally important topic in family business literature (Chrisman, Chua, and Sharma, 2005; Chua, Chrisman, and Sharma, 2003; Le Breton-Miller et al., 2004; De Massis et al., 2008; Yu et al., 2012). The family business literature has long recognised the importance of succession planning (Handler, 1990, 1992; Motwani, Levenburg, Schwarz, and Blankson, 2006; Tatoglu, Kula, and Glaister, 2008) as the most critical determinant of family firms' growth (Eddleston et al., 2013) and long-term survival (Morris, Williams, Allen, and Avila, 1997). A key factor distinguishing family firms from non-family firms is the desire to transfer the business to the next generation (Chua, Chrisman, and Sharma, 1999). As such, "the presence of inter-generational patterns differentiates the strategy of a ‘family’ firm from those of other organizations" (Ibrahim, McGuire, Soufani, and Poutziouris, 2004, p. 129). Furthermore, the intention to transfer the business to the next generation is an important aspect in building a theory of family business (Zellweger et al., 2012a).

The importance of succession relates positively to having a formal succession plan in family firms (Marshall et al., 2006). Succession planning, in turn, expects to increase the likelihood of a successful succession (Sharma, Chrisman, and Chua 2003a; Lumpkin and Brigham, 2011; Bigliardi and Dormio, 2009) and continuity (Miller, Steier, and Le Breton-Miller, 2003; Motwani et al., 2006; Tatoglu et al., 2008; Eddleston et al., 2013) in family firms. Although succession is normally the biggest concern of family business CEOs (Chua et al. 2003), the strength of the intention to transfer the business to the family's next generation varies among family firm leaders (Zellweger et al., 2012a). This research seeks to investigate the determinates of succession in family firms through an examination of the influence of family

noneconomic goals, represented by socioemotional wealth (SEW), on the succession planning and successor's most desired attributes in Saudi family SMEs.

1.5 Aim of the Research

The aim of this research is to enhance our understanding of entrepreneurship and succession in family firms through the investigation of the contribution that noneconomic motives might have in the entrepreneurial orientation (EO) and succession planning (SP) of those kind of businesses. As such, this research highlights the behavioural drivers of EO and SP and examines what unique aspects of family firms might lead to the adoption of these strategic decisions. It also highlights the effect of those behavioural drivers on placing importance on a certain successor attribute. Given the importance of family firms to the economy and the challenges associated with survival and succession of these firms, it is important to understand the antecedents of entrepreneurship and succession to ensure the productivity and continuity of businesses. Thus, the objectives of the research are as follows:

1. Examine the impact of family firm's noneconomic goals represented by socioemotional wealth (SEW) on the entrepreneurial orientation (EO) of Saudi family SMEs.
2. Examine the impact of family firm's noneconomic goals represented by socioemotional wealth (SEW) on succession planning (SP) and successor selection of Saudi family SMEs.

1.6 Contribution of the Research

This research makes a number of key contributions:

Firstly, the literature on entrepreneurship in family firms exhibits two contradictory views. While many researchers have argued that family businesses provide an environment that support entrepreneurial activities (Aldrich and Cliff 2003, Zahra et al., 2008; Eddleston el al., 2008), others claim that family firms are typically conservative, traditional and risk-averse (Naldi et al., 2007). Thus, by investigating the behavioural drivers of EO in family firms, this study seeks to help resolve the issue of why some family businesses are entrepreneurial while others are not.

Secondly, noneconomic goals are a distinctive feature of family businesses (Chrisman et al., 2012; Zellweger et al., 2013). In this study, the concept of socioemotional wealth (SEW), an important factor that underlies many strategic business decisions (Gomez-Mejia et al., 2011), represents the noneconomic aspects of family firms. To the researcher's knowledge, the underlying driver of entrepreneurship in family business has never been studied from a noneconomic perspective. This study addresses this perceived gap in the literature by investigating the impact of noneconomic behaviour of family firms represented by SEW on the family firm entrepreneurship, as represented by EO. The way in which the bright and dark side of SEW relate to the EO of family firms is also addressed, thereby illuminating the drivers of entrepreneurship in family firms and helping to a construct a more robust theory of family firms.

Thirdly, although much attention has been given to family business succession (Debicki, Matherne, Kellermanns, and Chrisman, 2009; Le Breton-Miller et al., 2004) and the determinants of having a succession plan (e.g. Davis and Harveston, 1998; Sharma, Chrisman, and Chua, 2003b; Marshall et al., 2006), no empirical study exists to

examine the noneconomic motives of family firms (represented by SEW). To the researcher's knowledge, this is the first study to explore succession planning in family firms through the concept of SEW. Thus, this study will fill a gap in our knowledge concerning the role of noneconomic goals in succession planning, contributing to both the SEW literature and to family firms succession literature.

Fourthly, it is hoped that the study will contribute to developing a theory of family business by combining two theoretical perspectives that have not been joined before: the RBV and the SEW. As Sharma et al., (2003b) notes "It is through the iterative process of proposing, testing, and revising theories that researchers hope to improve our understanding of and ability to predict family firm behavior" (p.1). This will also contribute to the literature on both RBV and SEW.

Fifthly, most studies of family business are compared to non-family businesses (e.g. Berrone et al., 2010; Gomez-Mejia et al., 2010; Zahra et al., 2004; Naldi et al., 2007; Miller, Le Breton-Miller, and Scholnick, 2008). However, family firms are not a homogenous group of organisations (Fiegener, 2010; Chua, Chrisman, Steier, and Rau, 2012; Naldi et al., 2013; Schepers et al., 2014). The heterogeneity of family business has been acknowledged in this study by illustrating the variations of SEW within companies and across generations, as well as the impact of this variation on the firm's entrepreneurial orientation EO and succession planning.

The sixth contribution relates to testing the measure of the SEW variable in this study. Prior SEW studies have employed variables such as governance (Gomez-Mejia et al., 2010; Berrone et al., 2010), family employment (Cruz, Justo, and De Castro, 2012), having a family CEO (Naldi et al., 2013; Vandemaele and Vancauteren, 2015), and generational stage (Sciascia et al., 2014) as a proxy of SEW. Others utilised the four questions obtained from the Strategic Orientation of Small and Medium Sized Enterprises (STRATOS) (e.g. Schepers et al., 2014; Goel et al., 2013). However, the

lack of a direct measure of SEW with distinguished priorities poses a challenge to the cause and effect linkage of SEW (Miller and Le Breton-Miller, 2014). Despite family business research being an emergent field, there is "an urgent need to pay greater attention to measurement issues if the field is to make scientific progress" (Pearson and Lumpkin, 2011, p.288). Accordingly, this study measures SEW through the lens of the FIBER dimensions proposed by Berrone, Cruz, and Gomez-Mejia (2012). The FIBER is a multidimensional direct measure of SEW that captures firm behaviour. Berrone et al. (2012) proposed a 27 item scale that represents the five FIBER dimensions of SEW. This scale has not previously been empirically tested, meaning that this study will attempt to validate the scale, verify its multidimensionality, and assess the internal consistency and reliability of the SEW construct.

Seventhly, this study extends the research of Chrisman, Chua, and Sharma (1998) and Sharma and Rao, (2000) who examined and ranked the most desired successor attributes in Canadian and Indian family firms. That is, this study investigates the difference between those attributes based on the SEW level of the family firm (being high or low) and their unique resources represented by social capital. Thus, the study contributes to the family business succession literature by highlighting the most important successor attributes based on the behaviour and resources of the family firms.

Finally, many studies on family business have been conducted from a Western European and US perspective, suggesting that there is a need for research from a broader context geographically, culturally, and economically in order to advance our understanding of entrepreneurial families and family firms (Nordqvist and Melin, 2010; Smallbone, Welter, and Ateljevic, 2013; Sabah, Carsrud, and Kocak, 2014; Sharma and Chua, 2013). This study will address this gap in the literature by investigating family business entrepreneurship in Saudi Arabia. This is especially pertinent as the EO construct has not yet been adopted by research carried out in the Middle East and North

Africa (MENA) region, and its extension to the context of Saudi Arabia is valuable due to the intense entrepreneurial environment and relatively large proportion of family businesses within the country. Furthermore, family business succession has not been studied in the context of Saudi Arabia. Context has an important role in building our knowledge about family firms (Sharma and Chua, 2013). Therefore, this study will enhance our understanding of succession and the desired successor attributes, in a different cultural and social context (Le Breton-Miller et al., 2004; Sharma and Rao, 2000). Furthermore, businesses in Saudi Arabia are under researched in general, and specifically in regards to family businesses. Given the nonexistence of information on specific firms and the difficulties faced in obtaining them, gathering data from 285 Saudi family SMEs across six industries contributes to our knowledge of this under researched, restricted access region.

1.7 Structure of the Research

This research is presented in five chapters. A critical literature review of family business research is provided in *Chapter 2*. This review includes an examination of family business definitions, theories used in family business research, and those key topics in the field deemed relevant to the focus of this research. The reviewed topics include family business entrepreneurship, noneconomic aspects, and succession. The chapter then identifies the gaps in the literature regarding family business entrepreneurship and succession and introduces the two research questions. This is followed by a presentation of the theoretical framework employed in this study and the derivation of the research hypotheses. As such, chapter 2 comprises the basis upon which the research problem is identified and clarified; consequently, this chapter informs the research methodology adopted in answering the research questions.

The detailed research methodology and methods used to answer the research questions are presented in *Chapter 3.* This includes an explanation of the philosophical position and research strategy adopted for the current study, as well as the rationale for choosing the research context and specific methods that are utilised in data collection. A description is then provided of the sample framework of the research, including definitions of key terms like SMEs, an overview of the sample source, and the chosen criteria for selection. A comprehensive research design is then presented. This includes details on data collection instrument construction, variable measurement, the piloting process, and the administration strategy adopted. The chapter includes a brief review of the methods typically used in previous family business research, which supports the understanding of recent methods in the field, thus enhancing the rigour of the chosen research methodology. The chapter also demonstrates the steps taken to ensure the validity and reliability of the research and constructs. This chapter ends with an illustration of the problems that the researcher encountered during the data collection phase. As such, chapter 3 comprehensively addresses the necessary information with regards to the methods used in the research, thereby facilitating the later stages in which the analysis and interpretation of data occur.

Chapter 4 presents a detailed analysis of the collected data and results, including a discussion of various statistical techniques. This process begins with a systematic exploration of the data provided in the sample demographic description, as well as illustrates the most desired successor attributes in Saudi family SMEs. The research hypotheses are then tested by means of OLS, binary logistic and probit regressions. This data analysis chapter provides a number of key results that answer the research questions and clearly demonstrate the characteristics of Saudi family SMEs. The results of this analysis stage opens up a diverse range of discussion topics, which are addressed in the following chapter.

In the last chapter of the research, *Chapter 5*, the key research findings are discussed and linked to the previous literature. The theoretical implications of the study to family business entrepreneurship and succession research are indicated. In addition, this chapter presents a number of implications for practitioners and policy makers regarding family business entrepreneurship and continuity. Finally, the limitations of the research are acknowledged, and then followed by suggestions for exciting avenues for future research. This final chapter illustrates the contribution of the study to both the theory and practice of family businesses, potentially opening doors to interesting future lines of research and making a valuable contribution to our understanding of family SMEs in the modern business context.

CHAPTER 2: Literature Review

2.1 Introduction

This chapter seeks to provide an overview of the literature in the family business research field by reviewing studies in the topics of noneconomic goals, entrepreneurship, and succession in family firms. The structure of this chapter is as follows: first, definitions of family business will be evaluated. This will then lead to a definition of family business being developed for this research. In section three, theories which have been used in family business research will be reviewed and the utility of those theories to the research will be discussed. This will provide the theoretical underpinning of the dissertation. In section four, key family business topics related to the research will be reviewed. In section five, gaps in the literature will be identified and the research questions will be introduced. Finally, in section six, the hypotheses of the research will be developed.

2.2 Family Business Definition

As family firms are not a homogenous group of organisations (Corbetta and Salvato, 2004a; Fiegener, 2010; Chua et al., 2012), no universally accepted definition or scale has been provided for what actually constitutes a family business. This lack of consensus may call into question the ability of this field to build a cumulative body of knowledge (Zahra and Sharma, 2004), since a definition can determine the boundaries and nature of inquiries into such organisations. A review of the literature suggests that definitions of family business fall into one of three groups: (1) operational definitions based on family involvement; (2) theoretical definitions based on family business essence (Chrisman et al., 2005; Chua et al., 1999); and (3) standardised scales that capture the extent of family involvement (see Table 2.1).

Table 2.1 Family business definitions

	Based on	Author/s (year)	Definition
Operational Definitions	Management, Ownership, and Governance	Zahra, Hayton, and Salvato (2004)	those businesses that report some identifiable share of ownership by at least one family member and having multiple generations in leadership positions within that firm (p.369)
	Management and Succession	Fahed-Sreih and Djoundourian (2006)	any business that is controlled or influenced by a single family and one that is intended to remain in the family (p.277)
	Ownership and Governance	Tatoglu, Kula, and Glaister (2008)	firms where the majority of the voting shares are owned by members of a single family (p.163)
	Management and Ownership	Eddleston, Kellermanns, and Sarathy (2008)	those in which ownership lies within the family and at least two family members are employed by the business (p.35)
	Ownership	Chirico, Sirmon, Sciascia, and Mazzola (2011)	owned by multiple family members of the same family (p.313)
Theoretical Definitions	Vision, Intention and Behaviour	Chua, Chrisman, and Sharma (1999)	a business governed and/or managed with the intention to shape and pursue the vision of the business held by a dominant coalition controlled by members of the same family or a small number of families in a manner that is potentially sustainable across generations of the family or families (p. 25)
	RBV	Habbershon and Williams (1999)	the unique bundle of resources a particular firm has because of the systems interaction between the family, its individual members, and the business (p.11)
	Family Orientation FO	Lumpkin, Martin, and Vaughn (2008)	FO (*tradition, stability, loyalty, trust, and interdependency*) as a means to describe and explain the extent to which individuals bring a strong or weak sense of family to a family business setting (p. 134)
Standardised Scales	standardised instrument for assessing the extent of family influence	Astrachan, Klein, and Smyrnios (2002)	A relevant issue is not whether a business is family or nonfamily, but the extent and manner of family involvement in and influence on the enterprise. In our view, there are three important dimensions of family influence that should be considered: power, experience, and culture. These three dimensions, or subscales, comprise the F-PEC, an index of family influence. (p.47)
		Klein, Astrachan, and Smyrnios, (2005)	
		Holt, Rutherford, and Kuratko, (2010)	
		Kellermanns, Eddleston, Sarathy, and Murphy (2012)	various dimensions of family influence should be considered independently, three central aspects of family influence that we chose to examine in our study: family management involvement, generational ownership dispersion, and family member reciprocity (p.86)

Researchers have tended to use operational family business definitions based on components of family involvement, like management, ownership, governance, and succession (Chua, et al., 1999; Litz, 2004). However, these definitions are context specific and therefore cannot be generalised (Gomez-Mejia et al., 2011). A company can be considered to be a family business if a single family holds the majority of shares (Tatoglu et al., 2008), if ownership lies within the family and when at least two members of the family are employed in the firm (Eddleston et al., 2008a), or if the business is managed by a single family and is intended for generational continuity (Fahed-Sreih and Djoundourian, 2006). According to those operational definitions, two companies with the same number of members owning and/or managing the firm could be considered to be family businesses, as the important consideration is really how this ownership or management influences the goals and strategies of the firm (Chrisman et al., 2012). Furthermore, firms with the same degree of family involvement in management and/or ownership may or may not consider themselves a family business (Chrisman et al., 2005).

It is possible to divide the concept of ownership and management in family business into three combinations: family owned and managed, family owned but not managed, and family managed but not owned (Chua et al., 1999). However, the relationship between ownership and operational involvement of the family in business remains relatively unclear in the literature because many scholars have not distinguished between these three possible forms of ownership structures in their studies (Fiegener, 2010). In order to investigate the relationship between forms of ownership and the level of operational involvement by families in private enterprise Fiegener (2010) distinguished between ownership involvement and operational involvement and between family-owned firms and family-managed firms in his study. His results show that firms with different locus of ownership behave differently with respect to the extent

of family members' operational involvement in the firm, where self-owned firms allow less family operational involvement than firms owned by relatives of the CEO. In addition, different ownership structures may influence firms' performance and strategies (Miller, Le Breton-Miller, Lester, and Cannella, 2007). In his study of the factors affecting the entrepreneurial orientation of family businesses, Salvato (2004) identified three types of family firms: the founder-centred family firm; the sibling or cousin consortium; and the open family firm, in which ownership and control are partially shared with non-family shareholders and professional managers. These firms were found to differ in the role played by the founder and/or owner families in the life of the company, as well as in terms of their entrepreneurial orientation and its determinants. Furthermore, Miller, Le Breton-Miller, and Lester (2011) argued that in addition to ownership, social context can also have influence on the strategic decisions of family firms. They found that family owners and executives adopt familial logics and strategies of conservation because they are influenced by family stakeholders, whereas solo founders embrace the logics of entrepreneurs and strategies of growth because they are influenced by market-oriented stakeholders.

Following an operational definition of family firms, some scholars adopted a broad definition, considering family firms as those who identify themselves as such (e.g., Cruz and Nordqvist, 2012; Naldi et al., 2007; Zahra et al., 2008). Others adopted a narrower description, defining family firms in terms of involvement, ownership, and management (Eddleston et al., 2012; Goel et al., 2013; Kellermanns et al., 2012a; Schepers et al., 2014). This inconsistency in the literature raises concerns regarding the reliability of results and the ability to build cumulative knowledge (Zahra and Sharma, 2004). However, since family business research is still in its early stage of development, scholars are not expected to agree on a single definition of family firms (Chrisman et al., 2012). As such, defining family firms may vary according to the context of the

research. For example, ownership percentage is essential in defining family firms listed in the stock market, while family involvement is important when investigating small family businesses (Miller et al., 2008). Moreover, researchers argue that aside from the operational definition, family firms should have a theoretical definition based on family business essence (Chrisman et al., 2005, 2012).

What distinguishes a family business from other forms of organisation is the family's influence on the decision making of the firm (Chrisman, Chua, and Zahra, 2003). It is true that involvement enables the family to have influence, but behaviour as the essence of a family business on the other hand explains why the family is willing to use this influence (Chrisman et al., 2005). Chua et al., (1999) argue that family involvement variables are weak predictors of family firm behaviour and that these businesses should be distinguished on the basis of vision, intention and behaviour. They therefore proposed the following theoretical definition of family businesses:

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

Later, Habbershon and Williams (1999) and Habbershon, Williams, and MacMillan (2003) offered a new theoretical direction for family business based on the resource-based view (RBV) of the firm. They introduced the concept of familiness, by which they referred to "the unique bundle of resources a particular firm has because of the systems interaction between the family, its individual members, and the business" (Habbershon and Williams, 1999, p.11). Furthermore, drawing upon Bowen's family system theory, Lumpkin, Martin, and Vaughn (2008) introduced the concept of family orientation to provide a deeper understanding of the intentions, values, and family

member involvement, through five related dimensions: tradition, stability, loyalty, trust, and interdependency. Later, Chrisman et al. (2012) developed a theoretical basis for defining family business, providing empirical evidence to show how the essence of the family intervene in the relationship between family involvement and family-centred noneconomic goals (FCNE).

In an effort to resolve this dilemma, Astrachan, Klein, and Smyrnios (2002) introduced a standardised instrument for assessing the extent of family influence on any organisation called the Family Power Experience Culture Scale (F-PEC). The three elements of this scale are power (family ownership, governance, and management), experience (the generation and the number of family members involved in the firm), and culture (family commitment to firm and the overlap of family and business values). The F-PEC scale measures family involvement as a continuous variable rather than categorising the firm into family and non-family business. The scale has been validated by two further studies (Klein, Astrachan, and Smyrnios, 2005; Holt, Rutherford, and Kuratko, 2010). Furthermore, Kellermanns et al. (2012a) followed the approach of Astrachan et al. (2002), with the adoption of a multi-dimensional view of the way that family influence (generational ownership dispersion, family management involvement, and family member reciprocity) impacts on firm performance.

As different definitions can affect conclusions drawn about family business (Chrisman et al., 2012; Miller et al., 2007), this research first adopted an operational definition based on family involvement and then a theoretical definition based on family business essence. In the operational definition, firms were identified as family firms based on the criteria of having at least two family members actively involved in the business and on the CEO's perception of being a family business (Miller et al., 2008; Westhead and Cowling, 1998). Those two criteria were ensured to be present in the final sample of the research by respondents answer to specific questions and by Instructions

given to the team recruited to deliver the questionnaire. This operational definition served as the base for the sample used in this research. Then, the theoretical definition was utilised by using the five dimensions of SEW proposed by Berrone et al. (2012). The five FIBER dimensions of SEW are: (1) Family control and influence; (2) Identification of family members with the firm; (3) Binding social ties; (4) Emotional attachment of family members; and (5) Renewal of family bonds to the firm through dynastic succession (Berrone et al. 2012). The first SEW dimension refers to the control and influence of family members over strategic decisions within the family firm. The second dimension involves the close identification of family members with their firm as it represents their image, reputation, and social status. The third dimension is concerned with social relationships among family members and with external stakeholders. The fourth dimension addresses the role of emotions resulting from blurred boundaries between the family and business systems in family firms. Finally, the fifth dimension addresses the intention to hand the business down to the next generation. The weights of these dimensions vary based on the family preference, so that some family firms will place a greater emphases on specific dimension over the others (Cennamo et al., 2012). Furthermore, the FIBER dimensions may vary as the firm moves from one generation to the other (Berrone et al. 2012). Hence, the FIBER dimensions are expected to have different weights which indicates family firm's heterogeneity. Instead of categorising firms into family and non-family firms, family businesses will therefore be treated in accordance to the degree of their SEW, as measured on a multi-dimensional scale. As Gomez-Mejia et al. (2011, p.693) concluded "finding ways of operationalising socioemotional wealth will help shift the pendulum from comparing family with non-family firms to examining differences within family firms".

2.3 Theories Used in Family Business Research

No universal theory of family business currently exists in the literature, leading scholars to often borrow heavily from other disciplines, particularly financial economics and strategic management. However, an increasing body of research seeks to build a unified family-business theory. As a new theoretical perspective in family business research, socioemotional wealth (SEW) accounts for the noneconomic aspects of family firms. The concept of SEW relies on, and is developed from, the body of research on family business; it is a 'home-grown theory'. SEW focuses on exploring family business decision making and behaviour. Scholars use the SEW perspective to explain various family business aspects such as risk taking, financial performance, environmental performance, diversification decisions, and exit strategies. As such, SEW was chosen as the theoretical base of this research in order to explain family business decision making related to entrepreneurship and succession.

This section will review the core theories used in family business research and link them to the SEW perspective. The theories reviewed are agency theory, stewardship theory, stakeholder theory, and the resource-based view (RBV) of firms.

2.3.1 Agency Theory

Agency theory is one of the three dominant theories in family business research, along with stewardship theory and the RBV of companies (Chrisman et al., 2005; Le Breton-Miller, Miller, and Lester, 2011). According to agency theory, owners (principal) give authority to managers (agent), which empowers them to make decisions that affect the wealth of the owners. The result of this is that agency costs can arise in firms due to the conflict of interests between the agent and the principal (Jensen and Meckling, 1976; Fama and Jensen 1983). Agency costs arise from monitoring the activities of managers, and aligning their incentives structures with the owner. However, agency costs in firms

can be reduced by concentrated ownership (Jensen and Meckling, 1976; Fama and Jensen 1983). Owner-managers may even act as monitors of the firm (Anderson, Duru, and Reeb, 2009; Combs, Penney, Crook, and Short, 2010). This has led to many scholars arguing that agency costs will be reduced or removed in family firms because the manager and owner is often the same person (Chrisman, Chua, and Litz, 2004; Sharma, 2004). Thus, family firms are said to have a relative advantage over non-family firms from the perspective of agency cost.

However, agency theory has been extended to explain family firm behaviours and outcomes in terms of the agency costs of altruism (Schulze, Lubatkin, Dino, and Buchholtz, 2001; Schulze, Lubatkin, and Dino, 2003). These include free riding, biased perception of the performance of family members, family members' taking advantage of privileged consumption, and difficulty in imposing a contract (Bertrand and Schoar, 2006; Schulze et al., 2001, 2003; Morck, Wolfenzon, and Yeung, 2005; Gomez-Mejia, Nunez-Nickel, and Gutierrez, 2001). For example, family business owners may provide generous salaries and benefits to their offspring, or appoint unqualified family members in key positions in the firm (Lubatkin, Ling, and Schulze, 2007). These activities constitute additional agency costs that may threaten the performance of family firms, even when a non-family manager has been appointed (Chua, Chrisman, and Bergiel, 2009).

The above review proposed an opposing argument regarding the positive and negative effect of agency costs in family businesses. Empirical evidence using the agency theory as a framework has also supported both arguments. In studying private and public family firms in the U.S., Oswald, Muse, and Rutherford (2009) identified a negative relationship between the percentage of family controlling the top management team (TMT) and overall performance of the firm. On the other hand, Chrisman et al. (2004) studied private small family and non-family firms in the US and found that the

agency issues are less serious in family firms. Moreover, an investigation of small family firms in the fishing industry found that the presence of a family manager and employees correlated with enhanced company performance (Herrero, 2011).

The contradictions of scholarly findings confirm the complexity of family firms and suggests that the agency problem in family firms seems to be highly dependent on both the context and life cycle of the firm in question (Sirmon and Hitt, 2003; Dyer, 2006). Indeed, Le Breton-Miller et al. (2011) argue that the agency and stewardship perspectives in family firms are shaped by the degree of embeddedness of the firm and managers within the family. As such, the higher the level of family control exerted by the number of family directors, officers, votes, generational involvement, the more that agency issues prevail over stewardship. Furthermore, Karra, Tracey, and Phillips (2006) argue that altruism reduces agency costs in the early stages of a business, although as a firm becomes larger and more established agency problems will tend to increase. The likelihood of altruism can therefore distinguish family firms from other forms of organisations; however this factor can have different effects depending on the characteristics of a particular family firm.

As a purely economic theory, agency theory rests on assumptions of self-interest and value maximisation. However, wealth creation is not the only goal of family businesses. It is agreed that family firms have both economic and noneconomic goals (Chrisman et al., 2004, 2012). SEW pertains to the noneconomic aspects of family firms and is in line with the main argument of the agency theory that family members can sometimes behave in a self-serving manner. However, SEW proposes that family members do so in order to protect the stock of effect-related value they derive from the firm. Furthermore, from strategic management point of view, agency theory could constrain the strategic choices of family firms that might be a possible source of its

competitive advantage. As such, when used in isolation, the agency theory only explains family firm performance to a limited degree (Corbetta and Salvato, 2004a).

2.3.2 Stewardship Theory

As stated above, agency theory is rooted in economic rationality where managers seek to maximise their individual utility, rather than having other noneconomic motivations. Corbetta and Salvato (2004a) propose that family business entrepreneurial behaviours can instead be explained from a stewardship perspective, where family members act in ways counter to their own self-interest for the overall betterment of the firm. From a stewardship perspective, altruism is therefore reciprocal, based on mutual trust and devotion to others without expected return (Karra et al., 2006). Stewardship theory is grounded in psychological and sociological perspectives, arguing that managers are stewards who are committed to the interests of the owners and will therefore be as diligent as owners in managing the business (Davis, Schoorman, and Donaldson 1997). Davis, Allen, and Hayes (2010) found that family member employees perceive significantly higher stewardship and lower agency in family firm leadership than non-family employees. Kellermanns et al. (2012a) recently combined both agency and stewardship theory as a complementary perspective to investigate how three dimensions of family firms (ownership dispersion, management involvement, and family member reciprocity) affect firm performance; they found that firms with shared management perform better than those with centralised management.

The stewardship perspective has been applied to examine various strategic management aspects of family firms. Eddleston and Kellermanns (2007) used stewardship theory to propose that a participative strategy process contributes to family firm performance and that altruism lowers family relationship conflict by facilitating a participative strategy process. Reciprocal altruism has also been shown to act as an

important resource for family firms and a source of competitive advantage (Eddleston et al., 2008a). While Zahra et al. (2008) found that stewardship-oriented family firm's culture of commitment is positively associated with the firm's strategic flexibility. Eddleston et al. (2012) claim that the particular stewardship culture determinates, such as comprehensive strategic decision making and long-term orientation, may also enhance corporate entrepreneurship in family firms.

The stream of research examining family firms through the lens of the stewardship theory views family firms as ideal organisations in which family leaders are devoted to the service of all stakeholders (Arregle et al., 2007; Miller and Le Breton-Miller, 2005). While the stewardship theory might explain the uniqueness of family firms, it is based upon the assumption that family members do not pursue selfish objectives (Berrone et al., 2012). This assumption is arguably naïve and does not explain certain behaviours exhibited by some family firms, such as risk taking. In addition, stewardship behaviour in family firms is subject generally to certain kinds of governance conditions related to the generation in control (Miller and Le Breton-Miller, 2006) and to the extended of the social embeddedness of the firm and managers within the family (Le Breton-Miller and Miller, 2009). The SEW perspective has some similarities with the stewardship theory in terms of identification with the firm and emotional attachment. However, SEW rejects the simple assumptions of the stewardship theory in that family members may pursue selfish objectives.

2.3.3 Stakeholder Theory

Freeman (1984) defines stakeholders as "any group or individual who can affect or is affected by the achievement of the organisation objectives" (p.46). Accordingly, firms should meet and satisfy the needs of those stakeholders (Donaldson and Preston 1995). Although the stakeholder theory is widely recognized in the broader management

research, there is a "conspicuous absence of scholarship on stakeholder management of family firms" (Laplume, Sonpar, and Litz, 2008, p. 1174). In his seminal work, Freeman (1984) distinguished between 16 types of stakeholders; however, family members were not included in his list (Sharma, 2004). Since an intersection exists between two logics in family firms (the family and the business), stakeholder salience is different and more complex in family firms than it is in other organisations where a single logic is dominant.

Because of the additional stakeholders in family firms, the family themselves (Zellweger and Nason, 2008), the stakeholder theory have been used along with aspects of various other organisational, behavioural, and economic theories to determine initial satisfaction with the succession process (Sharma, Chrisman, Pablo, and Chua, 2001; Sharma et al., 2003a). The theory also enables the stakeholder satisfaction with the performance outcomes of the firm to be examined (Zellweger and Nason, 2008). It was also combined with the behavioural theory of the firm to investigate the relationship between family involvement, family essence, and the importance of family centred noneconomic (FCNE) goals (Chrisman et al., 2012).

The stakeholder theory can explain how the interplay between different players in a firm can influence the decisions taken (Freeman, 1984). However, different stakeholders should be prioritised based on their importance (Mitchell, Agle, and Wood, 1997). In family firms, the fact that the family is an additional stakeholder might influence the selection of both economic and noneconomic goals (Chrisman et al., 2005); however this theory does not explain the underlying motivation for pursuing those goals. The stakeholder theory argues that firms should satisfy the needs of their stakeholders, which is not the focus of this research. This research investigates the effect of noneconomic aspects of family firms on their entrepreneurship and succession rather than stakeholder satisfaction. In their study of the noneconomic motives of family

firms to address stakeholder issues, Cennamo et al. (2012) argue that family firms adopt a proactive stakeholder management to enhance their SEW. More recently, Cruz, Larraza-Kintana, Garces-Galdeano, and Berrone (2014) combined the stakeholder theory with organizational identity theory and SEW to investigate corporate social responsibility (CSR) in family firms. This means that the theory of stakeholder on its own is insufficient to explain the drive behind selecting specific strategies and has to be accompanied by other organisational and behavioural perspectives. Therefore, the stakeholder theory alone does not aid our understanding of entrepreneurship in family businesses.

2.3.4 Social psychology Theories

In order to investigate family business succession, some researchers have utilised social psychology theories. For example, Sharma et al., (2003b) apply the theory of planned behaviour to a study into the determinants of succession-planning activities in family firms. The theory of planned behaviour states that the attitudes of individuals shape their intentions and behaviours (Ajzen, 1991). The theory suggests that behaviour is determined by desirability, conformance with social norms, and feasibility. As such, Sharma et al. argue that for succession to be a planned behaviour, the firm has to hold three attitudes: the incumbent's desire to keep the business in the family (desirability), the family's commitment to the business (conformance with social norms), and the propensity of a trusted successor to take over (feasibility). However, the study found that succession planning is the result of the willingness of the successor to take over, not the incumbent desirability to keep the business in the family.

Stavrou (2003) used Jung's theory of extraversion-introversion to better understand the succession process. According to Jung's theory, human behaviour can be divided into two opposite types of psychological attitude: extraversion, which is

concerned with what is outside the self, and introversion, which is concerned with one's internal values and needs (Jung, 1976). The authors argue that the business owner demonstrate an extraverted attitude during the succession process, placing primary importance on the family over his/her own needs.

Indeed, social psychology can help us better understand succession in family firms. However, the studies of Stavrou (2003) and Sharma et al., (2003b) viewed succession from a psychological perspective without accounting for the family dimension. Introducing family psychology to these studies might have strongly influenced their findings. Moreover, the evidence suggests that SEW is a more family related perspective that can aid our understanding of the role played by noneconomic goals and emotions in family business entrepreneurship and succession. As such, the SEW perspective is adopted in this research as a behavioural driver of family firms' decisions related to entrepreneurship and succession.

2.3.5 Resource Based View RBV

In strategic management, the resource based view (RBV) states that for a firm's resources and capabilities to generate competitive advantage, they must be valuable, rare, imperfectly imitable, and unable to be substituted (Barney, 1991; Penrose 1959). The resources of a firm include both tangible and intangible assets, whereas capabilities describe the ability to deploy resources through organisational processes (Amit and Schoemaker, 1993; Penrose 1959). Capabilities are distinctive competencies that have to be built rather than bought (Teece, Pisano, and Shuen, 1997). Sustainable competitive advantage is then achieved by accumulating, combining, and exploiting those resources and capabilities within the company (Grant, 1991). The RBV has served as a theoretical base for research in many areas of strategy and management, including human resource management, economics and finance, entrepreneurship, marketing, and international

business (Barney, Wright, and Ketchen, 2001). Drawing on this perspective, Habbershon and Williams (1999) introduced the concept of familiness to facilitate understanding of the competitive advantage and disadvantage of family firms. They define familiness as “the bundle of resources that are distinctive to a firm as a result of family involvement" (Habbershon and Williams, 1999, p.1). Habbershon et al. (2003) later proposed a unified system using familiness to explain performance in family firms. They suggest that the resources and capabilities of these kinds of companies combine with family members and the business interact to influence company performance. This approach provides a strategic management focus on family firm performance that can help identify the resources and capabilities that make family firms unique organisations. Sirmon and Hitt (2003) took this concept of familiness to develop a resource-management process model based on five unique resources that provide potential advantage over non-family firms (human capital, social capital, patient capital, and survivability capital, in addition to the governance structure attribute). In the same vein, Carney (2005) argues that it is the corporate governance system of family firms that creates the competitive advantage. Building on this notion, Le Breton-Miller and Miller (2006) contend that the governance conditions in family firms tend to promote long-term investments. These investments create competitive advantage, as they are hard to imitate in other firms that have a different governance structure. The family-based brand identity has also been claimed to be a unique family firm resource that enhances their performance (Craig, Dibrell, and Davis, 2008).

Indeed, the interaction between family and business systems in these kinds of firms creates a distinctive flavour that can be captured through exploring special resources of family firms (Habbershon et al., 2003). RBV has been used to understand many different aspects of family businesses, such as innovative capacity and altruism (Eddleston et al., 2008a), social capital (Pearson, Carr, and Shaw, 2008; Arregle, Hitt,

Sirmon, and Very, 2007; Zahra, 2010), family business entrepreneurship (Zahra et al., 2004), portfolio entrepreneurship (Sieger, Zellweger, Nason, and Clinton., 2011), and knowledge transfer in the succession process (Cabrera-Suarez, De Saa-Perez, and Garcia-Almeida, 2001). RBV has also been used to explain various strategic decisions of family firms. For example, Sharma and Manikuty (2005) developed a framework to better understand the influence of community culture and family structure on divestment decisions. Kellermanns (2005) extended this model with the addition of resource-accumulation decision-making.

Social Capital

As an important resource, social capital has attracted the attention of a wealth of scholarly research (Shukla, Carney, and Gedajlovic, 2013). By focusing on the social capital of family firms, Arregle et al. (2007) argue that family businesses are unique in that they possess two forms of social capital: family social capital (FSC) and organisational social capital (OSC). Having examined the link between these two types of social capital, they propose that the qualities and inter-group relations of FSC influence the development of OSC and consequently provide a source of competitive advantage to the family firm. To answer the question of how family firms harvest their OSC, it has been claimed that they can build relationships with the networks of their venture to promote their entrepreneurship and thus performance (Zahra, 2010). This contributes to our understanding of the role that OSC plays in launching new ventures in family firms. In order to explore the concept of familiness in greater depth, Pearson et al. (2008) used the social capital theory to identify the distinctive social resources and capabilities of family firms. This enabled them to propose a social capital model of familiness using family involvement as a distinctive condition for the development of social capital.

The RBV of a firm provides a solid theoretical base to explain the competitive advantage that family businesses can enjoy over other firms. However, an important weakness of this approach is its implicit assumption that wealth creation is the only goal of family business, thereby ignoring other family noneconomic goals that may be of great importance to family owners such as family well-being and employment of family members (Chrisman et al., 2005). Habbershon and Williams (1999) introduced the concept of "familiness" as a potential source of wealth creation for family firms. Calling for greater consideration to be given to research into noneconomic goals in family firms, Chrisman et al. (2003) argues that in addition to wealth creation, familiness may contribute to value creation for a firm. These values may be reflected in the opportunities pursued by firms and in their resource management.

In summary, it is possible to use the RBV of the family firm as a partial theory to examine how a firm might achieve wealth creation, in combination with another theory dealing with the noneconomic goals of family firms. This extension of goals in family firms is important because behaviours that are intended to achieve noneconomic goals could directly impact what and how resources are deployed. Therefore, this study is based on the idea that coupling the RBV with the socioemotional wealth (SEW) perspective will be effective in explaining the ways in which SEW elements can influence strategic choices in the family firm. The SEW perspective is discussed in detail in the following section.

2.4 Key Family Business Topics

Researchers have adopted the theories mentioned above in order to study various topics related to both economic and noneconomic goals of family business. For example, Chrisman et al. (2004) utilised agency theory to study the effect of agency relationships in family firms, Eddleston et al. (2012) employed the stewardship perspective to

investigate corporate entrepreneurship in family firms, Chrisman et al. (2012) used the stakeholder theory to investigate family centred noneconomic goals, and Cabrera-Suarez et al. (2001) utilised the resource-based perspective to explore knowledge transfer in the succession process.

This section will discuss certain key family business topics related to the research. Those topics are socioemotional wealth (SEW), entrepreneurship in family businesses, and family business succession.

2.4.1 Socioemotional Wealth (SEW)

The assumption that wealth creation is the ultimate goal of family firms fails to capture their uniqueness (Chrisman et al., 2005). Financial performance and wealth maximisation addresses the business side of family firms, while noneconomic goals like exerting family influence, identification with the firm, emotional attachment, and the intention to pass the business to the next generation are associated with the family itself. That is why we see many family businesses surviving not because they are the most profitable, but because they maintain their family noneconomic goals. Penrose (1959, p.34) in her work in the theory of the growth of the firm noted that:

> "There are a considerable number of firms which have been operating successfully for several decades under competitive and even imaginative management, but have refrained from taking full opportunity for expansion. Many of these are 'family firms' whose owners have been content with a comfortable profit and have been unwilling to exert themselves to make more money or to raise capital through procedures that would have reduced their control over the firm".

Gomez-Mejia et al. (2007) claim that family firms are willing to risk declining performance in order to retain family control, meaning that the main motivation of

owners is the protection of socioemotional wealth. This means that family businesses may survive through generations not because of their efficiency or profitability, but because they meet the socioemotional needs of their owners (Gomez-Mejia et al., 2011).

Gomez-Mejia et al. (2007) suggested a new theoretical perspective of family businesses, what they called SEW, which has subsequently been identified as follows:

> "The SEW model suggests that family firms are typically motivated by, and committed to, the preservation of their SEW, referring to noneconomic aspects of family owners. In this formulation, gains or losses in SEW represent the pivotal frame of reference that family-controlled firms use to make major strategic choices and policy decisions" (Berrone et al., 2012, p. 259).

As a result, there have been calls for the inclusion of noneconomic aspects when studying family firms. Recent studies have shown that maintaining SEW is a major factor in family firms' environmental performance (Berrone et al., 2010), diversification decisions (Gomez-Mejia et al., 2010), management processes, firm strategies, corporate governance, stakeholder relations and business ventures (Gomez-Mejia et al., 2011).

Through their conceptual framework, Zellweger and Astrachan (2008) argue that the added emotional value makes owners of companies subjectively value their ownership when asked the price at which they are willing to sell their firms. An analysis of family employment in the performance of 392 micro and small enterprises (MSEs) found that employing family members increases sales, but decreases profitability (Cruz et al., 2012). This suggests that family firms are willing to scarify economic gains for the sake of their SEW. Gomez-Mejia et al. (2010) also found that family firms tend to diversify less even if this means having a greater risk, arguing that these companies diversify less in order to avoid appointing non-family members to business units when that will reduce family influence. Zellweger et al. (2012a) suggest that intentions for

intergenerational control have a significantly positive impact on the SEW of family owners. This might explain why owners sometimes appoint less qualified successors, putting both their financial and socioemotional wealth at risk. These studies support the statement that firm owners are risk-averse when it comes to decisions affecting their socioemotional wealth (Gomez-Mejia et al., 2007). Overall, SEW seems to be an important differentiator of family firms and potentially explains why these kinds of companies behave distinctively.

Behavioural economics theories have sometimes been used to investigate emotions in family firms. For example, Zellweger and Astrachan (2008) used the possession attachment and endowment literature to examine the relationship between emotional benefits and costs like organisational ownership affects emotional value. According to the endowment effect, individuals place a higher value on the assets they own (willingness to accept) than they would be willing to pay (willingness to pay) to acquire the same assets (Kahneman, Knetsch, and Thaler, 1990). Furthermore, Zellweger et al. (2012a) utilised the endowment effect of prospect theory to investigate the relationship between family control and SEW. Prospect theory states that people make decisions based on the potential value of losses and gains, rather than on the final outcome, where they will tend to base their decisions on perceived gains rather than perceived losses (Kahneman and Tversky, 1979). Gomez-Mejia et al. (2007) used the behavioural agency theory to explain the willingness of owners to accept a significant risk to their performance in order to preserve their socioemotional wealth. The behavioural agency theory combines elements of prospect theory, behavioural theory of the firm, and agency theory (Wiseman and Gomez-Mejia, 1998; Gomez-Mejia, Welbourne, and Wiseman, 2000). According to the behavioural agency theory, firm owners make decisions to protect endowments in the firm, in this case in the form of SEW.

Family business researchers have also used the concept of SEW to explain performance in family firms. Using SEW as a moderator for the entrepreneurial orientation-performance relationship, Schepers et al. (2014) found that SEW constrains the achievement of entrepreneurship rewards. However, Naldi et al., (2013) found that SEW can be either beneficial or destructive to family business performance depending on the business context being industrial districts or stock markets. Moving to environmental performance, Berrone et al. (2010) found that family firms engage in environmental practices to enhance their image and thus protect their SEW.

Despite these findings, the construct of SEW has not been measured in previous studies; instead, researchers (e.g. Berrone et al., 2010; Gomez-Mejia et al., 2010; Zellweger et al., 2012a, Vandemaele and Vancauteren, 2015) have used family ownership and management as a proxy for SEW. Others utilised four questions obtained from the Strategic Orientation of Small and Medium Sized Enterprises (STRATOS) to capture SEW (e.g. Schepers et al., 2014; Goel et al., 2013). In an attempt to build a family business theory, Berrone et al. (2012) reviewed the concept and dimensions of SEW and its links with other theoretical approaches, then proposed a set of dimensions called FIBER (Family control and influence, Identification of family members with the firm, Binding social ties, Emotional attachment of family members, and Renewal of family bonds to the firm through dynastic succession). They also provided suggestions on how best to measure SEW.

Cennamo et al. (2012) utilised the FIBER dimensions to argue that SEW leads family firms to adopt a policy of proactive stakeholder engagement (PSE). However, Kellermanns, Eddleston, and Zellweger (2012b) argue that SEW can also encourage self-serving behaviour, making some family firms put the family needs above those of stakeholders. Furthermore, although all FIBER dimensions are assumed to have positive valence (Berrone et al., 2012), Kellermanns et al. (2012b) argue that some of these

dimensions could be also associated with negative valence. In psychology, valence is used to describe emotions being either joyful (positive valence) or aversive (negative valence). Thus, the FIBER dimensions seem to have both positive and negative impact on family firms.

2.4.2 Entrepreneurship in Family Business

> One hundred years ago, "business" meant "family business", and thus the adjective "family" was redundant. (Aldrich and Cliff, 2003, p.575)

The SEW perspective suggests that family firms make decisions to protect their socioemotional endowment even when these choices have a financial cost (Berrone et al., 2012). Therefore, SEW might also impact the entrepreneurial behaviour of family members which is characterised by risk taking and proactiveness. From a SEW perspective, corporate entrepreneurship such as new venture creation may be a suitable strategy for family owners, as this can help a family achieve the noneconomic goals of providing jobs for their family members while ensuring continued family control by accommodating each new generation (Gomez-Mejia et al., 2011).

Entrepreneurship and family business have been always viewed as separate but overlapping areas. There are some common topics of interest between the two fields, such as the role of the founder, of firm life cycles and stages, of the management of small and medium enterprises (SMEs) and of the financing of growth (Nordqvist and Melin, 2010). However, no integrated theory exists to explain the relationship between the two fields, leading to recent interest in studying the intersection between entrepreneurship and family business.

Aldrich and Cliff (2003) introduced the perspective of family embeddedness, implying that entrepreneurship researchers need to also consider the family dimension in their studies. Studies in entrepreneurship and strategic management have

subsequently conducted many conceptual and empirical studies on the way that family firms manifest corporate entrepreneurship (Kellermanns and Eddleston, 2006; Weismeier-Sammer, 2011; Eddleston et al., 2012), entrepreneurial orientation (Salvato, 2004; Zahra 2005; Naldi et al., 2007; Lumpkin, Brigham, and Moss, 2010; Casillas and Moreno, 2010; Chirico et al., 2011; Cruz and Nordqvist 2012; Zellweger and Sieger, 2012; Zahra, 2012), portfolio entrepreneurship (Sieger et al., 2011) and intergenerational entrepreneurship (Nordqvist and Zellweger, 2010; Zellweger, Nason, and Nordqvist, 2012). In addition, the effect of national culture (Chrisman, Chua, and Steier, 2002) and organisational culture (Hall, Melin, and Nordqvist, 2001; Zahra et al., 2004; Zahra, Hayton, Neubaum, Dibrell, and Craig, 2008) on family business entrepreneurship has also been studied.

The literature on entrepreneurship in family firms is inconclusive. Some researchers have asserted that family businesses promote entrepreneurial activities (Aldrich and Cliff, 2003; Zahra et al., 2008; Eddleston el al., 2008), while others argue that family businesses are usually traditional and reluctant to take risk (Naldi et al., 2007, Chirico et al., 2011). At the same time, other researchers argue that concentrated ownership, family involvement and intergenerational ambitions of family firms, constitute a unique context for entrepreneurial orientation (EO) (Salvato, 2004; Nordqvist and Melin, 2010). This has resulted in a growing body of literature investigating different aspects related to EO in family firms, including risk taking (Zahra, 2005; Naldi et al., 2007), long-term orientation (LTO) (Lumpkin et al., 2010; Zellweger and Sieger, 2012), innovativeness (Kellermanns et al., 2012a), the effect of EO on growth (Casillas and Moreno, 2010), EO in different family firm types (Salvato, 2004) and EO across generations (Cruz and Nordqvist, 2012). Despite this, the role of the family context for EO is not yet well understood. In addition, the evidence remains inconclusive regarding whether or not family firms can be deemed to be entrepreneurial,

and why. For example, Zahra (2005) found that family ownership and involvement promotes entrepreneurial risk taking, while Casillas and Moreno (2010) found a negative correlation between family involvement and risk-taking.

Examinations into the influence of national culture and family involvement on entrepreneurial perceptions and performance have found that only family involvement seems to have an impact (Chrisman et al., 2002). On the other hand, Hall et al. (2001) studied the impact that the organisational culture of family businesses has on entrepreneurial processes (defined as radical change), and concluded that organisational culture needs to be very open in order to continuously question and change old cultural patterns. Zahra et al. (2004) examined the relationship in both family and non-family firms between four dimensions of company culture and entrepreneurship. Organisational cultural orientation toward decentralisation and a long- versus short-term orientation was shown to be significantly more influential on entrepreneurship in family firms than in non-family firms. A positive relationship was also observed between a family firm's culture of commitment and its ability to pursue new opportunities, as well as its capability to respond to threats in the competitive environment (Zahra et al., 2008). Finally, Kellermanns and Eddleston (2006) demonstrate that the culture of a family firm in regard to technological opportunities and willingness to change has a positive impact on corporate entrepreneurship.

The stewardship theory has been used to investigate entrepreneurship in family firms (Miller et al., 2008; Zahra et al., 2008; Eddleston et al., 2012), while others utilised the RBV to examine organisational culture in family firms and entrepreneurship (Hall et al., 2001; Zahra et al., 2004). In addition, Zahra (2005) applied agency theory in the study of the effect that family ownership and involvement has on entrepreneurial risk-taking within family firms, and later used behavioural theory to explore the positive and negative consequences of family ownership on organisational learning, an

antecedent to entrepreneurship (Zahra, 2012). However, the most widespread way in which entrepreneurship is studied in family business is through the investigation of the entrepreneurial behaviour of family businesses, such as corporate entrepreneurship (Kellermanns and Eddleston, 2006). In addition, the concept of entrepreneurial orientation (EO) has provided a rich theoretical perspective for studying family business entrepreneurship (Salvato, 2004; Naldi et al., 2007; Lumpkin et al., 2010; Casillas and Moreno, 2010; Cruz and Nordqvist, 2012; Zellweger and Sieger, 2012).

Due to the diversity of topics examined at the intersection between entrepreneurship and family business, some scholars have started to question the possibility of achieving an integrated theory of family business and entrepreneurship. This led Nordqvist and Zellweger (2010) to introduce the concept of trans-generational entrepreneurship, Habbershon, Nordqvist, and Zellweger (2010) define trans-generational entrepreneurship as:

> "processes through which a family uses and develops entrepreneurial mindsets and family-influenced capabilities to create new streams of entrepreneurial, financial and social value across generations" (p.1).

A research framework for examining and understanding trans-generational entrepreneurship in the context of families and family firms has also been presented (Habbershon et al., 2010). This framework comprises five components: the family as the unit of analysis, EO, familiness, contextual factors (industry, community culture, family life stage and family involvement), and performance. It is a comprehensive framework, covering all important variables that could facilitate a better understanding of entrepreneurship in the context of family business.

With the use of the trans-generational entrepreneurship research framework as the theoretical lens, it has been argued that shifting from the firm to the family-level of analysis enables a deeper understanding of the ability of family firms to create value

across generations (Zellweger et al., 2012b). The study introduced and empirically explored a new family-level construct, the family entrepreneurial orientation (FEO), which may act as a precursor to intergenerational value creation by families. The idea of shifting to the family as the level of analysis in the studying entrepreneurship in family business is novel, as studies of entrepreneurship in family business are usually conducted at the firm level. Shifting from the firm to the family level, entrepreneurship in family firms has been captured through research on portfolio entrepreneurship (Sieger et al., 2011), trans-generational entrepreneurship (Jaskiewicz et al., 2015; Nordqvist and Zellweger 2010), family entrepreneurial teams (Discua Cruz, Howorth, and Hamilton, 2012), and entrepreneurial exits (DeTienne and Chirico, 2013). However, studying entrepreneurial families rather than entrepreneurial family firms entail conducting a qualitative study which is not the scope of this research.

2.4.3 Family Business Succession

Succession is a fundamentally important topic in family business literature (Chrisman et al., 2005). Sharma et al. (2003a, p.669) define succession as "the transfer of leadership from one family member to another". However, while the topic of succession was dominant in family business literature for much of the 1980s and 1990s, some emerging research suggests that the intentions for trans-generational control, rather than the process of succession, can have a profound effect on the behaviours and performance of family firms (Sharma et al., 2012). Trans-generational intent refers to "the desire of an organization's leaders to hand over control of the firm to their progeny" (Gedajlovic et al., 2012, p. 1029).

Succession can be viewed as a process (Sharma et al., 2003b), leading to the development of frameworks to describe this process (Handler, 1990; Le Breton-Miller et al., 2004; Cater and Justis, 2009). However, studies on family business succession

deal with important but relatively small parts of the overall process, such as qualities of the successor (Chrisman et al., 1998; Sharma and Rao, 2000; Sharma and Irving, 2005; Cabrera-Suarez and Martin-Santana, 2012), satisfaction with the succession process (Sharma et al., 2001; Sharma et al., 2003a), and challenges in the succession process (Cabrera-Suarez et al., 2001). Researchers agree that the literature on family firm succession is relatively fragmented, with most studies being descriptive and non-theoretical (Gomez-Mejia et al., 2011; Nordqvist, Wennberg, Bau, and Hellerstedt, 2013; Le Breton-Miller et al., 2004). The most researched variables in family business succession are the incumbent and successor attributes, successor development, and family relationships (Le Breton-Miller et al., 2004). Those variables are related to the noneconomic aspects of family firms. For example, the desired successor's attributes and development plan will be influenced by the incumbent's noneconomic goals. Furthermore, family member relationships are part of SEW dimensions because relationships play an important role in shaping the noneconomic aspects of family firms. This section will review variables studied in family business succession research, this includes incumbent and successor attributes, successor development, generational involvement, family relationships, and the social context.

2.4.3.1 Incumbent and Successor Attributes

Incumbent and successor attributes examined in previous research include incumbent age and leadership style as well as successor commitment. Investigations have returned inconsistent results regarding owner age in family business, with a direct relationship between owner age and formal succession plans, and an indirect relationship between owner age and cooperative conflict management, which interferes with succession planning (Marshall et al., 2006). However, both autocratic and relational leadership styles have been shown to positively relate to the importance of succession planning. In terms of the desired attributes of successor, the dominant quality identified by numerous

studies is commitment (Chrisman et al., 1998; Sharma and Rao, 2000; Motwani et al., 2006). For this reason, Sharma and Irving (2005) drew on existing organisational commitment literature to identify four different mindsets that drive the commitment of successors. Cabrera-Suarez and Martin-Santana (2012) empirically tested the relationships between successor commitment (affective commitment and normative commitment) and the perceptions of the success of the succession. Only the affective dimension of commitment was found to display a significant relationship with success. Other studies investigated the determinants of succession-planning activities in family firms (Sharma et al., 2003b), showing the tendency of a trusted successor to take over is the primary driver of succession planning activities. It can therefore be said that the entrepreneurial attitudes and abilities in successors and their affection with the family firm may be instrumental to success in family succession.

2.4.3.2 Successor Development

Researchers have also examined the effect of the successor's development on family firm succession. It has been found that family business transitions occur more smoothly when heirs are better prepared through education, training, experience, and entry position (Morris et al. 1997). Scholars emphasise the importance of a formal leadership training plan for successors (Ward, 1987). However, training tools that are important to increase the successor possibility of acquiring leadership skills are not specified (Mazzola, Marchisio, and Astrachan, 2008). Cabrera-Suarez's (2005) findings suggest that significant successor learning experiences occur on the job rather than during formal training. A mentoring relationship between the incumbent and successor is one training tool that can be used to prepare next-generation family members (Le Breton-Miller et al., 2004). Mazzola et al. (2008) argue that development of successors can take place as part of a strategic planning process after they join the firm by offering both educational and relational benefits. Succession in family business may be considered as

a process of knowledge transfer (Cabrera-Suarez et al., 2001, 2005). Family firms can achieve a sustainable competitive advantage if they are able to transfer business specific tacit knowledge to the next generation (Royer, Simons, Boyd, and Rafferty, 2008). Involving successors in the strategic planning of the firm provides them with crucial tacit business knowledge and skills. Moreover, family traditions, ties (strong or weak), and emotions (positive or negative) affect knowledge transfer, commitment, and the motivation of family members (Mazzola et al., 2008).

2.4.3.3 Generational Involvement

Generational involvement has been found to have an impact on the succession planning of family firms. Sharma et al. (2003b) found that firms moving from the first to the second generation were more likely to develop a post-succession strategic plan and consider the post-succession role of the incumbent than firms in subsequent generations. On the other hand, findings of Sonfield and Lussie (2004) show that first-generation family businesses do less succession planning than second- and third-generation family firms. Eddleston et al. (2013) differentiate between the importance of succession planning to family firms' growth based on the family firm's generational stage being first, second, third or later generation. They found that succession planning is most beneficial for the firm growth in the first and third generation, but not in the second generation of family firms.

2.4.3.4 Organisational Size

CEO succession research focuses almost exclusively on large publicly traded firms, where the decision of the firm successor is usually held by the board of directors (Lorsch and Khurana, 1999). However, the majority of family firms are small businesses where there are no boards of directors or little power of the board compared to the owner of the firm (Bagby, 2004). Tatoglu et al.'s (2008) study of succession in

Turkish family firms found that the decision of the incumbent dominates the method of successor selection and that family members have little influence. In terms of the desired successor attributes, Motwani et al.'s (2006) study of family SMEs found that very small family firms place a high priority on selecting a successor who possesses strong sales and marketing skills, while larger family SMEs where there are more family members employed full-time within the firm tend to place more importance on succession planning and on positive, harmonious relationships between the successor and other family members.

2.4.3.5 Family Relationships

According to Davis and Harveston (1998), the only constant influence across generations in the family business is the family. Morris et al. (1997) found that the dominant variable in successful business transitions is family relationships with trust and affability being the most critical issues in relationships. By studying the perspectives of next-generation family members, Handler (1992) found a positive link between the quality of the relationship between current and next-generation family members and the success of the succession process. Both the owner and potential successor are central characters in the succession process; their relationship is essential in the success or failure of the succession (Cabrera-Suarez, 2005). Handler (1990) suggests that succession can be viewed as stages of the inter-generational relationship, where owners or entrepreneurs and next-generation family members play different roles throughout those stages, shifting power and responsibility over time, from the entrepreneur being sole operator and the successor having no role to the entrepreneur being a consultant and the successor a CEO. This relationship is important in order to transfer tacit knowledge to the next generation (Cabrera-Suarez et al., 2001), and should be analysed from the perspective of both the incumbent and the successor to gain a

comprehensive insight into the various issues under investigation (Sharma et al., 2003a).

Recently, Michael-Tsabari and Weiss (2015) and Mathews and Blumentritt (2015) applied game theory to explore the interaction between family members during the succession process. By investigating communication between the founder and successor, Michael-Tsabari and Weiss (2015) showed that poor communication decreases harmony in family firms and therefore hinders succession. They asserted that this hindrance occurs even if the founder and successor share the same vision. Mathews and Blumentritt (2015) modelled the interaction between two potential successors seeking to take the leadership of their family firm. Their theoretical model included a number of factors pertaining to the influence of the founder, the value placed by each of the two candidates, the cost of pursuing the positions, and the potentials of "first-mover advantage". Indeed, the dynamics between family members are instrumental in studying family business succession, and theses dynamics received little attention in the literature as argued by the authors of the above mentioned studies.

2.4.3.6 Social Context

Le Breton-Miller et al. (2004) proposed an integrative model for effective family firm succession which includes factors that are of particular interest in researching Saudi Arabian family firms. One of these factors is social context (e.g. culture, social norms, religion, laws), which can be instrumental in the succession process. For example, in their comparative study of the successor attributes most valued by Indian and Canadian family business owners, Sharma and Rao (2000) found that Indian owners place greater importance on blood and family relationships and lower importance on successor's past experience and performance than Canadian owners. Indian owners also rated successors' gender and birth order as being more important than their Canadian counterparts. Furthermore, Santiago (2000) found differences in succession approach

between family businesses in the Philippines and that of other western countries. This suggests that succession may differ in certain cultures, especially those with a tradition of social obligations (Nordqvist et al., 2013). There also seems to be a common silence and invisibility of women in the literature of entrepreneurship and family business, which reinforces the assumption that leadership involved in the foundation and running of a business is most naturally male (Hamilton, 2006). Scholars argue that many family businesses follow a primogeniture principle, where the eldest son will take over the firm's leadership after the founder (Haberman and Danes, 2007; Jimenez, 2009). Women are rarely considered as successors in family firms unless a crisis creates a need (Haberman and Danes, 2007), or when there are no male successor (Curimbaba, 2002). Nevertheless, a family business succession study by Fahed-Sreih and Djoundourian (2006) found that more than two-thirds of the Lebanese firms favour female CEOs for the management of family firms. In contrast, a study of Turkish family business found that sons are at the forefront of the candidate lists to take over control of the firm (Tatoglu et al., 2008). These contradictory positions may be due to differences in cultures, some of which may be more strongly driven by norms such as primogeniture and patriarchy (Le Breton-Miller et al., 2004).

2.5 Gaps in the Literature Leading to Research Questions

In the family business literature, only a relatively small proportion of studies have researched the concept of entrepreneurship in family firms (Cruz and Nordqvist, 2012; Lumpkin et al. 2010). The family dimension remains largely absent from the entrepreneurship research literature despite calls for its inclusion (Aldrich and Cliff, 2003). Furthermore, there remains little agreement in the literature about whether family businesses provide an environment that either supports or hinders entrepreneurship (e.g. Naldi et al., 2007).

Entrepreneurship in family business has not been studied before from a noneconomic perspective. Therefore, this research will attempt to link two research streams and resolve this gap in the literature. As a new perspective in family business research, socioemotional wealth (SEW) pertains to the noneconomic aspects of family firms and reflects both positive and negative consequences of these noneconomic aspects (Gomez-Mejia et al., 2011). The SEW perspective suggests that family firms make decisions to protect their socioemotional endowment, even when these choices have a financial cost (Berrone et al., 2012). This research argues that SEW might also impact upon the entrepreneurial behaviour of family firms, which are characterised by risk taking, innovativeness, and proactiveness. For example, the SEW perspective would argue that entrepreneurship may be a suitable strategy for family owners, as it can help a family achieve the noneconomic goals of enhancing their reputation, ensuring the provision of jobs for family members, and securing continued family control by accommodating each new generation (Gomez-Mejia et al., 2011). This gives rise to the first research question:

> **RQ1**: What is the relationship between the FIBER dimensions of socioemotional wealth (SEW) and the entrepreneurial orientation (EO) of Saudi family SMEs?

The founders of family businesses typically establish their companies in order to create lasting family legacies and economic value. In order to maintain these legacies it is necessary to manage family succession to replace the founding entrepreneur, meaning that the appointment of an entrepreneurial leader will likely be instrumental in the success of succession. In addition to this, entrepreneurial managers are important for the growth of the firm (Penrose, 1959). This emphasis on the choice of a family successor makes sense from a SEW perspective, as it strengthens the sense of legacy and the intergenerational vision of the family-owners.

SEW can help to explain the succession decisions made in family firms (Berrone et al., 2012). Families generally experience a sense of loss when a leader steps down, which differentiates family businesses from many other types of organisations. Therefore, the choice of a family successor will tend to reinforces family power and influence in the firm (Cruz et al., 2012). Successfully implemented intergenerational control has also been shown to have a significantly positive impact on the socioemotional wealth of family owners (Zellweger et al., 2012a). This gives rise to the second research question:

> **RQ2:** What is the impact of the FIBER dimensions of socioemotional wealth (SEW) on succession planning (SP) and on the desired successor attributes in Saudi family SMEs?

Table 2.2 provides definitions of key concepts used in the research.

Table 2.2 Definitions of key concepts

Concept	Definition
Entrepreneurial Orientation (EO)	EO addresses entrepreneurial strategy-making by focusing on firms' decision-making styles in pursuing opportunities in a manner that is proactive, risk taking and innovative
Socioemotional Wealth (SEW)	SEW pertains to the noneconomic aspects of family firms and suggests that family firms make decisions to protect their socioemotional endowment i.e., the stock of affect-related value that a family derives from the firm such as family influence, identification with the firm, and preserving the family legacy
Familiness	Familiness refers to the unique bundle of resources specific to family firms resulting from the family involvement in the business
Succession Planning (SP)	SP refers to the formal process that facilitates the transfer of management control from one family member to another

2.6 Theory and Hypotheses Derivation

In this section the research hypotheses are formulated based on the above mentioned research questions. First, the theoretical development and hypotheses derivation related to entrepreneurial orientation (EO) is presented. Then, the theory and derivation of hypotheses related to succession planning (SP) is demonstrated.

2.6.1 Entrepreneurial Orientation (EO)

By contributing to both profitability and growth, entrepreneurship is considered a key factor in a firm's success (Zahra, 1996; Zahra et al., 2004; Casillas and Moreno, 2010). Entrepreneurship is also recognised as an important factor in job creation and wealth generation (Davis et al., 1996; Hitt et al., 2001; Miller, 2011). In family business research, entrepreneurship is recognised as a significant aspect in a firm's survival (Kellermanns and Eddleston, 2006). Entrepreneurship enhances the uniqueness of family firms' products and services, and thus boosts their profitability and growth (Zahra, 2003). Entrepreneurial Orientation (EO) attends to entrepreneurial strategy-making by focusing on firms' decision-making styles in pursuing opportunities in a manner that is proactive, risk taking and innovative (Miller, 1983; Covin and Slevin 1989). In other words, EO refers to the way firms operate (Wiklund and Shepherd, 2003). Family business scholars have found EO to be a useful framework for investigating entrepreneurship in family firms **(**Zahra 2005; Naldi et al., 2007; Kellermanns et al., 2012a; Cruz and Nordqvist, 2012). The first aim of this research is to investigate the drivers of EO in family firms by examining the influence of family noneconomic goals represented by socioemotional wealth on the EO of Saudi family SMEs.

The preservation of SEW has been found to be a key driver of behaviours in family firms (Gomez-Mejia et al., 2011). Gomez-Mejia et al. (2007) define SEW as the

“non-financial aspects of the firm that meet the family's affective needs, such as identity, the ability to exercise family influence, and the perpetuation of the family dynasty” (p.106). The concept of SEW has been widely empirically supported in recent family business research (e.g. Gomez-Mejia et al., 2010; Cruz et al., 2012; Goel et al., 2013; Naldi et al., 2013; Schepers et al., 2014; Sciascia et al., 2014; Vandemaele and Vancauteren, 2015).

The idea that family firms make decisions to protect their socioemotional endowment, even when these choices have a financial cost, is deeply implicit in the concept of SEW (Gomez-Mejia et al. 2007; Berrone et al., 2012). However, the concept does not go beyond this notion (Naldi et al., 2013). In seeking to extend and further understand SEW, Kellermanns et al. (2012b) argue that the manifestation of socioemotional wealth within a business context can have a bright and a dark side. Assuming the positive side of SEW, Cennamo et al. (2012) contend that SEW leads family firms to adopt a policy of proactive stakeholder engagement (PSE). However, altruism and nepotism in family firms can result in favouring family members over other non-family stakeholders (Bertrand and Schoar, 2006; Schulze et al., 2003). On the other hand, Schepers et al., (2014) assume the dark side of SEW to investigate the EO-performance relationship in family firms, arguing that a high level of SEW prevents family firms from reaping their EO outcomes. However, family relationships and innovative capacity are found to be a source of competitive advantage to family firms leading to a better performance (Eddleston et al., 2008a). Building on this notion of duality in SEW, having a family CEO has been found to have the potential to be either an asset or a liability to the family firm, depending on whether the business context is informal (industrial) or formal (stock exchange market) (Naldi et al., 2013). Indeed, taking into consideration both sides of SEW and the context in which the business operates is essential when studying SEW in family firms (Miller and Le Breton-Miller,

2014). In this study, and in line with Kellermanns et al. (2012b), the researcher argues that the FIBER dimensions of SEW namely, family control, identification with the firm, social ties, emotional attachment, and succession intention have positive and negative effect on the EO of family firms. Furthermore, all family businesses in the research sample are privately held Saudi family SMEs operating in Riyadh, and this context will be taken into consideration when interpreting the results of the study.

In their first formulation of the SEW concept, Gomez-Mejia et al. (2007) argued that firm owners tend to be risk-averse regarding decisions that may potentially their socioemotional wealth. However, only the family control variable was used to measure the SEW of family firms in their study. With awareness that the FIBER dimensions of SEW have negative and positive sides (Kellermanns et al., 2012b), this study argues that although one dimension of the FIBER (family control) might have a negative effect on EO, other dimensions might have positive associations, given that the two sides of SEW are essential in building a theory of family firms (Naldi et al., 2013; Schepers et al., 2014).

While noneconomic goals are not limited to family firms (Miller and Le Breton-Miller, 2014), those goals related to family identity and reputation concerns are confined to family firms (Schepers et al., 2014). Furthermore, the FIBER dimensions of SEW are principally reliant upon the body of research into family business, from which it has been developed (Berrone et al., 2012).

2.6.1.1 Socioemotional Wealth (SEW) and Entrepreneurial Orientation (EO)

The SEW perspective suggests that family firms make decisions to protect their socioemotional endowment, even when these choices have a financial cost (Gomez-Mejia et al., 2007). The consequence of this is that SEW often becomes the main reference for making strategic decisions, meaning that SEW can be expected to impact

the EO of family firms. The concept of SEW has been argued as having both positive and negative impacts on family firms behaviour (Miller and Le Breton-Miller, 2014). The FIBER dimensions of SEW are also suggested to have a bright and a dark side (Kellermanns et al., 2012b). From a SEW perspective, entrepreneurial decisions may also be made to help a family achieve the noneconomic goals of providing jobs for family members, while also ensuring continued family control by accommodating each new generation (Gomez-Mejia et al., 2011).

The SEW five FIBER dimension are related to family control, reputation concerns, social ties, emotions, and succession intention. Gomez-Mejia et al. (2007) found that family controlled olive oil mills are risk-averse regarding decisions that affect their SEW. However, family control has also been argued to potentially have a positive impact on the firm's reputation concerns, thereby motivating family firms to pursue noneconomic goals (Zellweger et al., 2013). These reputation concerns and identification with the firm in turn motivate family members to strive towards increasing the firm's performance (Anderson and Reeb, 2003). The identity fit between family and firm has also been found to vary among family firms, reflecting their heterogeneity (Zellweger, Eddleston and Kellermanns, 2010), while strong ties have been shown to be important for both the firm activities and the reputation of both the firm and its personnel (Jack, 2005). These strong ties among family members have also been shown to influence the family firm's recognition of entrepreneurial opportunities. When it comes to emotions, researchers acknowledge that entrepreneurial behaviour is full of passion (Cardon, Wincent, Singh, and Drnovsek, 2009). Meanwhile, Goss (2005) noted that:

> In a family where business venturing is established, successful and integrated with the family's sense of its (high) status, members can learn the nature of business venturing through interaction with just such self-

> confident “experts,” whose concerns will normally be with achievement and opportunity rather than the fear of failure, such that the symbolic value of business becomes thoroughly associated with family interaction rituals (Goss, 2005, p.212).

Finally, succession intentions in family firms demonstrate their long term orientation, which is associated with innovativeness (Zahra et al., 2004; Lumpkin et al., 2010) and opportunity persuasion (Zellweger, 2007).

The weight of the five SEW dimensions may differ depending on the family that owns the business, with some leaders placing "a greater value on the sense of dynasty and trans-generational vision, [whereas] others might emphasise the protection of the family identification with the firm as their main priority" (Cennamo et al., 2012, p. 1159). Thus, SEW will vary among family firms, with some families exhibiting high levels of SEW and others exhibiting low levels, reflecting the heterogeneity found among family firms. This study argues that the five FIBER dimensions taken together can be expected to have a noticeable impact on the EO of family firms, which includes innovation, risk taking and a proactive approach. It is therefore predicted that entrepreneurship will also vary in family firms, depending on the particular level of the family firm's SEW.

Since the literature is inconclusive with regards to whether family firms are entrepreneurial or conservative, this study argues that the presence or absence of entrepreneurial behaviour in family firms depends on the firm's level of SEW. It is thus expected that family firms with high levels of SEW (family control, reputation concerns, social ties, emotions, and succession intention) will exhibit higher levels of EO than family firms with low SEW, since these dimensions are associated with entrepreneurial behaviour in family firms. Therefore, the first and second parts of the first hypothesis of this study are as follows:

Hypothesis 1a: EO will be higher for firms with high levels of SEW

Hypothesis 1b: EO will be lower for firms with low levels of SEW

2.6.1.2 FIBER Dimensions and EO

a. Family control and influence

Family involvement is expected to influence the behaviour of family businesses (Chrisman et al., 2012), as well as contributing to its overall performance (Eddleston and Kellermanns, 2007). Since EO denotes whether a firm is proactive in its decision making process, as well as inclination to take risks or innovate, then family control and influence is expected to provide family businesses the power to implement entrepreneurial strategic decisions (Habbershon and Pitsrui, 2002; Kellermanns et al., 2012a).

Family involvement has been shown to enhance the positive impact of innovativeness on growth (Casillas and Moreno, 2010) and the promotion of entrepreneurship (Zahra, 2005), thereby providing advantages to venture creation (Chang et al., 2009). Furthermore, it has been found that family involvement can be positively related to dynamic innovation capabilities (Lichtenthaler and Muethel, 2012). Miller et al. (2008) found that in small private business "family business form is in many respects an especially vibrant one" (p.73), far from being stagnant and conservative. However, a SEW perspective suggests that family firms might implement a conservative strategy in order to maintain control over the firm (Miller and Le Breton-Miller, 2014; Gomez-Mejia et al. 2007). In order to preserve their SEW, family firms might also employ incompetent family members, which can lead to a decrease in their performance (Cruz et al., 2012). Research also suggests that the owners of family businesses are often reluctant to take risky decisions associated with entrepreneurship (Naldi et al., 2007). This tendency has been found to be particularly strongly correlated

with the long tenures of the founders of these kinds of companies (Zahra, 2005). Nonetheless, it is generally expected that family control and influence in SMEs are positively related to EO. Therefore, the first part of the second hypothesis of this study is as follows:

Hypothesis 2a: There is a positive relationship between family control and influence and EO in family firms.

b. Identification of family members with the firm

In family businesses, the identity of family members is tied to the firm, which usually carries the family name (Berrone et al., 2012; Arregle et al., 2007). Perhaps because of this desire to preserve the family image, these types of companies are often found to have a better environmental performance than non-family firms (Berrone et al., 2010; Delmas and Gergaud, 2014). In the Gulf area, "business is viewed as a way to enhance a family's social standing" (Davis et al., 2000, p.217). Identification with the firm and reputation will therefore tend to motivate family members to improve the overall performance of the business (Anderson and Reeb, 2003; Zellweger and Nason, 2008). As Zahra (2005) observed, "alignment of interest between the firm and the family should encourage the exploration of innovative ideas that stimulates growth and improves performance" (p. 28). Conversely, it is possible to argue that the importance of protecting their reputation might deter family firms from engaging in risky projects out of fear of loss, and thus be less entrepreneurial. The evidence, however, suggests that family members will generally be motivated to pursue entrepreneurial behaviour to enhance the social status of the firm and improve its performance. Therefore, the second part of the second hypothesis of this study is as follows:

Hypothesis 2b: There is a positive relationship between family members' sense of identification with the firm and EO in family firms.

c. Binding social ties

It has been argued that "the performance of family firms cannot be fully understood without taking into account the psychodynamic effects of family relationships" (Eddleston et al., 2008a, p. 42). Lin (2008) organises social relations into three conceptual layers: binding, bonding, and belongingness. Binding social ties are those ties which are intimate and reciprocal (e.g. kin), bonding social ties are those that share a particular interest (e.g. social network), while sense of belongingness is concerned with shared identity (e.g. religion). Kinship ties, which are a unique feature of family businesses, are argued to have a positive impact on the firm's entrepreneurial activities (Aldrich and Cliff, 2003) and "can encourage employees to trust one another, and share sensitive information and innovative ideas, thereby leading to corporate entrepreneurship" (Eddleston, et al., 2012, p.254). Furthermore, the strong ties between family members influence the activities of these businesses, such as the way in which entrepreneurial opportunities are recognised (Jack, 2005) and the accumulation of resources needed for entrepreneurial activities (Khayesi, George, and Antonakis, 2014).

However, family business social ties extend beyond family members to non-family employees, customers, suppliers, other companies and society in general (bonding ties). As such, family firms are expected to "develop trust-based relationships with partners and suppliers in order to obtain insights for developing better products and to gain product acceptance" (Cennamo et al., 2012, p. 1161). Indeed, family firms are said to have ideal relationships with other firms as a way to ensure their long-term reputation (Le Breton-Miller and Miller, 2011). Many family firms are also known to be active in a philanthropic role and in exercising their social responsibility (Deniz and Suarez, 2005; Van Gils, Dibrell, and Neubaum, 2014; Berrone et al., 2010; Cruz et al., 2014), as "family firms exhibit an innate incentive to satisfy the demands of multiple stakeholders" (Zellweger and Nason, 2008, p. 212). This social role is also known to be

extremely prevalent in the Gulf region (Davis et al., 2000). Furthermore, social capital embedded in these binding and bonding ties, has been shown to be a strong predictor of entrepreneurship (Davidsson and Honig, 2003). Social capital is a distinctive feature of family firms, affecting the innovation of their products and/or services (Sirmon and Hitt, 2003), as well as their performance (Sorenson, Goodpaster, Hedberg, and Yu, 2009). There are two recognised and inextricably linked forms of social capital in family firms, that of the family and the social capital of the business itself (Arregle et al., 2007). The firm's social capital is expected to be highly influenced by the social capital of the family (Anderson, Jack, and Dodd, 2005). Both family social capital (Chang et al., 2009) and firm social capital (Zahra, 2010) are found to have a positive influence on entrepreneurship and venture creation in family firms, while family social capital can also contribute to the development of competitive advantage for the firm (Carney, 2005; Arregle et al., 2007).

Despite the aforementioned advantages, strong family ties may potentially lead to issues of nepotism, resulting in hiring unqualified family members over professionals and thereby affecting the performance of the firm (Bertrand and Schoar, 2006). It has also been found that the high percentage of kin in the network has a negative relationship with the likelihood of starting a new business (Renzulli, Aldrich, and Moody, 2000). Altruistic family relationships have also been argued to cause some children to free-ride and depend on their parents (Schulze et al., 2003). However, reciprocal altruism (a concept indicating a strong sense of identification and high value commitment towards the firm) can also be a potential source of competitive advantage for family firms (Eddleston et al., 2008a), reducing relationship conflict and enhancing firm performance (Eddleston and Kellermanns, 2007). In fact, family member employees are found to "perceive significantly higher value commitment, trust, and stewardship perceptions and lower agency perceptions in family firm leadership than

non-family members, suggesting that blood is indeed thicker than water" (Davis et al., 2010, p.1093). Family firms are also expected to be capable of successfully employing the human and social capital of the family to grow and serve other family members (Arregle et al., 2007). Therefore, the third part of the second hypothesis of this study is as follows:

Hypothesis 2c: There is a positive relationship between binding social ties and EO in family firms.

d. Emotional attachment of family members

Emotions are a distinctive attribute of family businesses (Astrachan and Jaskiewicz, 2008; Zellweger and Astrachan, 2008; Berrone et al., 2012), resulting from the blurred boundaries between the family and the firm (Berrone et al., 2010). Families are social groups that share a range of emotions because of their history and shared memories (Kets de Vries et al., 2007). Although long neglected, emotions may play a significant role in entrepreneurial behaviour (Goss, 2008), having "a significant impact on decision making and individual behavior" (Astrachan and Jaskiewicz, 2008; p.146). It has been argued that affect (feelings and emotions) are most likely to enhance creativity and opportunity recognition in risky environments (Baron, 2008). Affect also plays an important role in the process of new venture creation (Foo, Uy, and Baron, 2009). Negative emotions associated with social situations, such as shame, can be a barrier to entrepreneurship (Doern and Goss, 2012). In addition, "emotional attachment has been known to incite struggles for control among family branches and between potential successors" (Kellermanns et al., 2012b, p.1176). Overall, emotions are expected to have a negative impact on EO in family businesses and the fourth part of the second hypothesis of this study is therefore as follows:

Hypothesis 2d: There is a negative relationship between the emotional attachment of family members and EO in family firms.

e. Renewal of family bonds to the firm through dynastic succession

Leadership succession is a challenge for all companies, but particularly for family businesses (Le Breton-Miller et al., 2004). Studies show that the survival rate of family businesses beyond the third generation is extremely low (Ward, 1987). In Saudi Arabia, only 5 percent of family businesses survive into the third generation (Ghalayini, 2010). One solution for this challenge is the concept of trans-generational entrepreneurship first discussed by Habbershon et al. (2010). Trans-generational entrepreneurship is concerned with developing entrepreneurial mindsets and family resources in order to generate entrepreneurial, social, and financial value throughout generations.

Family firms are characterised by long-term oriented strategic decisions (Anderson and Reeb 2003; Le Breton-Miller et al., 2004; Miller and Le Breton-Miller, 2005; Miller et al., 2008; Kellermanns, Eddleston, Barnett, and Pearson, 2008). They "care deeply about the long-term prospects of the business, in large part because their family's fortune, reputation and future are at stake" (Miller et al., 2008, p.51). The intention to pass the business on to subsequent generations has been widely noted as being a key goal in family business, representing their long term orientation (Zellweger et al., 2012a). A positive relationship has been demonstrated between long term orientation and entrepreneurship (Eddleston et al., 2012).

> "Family firms with a long-term perspective will display more innovativeness, proactiveness and autonomy, since behaviors in these dimensions often require a longer time horizon to bear fruit" (Lumpkin, et al., 2010, p. 251).

Miller and Le Breton-Miller (2005) argue that the longevity of family firms can be expected to increase product innovation, new market persuasion and R&D. Family businesses will also tend to pursue opportunities that might have been abandoned by

their more short-term oriented counterparts, due to the fact that their long-term orientation better enables them to postpone gains (Zellweger, 2007). Family firms with a trans-generational intention have also been found to adopt innovative environmental practices (Delmas and Gergaud, 2014). Despite the potential adverse consequences associated with long term orientation, such as management entrenchment and dispute over succession (Berrone et al., 2012), "investment in long-term projects and capabilities will be especially strong where family owners intend to involve subsequent generations of their family in the business" (Le Breton-Miller and Miller, 2006, p.734). For this reason, the intergenerational vision of family firms is generally expected to enhance entrepreneurship by enabling the leverage of resources required for innovation and risk taking (Zahra et al., 2004). The fifth part of the second hypothesis of this study is therefore as follows:

Hypothesis 2e: There is a positive relationship between the renewal of family bonds to the firm through dynastic succession and EO in family firms.

2.6.1.3 The Role of Generational Involvement

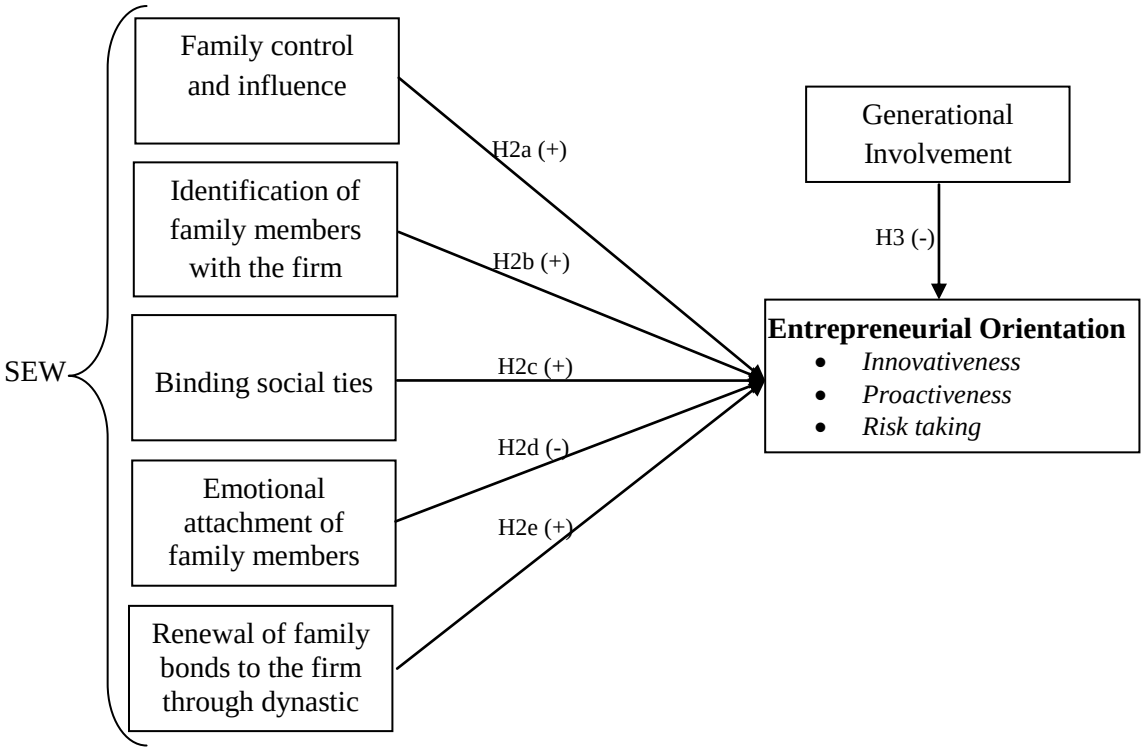
SEW evolves over the life cycles of businesses, as a firm passes through generations (Berrone et al., 2012; Le Breton-Miller and Miller, 2013; Miller and Le Breton-Miller, 2014). It is agreed that "family identification, influence, sense of legacy, emotional attachment, regard for family image and strength of social ties all change as the firm transitions from one generation to the next" (Gomez-Mejia et al., 2011, p.686). An example of this can be seen in the work of Gomez-Mejia et al. (2007), who found that the willingness of family olive oil mill owners to give up control of their mills increases as the firm moves to the later stages of ownership. This suggests that SEW weakens as the firm moves from one generation to the next. Utilising two samples of family firms (Swiss and German), Zellweger et al. (2012a) showed that the duration of control has a mixed relationship with SEW. Identification and emotional attachment with the firm

have been associated with a decrease at later generations, perhaps due to the diversity of family members pursuing their own personal agendas (Sciascia et al., 2014). This weakening of SEW in later generations impacts upon most aspects of a family firm's management (Gomez-Mejia et al., 2011). Generational involvement has also been shown to impact on the entrepreneurial activities of family businesses (Salvato, 2004), with greater generational involvement increasing innovation (Zahra, 2005). On the other hand, it has been argued that the leaders of family firms become conservative over time and therefore more unwilling to engage in entrepreneurial activities (Zahra et al., 2004). That generational involvement increases conflict within family members (Chirico and Nordqvist, 2010). From the perspective of EO, the literature is also inconclusive regarding the impact that generational involvement has on EO in family firms. While some researchers found that EO decreases in later generations (e.g. Martin and Lumpkin, 2003; Kellermanns et al., 2008), others found that the third generation and beyond tend to be more entrepreneurial as a result of their competitive environment (Cruz and Nordqvist, 2012). Given that SEW is the main reference point for making decisions in family firms, it should therefore be expected that the weakening of SEW is the reason for less entrepreneurship in later generations. Therefore, the third hypothesis of this study is as follows:

Hypothesis 3: There is a negative relationship between generational involvement and EO in family firms.

The hypotheses of entrepreneurial orientation are presented in the model in Figure 2.1. The five dimensions of SEW and generational involvement are used to predict the entrepreneurial orientation of family firms. As such, the SEW perspective, as the theoretical base of this research, is extended to investigate its impact on the entrepreneurial behaviour of family businesses. The role that the generation in control plays in determining the firm's entrepreneurship is also addressed.

Figure 2.1 Model and hypotheses of EO



2.6.2 Succession Planning (SP)

Family business researchers (e.g. Chrisman, Steier, and Chua, 2008; Chrisman et al., 2005) emphasise the importance of studying family business from a strategic management view. When it comes to succession, Ibrahim et al. (2004) found that "the interdependence between succession and strategy are critical to understanding strategy formulation in family firms" (Ibrahim et al., 2004, p. 137). One way to study family business is through examination of their distinctive aspects and competitive advantage. In strategic management, the resource based view (RBV) states that for a firm's resources and capabilities to generate competitive advantage, they must be valuable, rare, imperfectly imitable, and cannot be substituted (Barney, 1991; Penrose 1959). In family business research, Habbershon and Williams (1999) introduced the concept of familiness based on the RBV.

In order to foster the development of a strategic management theory of family firms, Chrisman et al. (2005) suggest that the most distinctive features of these kinds of

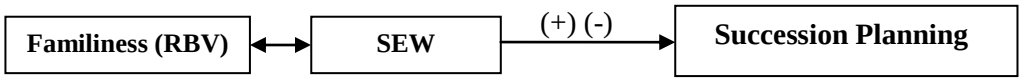
firms are family involvement, which can include ownership, management, or control, and essence, which is used to denote resources, intentions and behaviour (Sharma and Chua, 2013). In an attempt to construct a theory of family firms by advancing our understanding of the concept of familiness, researchers have argued that this construct is multi-dimensional and therefore transcends family involvement and essence. Based on the organisational identity theory (Albert and Whetten, 1985), Zellweger et al. (2010) introduced family firm identity as a component of familiness. This concept was also expanded by Pearson et al. (2008), who proposed that familiness should include social capital as a unique resource that arises from the intersection of a family and their business. Emotions are also considered a family business resource (Labaki, Michael-Tsabari, and Zachary, 2013). As Cabrera-Suarez et al. (2001) asserted, "The family business's unique features (commitment, shared values, culture, trust, reputation, and so on) give it certain strategic resources and capabilities that could account for its long-term success" (p. 38). This research argues that the FIBER dimensions of SEW (i.e. family control, identification with the firm, social ties, emotional attachment and succession intention) complement familiness by describing the drive to manage those unique resources. However, unlike familiness, this study argues that the management of resources can positively and negatively affect strategic decisions made by these companies, as represented here by succession planning (SP).

It has been argued that the distinctive nature of resource management in family firms can both benefit and harm firms, as members of the company may redirect resources to serve the family (Sirmon and Hitt, 2003). Furthermore, the RBV focuses on the pursuit of profitability and growth (Penrose, 1959). Another drawback of the RBV is that it does not differentiate between firms (Hoopes, Madsen, and Walker, 2003). Given that family firms have both economic and noneconomic goals, the socioemotional wealth perspective (SEW) may have the potential to provide an explanation for the

particular decision making process in family firms. SEW represents the noneconomic side of family firms and recognises that this may positively and negatively influence firm behaviour (Berrone et al., 2012). Family firms are said to protect those noneconomic aspects such as maintaining control over the firm, or the preservation of their identity and reputation, even when this has an attendant financial cost (Gomez-Mejia et al., 2007). Furthermore, the "SEW construct has proven to be a good analytical lens for interpreting a wide variety of family firm phenomena" (Berrone et al., 2012, p.261).

Familiness and SEW are similar in their components but differ from each other conceptually. Familiness is based on the RBV and refers to the unique bundle of resources specific to family firms, such as family involvement, family firm identity, and family social capital. On the other hand, SEW refers to the noneconomic aspects of family firms such as family control and influence, identification with the firm, binding social ties, emotional attachment, and renewal of family bonds. In this research, SEW dimensions are operationalised to explain family firms' strategic succession planning decisions. However, SEW is conceptually linked to familiness in order to explain the ways in which SEW elements can influence strategic choices in the family firm. Therefore, this study is predicated upon the idea that coupling the RBV with the SEW perspective will be effective in explaining the ways in which SEW elements can influence strategic choices in the family firm. As SEW has both a dark and bright side (Kellermanns et al., 2012b; Naldi et al., 2013; Miller and Le Breton-Miller, 2014), it should complement the RBV, helping to explain the wide variation in how resources affect family firms (Sirmon and Hitt, 2003) by explaining the behaviour leading to strategic decisions. Figure 2.2 presents the theoretical framework for succession planning.

Figure 2.2 Theoretical framework for succession planning



As a new perspective in family business research, SEW appears to be a distinct feature of family firms that distinguishes them from other forms of organisation and accounts for major strategic decisions undertaken in these kinds of business (Gomez-Mejia et al., 2011). SEW represents the noneconomic goals of family firms which are strongly associated with long term orientation (LTO) (Lumpkin and Brigham, 2011; Brigham, Lumpkin, Payne, and Zachary, 2014). Since succession planning is an indicator of the LTO of family firms, the study argues that as a unique feature of these firms, SEW is likely to impact on the SP. However, this argument is based on the assumption that some of the five SEW dimensions have negative valence (Kellermanns et al., 2012b), and thus might not be associated with having a succession plan.

The second aim of this research is to enhance our understanding of succession in family firms through the investigation of the contribution that noneconomic motives might have in making a strategic decision about whether to have a succession plan, as well as in determining the most desired successor attributes. When it comes to succession, family businesses can be categorised by "a smaller pool of talent on which to draw, complicating emotional factors in the incumbent-successor relationship, and complex social ties with the family" (Le Breton-Miller et al., 2004, p.305). This study has in common with the previous section that it draws upon Berrone's et al. (2012) five dimensions of SEW, which include: family control and influence, identification of family members with the firm, binding social ties, emotional attachment of family members and renewal of family bonds to the firm through dynastic succession. SEW

pertains to the noneconomic aspects of family firms and reflects both positive and negative consequences of these noneconomic aspects (Gomez-Mejia et al., 2011; Miller and Le Breton-Miller, 2014). Thus, it is expected that the five dimensions of SEW will have both positive and negative influence on succession planning in family firms.

2.6.2.1 FIBER Dimensions and SP

a. Family control and influence

In relation to the first dimension of family control and influence, it has been found that family influence has a positive impact on the extent of succession planning in family firms (Davis and Harveston, 1998). Also, family firms' CEOs with long tenure are found to be actively engaged in succession planning (Westhead, 2003). Family ownership and their lengthy tenures provide them with the motivation and knowledge to engage in activities that require a long-term outlook (Le Breton-Miller and Miller, 2006). However, family leaders tend to be reluctant to plan for succession in general (Marshall et al., 2006). This is more prevalent in the Gulf region, which is characterised by a "lack of planning for succession, great resistance to let go on the part of the senior generation, and inadequate preparation of the younger generation" (Davis et al., 2000, p. 231). This unwillingness to let go can be understood from the SEW perspective, as leaders desire to retain their influence and control (Gomez-Mejia et al., 2011). Therefore, the first part of the fourth hypothesis of this study is as follows:

Hypothesis 4a: There is a negative relationship between family control and influence and succession planning (SP) in family firms.

b. Identification of family members with the firm

The second dimension of SEW relates to identification of family members with the firm. A feeling of oneness with the firm creates a common ground and thus a unified vision of the future of the firm. This can manifest in a variety of ways, as "the shared

values and goals among family members may ease discussions, speed-up decision making, and develop consensus regarding the strategic direction of the firm" (Zellweger et al., 2010, p.58). Identification with the firm makes family members maintain a favourable reputation (Deephouse and Jaskiewicz, 2013). Caring for the continuity of a family firm through the preservation of its reputation is an indicator of LTO (Lumpkin and Brigham, 2011; Miller and Le Breton-Miller, 2005), which supports the importance of leaders planning for succession. On the other hand, too much identification with the firm from the side of the incumbent may constrain the plan for succession (De Massis et al., 2008, Bruce and Picard, 2006). Due to the fact that they are so identified with the firm, the family business leader may not take the opportunity to develop the skills of their successor that they will need to lead the firm in the future. This in turn may reflect on the ability of the successor and their willingness to take over the firm, with the effect of lowering the leader's incentive to have a succession plan. However, and since the importance of social status plays a major role in family firms in the Gulf area (Davis et al., 2000), then the identification with the firm and reputation concerns expect to prompt family firm leaders to plan for succession. This is going to reduce conflicts between family members and thus preserve the family image after the leader departs. Therefore, the second part of the fourth hypothesis of this study is as follows:

Hypothesis 4b: There is a positive relationship between identification of family members with the firm and succession planning (SP) in family firms.

c. Binding social ties

In relation to the third dimension of binding social ties,

"the systemic relationship between the family and business is a potential resource that can be used strategically, these relationships are based on historical conditions and social complexities that are unique to an individual family firm

and can lead to sustainable competitive advantages" (Chrisman et al., 2010, p.18).

Morris et al. (1997) found that family relationship is the most prevalent variable in successful business transitions. The relationship between the current CEO and the successor has an impact on satisfaction with the succession process (Venter, Boshoff, and Maas, 2005). Handler (1992) found a positive link between the quality of the relationship between current and next-generation family members and the success of the succession process. The strong relationships among family members motivate the family to overcome succession challenges leading to better succession outcomes (Arregle et al., 2007). Thus, kinship ties are expected to influence succession planning in family firms.

Furthermore, family firms generally attempt to satisfy the demand of both internal and external stakeholders, such as non-family employees, customers, suppliers, other companies and society (Zellweger and Nason, 2008). Relationships with customers, suppliers, and non-family managers may actually be a hindrance to succession in family firms (De Massis et al., 2008). Disagreement with non-family employees is considered an especially significant barrier to succession in these kinds of businesses (Bruce and Picard, 2006), particularly in cases when non-family managers do not trust or are insufficiently committed to the successor (Cabrera-Suarez, 2005). In addition, customers and suppliers may be reluctant to extend their special relationships with the incumbent to the successor (Steier, 2001). However, Delmas and Gergaud (2014) found that family firms intending to pass the business to the next generation are more likely to engage in social practices fostering their long term orientation. "From the perspective of organizations with long-term continuity goals, such as family firms, realizing the value of external social capital requires that it be effectively transferred and managed" (Steier, 2001, p.260). Thus, family firm leaders are expected to preserve

the firm's social capital and transfer it to the next generation by having a succession plan. Therefore, the third part of the fourth hypothesis of this study is as follows:

Hypothesis 4c: There is a positive relationship between binding social ties and succession planning (SP) in family firms.

d. Emotional attachment of family members

It is suggested that emotions are likely to impact upon the strategic decisions and outcomes of many companies (Huy, 2012). The emotional attachment dimension can therefore be expected to affect succession planning, and may be a major factor in the failure of SP in family firms (Miller et al., 2003). Perhaps the most importance of these emotions is reluctance to relinquish power or influence (Sharma et al., 2001; De Massis et al., 2008), with leaders retaining control due to reasons including an emotional attachment to the business, their fear of retirement, loss of status, lack of power, or even a lack of diversions outside work (Le Breton-Miller et al., 2004; Cabrera-Suarez et al., 2001).

Apart from the emotional attachment of the leader to their businesses, succession planning may also be inhibited by emotions between family members. The close relationship between family members is expected to increase their emotional attachment to the leader and the firm. This in turn is generally expected to result in altruism, which deters family members from succession planning (Lumpkin and Brigham, 2011). As the pool of candidates in family firms is usually limited to family members, the choice of a replacement leader can cause resentment and may be delayed as a consequence. It is also possible to argue, however, that having strong emotions among family members provides them with a unified vision to maintain and nurture their business. Harmony among family members is widely agreed to be instrumental to succession (Chrisman et al., 1998; Morris et al., 1997; Sharma et al., 2001). However, in some cases, emotional attachment can also lead to disagreement and clashes between

family members who seek the leadership role (Kellermanns et al., 2012b) hindering the development of a succession plan. Sibling rivalry is a commonly cited factor in failed succession (Morris et al., 1997; De Massis et al., 2008; Kets de Vries, 2007). In recognition of this, the fourth component of the fourth hypothesis of this study is as follows:

Hypothesis 4d: There is a negative relationship between emotional attachment of family members and succession planning (SP) in family firms.

e. Renewal of family bonds to the firm through dynastic succession

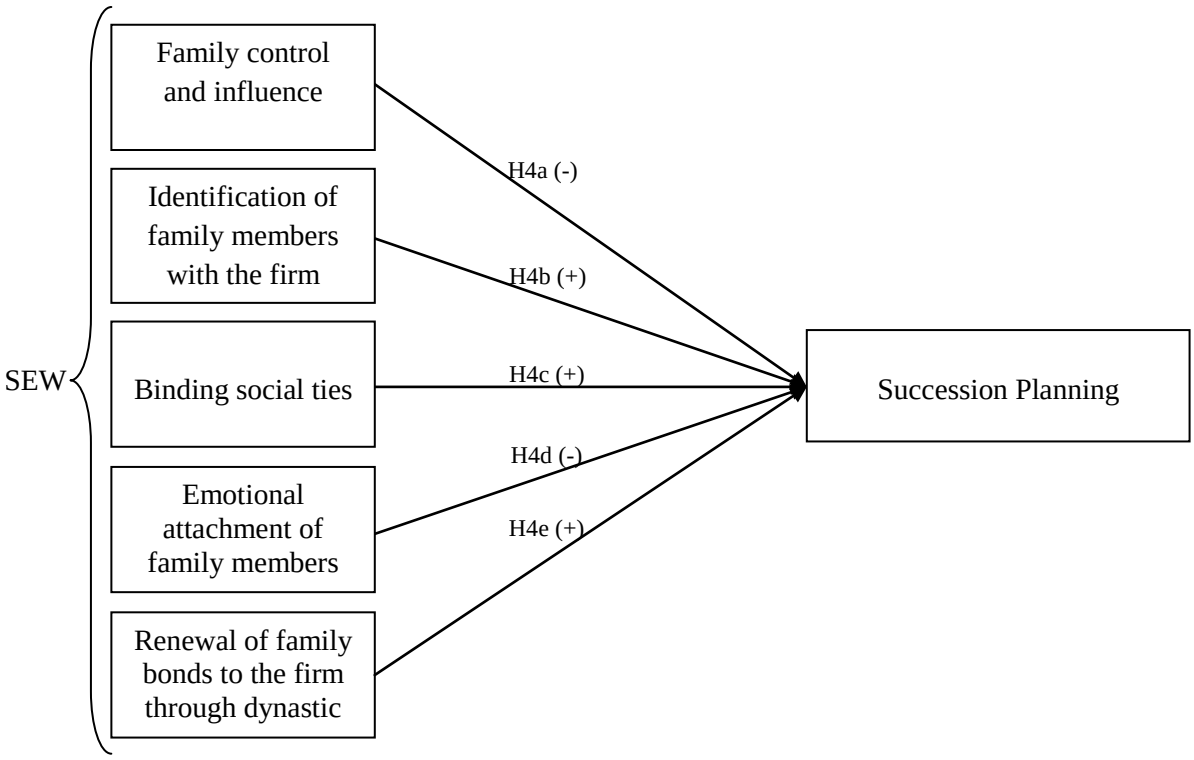
The last dimension of SEW is renewal of family bonds to the firm through dynastic succession. The desire to transfer the business to the next generation is a key feature distinguishing family firms (Chua et al., 1999). The intention for trans-generational control, has been shown to have a significantly positive impact on the SEW of family firms (Zellweger et al., 2012a). However, having an intention to transfer the firm to the next generation does not necessarily imply that there is a succession plan. Using the theory of planned behaviour, Sharma et al. (2003b) did not find a relationship between the leader's desire to keep the business in the family and succession planning. Nevertheless, family firms are characterised by long-term oriented strategic decisions (Le Breton-Miller and Miller, 2006; Miller and Le Breton-Miller, 2005; Miller et al., 2008). Furthermore, from a SEW perspective, continuing the family legacy and tradition is an important goal for the family business. Thus, the intention to pass the firm to the next generation is expected to have a positive relationship with succession planning.

Therefore, the fifth part of the fourth hypothesis of this study is as follows:

Hypothesis 4e: There is a positive relationship between renewal of family bonds to the firm through dynastic succession and succession planning (SP) in family firms.

The hypotheses of succession planning are presented in the model below (Figure 2.3). The five dimensions of SEW are used to predict succession planning in family firms. As such, the SEW perspective, as the theoretical base of this research, is extended to investigate its impact on the succession of family businesses. This model complements the model in Figure 2.1 in that both entrepreneurship and succession are essential to family business continuity.

Figure 2.3 Model and hypotheses of SP



2.6.2.2 Successor's desired attributes

When it comes to succession, families experience a more pronounced sense of loss when a leader steps down, which differentiates family businesses from other types of organisations (Gomez-Mejia et al., 2011). Therefore, the choice of a family successor makes sense from a SEW perspective, as it reinforces the sense of legacy and the intergenerational vision of the family owners (Cruz et al., 2012). The pool of candidates who could potentially assume the presidency is usually limited to family members, even

when a better-qualified non-family successor is available (Kets de Vries, 2007). This enhances the SEW perspective of family firms, as they often make decisions to protect their socioemotional wealth even when such choices have a financial cost (i.e. not choosing the most qualified candidate) (Gomez-Mejia et al., 2007).

Selecting the future successor is one of the most important decisions made by family firms (Le Breton-Miller et al., 2004). The choice of a family successor reinforces the family's power and influence in the firm (Cruz et al., 2012). The desire to keep the business in the family is found to have an impact on successor selection and training (Sharma et al., 2003b). Based on an exhaustive literature review, Chrisman et al. (1998) identified the 30 most desired attributes of successors in family firms. They grouped those attributes into six broad categories: (1) Successor's relationship with the incumbent; (2) Relationships with other members of the family; (3) Family standing; (4) Competence; (5) Personality traits; and (6) Current involvement with the family business. Chrisman et al.'s (1998) ranked the importance of these attributes based on a sample of Canadian family firms. Sharma and Rao (2000) replicated the study on Indian family firms and found that the successor attributes most valued by Indian firms differ from those valued by Canadian firms.

As highlighted by Sharma (2004), "it would be useful to understand whether the mode of preparedness of the next generation should vary based on the goals of family firms" (p.13). Thus, using the effect of SEW to represent the noneconomic goals of family firms is expected to shed light on the preferred attributes of next generation successor in family firms.

The noneconomic goals of family firms are strongly associated with long term orientation (LTO) (Lumpkin and Brigham, 2011). The intention to pass the business to next generation is a defining feature of SEW. Since SEW is the most distinguishing feature of family firms affecting their strategic choices, then family firms with LTO

based on their SEW will care for the qualities of their future successor. That is, they serve to ensure their firms continuity. Thus, family firms' leaders exhibiting care for their family legacy and dynastic succession will place more importance on their future successor attributes. Therefore, the fifth hypothesis of this study is as follows:

Hypothesis 5: A high level of SEW is positively related to the most desired successor attributes.

2.6.2.3 The Moderating Role of Social Capital

Social capital is a valuable intangible resource that is difficult to replicate (Dess and Shaw, 2001). It is defined as the goodwill and resources embedded in relationships (Tsai and Ghoshal, 1998; Burt, 1992). Social capital is recognised as a valuable asset in family firms (Sirmon and Hitt, 2003). The contribution of social capital to the competitive advantage and value creation in organisations in general (Nahapiet and Ghoshal, 1998) and in family firms (Pearson et al., 2008; Salvato and Melin, 2008; Zahra, 2010) is well recognised.

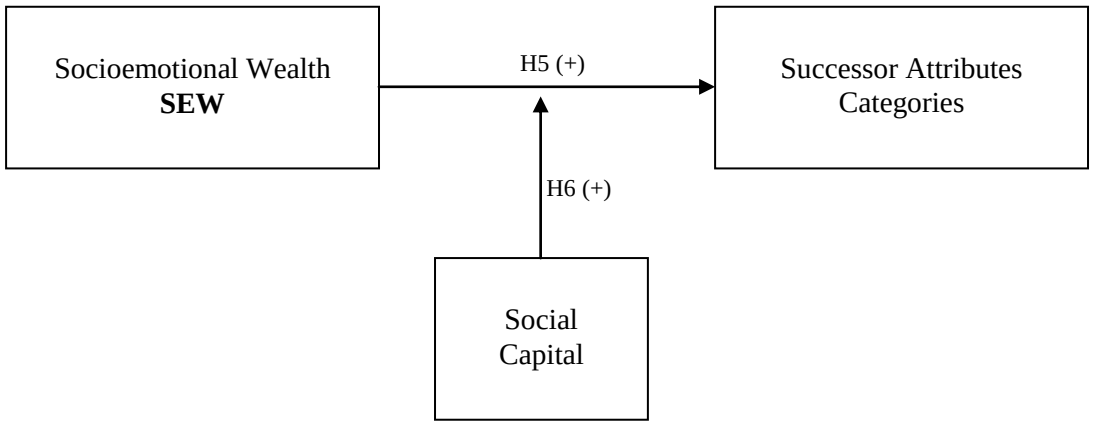
When it comes to family business, social capital is found to be a key driver of value creation across generations (Salvato and Melin, 2008). With a strong social capital, the leaders of family firms will be more informed about best practices in their field (Zahra, 2010). Social capital provides even more information privileges to entrepreneurs in emerging markets (Carney, 2005). For example, Khayesi et al. (2014) found that strong kinship ties in Ugandan family firms are associated with higher quantity of resource accumulation. In the Saudi context, social ties play an important part in the business life. It follows that extended relationships make family firms aware of the surrounding challenges and opportunities and thus more selective of the best successor qualities needed in the market. Therefore, the leaders of family firms with a strong social capital are expected to place more importance on certain qualities of their

future successor in order to ensure their firm continuity. From a SEW perspective, having strong relationships with stakeholders is important in order to enhance the family firm's reputation. Coupling SEW with social capital is then expected to enhance family firms' leaders choices of the most desired successor attributes. That is, family firms with strong SEW and social capital will place more importance on certain successor attributes over other attributes. Therefore, the sixth hypothesis of this study is as follows:

Hypothesis 6: The relationship between SEW and the desired successor attributes is moderated by the family firms' social capital. Specifically, social capital will have a more positive effect on certain successor attributes in family firms with high levels of SEW.

The hypotheses of successor attributes are presented in the model in Figure 2.4 below.

Figure2.4 Model and hypotheses of successor attributes



2.7 Summary

This chapter presented a comprehensive literature review on family business definitions, theories, and the emergent research topics. Gaps in the literature were then identified leading to the development of two research questions. After which, the theoretical framework and research hypotheses were developed based on the research questions.

The literature lacks a unified definition of what constitute a family firm, in this research both an operational definition based on family involvement and a theoretical definition based on family behaviour is adopted. In addition, there does not exist in the literature a universal theory of family business, leading the researcher to borrow heavily from other disciplines. In this research, SEW as a new perspective of family firms is used to explain entrepreneurship in family firms. Also, the SEW coupled with RBV is utilised to investigate succession planning (SP) and the most desired successor attributes. SEW pertains to the noneconomic aspects of family firms and is argued as being the key reference point for decision making in those kind of organisations. The FIBER dimensions of SEW are developed from the body of family business research, and thus are suitable to serve as a base to investigate family firms' behaviour. As such, the research set out to examine the impact of family firms' noneconomic aspects on two important factors for family business continuity: entrepreneurship and succession.

Six hypotheses were developed; the first three hypotheses are related to entrepreneurship in family firms and the remaining three hypotheses are associated with succession. In regards to entrepreneurship, the first hypothesis (H1a, H1b) is associated with the relationship between SEW in general and entrepreneurial orientation EO. The second hypothesis (H2a, H2b, H2c, H2d, H2e) is related to the relationship between each of the five FIBER dimensions of SEW and EO, while the third hypothesis (H3) pertains to the effect of generational involvement on EO. In regards to succession, the fourth hypothesis (H4a. H4b, H4c, H4d, H4e) is associated with the relationship between each of the five FIBER dimensions of SEW and succession planning SP. The fifth hypotheses (H5) considers the relation between SEW and the most desired successor attributes. Finally the sixth hypotheses (H6) is related to the moderation effect of social capital on the relationship between SEW and the most desired successor attributes.

CHAPTER 3: Research Methodology

3.1 Introduction

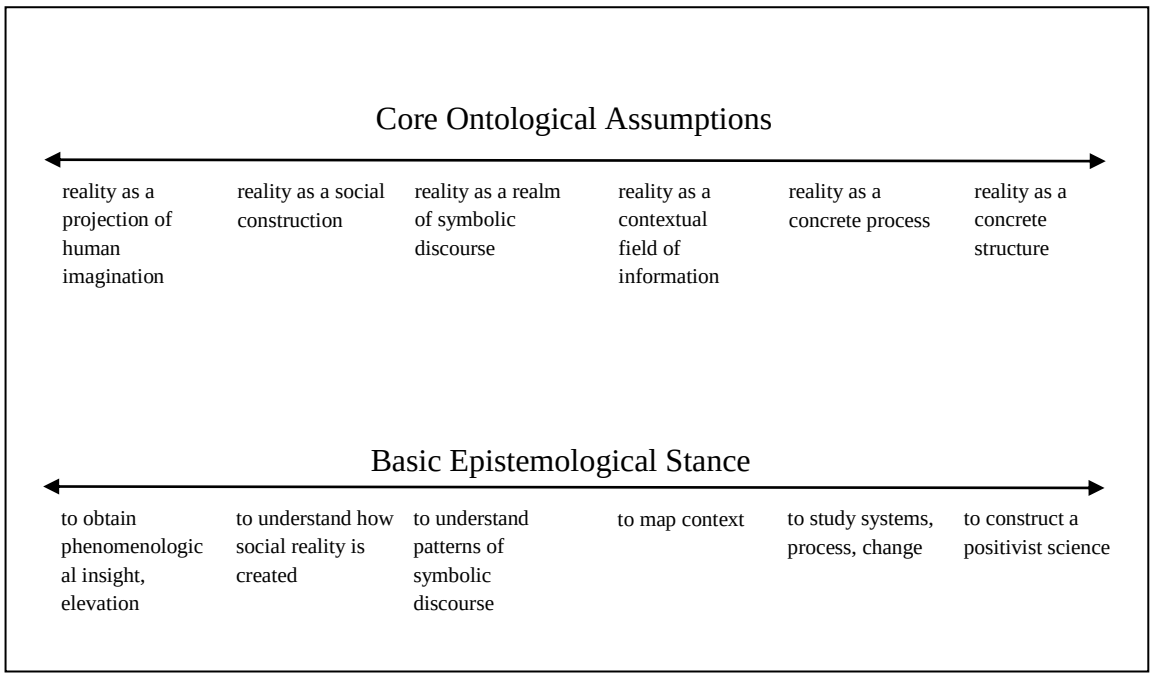
After an extensive review of the literature in the previous chapter, the identification of the current gaps in knowledge relating to the research question, and the development of hypotheses, a discussion will now be provided of the research methodology and the chosen research methods. In this context, methodology refers to a "set of rules, principles and formal conditions which ground and guide scientific inquiry in order to organise and increase our knowledge about phenomena" (Gelo, Braakmann, and Benetka, 2008, p.270), while methods are the techniques used to collect and analyse data. As such, this chapter will identify philosophical assumptions behind the research methodology and explain the selected methods that were utilised in answering the research questions.

When conducting research, it is essential for a researcher to first understand the theoretical and philosophical issues underpinning their research methodologies (Guba and Lincoln, 1994). Therefore, this chapter will first discuss the philosophical position adopted in this research, then identify the research strategy. After which, a review of previous approaches to studying family business will be presented, which served as a base for understanding the methods used in the field. The reader will then be reminded of the rationale for the research, followed by the operationalisation of the research methods. This includes the rationale for the choice of methods; the rationale for choosing Saudi Arabia as the research context; the sample framework, with a corresponding discussion of the population and sample source; and an assessment of the appropriateness of the research design.

3.2 Research Philosophy

All social science methodology is founded upon a philosophical position regarding the social construction of reality (ontology) and the nature of social knowledge (epistemology) (Bryman and Bell, 2003). These philosophical positions form paradigms, which are “basic belief systems based on ontological, epistemological, and methodological assumptions", that direct research efforts (Guba and Lincoln, 1994, p.107). Understanding research philosophy is an essential step in identifying the research design most suitable to answer the research questions in an investigation (Easterby-Smith, Thorpe, and Jackson, 2012). “These philosophical assumptions about ontology and epistemology are always continuous and debatable” (Duberley, Johnson, and Cassell, 2012, p.18). The continuum of philosophical positions is illustrated below in Figure 3.1. This section will provide a brief discussion of the two extreme philosophical positions and the ways in which they have informed the current study.

Figure 3.1 Continuums of basic philosophical assumptions



Source: Adapted from Morgan and Smircich (1980) p.492

Ontology refers to beliefs about the nature of reality, and thus determines what can be known (Guba and Lincoln, 1994). “The researcher’s view of reality is the corner stone of all other assumptions” (Holden and Lynch, 2004, p. 5). The two main assumptions of reality in the ontological perspective are realism, which holds that reality exists in the world independent from the observer, and relativism, which is based upon the idea that reality is a creation of our perceptions (Duberley et al., 2012). There are also other assumptions of reality that fall between these two extreme contrasting views of reality, however they are not relevant to the context of this study.

Epistemology, on the other hand, is concerned with the relationship between knowledge and the researcher. Essentially, it refers to how we come to know what we know (Guba and Lincoln, 1994). The two main epistemological positions in social science are positivism and interpretivism (or social constructionism) (Saunders, Lewis, and Thornhill, 2009; Easterby-Smith et al., 2012), with many other views falling in between these extreme positions. These represent opposing views of how social reality and knowledge should be studied. Positivism applies natural science methods in the study of social science, adopting the view of social reality as an objective reality. Research undertaken with a positivist approach should be objective, hypothesis driven, and informed by deductive reasoning (Bryman and Bell, 2003). In this philosophical position, the researcher assumes the role of an objective analyst, who neither affects nor is affected by the subject of their research (Saunders et al., 2009).

Interpretivism or social constructionism rejects the idea of a single objective reality and instead argues that individuals interpret their social world (Saunders et al., 2009). Advocates of this position emphasize the importance of differentiating between people and the objects in natural science, and thus argue that the focus of investigations should be on the feelings and attitudes of people. As a consequence of this, instead of searching for external causes of behaviours, interpretivist studies focus on

understanding the diverse experiences and perspectives of people (Easterby-Smith et al., 2012). Table 3.1 presents the contrasting implications of the two positions: positivism and interpretivism.

Table 3.1 Contrasting the implications of positivism and social constructionism

	Positivism	**Social constructionism**
The observer	must be independent	is part of what is being observed
Human interests	should be irrelevant	are the main drivers of science
Research progress	must demonstrate causality	aims to increase our general understanding of the situation
Research progresses through	hypotheses and deductions	gathering rich data to verify new ideas are included
Concepts	need to be defined so that they can be measured	should incorporate stakeholder perspectives
Units of analysis	should be reduced to the simplest terms	may reflect the complexity of whole situation
Generalisation through	statistical probability	theoretical abstraction
Sampling requires	large numbers selected randomly	small numbers of cases chosen for specific reasons

Source: Easterby-Smith et al., 2012, p.24.

After reviewing the main philosophical assumptions guiding social research, it is essential to clearly state the philosophical position of the current study. The philosophical position adopted in a research project is shaped by both the research problem, as well as by philosophical stance of the researcher (Hussey and Hussey, 1997). As stated in Chapter 1 and 2, the objective of this study is to investigate the relationship between the noneconomic aspects of family firms and their entrepreneurial orientation and succession planning. Furthermore, the researcher's personal view of reality supports the realism (ontological) stance, which serves as the basis for the chosen epistemological assumption in this research and consequently the choice of

methodology (Holden and Lynch, 2004). The epistemological stance of this research is positivist and the methodological choices in this chapter will therefore be presented in accordance with this underlying philosophical position of the researcher.

3.3 Research Strategy

Quantitative and qualitative methodologies are the two distinct types of research strategy, describing different approaches to the overall way in which research is conducted (Bryman and Bell, 2003). Quantitative and qualitative strategies differ in terms of the role played by theory (whether it is deductive or inductive), and with regards to the specific ontological and epistemological considerations of a study (Saunders et al., 2009). Quantitative research is typically associated with positivist assumption, while qualitative research is most commonly associated with the interpretivist assumption (Hussey and Hussey, 1997).

There has been a long running debate regarding the relative strengths and weaknesses of qualitative versus quantitative research in the field of management and organisational research. Quantitative research focuses upon measurement in data collection and analysis, employing theory testing in which the relationship between theory and research is deductive (Bryman and Bell, 2003). The advantages of this kind of research include a high degree of generalisability, relatively rapid data collection, precise data, results that are independent of the researcher, and high level of credibility (Saunders et al., 2009). However, quantitative research also tends to be abstract and general, is often marred by confirmation bias, and does not reflect the context in which people talk (Johnson and Onwuegbuzie, 2004). Qualitative researchers have criticised many aspects of quantitative research, particularly with regards to the inappropriate use of the natural science model in the study of social science.

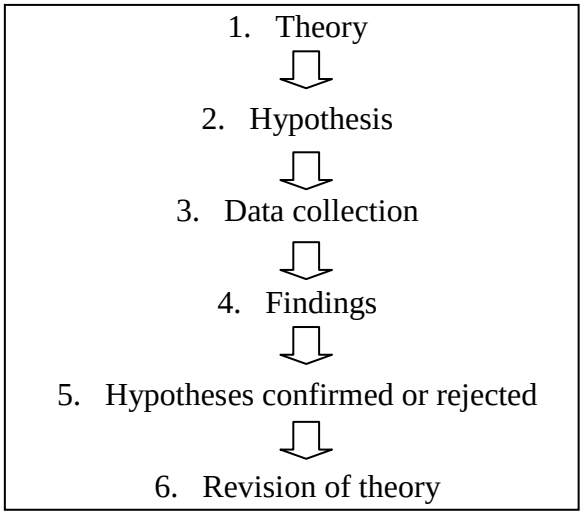
In contrast, qualitative research emphasises the use of words over measurement during both data collection and analysis. This research strategy therefore utilises an inductive approach that places greater emphasis on the generation of concepts and theory (Johnson and Onwuegbuzie, 2004). Due to this approach, the findings of qualitative research tend to provide rich descriptive details and a contextual understanding of a particular social behaviour. Nevertheless, this approach has been criticised for being too subjective, difficult to replicate, often restricted in scope, and lacking transparency (Bryman and Bell, 2003). Because of the subjective nature of qualitative data, a major criticism levelled at qualitative research pertains to issues of validity and reliability. In comparison to quantitative research, the findings of qualitative researchers are usually more limited in terms of their generalisability.

The above overview states that quantitative research is a deductive approach entailing developing and testing hypotheses, while qualitative research is an inductive approach that seeks to build theory (Bryman and Bell, 2003). The deductive and inductive approaches are linked to the previously mentioned philosophical positions. Generally, the deductive approach is more commonly related to positivism, whereas the inductive approach is more related to interpretivism (Holden and Lynch, 2004).

The chosen research methodology should reflect the philosophical assumptions of the researcher (Hussey and Hussey, 1997). The choice of methodology should also be based on the particular research topic and questions (Saunders et al., 2009). Given the nature of the research questions and in order to test the relationship between family firms' noneconomic aspects with their entrepreneurial orientation (EO) and succession planning (SP), the adopted strategy in this research is to utilise quantitative methods with a deductive approach. A study based on a deductive approach entails the researcher reviewing the existing literature to establish a theoretical framework and derive hypotheses that are based on the prevailing knowledge (Chapter 2). This process

enables empirical testing of the derived hypothesis in order to unravel a phenomenon and provide logical conclusions based on an objective and a replicable set of results. An overview of the process of deductive approach is presented in Figure 3.2 below.

Figure 3.2 The process of deduction



Source: Bryman and Bell, 2003, p.11.

3.4 Previous Quantitative Research in Family Business

Scholars have utilised different methodological strategies to investigate the topics of SEW, entrepreneurship in family businesses, and family business succession. Research into family firms is relatively new and has grown rapidly in recent years. For this reason, scholars have stated that there is a need for greater theoretical rigour and methodological soundness in the field (Chrisman et al., 2005). In this review, only studies using quantitative methods are reviewed in order to serve as a base for understanding the commonly used methods in the field. The articles included in this review were chosen based on the relevance of their topics to this research (see table 3.2).

Quantitative research facilitates understanding through the provision of measurable evidence, establishing probable cause and effect, and providing group comparisons. This section will discuss issues pertaining to research designs, definitions,

sampling, data collection, measurement, and data analysis of the quantitative studies in family business research.

Most quantitative studies in this review have utilised a cross-sectional design, based upon the collection of data from a single source at one point of time. Because of this, there is a constant call from scholars for longitudinal studies in family business research in order to capture the uniqueness of such complex organisations. In this review studies with a longitudinal design used archival data from governmental registries and agencies, as well as from professional research service firms (e.g. Gomez-Mejia et al., 2007, 2010; Berrone et al., 2010).

A sample is a subdivision of the population that is selected for examination in a given piece of research. Samples in the studies examined by this review have been derived in different ways: lists from national entrepreneurship, small business, and family business centres (Sharma et al., 2003a; Fahed-Sreih and Djoundourian, 2006; Chrisman et al., 2012; Chrisman et al., 2004); from family business centres associated with universities (Kellermanns et al., 2012a; Eddleston and Kellermanns, 2007; Eddleston et al., 2008a; Kellermanns and Eddleston, 2006, Eddleston et al., 2012; Zellweger et al., 2012a; Davis et al., 2010); or from a larger survey on family business (Schulze et al., 2001, 2003; Schepers et al., 2014) SMEs (Cruz et al., 2012; Chrisman et al., 2002) and manufacturing companies (Zahra et al., 2004). Some studies also relied upon data from government registries and agencies (Gomez-Mejia et al., 2007; Berrone et al., 2010), mailing lists of family firms from public databases, such as the Bureau of Census and Chamber of Commerce (Morris et al., 1997; Naldi et al., 2007; Miller et al., 2008; Tatoglu et al., 2008; Casillas and Moreno, 2010; Chirico et al., 2011; Cabrera-Suarez and Martin-Santana, 2012; Goel et al., 2013; Chirico and Bau, 2014), or private databases, such as Compustat and Dun & Bradstreet (Zahra et al., 2005, 2008, 2010, 2012; Motwani et al., 2006; Davis and Harveston, 1998, Gomez-Mejia et al., 2010).

Some studies in this review used a random sample (e.g. Casillas and Moreno, 2010; Goel et al., 2013; Miller et al., 2008; Zahra et al., 2008; Naldi et al., 2007). However, most studies utilized a convenient sample due to the lack of a comprehensive list of family businesses (e.g. Schulze et al., 2001, 2003; Kellermanns and Eddleston, 2006; Kellermanns et al., 2012). As a result of the lack of mailing lists containing information about small and medium-sized family businesses in South Africa, Venter et al. (2005) used a non-probability sample (snowball-sampling technique) to conduct their study. Research associates in different regions were contacted and asked to provide referrals, which was found to yield the majority of respondents in their sample. Snowball-sampling is instrumental in studying hidden population; however this method of sampling comes with some limitations in regards to external validity and generalisability. As such, snowball-sampling is usually used in qualitative not quantitative research (Bryman and Bell, 2003). In the same vein, Tatoglu et al. (2008) used convenience sampling in their study of family-owned businesses in Turkey. They obtained the names and address of registered companies from the website of the Chamber of Commerce in Turkey, and then utilised university students in the data collection process by assigning three questionnaires to each student for delivery to the owner of a family firm and collection from the owners upon completion. Convenience sampling findings may turn to be very interesting; however, one weakness of such method is that findings cannot be generalised.

The final sample size in this review varies between 60 and 3,619 firms. Eddleston and Kellermanns (2007) utilised a relatively small sample size (60 firms) to examine the relationship between family relationships and family firm performance. Data for the study was collected by means of a mail survey delivered to businesses associated with family business centres at two universities in the northeast of the US. In contrast, Chrisman et al. (2002) used a large sample of 3,619 small firms in the US to

examine the effect of national culture on the entrepreneur's perception of the firm environment and performance. The large sample is because the authors used data from a large project targeting small businesses in the US. The lowest response rate (8.85 percent) was obtained in the study of Goel et al. (2013), who examined the relationship between the family CEO's empathy level and the salience of socioemotional wealth in a family business. The low response is attributable to several facts pertaining to the nature of SMEs, such as some being out of business and others not perceiving the time spent on completion of the survey as a value added activity. In the case of the highest response rate (52.1 percent), Salvato (2004) utilised a large, stratified random sample of small and medium sized family firms located throughout Sweden to investigate the prediction of entrepreneurial behaviour in different types of family firm.

In order to assess potential non-response bias, samples in this review were tested for differences between early and late respondents using different methods, such as ANOVA (Eddleston et al., 2008a, 2012; Zellweger et al., 2012a) *T*-tests and chi-square tests (Chrisman et al., 2012; Naldi et al., 2007; Schepers et al., 2014; Goel et al., 2013; Zahra, 2005, 2010, 2012), MANOVA (Sharma et al., 2003a). However, some studies did not test for non-response bias causing a generalisability drawback (e.g. Cabrera-Suarez and Martin-Santana, 2012; Cruz and Nordqvist, 2012; Fahed-Sreih and Djoundourian, 2006; Salvato, 2004). A considerable number of the studies in this review utilised data collected from only one source and are therefore subject to the threat of common-method bias. Common-method variance (CMV) is the "variance that is attributable to the measurement method rather than to the construct the measures represent" (Podsakoff, MacKenzie, and Lee, 2003, p.879). However, most studies tested for common-method bias using statistical and post hoc remedies as suggested by Podsakoff and Organ (1986) and Podsakoff et al. (2003) (e.g. Eddleston and Kellermanns, 2007; Zahra et al., 2008, 2010, 2012; Kellermanns and Eddleston, 2006;

Chrisman et al., 2012; Zellweger et al., 2012a; Casillas and Moreno, 2010; Eddleston et al., 2012; Goel et al., 2013; Schepers et al., 2014; Chirico and Bau, 2014). Nevertheless, some studies did not test for common method bias, which may affect their empirical findings, resulting in potentially misleading conclusions (e.g. Cruz et al., 2012; Salvato, 2004; Chrisman et al., 2002, 2004). In terms of the definition of family firms, some studies adopted a very broad definition that defined 'family firms' simply as those who had identified themselves as family firms (Salvato, 2004; Naldi et al., 2007; Zahra et al., 2008; Zellweger et al., 2012a; Cruz and Nordqvist, 2012). Others have adopted narrower descriptions, defining family firms in terms of ownership percentages and/or the number of family members involved (Eddleston and Kellermanns, 2007; Tatoglu et al., 2008; Eddleston et al., 2012; Berrone et al., 2010; Gomez-Mejia et al., 2010; Kellermanns et al., 2012a; Cabrera-Suarez and Martin-Santana, 2012; Schepers et al., 2014; Goel et al., 2013; Chirico and Bau, 2014). In some studies, no clear definition is provided for what is meant by family business (Venter et al., 2005; Casillas and Moreno, 2010; Motwani et al., 2006). Failing to agree on common terms and parameters of family business may lead to questioning the consistency and reliability of empirical results. However, it can be argued that family firm definitions may also vary according to the context of the research.

Constructs in the studies were conceptualised as dependent and independent variables, although most research was also shown to contain control and/or moderator variables. Most of those constructs were measured using Likert-type scales. The validity and reliability of constructs measured were tested in studies that developed them (e.g. Morris et al., 1997; Sharam et al., 2003a; Zahra, 2005, 2010, 2012; Miller et al., 2008; Tatoglu et al., 2008; Cabrera-Suarez and Martin-Santana, 2012). However, the majority of studies utilised previously validated scales, such as the F-PEC scale developed by Astrachan et al. (2002) (e.g. Zahra et al., 2008; Chrisman et al., 2012), entrepreneurship

orientation (EO) developed by Miller (1983) (e.g. Cruz and Nordqvist, 2012; Salvato, 2004; Zahra et al., 2004; Kellermanns and Eddleston, 2006; Chirico et al., 2011; Schepers et al., 2014), stewardship developed by Davis et al. (1997) (e.g. Zahra et al., 2008; Davis et al., 2010), and other scales (e.g. Goel et al., 2013; Chirico and Bau, 2014). Using pre-existing scales is feasible instead of rebuilding new scales to measure the same construct (reinventing the wheel). In addition, those scales have the advantage of high validity and reliability as they have been tested before. It should be noted that some scholars modified previously validated scales in order to account for the specific setting of their research, whether it was family firms (Eddleston and Kellermann, 2007), strategic planning (Kellermanns and Eddleston, 2006) or corporate entrepreneurship (Eddleston et al., 2012). In this research, some wording of scales are modified to account for the Saudi context (see section 3.6.5.3).

Most of the family firms sampled in the studies examined by this review were privately held. Some researchers used the performance of these firms as a dependent variable, however the measurement of financial performance in privately held firms is challenging because there is no legal obligation for them to publically reveal details of their financial performance. As a result, researchers depend on self-reported data, which may lead to subjectivity. Since the current research is concerned with the investigation of socioemotional wealth, entreprenurship, and succession planning in family firms, rather than their financial performance, self-reported data does not seem to represent a significant threat.

Scholars in this review used a number of data collecting methods in their quantitative research, such as single mail survey (Sharma et al., 2003a; Salvato, 2004, Motwani et al., 2006; Fiegener, 2010; Kellermanns et al., 2012a; Kellermanns and Eddleston, 2006; Eddleston and Kellermann, 2007; Chirico et al., 2011; Eddleston et al., 2008a, 2012; Cruz and Nordqvist, 2012; Schepers et al., 2014; Goel el al., 2013),

multiple mail survey (Chrisman et al., 2002, 2004; Zahra et al., 2004, 2005, 2008, 2010, 2012; Chang et al., 2009; Zellweger et al., 2012a; Chrisman et al., 2012), telephone survey (Cruz and Nordqvist, 2012 Miller et al., 2008), web-based survey (Davis et al., 2010), personal interviews (Cruz et al., 2012), and archival data (Gomez-Mejia et al., 2007; Berrone et al., 2010). Other studies combined mail and telephone surveys (Naldi et al., 2007; Cabrera-Suarez and Martin-Santana, 2012); or mail survey and personal interviews (Fahed-Sreih and Djoundourian, 2006). Each of these methods have inherent advantages and disadvantages, however, triangulation (using more than one method in data collection) proved to have an advantage over using a single method.

All studies presented descriptive statistics and correlations of their data. For the purpose of testing hypotheses, the majority of studies relied upon multiple regression analyses, while a few others used structural equation modelling (SEM) (Eddleston and Kellermann, 2007; Venter et al., 2005; Morris et al., 1997), MANCOVA and ANCOVA (Zahra, 2010), canonical analysis (Zahra, 2005), multivariate analyses (Miller et al., 2008), or path model of structural equations (Cabrera-Suarez and Martin-Santana, 2012).

Finally, most of the studies in this review suffer from region, country, or industry bias, with the result that it is difficult for their findings to be generalised. For example, Zahra et al. (2008) studied family firms competing in the US food industry, Gomez-Mejia et al. (2007) studied family-owned olive oil mills in Southern Spain, and Salvato (2004) studied family SMEs in Sweden. In addition to western countries, other studies investigate family business in countries such as the Dominican Republic (Cruz et al., 2012), Turky (Tatoglu et al., 2008), Lebanon (Fahed-Sreih and Djoundourian, 2006), and South Africa (Venter et. al, 2005). As the characteristics of entrepreneurship and family businesses vary across countries and cultures, the potential results of this research may also not apply to social and business settings that differ significantly from

those in Saudi Arabia. However, the research may be generalisable to those countries in the same region with similar social and cultural context to Saudi Arabia, especially GCC countries.

Table 3.2 Review of relevant quantitative studies

Author/s (year)	Country/ region	Research design	Sampling technique	Sample source	Sample specification	Industry	Family business definition	Data source/ collection method	Final Sample size	Response rate	Test non-response bias	Test common method bias	Analysis method
Berrone et al. (2010)	U.S.	longitudinal 1998–2002	*not specified*	five sources: Compustat Securities, Exchange Commission, EPA, LexisNexis Corporate Affiliations' database and the US Census Bureau	publicly traded family and non-family firms	industrial sectors that are required to report their toxic emissions in the Toxic Release Inventory (TRI)	family members own or control at least 5 percent of the voting stock	*multiple*: archival data from five different sources	194 firms, (101 family and 93 non family firms)	-	-	-	t-tests regression analysis
Cabrera-Suarez et al. (2012)	Spain	cross-sectional	convenience sample	Las Palmas Chamber of Commerce databases for events/activities of family firm	family firms where succession process had taken place or was taking place	across different industries	owned and managed by a concentrated group of family members	*single*: telephone and personal surveys to successor	67	*not specified*	×	×	path model of structural equations.
Casillas and Moreno (2010)	Spain/ Andalusia	longitudinal	Random	public database of companies (Central de Balances de Andalucia)	SMEs family firms	agriculture, manufacturing, construction building, services	*not specified*	*single*: mail survey to senior manager	449	10.37%	×	√	multiple regression analysis
Chirico et al. (2011) Chirico and Bau (2014)	Switzerland/ Canton Ticino	cross-sectional	*not specified*	Chamber of Commerce in Canton Ticino	family firms	across different industries	owned by multiple family members of the same family and perceived as a family firm	*multiple*: mail survey to two highest executives	199	33.61%	√	√	regression analysis
Chrisman et al. (2002)	U.S.	cross-sectional	*not specified*	From a larger project by the Small Business Development Centre (SBDC)	small family and non-family firms	across different industries	percentage of family ownership, number of family members involved in the business, and future successor is expected to be a family member	*single*: mail survey to entrepreneurs	3,619	13.7%	√	×	multiple regression analysis
Chrisman et al. (2004)	U.S.	cross-sectional	convenience sample	from a larger project by Small Business Development Centre (SBDC)	Small privately held family and non-family firms	retail, service, manufacturing, wholesale, and construction	Same as Chrisman et al. (2000)	*single*: mail survey to principal manager	1,141	21.3%	√	×	multiple regression analysis

Chrisman et al. (2012)	U.S.	cross-sectional	convenience sample	Small Business Development Center (SBDC)	small privately held family firms	across different industries	involvement and essence approaches	*single*: mail survey to principal manager	1,060	19.8%	√	√	regression analysis
Cruz and Nordqvist (2012)	Spain	cross-sectional	*not specified*	state directories	SMEs family firms	manufacturing, construction, service, technology	family has at least 50% ownership of the business	*single*: phone survey to CEO	882	12%	×	√	hierarchical regression analysis
Cruz et al. (2012)	Dominican Republic	cross-sectional	Stratified random sample	national survey	micro and small enterprises (MSEs)	manufacturing, services, retail	family employment	*single:* personal interviews	392	*not specified*	×	×	hierarchical regression analysis
Davis et al. (2010)	U.S.	cross-sectional	convenience sample	business employees affiliated with a major university who identified themselves as working for a family business.	SMEs family firms	across different industries	one or more family members have significant ownership and control	*Single*: web-based survey	366	33%	√	×	multiple regression analysis
Eddleston and Kellermanns (2007)	U.S.	cross-sectional	convenience sample	two family business canters associated with two universities in the Northeastern United States	privately held family firms	across different industries	ownership lies within the family and at least two family members are employed in the business	*multiple*: mail survey and personal interview to top management team	107 from 60 family firms	33%	√	√	structural equation modelling
Eddleston et al. (2012)	Switzerland	cross-sectional	convenience sample	firms affiliated with a family business centre at a major university in Switzerland	privately held SMEs family firms	construction, wood processing, engineering, business services, manufacturing	identified themselves as family firms, the majority of ownership lies within the family, and at least two family members employed in the business	*single*: mail survey to CEO	179	14.3%	×	√	multiple regression analysis
Fahed-Sreih and Djoundourian (2006)	Lebanon	cross-sectional	*not specified*	Institute of Family and Entrepreneurial Business (IFEB)	medium- and large-sized family firms	across different industries	controlled or influenced by a single family and intended to remain in the family	*single*: mail survey to CEO	114 firms	10%	×	×	differences between young and mature firms (technique not specified)
Goel et al. (2014)	Belgium	cross-sectional	Random	Belfirst database and the database of the Dutch Chamber of Commerce	SMEs family firms	manufacturing	ownership+ management or perception	*single*: mail survey to CEO	180	8.85%	√	√	regression analysis

Gomez-Mejia et al. (2007)	Southern Spain/ province of Jaen	longitudinal 1944- 1988	population	government registries	family and non-family firms	olive oil mills	defined by government as all those in which a particular family has undivided property rights over the mill's assets	*multiple*: secondary data obtained from two governmental reports	1,237	-	-	-	event history analysis- Cox model
Gomez-Mejia et al. (2010)	U.S.	longitudinal 1998–2001	Random	Compustat database	publicly traded family and non-family firms	across different industries	two or more directors must have a family relationship and family members must hold a substantial block of voting stock	*multiple*: secondary data obtained from two sources	360 firms, (160 family and 200 non-family-firms)	-	-	-	t-tests regression analysis
Kellermanns and Eddleston (2006) Eddleston et al. (2008a) Kellermanns et al. (2012a)	U.S.	cross-sectional	convenience sample	two family business centres associated with two universities in the Northeastern United States	privately held family firms	across different industries	ownership lies within the family and at least two family members are employed in the business	*multiple*: mail survey to top management team	126 respondents from 74 family firms	32%	√	√	multiple regression analysis
Miller et al. (2008)	Canada/ four western provinces: Manitoba, Saskatchewan, Alberta and British Columbia	cross-sectional	random	Four province specific, small business databases	small family and non-family firms	across different industries	when there is more than one family member involved in the business	*single*: Computer Assisted Telephone Interviewing (CATI) respondent : CEO	676	46%	√	√	multivariate analyses
Morris et al. (1997)	U.S.	cross-sectional	Random	from two subsample: The Executive Council (TEC), a national organisation of family businesses, and Chambers of Commerce of five cities in Indiana	SMEs family firms that had experienced at least one intergenerational transition	*not specified*	family-owned and managed businesses	*single*: mail survey to CEO	177	22%	√	×	multiple regression analysis, structural equations analysis
Motwani et al. (2006)	U.S./ Midwest	cross-sectional	*not specified*	Part of a larger study by Family Owned Business Institute at a large university	SMEs family firms in operation for 5 or more years and had 7 or more employees	across different industries	*not specified*	*single*: mail survey to CEO	368	9.2%	√	×	descriptive statistics and correlations

Naldi et al. (2007)	Sweden	longitudinal	stratified random sample	Statistics Sweden (the Bureau of Census).	family and non-family SMEs	manufacturing, professional services, wholesale/retail, and other services	ownership and management dominated by one family and perceived as a family firm	*single*: telephone and mail surveys to CEO	696 firms 265 family and 431 non-family firms	28%	√	-	exploratory and confirmatory factor analyses, t test, multiple regression
Naldi et al. (2013)	Italy	longitudinal	*not specified*	Italian Chamber of Commerce	large listed and privately held family firms with revenues greater than 50 million Euro	across different industries	family holds enough shares to appoint the board of directors and thus the CEO	*multiple*: 3 public sources	1,008	-	-	-	time series fixed-effects model
Salvato (2004)	Sweden	cross-sectional	Stratified random sample	*not specified*	SMEs family firms	*not specified*	majority family ownership or perceived by CEO as being a family firm	*single*: mail survey to CEO	520	52.1%	×	×	regression analysis
Schepers et al. (2014)	Belgium/ Flanders	cross-sectional	Random	from a larger study of family businesses in Flanders	privately-owned family firms	manufacturing, construction, wholesale, retail, services	ownership + management or perception	*multiple*: mail survey to CEO + secondary data	232	9.2%	√	√	regression analysis
Schulze et al. (2001, 2003)	U.S.	cross-sectional	convenience sample	from a survey designed and administered by The Arthur Andersen Centre for Family Business	privately held relatively large, family firms	across different industries	*not specified*	*multiple*: mail survey to CEO + secondary data	1,376 (2001) 883 (2003)	10.3%	×	×	regression analysis
Sharma et al. (2003a)	Canada	cross-sectional	convenience sample	Canadian Association of Family Enterprise (CAFE)	family firms that expected succession in the coming 5 years and those for which succession has occurred within the last 5 years	*not specified*	*not specified*	*multiple*: Mail survey to incumbents and successors	177 firms	34.8%	√	×	regression analysis
Tatoglu et al. (2008)	Turkey	cross-sectional	convenient sampling	The Union of Chambers of Commerce, Industry, Maritime Trade and Commodity Exchanges of Turkey)	family firms that have already taken the succession decision and have selected their successors	manufacturing	the majority of the voting shares are owned by members of a single family	*single*: drop and collect survey respondent: incumbent	408	*not specified*	√	×	frequency analyses, chi-square, t-test and ANOVA

Venter et al. (2005)	South Africa	cross-sectional	snowball-sampling	referral	SMEs family firms	across different industries	*not specified*	*multiple*: mail survey to owner and successors	332	*not specified*	√	×	structural equation modelling
Zahra (2005)	U.S.	cross-sectional	*not specified*	Compustat Research Insights	family firms from 50 largest and 50 smallest companies	20 different manufacturing industries	perceived by respondent as a family firms and firms whose equity was owned by a family	*multiple*: mail survey to CEO and second senior manager + secondary data	209	24.85%	√	×	canonical analysis
Zahra (2010, 2012)	U.S.	cross-sectional	*not specified*	Compustat Research Insights	family and non-family 50 largest and 50 smallest firms	40 different manufacturing industries	concentration of control in a single family	*multiple*: mail survey to CEO and second senior manager+ phone calls+ secondary data	779	20.3%	√	√	MANCOVA and ANCOVA (2010) hierarchical regression analysis (2012)
Zahra et al. (2004)	US / five states: Georgia, Tennessee, South Carolina, North Carolina and Virginia.	cross-sectional	*not specified*	from a larger project	family and non-family firms selected from 5 high and 5 low technology industries	manufacturing	firms with share of ownership by at least one family member and have multiple generations in leadership positions	*multiple*: mail survey to CEO and second senior manager + secondary data	536	22.53%	√	√	hierarchical regression analysis
Zahra et al. (2008)	U.S.	cross-sectional	Random	Dun and Bradstreet database	family firms	food processing industry	perceived by respondent as a family firm	*single*: mail survey to one of the top management team	248	9.4%	√	√	Hierarchical regression analysis
Zellweger et al. (2012a)	Switzerland and Germany	cross-sectional	*not specified*	Swiss sample: family business centre affiliated with a Swiss university German sample: mailing list obtained with the help of a major international accounting firm	privately held family firms	construction and service industries	identified themselves as family firms, the family held a controlling interest, and the firm employed at least two family members	*single*: mail survey to CEO	Swiss 82 German 148	14.3% Swiss 8.2% German	√	√	hierarchical regression analysis

3.5 Revisiting the Rationale for the Research

A critical review of the literature suggests that wealth creation is not the only goal of family businesses and that family business owners have both economic and noneconomic goals. As Davis, Pitts, and Cormier (2004) note, business in the Gulf Cooperation Council (GCC) area, where Saudi Arabia is the largest country, "is viewed as a way to enhance a family's social standing rather than as an impersonal, wealth-generating, market-driven activity" (p.217). Therefore, noneconomic factors are considered a significant element in family businesses in Saudi Arabia. As such, engaging in entrepreneurial activities is a suitable strategy to boost family reputation and social status. Appointing an entrepreneurial successor may be instrumental in the success of family firm succession to maintain the family legacy. From a noneconomic goals perspective, the emphasis on entrepreneurship and succession strengthens the sense of legacy and the intergenerational vision of the family.

This research aims to employ a strategic perspective to link family business research streams that have not been previously linked in academic research, family firms' noneconomic aspects and entrepreneurship in family firms, as well as to investigate the impact of noneconomic aspects on family firm succession. This will be achieved through an examination of the impact of the socioemotional wealth (SEW) on the entrepreneurial orientation (EO) of family firms, on their succession planning (SP), and on the most desired successor attributes.

The research questions are:

RQ1: What is the relationship between the FIBER dimensions of socioemotional wealth (SEW) and the entrepreneurial orientation (EO) of Saudi family SMEs?

RQ2: What is the impact of the FIBER dimensions of socioemotional wealth (SEW) on succession planning (SP) and on the most desired successor attributes in Saudi family SMEs?

3.6 Operationalisation

The concept of operationalisation "refers to the operations by which a concept is measured" (Bryman and Bell, 2011, p.151). As such, this section will first rationalise the use of specific quantitative methods in addressing the afore-mentioned research questions. The choice of Saudi Arabia as the context of the study will then be justified. Afterwards, the underlying rationale for choosing the study sample framework and the criteria for selection will then be discussed. This section will then conclude by presenting and discussing the research design, covering data collection instruments and their structure, piloting, instruments administration, sample choices, data analysis, validity, and reliability.

3.6.1 Rationale for the Choice of Methods

Data on Saudi family SMEs are not available from secondary sources. Therefore, it was necessary to use a survey to gather the required information. The collection of data through a questionnaire survey is a common method in business and management research (Saunders et al., 2009) and particularly so in studies of family firms and in research into SMEs. Around three-quarters of all small business/entrepreneurship studies published in JBV, ET&P, and JSBM between 2001 and 2008 are quantitative, sixty percent of which used a survey methodology to gather data (Mullen, Budeva, and Doney, 2009). Furthermore, in Saudi Arabia "researchers still use survey research frequently in social sciences" (Al-Subaihi, 2000, p. 123) since data needed for research are not usually available from secondary resources.

Self-administered questionnaires were used in this study in order to minimise interviewer variance and social desirability bias. As such, both online and delivery and collection questionnaires were used. Both methods empower respondents to control the time and pace of completing the survey questions, thereby potentially reducing the level of distraction inherent in interviewer-administered questionnaires. The use of multi-mode questionnaire methods is common in small business management and family business research (e.g. Naldi et al., 2007; Zahra, 2012; Cabrera-Suarez and Martin-Santana, 2012). Furthermore, the use of multi-mode methods eliminates mode effects that can result from the use of a single questionnaire method (De Vaus, 2002).

As technology evolves, electronic questionnaires are becoming much more prevalent (Baruch and Holtom, 2008). Online questionnaires are now widely used in social science research, as they enable rapid connection with a large number of potential respondents (Eboli and Mazzulla, 2012). In fact, these questionnaires are "faster, better, cheaper, and easier to conduct than surveys that use more traditional telephone or postal mail methods" (Schonlau, Ronald, and Elliott, 2002, p.xiii). Importantly, Internet use has grown exponentially in Saudi Arabia, reaching 18 million in 2014, the second largest number of users in the Middle East after Iran. According to Internet World Stats, internet penetration in Saudi Arabia in 2014 is about 67% of the population, higher than the Middle East average of 40.2%, and the world average of 48.3%. Internet usage among Saudi companies is also relatively high. According to the annual report of The Communications and Information Technology Commission CITC in Saudi Arabia, the level of Internet penetration of companies has increased from 52% in 2007 to 65% in 2009 (CITC, 2011). This level of Internet usage demonstrates the viability of the online questionnaire method in this study.

Delivery and collection questionnaires were also utilised. This method has a higher response rate than other self-administered questionnaires and allows for checking

who has answered the questions (Saunders et al., 2009). The delivery and collection method is suitable in this context, since the sample is drawn from one region in Saudi Arabia, which at least partially mitigates the disadvantages of high cost and time investment normally associated with this method.

3.6.2 Rationale for not choosing other Methods

Questionnaires are typically administered in one of five ways: by post, online, through delivery and collection, telephone, or face-to-face. Each of these methods offers advantages and limitations in terms of cost, time, response rate, privacy issues, and accessibility (Saunders et al., 2009). Postal questionnaires have a relatively low cost and can be simultaneously sent to a large number of participants, they are also potentially time consuming due to postal delays, have a greater risk of missing data, and have a low response rate (Bryman and Bell, 2003). In contrast, telephone questionnaires collect data quickly and have a high response rate, but are subject to the interviewer effect, which can lead to social desirability bias, especially during the investigation of sensitive issues. Furthermore, telephones interviews may be tiresome for participants over more lengthy conversations. In general, telephone questionnaires are not considered a good data collection method for social science research (Eboli and Mazzulla, 2012). Online questionnaires are efficient in terms of cost, time, and privacy, but responses are confined to those of the sample with access to the internet (Schonlau et al., 2002). Finally, both delivery and collection, and face-to-face questionnaires have the advantage of rapport and a high response rate. However, they are comparatively expensive and time consuming (Saunders et al., 2009).

Postal, online, and delivery and collection are self-administered methods, whereas face-to-face and telephone surveys are interviewer-administered (Bryman and Bell, 2011). Interviewer-administered questionnaires can be subject to interviewer

variance and social desirability bias (Eboli and Mazzulla, 2012). Given that the researcher is a female in a male dominated work environment, the use of interviewer-administered questionnaires has not been selected as a method for this study. That is also because there is gender segregation in most work places in Saudi Arabia. Meanwhile, postal questionnaires have not been selected due to their low response rate and unreliable postal service in the country. For example, a doctoral study on Saudi SMEs using a mail questionnaire yielded a rate of only 7.3% (Alfadhel, 2010).

3.6.3 The Selection of Saudi Arabia

In Saudi Arabia, "social life revolves around the family and close relations" (Field, 1985, p.87) As Davis et al. (2000) notes

> "The family with its extended kinship network is probably the central element of the Gulf Region socioeconomic system. The family household unit in the Gulf, the extended family, and the family's close allies are the chief nurturers and arbiters of individuals' values, attitudes, and beliefs. A person's primary social and economic support comes from his or her nuclear and extended families. Social and business life revolves around the family" (p.217).

A family business in the Saudi society is viewed as a lasting legacy for generations to come (Salman, 2005). Family members share emotions and attachment to their businesses; they discuss business matters at home during family gatherings and even on vacations (Kets de Vries et al., 2007). Many studies on family business have been conducted from the US and Western Europe perspective, suggesting that there is a need for research from a broader geographical and cultural base in order to advance our understanding of entrepreneurial families and family firms (Nordqvist and Melin, 2010; Lumpkin et al., 2011); as well as of succession in family firms (Sharma et al., 2003b). In developing economies, family firms remain key drivers for innovation and

entrepreneurship (Heck, Hoy, Poutziouris, and Steier, 2008). According to the World Bank's Doing Business Report 2013, Saudi Arabia is ranked 1st in the MENA region and 22nd worldwide in the ease of doing business. The Saudi Arabian entrepreneurship environment is characterised by a stable economy, growing markets with many untapped niches, no income taxes, and large and sustained government investments in the economy (Porter, 2012). According to Saudi Fast Growth 100, a national program promoting entrepreneurship in the country by ranking the fastest-growing companies, over 70 percent of those companies' founders are serial entrepreneurs who have started other companies. Porter (2010) notes that in emerging economies, "the small businesses and growing entrepreneurial companies are really under the radar, nobody knows about them" (National US-Arab Chamber of Commerce, 2010, p.3). As such, this research will illuminate the topic of family SMEs entrepreneurship in Saudi Arabia, aiding in understanding family firms in general and potentially helping to explain why family firms continue to be the dominant form of organisation in countries around the world.

3.6.4 Sample Framework

"A sample is a subdivision of the population and should represent the main interest of the study" (Hussey and Hussey, 1997, p.55). Obtaining an accurate sample is essential in ensuring the generalisability of the quantitative method findings (De Vaus, 2002). The population of this research is SMEs in Saudi Arabia. Therefore, a definition is first provided for SMEs, after which a sampling frame is developed, sample source is identified, and finally the criteria for selection is illustrated.

3.6.4.1 Small and Medium Enterprises SMEs

The definition for small and medium enterprises (SMEs) varies from one country to another (Rocha, Farazi, Khouri, and Pearce, 2011), and sometimes even between different sectors in the same country such as the US (USSAB, 2013). However, each

country or region relies on a number of criteria in defining SMEs, mainly in relation to their number of employees, annual sales, and/or end of year financial position.

The US Small Business Administration (SBA) (2013) defines small businesses as those independently owned, operating for profit, and not having a dominant position in their field. Company size is measured using one of two criteria: average number of employees within a year, or annual receipt (average sales over three years). However, these numbers vary across different industries. For example, while the maximum number of employee in manufacturing ranges from 500 to 1500, the number for SMEs in wholesale ranges from 100 to 500 employees. Similarly, while annual receipts may not exceed $2.5 to $21.5 million in services, this number may not exceed $0.5 to $9.0 million in agriculture.

In 2005 a new definition for SMEs was established in the European Union (EU, 2005). This scheme defines micro, small, and medium enterprises according to two out of three criteria: number of employees and either annual turnover or annual balance sheet (Table 3.3).

Table 3.3 EU SME definition

		Micro	**Small**	**Medium**
1	Annual Turnover	≤ €2 million	≤ €10 million	≤ €50 million
	↕or			
2	Annual Balance sheet total	≤ €2 million	≤ €10 million	≤ €43 million
3	Number of employees	< 10	< 50	< 250

Source: EU, 2005.

In the UK, the Companies Act (2006) defines small and medium size enterprises as those companies that meet two or more of three requirements, as shown in Table 3.4.

Table 3.4 UK SME definition

		Small	**Medium**
1	Annual Turnover	< £5.6 million	< £22.8 million
2	Annual Balance sheet total	< £2.8 million	< £11.4 million
3	Number of employees	< 50	< 250

Source: Great Britain. Companies Act, 2006.

In Saudi Arabia, there exist several definitions for SMEs. For example, in order for enterprises to be funded by the "Kafalah" program (a collaboration between the Ministry of Finance and Saudi commercial banks that seeks to facilitate the provision of financing to SMEs), SMEs must not exceed annual sales of 30 million Saudi Riyals (8 million US dollars). As such, SMEs are defined based on annual sales according to the Saudi Industrial Development Fund (SIDF) (Aljasser, 2011). However, reliance on annual sales alone is insufficient in defining the sample of this research, particularly as this definition does not distinguish between small and medium enterprises. The Saudi Arabian General Investment Authority (SAGIA) defines small enterprises as those with less than 60 employees and a starting capital of less than 5 million Saudi Riyals (1.3 million dollars), while medium size enterprises are those with less than 100 employees and a starting capital between 5 and 20 million Saudi Riyals (5.3 million dollars) (Hertog, 2011). However, capital is not a criterion used in international definitions of SMEs, such as the US, the EU, or the UK. Furthermore, a firm might start with a small amount of capital and then grow very large, or vice versa. Having no unified SME definition in Saudi Arabia, this research adopted the UK definition of SMEs. As such, small enterprises are those with less than 50 employees, and medium enterprises are those with less than 250 employees.

3.6.4.2 Sample Frame

According to the latest census of economic enterprises in Saudi Arabia in 2010, there are 806,377 enterprises operating in the Kingdom (Table 3.5). The Riyadh area accounts for the largest share, with 26% of total enterprises. Thus, this study confines itself to the Riyadh area, as this region represents one fourth of the total number of businesses in Saudi Arabia. Riyadh is the largest and capital city of Saudi Arabia. Furthermore, the researcher has better opportunities to obtain research data in this region.

Table 3.6 shows the number of enterprises in Riyadh area, classified according to their registration category in the Riyadh Chamber of Commerce and Industry (RCCI) in 2013. The premium and first categories denote large enterprises, such as banks and companies listed in the stock market. The second, third, and fourth registration categories represent medium, small, and micro enterprises. This illustrates that there are 88,782 SMEs in Riyadh, representing around 96% of total enterprises in the area. Furthermore, Table 3.7 presents a classification of SMEs according to their main sectors and registration category. The wholesale, retail, hotels, and restaurants sectors account for the largest share (33.9%), followed by building and construction (29.3%), then financial intermediation and real estate, which accounts for (13.2%).

The sample of this research is formed of family businesses only, since this type of organisation is the norm in Saudi Arabia accounting for 95 percent of total organisations in the country (The Council of Saudi Chambers, 2014). Furthermore, samples of most family business studies in leading journals are exclusively formed of family businesses, as opposed to family and non-family businesses (e.g. Chrisman et al., 2012; Gomez-Mejia et al., 2007; Eddleston and Kellermanns, 2007; Eddleston et al., 2008a; Berrone et al., 2010; Zellweger et al., 2012a; Cruz et al., 2012).

Table 3.5 Enterprises operating in Saudi Arabia, by administrative area *(percentages are to the nearest decimal)*

Administrative Area		**Number of Enterprises**	**Percentage of Total**
1	Riyadh	211,331	26.2%
2	Makkah	201,451	25%
3	Madinah	50,180	6.2%
4	Qassim	44,844	5.6%
5	Eastern Province	127,344	15.8%
6	Asir	48,543	6%
7	Tabuk	22,891	2.8%
8	Hail	23,822	3%
9	North Border	8,599	1.1%
10	Jazan	28,667	3.5%
11	Najran	14,082	1.7%
12	Al-Baha	9,376	1.2%
13	Al-Jouf	15,247	1.9%
Total		806,377	100%

Source: Central Department for Statistic and Information- Saudi Arabia, 2010.

Table 3.6 Number of enterprises in the Riyadh area, classified according to their registration category *(percentages are to the nearest decimal)*

Registration Category	**Number of Enterprises**	**Percentage**
Premium	1481	1.6%
First	1986	2.2%
Second	21791	23.6%
Third	53458	57.9%
Fourth	13533	14.7%
Total	92249	100%

Source: Riyadh Chamber of Commerce and Industry, 2013.

Table 3.7 Number of SMEs in the Riyadh area, classified according to their main sectors and registration category *(percentages are to the nearest decimal)*

Main Sector	**Registration Category**			**Total**	**Percentage**
	Second	**Third**	**Fourth**		
Import /Export	1605	1255	426	3286	3.7%
Agriculture, Forestry and Fishing	539	2090	172	2801	3.2%
Mining and Quarrying	62	127	13	202	0.2%
Manufacturing	714	1470	442	2626	3%
Electricity, Gas and Water	10	6	3	19	0.02%
Building and Construction	6546	18745	722	26013	29.3%
Wholesale, Retail, Hotels and Restaurants	5816	19815	4508	30139	33.9%
Transportation, Storage and Communication	438	1878	363	2679	3%
Financial Intermediation and Real estate	4631	4884	2192	11707	13.2%
Community Services	1430	3188	4692	9310	10.5%
Total	21791	53458	13533	88782	100%
Percentage	24.5%	60.2%	15.2%	100%	

Source: Riyadh Chamber of Commerce and Industry, 2013.

3.6.4.3 Sample Source

Sources of data/lists of firms for the sample of this research could be obtained either from the Riyadh Chamber of Commerce and Industry (RCCI), or from SME fund providing agencies, such as the Saudi Credit Bank, the Saudi Industrial Development Fund, the Kafala Program, or The Centennial Fund. The Saudi Credit Bank and The

Centennial Fund primarily offer financing for start-up businesses, making their data unsuitable for this study. The Saudi Industrial Development Fund provides financing for manufacturers and therefore is limited to one sector. The Kafala Program is a fairly new program since 2006 with a limited database. The only comprehensive data for the SMEs and their sectors in the Riyadh area is available from the RCCI, as all enterprises must register their business here before operating. Furthermore, companies must renew their registration annually in order to continue trading, which means that the data from the RCCI is updated annually. The database includes names, telephone numbers, and some email addresses for each of the registered firms, as well as the main sector in which they operate and their registration category. However, the database does not include employee number or financial information. Furthermore, the database obtained from RCCI contained both family and nonfamily firms; however, only family firms are included in the final sample. Family firms were determined by contacting participants prior to questionnaire distribution, asking specific questions in the questionnaire, and directing the recruited team responsible for questionnaire distribution.

3.6.4.4 Criteria for Selection

A probability sampling approach was utilised. A probability sample or a randomly drawn sample enhances generalisability of the study findings (De Vaus, 2002). A stratified sample was selected from the population (Riyadh SMEs) based on the main industries. The industries included in the sample are (1) Import /Export; (2) Manufacturing, (3) Building and Construction; (4) Wholesale, Retail, Hotels and Restaurants; (5) Transportation, Storage and Communication, and (6) Services. Since the use of statistics is still evolving in Saudi Arabia, the RCCI list lacks a service industry category. However, firms providing services were dispersed throughout the list of industries in the RCCI database. Therefore, a service industry category was created

for this research, including services such as IT services, marketing and media, and beauty salons.

3.6.5 Research Design

In this section the appropriate research design will first be discussed. The chosen data collection instruments and their structure will then be presented. Afterwards, piloting and instruments administration will be illustrated. Later, sample choices will be discussed. Then, data analysis, validity, and reliability will be considered. Finally, the problems encountered during the field work will be presented.

Research design is concerned with turning the research questions into a research plan (Saunders et al., 2009). Answering the research questions was influenced by the philosophical stance of the research. Consequently, the research question will inform the chosen research design along with data collection instrument and analysis.

Given the research questions, the purpose of this research is explanatory rather than descriptive. Explanatory research is concerned with investigating relationships between variables, which is the aim of this research, while descriptive research is providing accurate description of a phenomenon (De Vaus, 2002). However, since the research is amongst the first to explore family businesses is Saudi Arabia, a detailed demographic description of the sample will be provided.

In the research design, it is essential for the researcher to determine the time horizon of the research being cross-section or longitudinal (Saunders et al., 2009). Cross-sectional is similar to taking a "snap-shot", in that the researcher studies a phenomenon at a particular time, while longitudinal design is conducted over a period of time and concerned with mapping change and development (Bryman and Bell, 2003). Given the nature of the research and the time constraints, a cross-sectional research

design was adopted. The main drawback of the cross-sectional design is its inability to provide information about the cause-and-effect relationships. However, this design is the most used design in family business research (e.g. .g. Chrisman et al., 2012; Eddleston and Kellermanns, 2007; Naldi et al., 2013; Goel et al., 2013). Furthermore, the limitation of this design is acknowledged in Chapter 5 (discussion and conclusion).

3.6.5.1 Data Collection Instruments

A quantitative approach is used to answer the two research questions. Explanatory research enables researchers to examine and explain the relationship between variables. This kind of data is best acquired using questionnaires (Saunders et al., 2009). Thus, both questions are answered statistically, through the delivery of a questionnaire instrument to Saudi family SMEs. "A questionnaire is a list of carefully structured questions" (Hussey and Hussey, 1997, p.161).

3.6.5.2 Structure of Instruments

The design of questionnaires has been shown to affect the response rate, as well as the validity and reliability of data (Saunders et al., 2009). As such, the questionnaire for this study was carefully prepared using a clear and informative design. It is five pages long, excluding the cover page, providing sufficient space to cover all important elements of the study, without discouraging participation. The cover page (or email in the online questionnaire) provided an introduction of the researcher and the research aim, along with the invitation to participate in the research. The cover page or email also provided informed consent, ensuring compliance with good ethical practice by offering voluntary participation, granting confidentiality, anonymity, and privacy to participants (De Vaus, 2002).

The questionnaire consists of five sections (see Appendix III).

The first section is used to obtain general demographic information about the CEO/entrepreneur of the firm. This data includes gender, age, position in the business, number of children, education, and ownership status.

The second part gathers information about the firm as it is not available from the RCCI database, including its age, number of full time employees, legal status, industry, the existence and number of board of directors, and whether or not the firm has a business plan or is diversified. This section also seeks to gather information on the family members actively involved in the business and their roles, the firm's innovativeness, its export activities, and its social capital.

The third section of the questionnaire gathers information about the succession plan in place at the company, looking in detail at the selection criteria and development plans of the future successor. This section includes questions about the generation managing the business, the anticipated period of succession, number and gender of potential successor, whether or not the firm has a succession plan, and further information about the succession plan. Finally, the importance of 30 characteristics of the desired future successor adapted from Chrisman et al. (1998) are rated on a five-point Likert scale (from 1 = 'not important' to 5 = 'critically important').

The fourth part measures the SEW of the family firms using 27 items to represent the five proposed FIBER dimensions of SEW (Berrone et al., 2012). Respondents are asked to indicate their level of agreement with the set of statements using a five-point Likert scale (from 1 = 'strongly agree' to 5 = 'strongly disagree').

The fifth and last section of the questionnaire measures entrepreneurial orientation in Saudi family firms through the use of a 9 item formulation developed by Covin and Slevin (1989). Respondents are asked to indicate with a number where their company falls using a seven-point horizontal rating scales between two opposite positions.

Finally, information is obtained about the performance of the firm, as represented by its end of year turnover in the last three years. Since financial questions are considered one of the most sensitive aspects of SMEs research, these questions are situated at the end of the questionnaire in order to not deter respondents from participating. Respondents are asked to provide their personal information, if they wish to receive a copy of the study findings.

3.6.5.3 Variables Measurement

The following measurement of the dependent, independent, control, and moderator variables are used for the questionnaires in this study:

Dependent variables

There are eight dependent variables in this research: entrepreneurial orientation (EO), succession planning (SP), and the six categories of the most desired successor attributes.

EO was measured using the 9 item scale developed by Covin and Slevin (1989), in which EO is conceptualised as a unidimensional construct (Covin and Lumpkin, 2011; Wales, Gupta, and Mousa, 2013). This scale is a refined version of the formulation of Miller (1983), and has become known as the Miller/Covin and Slevin (M/CS) scale (Brown, Davidsson, and Wiklund, 2001). While several measures of EO exist, M/CS is the most commonly used EO measure (Rauch, Wiklund, Lumpkin, and Frese, 2009). The M/CS scale examines three key entrepreneurship dimensions: innovativeness, proactiveness, and risk taking. Each dimension is further sub-divided into 3 items, forming a 9-item scale. Miller (1983) and Covin and Slevin (1989) conceptualize EO as a unidimensional construct where "the exhibition of only one or two of these dimensions would be insufficient to label the firm as entrepreneurial" (Covin and Lumpkin, 2011, p.862). The M/CS unidimensional scale has been widely

used in research, particularly in the investigation of family business entrepreneurship (e.g. Salvato, 2004; Zahra et al., 2004; Kellermanns and Eddleston, 2006; Chirico et al., 2011; Cruz and Nordqvist, 2012). As the EO construct is "robust to cultural contexts and to translations" (Rauch et al., 2009, p.779), it has therefore been deemed suitable for the measurement of entrepreneurship in Saudi family SMEs. Moreover, "EO remains relatively unexamined in developing and emerging market contexts" (Wales et al., 2013, p.364). The scale has not been used in the MENA region as of yet and its extension to the context of Saudi Arabia may therefore be valuable because of the country's intense entrepreneurship environment, and because it tests the applicability of this tool in other MENA countries.

The second dependent variable in the questionnaire design is the succession planning (SP). Succession planning (SP) was measured based on the responses of CEOs/entrepreneurs to three (yes/no) items. These include the following: “Do you have a plan regarding transferring the business to the next generation”; “Have you selected your successor”; and “Is there a development plan for the successor”. Responses to the three items were coded as zero or one based on whether the item was or was not present (zero if no and one if yes). Then, items were summed to create a single measure ranging from 0 (low) to 3 (high) (Succession Planning). The Succession Planning variable was also recoded to facilitate binary dependent variable analysis as follows, respondents with a total of 2 or 3 were recoded as ‘1’,and respondents with a total of and 0 and 1 were recoded as ‘0’ (Succession Planning Binary). Respondents answering ‘No’ to all three questions were included, as this denotes the lack of any form of succession planning. This facilitates the binary variable of whether the family firm has, or does not have, a plan for succession.

The most desired successor attributes was measured using the 30 successor attributes adopted from Chrisman et al. (1998). Respondents were asked to indicate the

importance of each attribute on a scale from 1 to 5, 1 being 'not important' and 5 being 'critically important'. The six attributes categories are:

1. Successor's relationship with the incumbent: measured using the mean scores of 3 successors' attributes (*Compatibility of goals with current CEO, Personal relationship with CEO,* and *Age of successor*).

2. Relationships with other members of the family: measured using the mean scores of 4 successors' attributes (*Trusted by family members, Respected by actively involved family members, Ability to get along with family members,* and *Respected by non-involved family members*).

3. Family standing: measured using the mean scores of 3 successors' attributes (*Successor Gender, Blood relation,* and *Birth order*).

4. Competence: measured using the mean scores of 10 successors' attributes (*Decision making abilities/experience, Interpersonal skills, Experience in business, Strategic planning skills/experience, Financial skills/experience, Marketing and sales skills/experience, Technical skills/experience, Past performance, Educational Level,* and *Outside management experience*).

5. Personality traits: measured using the mean scores of 7 successors' attributes (*Integrity, Self-confidence, Intelligence, Aggressiveness, Creativity, Independence,* and *Willingness to take risk*).

6. Current involvement with the family business: measured using the mean scores of 3 successors' attributes (*Commitment to the business, Respected by employees,* and *Current ownership share in the business*).

Independent variables

There are two independent variables in this study: socioemotional wealth (SEW) and generational involvement.

SEW denotes family involvement and assesses the emotional attachment of members with the business, thereby representing the noneconomic goals of family firms. This variable was measured using 27 items that represent the five proposed FIBER dimensions of SEW (Berrone et al., 2012). These five FIBER dimensions of SEW are: (1) Family control and influence; (2) Identification of family members with the firm; (3) Binding social ties; (4) Emotional attachment of family members; and (5) Renewal of family bonds to the firm through dynastic succession. Respondents were asked to indicate their agreement with each of the 27 items on a scale from 1 to 5, 1 being 'strongly disagree' and 5 being 'strongly agree'.

Generational involvement is added as an independent variable in the SEW-EO model as the literature suggests that this affects the EO of family firms. While Martin and Lumpkin (2003) found that EO decreases in later generations, Cruz and Nordqvist (2012) found that the third and later generations are often more entrepreneurial. Therefore, in keeping with published studies (Kellermanns and Eddleston, 2006; Zahra, 2005; Chirico et al., 2011), generational involvement was measured by asking respondents how many generations (1, 2, 3 or more) are involved in the management of the firm (GENERATION).

Control Variables

A number of control variables are used in this research, as they could potentially influence the relationships being examined. These variables include: firm size, firm age, industry, entrepreneur age, entrepreneur education, entrepreneur gender, habitual entrepreneurs, having a business plan, having a board of directors, and diversification. The selected variables have been chosen on the basis of their widespread use in previous research on family business entrepreneurship and succession. These variables will be explained in greater details below based on the use of the different dependent variables.

With Entrepreneurial Orientation EO as dependent variable:

Firm level, human capital and external environment context variables that have been used in previous studies of entrepreneurial orientation were included as control variables. The human capital and personal characteristics of the CEO have been found to influence their willingness to pursue entrepreneurial activities (Kellermanns et al., 2008). The gender of the CEO was controlled, since entrepreneurial activities are associated with males to a greater extent than female entrepreneurs (Olson et al., 2003). Male entrepreneurs were coded as '1' and female entrepreneurs were coded as '0' (GENDER). Having a business plan was also controlled, in recognition that business planning is related to the entrepreneurial activities of businesses (Delmar and Shane, 2003; Brinckmann, Grichnik, and Kapsa, 2010). Businesses with formal business plans were coded as '1' and others were coded as '0' (BUSINESS PLAN).

Several business variables can potentially influence entrepreneurial orientation. This study controlled for firm size, which was measured with regard the number of full-time employees recorded in the natural log (SIZE). Firm size is included because larger firms might have more available resources to engage in entrepreneurial activities (Kellermanns and Eddleston, 2006, Zahra et al., 2004). Firm age was also controlled, due to the potentially higher level of growth in younger firms (Eddleston et al., 2012). Firm age was measured by the number of years since the first order/customer recorded by the firm (AGE-BUS). As with business size, a natural logarithm was taken of business age.

It has been shown that the external environment may influence entrepreneurial orientation. For this reason, the study controlled for industry effect, as entrepreneurial activities may be more prominent in some industries than others. This is because some industries may require the development of new and innovative products, the taking of risks, or a more proactive approach than other industries. The following industry dummy variables were computed: manufacturing (MANUFACTURING), building and

construction (CONSTRUCTION), wholesale, retail, hotels and restaurants (RETAIL), transport, storage and communication (TRANSPORT), import/export (INTERNATIONAL), and services (SERVICES). The excluded comparison industry in the regression model was import/export (INTERNATIONAL). Finally, diversification has been related to entrepreneurial behaviour in family firm research (e.g. Cruz and Nordqvist, 2012). For this reason, a dummy variable was included to indicate business diversification, with those firms operating a secondary business activity being coded as '1' and others being coded as '0' (DIVERSIFIED).

With succession planning (SP), and the six categories of the most desired successor attributes as dependent variables:

Research in family business succession has observed differences between male and female owners with regards to the succession planning process (Harveston, Davis, and Lyden, 1997), as well as in their overall decision making style (Vera and Dean, 2005). For this reason, the gender of the CEO/entrepreneur was controlled. Gender was coded as '1' for male as '0' for female (GENDER). The age of the entrepreneurs is included because older CEOs are found to place more importance on succession planning (Motwani et al., 2006). A natural logarithm of the age of the entrepreneurs was used in the models (AGE ENTREPRENEUR). The education of the entrepreneurs was used to create two dummy variables, due to the fact that previous research suggested that the educational level of the family business owner/manager has an impact on succession planning (Davis and Harveston, 1998). Entrepreneurs for whom their highest level of education was an MSc were coded as '1' and otherwise '0' (MSC DEGREE). Entrepreneurs for whom their highest level of educational achievement was a university degree were coded as '1' and those for whom they had lower levels of educational achievement were coded as '0' (UNDERGRAD DEGREE).

There is a substantial amount of research which has suggested that prior entrepreneurial experience may influence entrepreneurial behaviours. Differences have been identified between novice and habitual entrepreneurs with regards to a range of entrepreneurial decisions and outcomes (Westhead, Ucbasaran and Wright, 2005). Thus, it seems possible that succession planning decisions might also be influenced by the experience of the entrepreneurs involved. A dummy variable was included to indicate whether or not a given respondent has previous entrepreneurial experience, with those who have owned a business in the past being coded as '1' and those who have not being coded as '0' (HABITUAL).

Previous research demonstrates that the importance, nature, and extent of succession planning may be influenced by multiple business variables, including firm size and the presence of a board of directors (Motwani et al., 2006). In this study, firm size was controlled because larger firms have greater resources; it is generally easier for them to train and develop potential successors, as well as to employ outside consultants to provide advice on the succession planning process (Sharma et al., 2003b). The size of a firm has also been found to influence succession decision making (Westhead, 2003). In this study, firm size was measured with regards to the natural log of the number of full-time employees (SIZE). In recognition of the important role that the board of directors play in family firms survival (Wilson, Wright, and Scholes, 2013) and in key decisions made in family firms including the preparation of succession (Corbetta and Salvato, 2004b), this study has controlled for the presence of a board of birectors. This board is expected to ensure the continuity and security of a company (Westhead, 2003), as reflected in the greater importance placed upon succession among family firms with a board of directors (Motwani et al., 2006). For this reason, a dummy variable was included to indicate whether or not the firm has a board of directors, with those having a board coded as '1' and those without being coded as '0' (BOARD). The external

environment may influence succession planning. Thus, the study controls for industry effect. This is because succession planning may be more prominent in some industries than others. The following industry dummy variables were computed: Manufacturing (MANUFACTURING), Building and Construction (CONSTRUCTION), wholesale, retail, hotels and restaurants (RETAIL), transport, storage and communication (TRANSPORT), and import/export (INTERNATIONAL). The excluded comparison industry in the regression models is services (SERVICES).

Moderators

The study moderates for social capital with the six categories of the most desired successor attributes as dependent variables. Social capital is a valuable resource that contributes to value creation across generations in family firms (Salvato and Milen, 2008). Social capital was measured using a five-item scale adopted from Zahra (2010). Respondents were asked to indicate the extent to which each of the five statements is true or untrue on a five-point Likert scale (from 1 = 'very untrue' to 5 = 'very true').

3.6.5.4 Piloting and Screening

The questionnaire was first developed in English, then translated to Arabic, then back translated to English. The process of back-translation means that "one bilingual translates from the source to the target language, and another blindly translates back to the source" (Brislin, 1986, p.159). This process served to assess the translation and to ensure the similarity of the two original language versions (Harkness and Schoua-Glusberg, 1998). Brislin (1986) suggests that a monolingual speaker of the target language rewrites the translated material to ensure that it is absolutely clear for native speakers. Being bilingual, the researcher contributed to the assessment of the translation.

Particular attention was given to the design of clear, unambiguous and useful questions. It is recommended that a previously developed and validated scale be used, with modification to adapt the scale for use in a particular country or context (De Vaus, 2002). As such, the questionnaire was evaluated by academic professors who teach graduate-level business and management courses (two from Saudi and two from the UK). The questionnaire was also reviewed by two Saudi family business owners. In addition, opinions about the questionnaire were obtained from one Saudi commercial form specialist. Comments from all sources were incorporated into the final questionnaire. The length of the questionnaire was reduced and questions were revised accordingly. The questionnaire combines two scales that were previously developed in Western studies (SEW and EO). Therefore, the reviewers comments were valuable to ensure that the words and meanings of concepts utilised in the questionnaire correspond to those commonly used in Saudi SMEs. This is important as the wording of a questionnaire has been shown to highly affect response rate, reliability, and validity of responses (De Vaus, 2002).

A pilot study was performed before administration of the final questionnaires in order to verify their validity (Saunders et al., 2009). The questionnaire was piloted on eight Saudi family businesses. Piloting is especially important in self-administered questionnaires, as it is not possible to clarify questions for participants. The advantages of conducting a pilot study include: observing sufficient variation in responses, making sure that questionnaire instructions are adequate, identifying questions that are not answered, and detecting respondents' tendency to lose interest in certain points (Bryman and Bell, 2011). The pilot study of the eight Saudi family firms CEOs/ entrepreneurs were not included in the final sample of the study.

3.6.5.5 Sample

The research sample of the study was drawn from the Riyadh Chamber of Commerce and Industry RCCI database. The sample has to be representative of the population from which it is drawn. The larger the sample the greater the limitation of sample error and the more findings can be generalised (De Vaus, 2002). As indicated earlier, the approximate population of SMEs operating in Riyadh area is 88,782. A sample of 383 from this population represent a 5% sampling error at the 95% confidence level (Saunders et al., 2009). Accordingly, this study aimed to obtain data from a large final sample of 383 respondents. This is also in line with previous studies as the average sample size of quantitative studies using primarily data published in the Journal of Business Venturing (JBV) was 351 between 2001 and 2006 (Mullen et al., 2009).

In order to achieve the desired sample size, non-respondents were taken into consideration in the initial sample. In recent studies of family business research in leading entrepreneurship and small business management journals, the response rate varies between 8.85% and 57.1% (see Table 3.8). However, the majority of these studies were conducted in western countries. In contrast, all of the family business research conducted in the Middle East and published in reputable journals utilised a convenience sample and had no response rate. An exception to this is the study by Fahed-Sreih, and Djoundourian (2006), which explored the characteristics of Lebanese family businesses, and yielded a response rate of 10%. Since certain strategies are taken in the questionnaire administration in this study, a response rate of 15% is expected. Moreover, the population from which this sample was drawn is heterogeneous, as 5% of the SMEs in Riyadh are not family owned, which was taken into consideration. As such, a total of 2,646 firms were identified in the stratified random sample.

3.6.5.6 Instruments Administration and Responses

As indicated in the previous section, a total of 2,646 firms were identified in the sample. 2,146 of these were sent an electronic questionnaire built using Qualtrics (an online survey software), while 500 were sent a paper survey using a drop and collect method. A link to the electronic questionnaire was sent by email, while the printed version of the questionnaire was delivered in person to the key respondent in each business, between December 2013 and April 2014. Follow up emails and visits were made on up to 2 occasions after the questionnaire was submitted to each recipient.

An email with a link to the questionnaire was sent to prospective firms over 4 waves (once a week over four weeks). This was done in order to assess and avoid any potential technical as well as structural problems in the questionnaire. The questionnaire link was unique for each individual (by invitation), meaning that the recipient could complete and submit the questionnaire only once. This also meant that if the recipient did not complete the questionnaire the first time, he/she could complete it later on starting from the point where they stopped. This was helpful when sending the reminder email 3 days after the first email was sent. Another remainder email was also sent after a week from the initial email. One advantage of the Qualtrics software is enabling the researcher to monitor individuals who actually opened the link but didn't complete and submit the full questionnaire. Most of those who did not complete the questionnaire dropped out from the first section (CEO/Manager/Owner Characteristics). This indicates that the length of the questionnaire was not the problem. The above mentioned precautions were necessary to enhance the response rate as well as ensure identity of respondents and quality of data collected.

In regards to the drop and collect method, the 500 firms were contacted to confirm their industrial activity, business age, family business status, the number of full-time employees, and their willingness to participate in the research. The calls were

conducted by the researcher. A team of 7 people were recruited to deliver and collect the completed questionnaires. The team received a 2 hour training session, during which time the objectives of the survey and each of the questions were explained. The team was instructed to drop the paper questionnaire and call after 3 days to ensure the questionnaire had been filled before collecting it. In the case of failing to fill the questionnaire within 3 days another reminder call was performed after a week of the initial delivery. In some cases, the CEO/entrepreneur completed the questionnaire immediately on the same day of delivery, while the team member was waiting. The team verified that the respondent was either the founder of the business and/or the principal owner of the business. The whole process of questionnaire drop and collection was closely monitored by the researcher.

There is no agreement in the literature upon what defines a family business. However, recent family business research using SEW perspectives have employed operational definitions, based on variables that include family ownership, governance, and management style (e.g. Gomez-Mejia et al., 2007; Gomez-Mejia et al. 2010; Berrone et al., 2010; Naldi et al., 2013; Shepers et al., 2014; Geol et al., 2013; Sciascia et al., 2014). In this study, a firm is considered to be a family business based upon the perception of the lead CEO/ entrepreneur with regards to whether or not the firm is a family business (Westhead and Cowling, 1998). In addition, at least two family members must be actively involved in the business (Eddleston et al., 2012; Eddleston et al., 2008a). This supports the definition provided by Miller et al. (2008), who stated that when more than one family member is involved, then "the firm serves as a vehicle for the economic, socioemotional, and career sustenance of the family" (p.53). All of the respondents in this study were either family CEOs or owners of the family firms. This was verified by the demographic questions in the questionnaire and by the recruited team.

A key informant approach was adopted in the questionnaire administration, in line with previous studies of family firms (e.g., Cruz and Nordqvist, 2012; Miller et al., 2008; Zellweger et al., 2012a). CEOs or entrepreneurs in independent businesses are the most appropriate target respondent for this kind of investigation, as they are the primary decision makers. They are also most likely to be the person in family SMEs who are most knowledgeable about the strategy and future prospects of the firm.

In all, a total of 385 questionnaires were returned from both online and drop and collect method. However, 56 of these were removed from the sample because the companies involved had less than 3 or more than 250 full-time employees. Also, 44 were dropped as they were considered to be non-family businesses by the criteria stipulated above, namely that only one family member was actively working in the business. The 385 represented a response rate of 14.55%. This compares with the 10% response rate which Fahed-Sreih, and Djoundourian (2006) achieved in their study of Lebanese family businesses. Eddleston et al. (2012), Cruz and Nordqvist (2012), Schepers et al. (2014), and Goel et al. (2013) achieved response rates of 14.3%, 12%, 9.2%, and 8.85% respectively in their studies of family businesses.

Table 3.8 Response rates of relevant quantitative studies of family businesses published in leading entrepreneurship and small business management journals in the period 2012-2014

Journal	Author(s)	Year	Objective	Country	Response rate
Entrepreneurship Theory & Practice	Chrisman, Chua, Pearson, and Barnett.	2012	Examine the effect of family involvement and family essence on the adoption of family-centred noneconomic (FCNE) goals in small family firms	USA	19.8%
	Eddleston, Kellermanns, and Zellweger	2012	Investigate corporate entrepreneurship in family firms	Switzerland	14.3%
	Arregle, Naldi, Nordqvist, and Hitt	2012	Explain the internationalisation of family firms	Sweden	57.1%
	Lichtenthaler and Muethel	2012	Investigate the impact of family involvement on dynamic innovation capabilities	Germany	33%
	Eddleston, Kellermanns, Crittenden, and Crittenden	2013	Examine the effect of strategic planning and succession planning on family firm growth using a generational perspective	USA	17.7%
Small Business Economics	Cruz and Nordqvist	2012	Examine antecedents of EO in family firms by adopting a generational perspective	Spain	12%
	Zahra	2012	Identify determinants of organisational learning on EO in family firms	USA	20.3%
	Kellermanns, Eddleston, Sarathy, and Murphy	2012	Investigate the relationships between family influence and family firm performance	USA	29.6%
	Koropp, Grichnik, and Gygax	2013	Examine succession financing in family firms	Germany	16.5 %
	Schepers, Voordeckers, Steijvers, and Laveren	2014	SEW as a moderator for the entrepreneurial orientation-performance relationship	Belgium	9.2 %
Journal of Small Business Management	Chirico and Bau	2014	Understand the dynamics resulted in a family being an asset or liability for the firm	Switzerland	33.61%
	Vandemaele and Vancauteren	2015	Examine the effect of noneconomic goals (SEW) on dividend payout in private family firms	Belgium	10%
Entrepreneurship & Regional Development	Goel, Voordeckers, van Gils, and van den Heuve	2013	Examine the relationship between the family CEO's empathy level and the salience of SEW in a family business	Belgium and the Netherland	8.85%

3.6.5.7 Data Editing, Coding, and Recording Responses

Data editing coding and recording is an essential part of any survey as it heavily affects the quality of the generated data. A coding guide was created for the questionnaire items in order to facilitate the transfer of data to the computer file. The Statistical Package for the Social Sciences (SPSS) computer software and STATA data analysis and statistical software were used to conduct the analysis of data in this study. Thus, data were edited, coded, and recorded into a compatible format. Each variable was allocated a column name and a code, as indicated in the variable measurement section in this chapter. The data entry was checked several times to ensure accuracy. The coding of open ended questions (e.g. other, please specify) was conducted by grouping and categorising responses.

3.6.5.8 Validity and Reliability

Validity refers to whether the study findings represent what is really happening in the real world (Hussey and Hussey, 1997). There are four types of validity in research: internal validity, external validity, ecological validity, and measurement validity (Bryman and Bell, 2011). Internal validity, or causality, is concerned with confidence that the independent variable is the cause of variation in the dependent variable. This is a particular concern in cross-sectional research, where data are gathered simultaneously, at one point in time, as in this research. External validity is concerned with the generalisability of the findings of a study. However, the use of a probability sample approach in this study means that this issue is not a concern. Ecological validity is concerned with the applicability of findings to everyday life. This type of validity is questionable in quantitative methods as the instrument to collect data is presumed 'unnatural'.

Measurement or construct validity refers to the importance of measuring what is intended to be measured. Measurement validity is related to the issue of measuring constructs that are not directly observable or what is called 'hypothetical constructs'. These constructs are "assumed to exist as factors which explain observable phenomena" (Hussey and Hussey, 1997, p.58). A number of tests can be used to check for measurement validity; however, none of them is ideal (Bryman and Bell, 2011). The best method therefore depends on the situation in hand (De Vaus, 2002).

Construct validity can be achieved through testing for convergent validity, discriminant validity, nomological validity and face validity (Hair, Black, Babin, Anderson, Tatham, 2010). Convergent validity requires that items indicating a specific construct share a high proportion of variance. Discriminant validity refers to the extent to which a construct is truly distinct from other constructs. Both convergent and discriminant validity are tested in the analysis chapter (Chapter 4). Convergent validity is tested by performing principle component analysis (PCA) following leading small business entrepreneurship journals (Mullen et al., 2009). While discriminant validity is inspected through presenting correlation matrix. Nomological validity refers to whether the results of the measure fit the underpinning theory of the study. This validity is achieved after data analysis through demonstrating how findings match the study hypotheses in the discussion chapter (Chapter 5). Finally, face validity is accomplished when measures are presented to experienced people for their evaluation (Bryman and Bell, 2011). In this study, measures were reviewed by four professors of management to ensure their validity. Furthermore, the pilot study performed prior to the main study enhances measurement validity.

Validity is an important but not a sufficient condition of measurement accuracy; another important consideration is reliability (Field, 2013). In fact, if the measure is not reliable, then it cannot be valid (Bryman and Bell, 2011). Reliability refers to whether

findings of the study are repeatable and consistent. Reliability can be tested through three methods: test re-test, split-halves, and inter-rater consistency (Hussey and Hussey, 1997). "The estimate of reliability that one uses must depend on the source of variance that one considerers relevant" (Cortina, 1993, p. 89). For example, test re-test is essential when time span is an important factor in the study. However, test re-test was not feasible in this study, as initial responses were relatively difficult to obtain in the first place. Inter-rater consistency is more suitably applied in qualitative research and is therefore unsuitable for the quantitative methods used in this research. This approach is more typically used when a great deal of subjective judgement is involved and in research conducted by two or more researchers (Hussey and Hussey, 1997). Since multi-item measures are used in this research, the split-halves method was employed by means of coefficient alpha α (Cronbach, 1951) to test for the internal reliability of multi-item measures in the questionnaire. Cronbach's alpha is the most common measure of scale reliability (Field, 2013). It is also widely used by entrepreneurship and small business studies (e.g. Kellermanns et al., 2012a; Berrone et al., 2010; Eddleston et al., 2008a).

3.7. Problems encountered during the field work

As with all research, certain problems were encountered during the field work phase of this study and centred on getting access to the respective firms. These problems were primarily related to the distribution and collection of questionnaires.

The first obstacle was that the list of firms obtained from the Riyadh Chamber of Commerce and Industry (RCCI) was fragmented. Two types of documents were obtained: PDF files and Excel spreadsheets. In the PDF files, firms are categorised according to their industry and registration category. These PDF file only contain the postal addresses and phone numbers of the firms, without their location or email address

(the postal system in Saudi Arabia is based on P.O. Boxes rather than exact locations). In contrast, the documents provided in Excel sheet format contain the names, phone numbers, and email addresses of all registered firms across all industries and registration categories. This meant that the researcher had to carefully check and cross-check the data provided in the two document types in order to match the firms in the PDF files with their extended information in the Excel sheet. This process was extremely labour intensive and time consuming. This problem was occasionally exacerbated by mismatched information, such as the phone number provided in the PDF file not matching the one listed in the Excel sheet. In these cases, both records of phone numbers were retained for checking during a later stage of phone calls. Many of the listed phone numbers also turned to be incorrect or out of service. Thus, firms with inaccurate telephone information (which were therefore not contacted before the distribution of the questionnaire) were eliminated from the sample.

With regards to the online questionnaire phase, a substantial number of emails turned out to be incorrect or not in use. Out of the 2,146 sent emails, 1,076 emails bounced back (approximately 50%). This was likely due to inaccurate data list obtained from RCCI or technical problems related to the recipients' server. This problem was partially mitigated by sending the emails to recipients over 4 waves. Therefore, when almost half of the sent emails in waves 1 and 2 bounced back, the researcher was able to begin contacting each and every firm in the list to ensure the correct and in use email address to use. Firms were also contacted by phone in the drop and collection method to ensure three factors: the firm is family run; the owner/CEO is willing to participate in the research; and the exact location of the enterprise. As mentioned earlier, many phone numbers turned out to be incorrect or out of service. Even when the phone numbers were correct, some of the numbers were not answered despite attempts being made on

different days and at different times. In some cases, the owner/CEO could not be reached because of their busy schedules or due to being on a trip.

After contacting the 500 firms for the drop and collection method, firms were grouped according to their location. Each member of the research team was assigned a location to minimise travel distance and time. However, the distribution process was still complicated by the fact that Riyadh is a large and continually expanding capital city. The team spent hours in traffic and often reached participating firms only after work hours, so they had to try again on a different day as there was no point of contact to receive the study questionnaire. This was complicated by certain firms operating in one shift (9am-5pm) while others follow a two shift pattern (9am- 12pm, and 5pm-9pm). Although the existence of two different work schedules can be beneficial in terms of providing more time to distribute the questionnaire, it caused confusion and wasted efforts at the beginning of the distribution stage. Therefore, firms were contacted again to note their working hours. This may have contributed to a problem encountered with the commitment of team members working on the paper questionnaires, some of whom were found to be unproductive or not committed enough to complete the job. This led to the need for these members to be replaced with new members, which entailed training to ensure that each new member was fully informed about all of their duties.

All the above mentioned problems caused delays in the intended timeframe of the data collection. However, the receipt of 385 questionnaires within a 5 month period provided sufficient data to meet the needs of this study.

3.8 Summary

This chapter discussed the research methodology and the methods used to collect the data needed for this investigation. The rationale for the choice of research context and methods were presented. Based on the research questions, the researcher adopted an

explanatory quantitative approach. As such, a questionnaire was the chosen data collection instrument. The structure of the questionnaire along with variable measurement was carefully constructed. A pilot study was performed before administering the instruments to family business CEOs/entrepreneurs. The sample framework was obtained by applying sample quotas across six industries using a list of firms from the Riyadh Chamber of Commerce and Industry. A total of 2,646 firms were identified in the stratified random sample. The study adopted a key informant approach and utilised both online and personal delivery and collection of the questionnaires. After two reminders, a total of 385 questionnaires were returned representing a response rate of 14.55%.

This study seems a firm to be a family business based upon the perception of the lead CEO/entrepreneur of whether or not the firm is a family business and at least two family members are actively involved in the business. While SMEs are firms involving no less than 3 or no more than 250 full-time employees. After eliminating respondents failing to meet the family business and SMEs definitions adopted in the research, a total of 285 usable questionnaires were achieved. Finally, issues of validity and reliability as well as problems encountered during the field work were considered.

CHAPTER 4: Data Analysis and Results

4.1 Introduction

As indicated in previous chapters, this research seeks to provide answers to two questions. The first is related to the impact of noneconomic goals represented by socioemotional wealth (SEW) on family SMEs entrepreneurship as conceptualised by entrepreneurial orientation (EO). The second question is related to the investigation of the effect of SEW on family firms' succession planning (SP) and the most desired attributes of successor. These two questions were answered by performing an empirical quantitative study.

After reviewing the literature in Chapter 2 and discussing the research methodology in Chapter 3, this chapter will illustrate the data analysis utilised to answer the research questions and to test the hypotheses. The data analysis performed included descriptive statistics of the sample characteristics, chi-square and Mann Whitney U tests to test for non-response bias, principle component analysis PCA to test constructs validity, *t*-test and a combination of OLS, binary logistic, and probit regressions to test the research hypotheses. All analyses were carried out using SPSS (21), except for the logit and probit analysis where STATA (13) was used.

This chapter starts with sample size identification in section two, then non-response bias assessment in section three. Data exploration is presented in section four, which includes sample description and the ranking of the most desired successor attributes. The validity and reliability of relevant constructs are illustrated in section five. The statistical analyses used to test the research hypotheses are presented in sections six and seven. Finally, a summary of the analyses is provided in the last section.

4.2 Sample Size

As indicated in Chapter 3, 385 questionnaires were received, of which 285 were deemed usable for this study. Responses were eliminated due to failing to meet the definition criteria used in this research for family SMEs. The 285 responses were used to examine non-response bias, sample description, and constructs validity and reliability. However, further responses were eliminated in the regression analysis due to empty responses to key variables included in the regression.

4.3 Non-response Bias

Non-response occurs when some members of the sample decline to participate in the study, they cannot be contacted, or cannot provide the needed data (De Vaus, 2002). Non-response can reduce the sample size and create non-response bias. To avoid the sample size problem, an initial large sample was employed (see Chapter 3). Furthermore, some data collection methods, such as contacting prospective respondents before sending the questionnaire, as well as follow-up strategies, were used in the research to ensure the highest possible response as advised by Bryman and Bell (2011). Contacting respondents in advance ensures that contact information is correct and that they are valid in relation to the sample criteria. Nevertheless, the survey response rate is generally declining over time: for instance, in leading organisational research journals, the response rate dropped from 64% in 1975 to 50% in 1995 (Rogelberg and Stanton, 2007). In recent family business research, a response rate of 9 to 20% is the norm (e.g. Schepers et al., 2014; Cruz and Nordqvist, 2012; Goel et al., 2013; Eddleston et al., 2012; Chrisman et al., 2012).

Non-response bias results from differences in the characteristics of non-responders and responders (Saunders et al., 2009). Non-response bias can reduce the validity of the sample because of the distortion created in representing the population

(De Vaus, 2002). Rogelberg and Stanton (2007) proposed nine techniques to assess non-response bias regardless of how low or high the actual response rate is (see Figure 4.1). In this research, non-response bias was tested in a manner suggested by leading small business and entrepreneurship journals for addressing sample-specific biases (Mullen et al., 2009). Non-respondent characteristics in terms of entrepreneur age, firm age, and exact firm size were not available for this research, as the list of the chamber of commerce contains the name and contact details of the firm only. Therefore, comparison of the characteristics between respondents with those who did not respond cannot be performed. As such, non-response bias is investigated by comparing early with late responses as suggested by Armstrong and Overtion (1977). This is done with the assumption of similarity between late and non-respondents. This method of accounting for non-response bias is widely used in family business and entrepreneurship research (e.g. Chrisman et al., 2004; Eddleston et al., 2008a; Kellermanns et al., 2012a; Zellweger et al., 2012a).

Figure 4.1 Non-response bias assessment techniques

Technique	Overview
Archival analysis	Compare respondents to nonrespondents on variables contained in an archival database
Follow-up approach	Resurvey nonrespondents
Wave analysis	Compare late respondents to early respondents
Passive nonresponse analysis	Examine the relationship between passive nonresponse characteristics and standing on the key survey topics being assessed
Interest-level analysis	Assess the relationship between interest in the survey topic in question and standing on the key survey topics being assessed
Active nonresponse analysis	Assess percentage of purposeful, intentional, and a priori nonresponse using interviews
Worst-case resistance	Use simulated data to determine robustness of observed findings and relationships
Benchmarking analysis	Use measures with known measurement properties and normative data so that observed data can be cross-referenced
Demonstrate generalizablity	Replicate findings use a different set of research methods

Source: Rogelberg and Stanton, 2007, p.199.

Respondents were divided into early and late respondents based on their timing. Early respondents are those who filled the questionnaires within three days of sending the electronic questionnaire or dropping the paper questionnaire. The three days is the period between sending the questionnaire for the first time and sending the first reminder. As such, late respondents are those who responded after a reminder was sent. A combination of chi-square and Mann Whitney U tests was performed to reveal any significant differences between early and late replies, in terms of both entrepreneur and firm characteristics. The tests revealed no significant difference ($p>0.05$) concerning entrepreneur gender, entrepreneur age, business age, and business size (measured as number of full time employees) between early and late respondents (see Appendix IV). Furthermore, the differences between the online and drop and collect methods were assessed; no significant differences were observed between respondents to these two methods in terms of entrepreneur and firm characteristics. Thus, no concern exists regarding sample bias, and the sample could be broadly generalisable to those in the sampling frame.

4.4 Data Exploration

In this section, characteristics of the sample are illustrated and the most desired successor attributes in Saudi family SMEs are presented.

4.4.1 Sample description

The demographic description of the sample seeks to ensure that the data are presented in a systematic and meaningful way. Descriptions of continuous variables, including entrepreneur age, business, age and number of full time employees, are presented in Table 4.1. Descriptions of categorical variables, including gender, education and firm size, are listed in Table 4.2. Multiple response variables are illustrated in Table 4.3.

Furthermore, Table 4.4 presents a review of sample descriptions from key studies in family business entrepreneurship and succession.

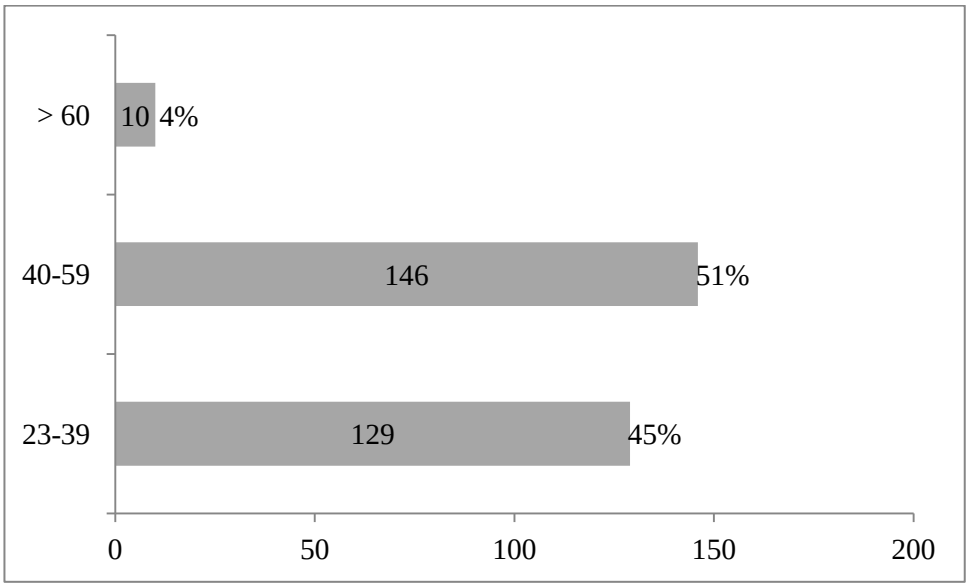
Table 4.1 Descriptive statistics for continuous variables

	N	Mean	Median	Mode	SD	Variance	Minimum	Maximum
Entrepreneur age	285	43.60	43	40	9.623	92.599	23	74
Business Age	285	10.99	8	7	7.901	62.422	1	46
Number of full-time employee	284	41.78	24	10	49.09	2410.74	3	250
Number of Current Business	89	3.15	3	2	2.552	6.513	1	19
Number of Previous Business	88	2.67	2	1	2.563	6.568	0	19
Number of partners	120	2.93	2.	1	2.979	8.877	1	19
Number of family members working in the business	285	3.49	3	3	1.192	1.420	2	10
Number of family members on the board	51	2.96	2	2	2.04	4.158	0*	9
Number non-family members on the board	50	1.96	2	0	1.91	3.631	0	6
Percentage of total revenue exported	76	24.17	25	20	18.23	332.19	0	75
Percentage of total revenue spent in R&D	101	9.30	10	10	7.788	60.66	0	35
Percentage of revenue to diversification	82	21.69	20	10	16.76	280.78	0	90
Years to current president retirement	285	13.28	10	10	9.71	94.20	0	50
Number of male potential successor	280	1.53	1	1	.961	.924	0	6
Number of female potential successor	281	.43	0	0	.847	.717	0	5

*0 donates having no board of directors in the family firm

The youngest CEO/entrepreneur in the sample is 23 years old and the oldest CEO/entrepreneur is 74 years old. Figure 4.2 illustrates the cumulative percentage distribution of the age of the respondents and indicates that: 45% of the entrepreneurs are young and aged 23-39 years old; and 4% of the entrepreneurs are 60 years or older. This compares to Fahed-Sreih and Djoundourian's (2006) study of Lebanese family businesses, in which 78% of their sample was less than 50 years old. The average age of the entrepreneurs who participated in this study is 43.6 years old. This average age is close to those reported by Eddleston, Otondo, and Kellermanns's (2008) study of privately held US family firms, in which the ages of entrepreneurs ranged from 19 to 70, with an average age of 44.8 years old, and in Cruz et al.'s (2012) study of Dominican Republic small family firms, where the average age was 42.49 years old.

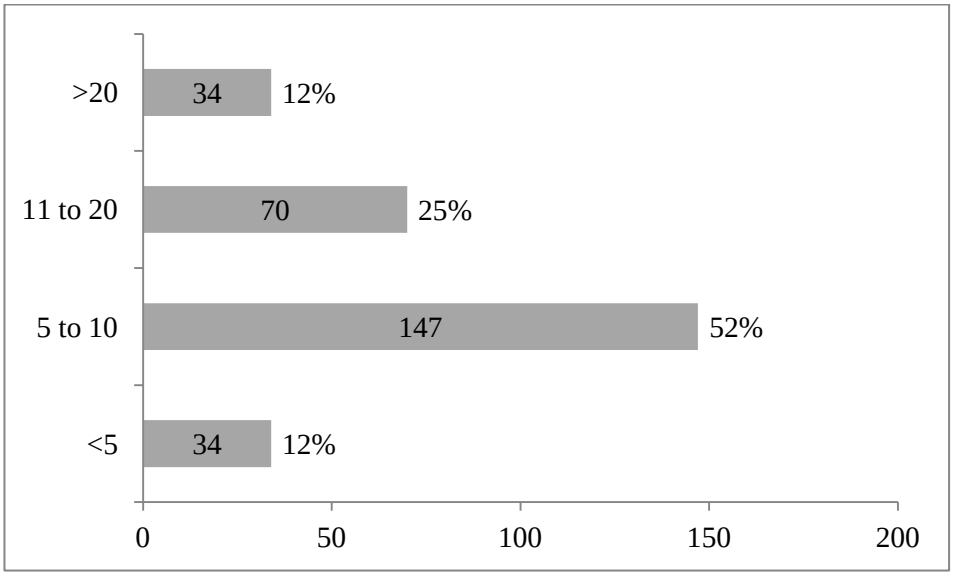
Figure 4.2 CEO/ entrepreneur age



The age of the businesses that participated in this study ranges from 1 to 46 years. Figure 4.3 shows the cumulative percentage distribution of the business age and indicates that: a little over half of the sample (52%) are relatively young businesses, which describes those companies between 5 and 10 years old; 12% of the businesses are less than 5 years old; and, 12% are older than 20 years. The average business age is

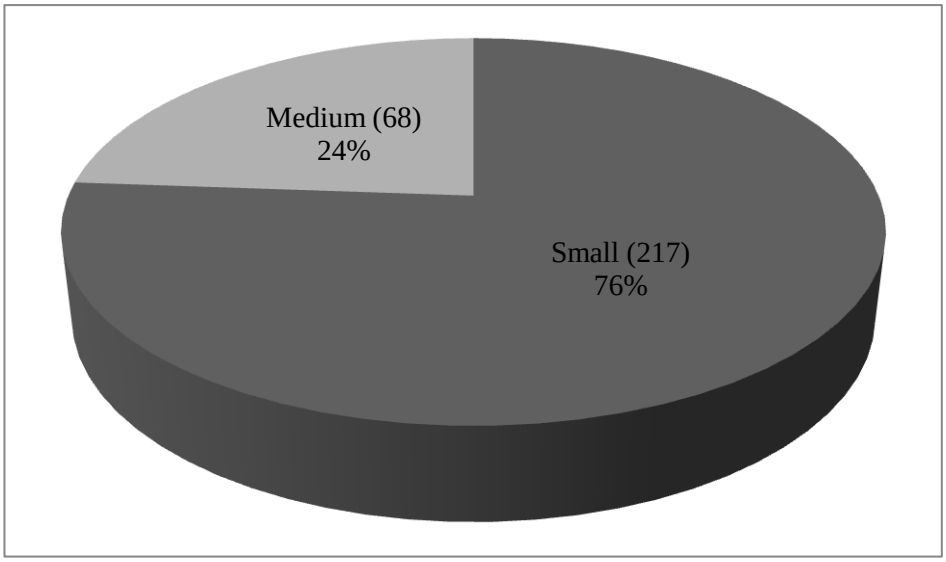
around 11 years old, which is understandable due to the fact that Saudi Arabia is an emerging economy. The government of Saudi Arabia has only more recently increased the support of SMEs prior to joining the of world trade organisation (WTO) in 2005. This compares to US studies of Chrisman et al. (2012), Chrisman et al. (2004), and Eddleston et al. (2008b) where the average business age was 14.72, 17.44, and 22.9 years respectively.

Figure 4.3 Business age



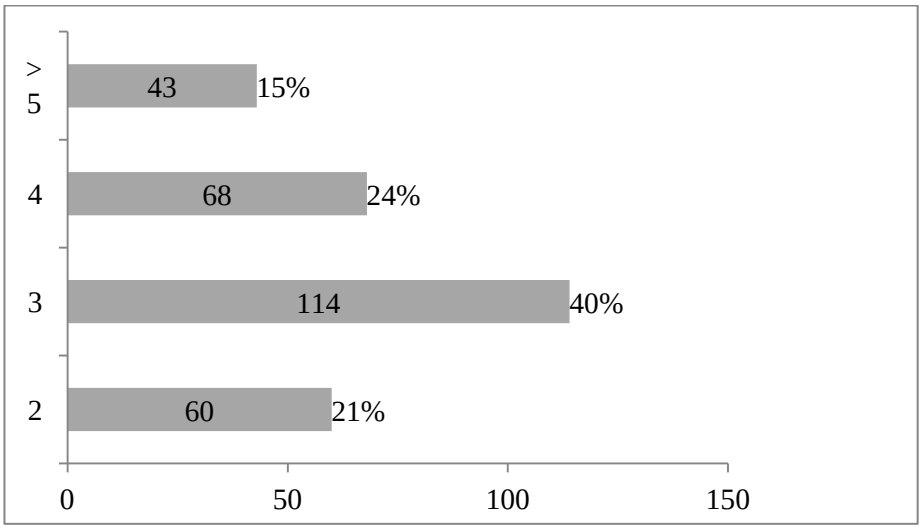
The number of full-time employees ranges between 3 and 250, reflecting the sample specification of SMEs. Figure 4.4 shows the cumulative percentage distribution of the number of full-time employee and indicates that small businesses with 3-50 full-time employees comprise 76% of the sample, while the remaining 24% of the sample is comprised of medium sized businesses of 50-250 full-time employees. The average number of full-time employees is approximately 42. This is comparable to Cruz and Nordqvist's (2012) study of Spanish family SMEs where the average number of full-time employees was 54, as well as Chrisman et al.'s (2004) study of small family and non-family US firm, in which the average number of full-time employees was 23.

Figure 4.4 Number of full-time employees



The minimum number of family members working in the businesses in this study is 2 and the maximum is 19. As shown in Figure 4.5, the cumulative percentage distribution of the number of family members actively working in the business indicates that: 21% of family firms have 2 family members working in the business; 40% have 3 family members; 24% have 4 family members; and, 15% have more than 5 family members. This means that the average number of family members actively working in sampled businesses is 3.49, which compares to the studies by Motwani et al. (2006) and Zahra et al. (2008), which both found that the average number of family members working in the business was 3.09.

Figure 4.5 Number of family members working in the business



The number of male potential successors ranges between 0 and 6, whereas the number of female potential successors ranges between 0 and 5. Figure 4.6 shows the cumulative percentage distribution of the number of male compared to the number of female potential successors. As indicated in Figure 4.6, 73% of respondents do not consider a female successor to be a viable option, while only 9% of respondents do not consider a male successor viable. The majority of the 73% are male CEO/entrepreneurs and the majority of the 9% respondents are female CEO/entrepreneurs running female related businesses, such as art and design and beauty salons. In Sharma et al.'s (2003a) study of succession in Canadian family businesses, 85% of the sample also involved same gender successions.

Figure 4.6 Number of male/female potential successors

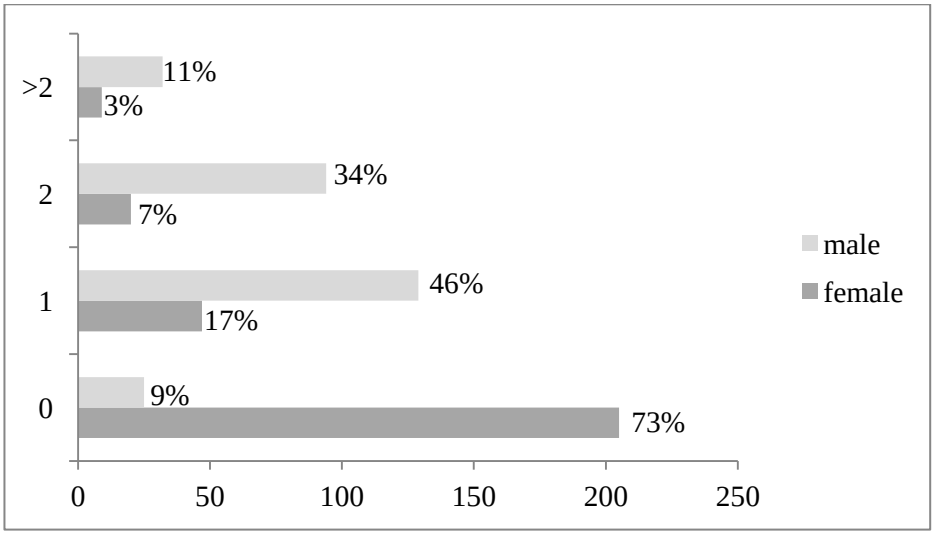


Table 4.2 illustrates that nine out of the ten respondents are male, meaning that females constituted only 10% of the respondents. Whilst the representation of women in these figures are low in comparison to studies of the U.S., such as Eddleston et al.'s (2008b) study which found 32% of the entrepreneurs were women or Marshall et al.'s (2006) study that reported 19% of the entrepreneurs being women, the figures in the current investigation are nevertheless not surprising in Saudi Arabia. In Saudi Arabia, the official percentage of female ownership of companies is 12% (AlMunajjed, 2010), compared to 28% in the US (US Census Bureau, 2007), and 29% in the UK (Carter,

Mwaura, Ram, Trehan, and Jones, 2015). This demonstrates that the business world is male dominated in Saudi Arabia, due to cultural and regulatory constraints. Nevertheless, female respondents were 9% in Cruz and Nordqvist's (2012) study of family SMEs in Spain. Other studies in emerging economies, such as Fahed-Sreih and Djoundourian's (2006) study in Lebanon and Venter et al.'s (2005) study in South Africa reported 10% and 18% female respondents respectively. While Sharma and Rao's (2000) sample of Indian family businesses was 100% male.

In the sample, 58.9% of respondent entrepreneurs reported holding a university degree, 16.5% hold a master's degree, and 17.9% have acquired a professional qualification. Professional qualifications describe specific certification for fields including engineering, accounting, finance, IT, and law. In Fahed-Sreih and Djoundourian's (2006) study of Lebanese family businesses, 40% of respondents were university graduates, however a study of Dominican Republic family businesses by Cruz et al. (2012) reported that owners/managers typically had low levels of formal education. Davis et al.'s (2010) sample of family and non-family employees in US family firms found that 52% of their sample had a college degree. In the current study, the high percentage of graduates in the sample seems likely to reflect the importance placed upon education in Saudi Arabia.

Table 4.2 Descriptive statistics for categorical variables

Entrepreneur Demographics			
	Frequency (N=285)	**Valid Percent**	**Missing**
Gender			0
Male	257	90.2%	
Female	28	9.8%	
University Degree			3
Yes	166	58.9%	
No	116	41.1%	
Master's Degree			7
Yes	46	16.5%	
No	232	83.5%	
Professional Qualification			0
Yes	51	17.9%	
No	234	82.1%	
Habitual Entrepreneurs			5
Yes	90	32.1%	
No	190	67.9%	
Entrepreneur Type	(N=90)		*2*
Serial Entrepreneurs	16	18.2%	
Portfolio Entrepreneurs	72	81.8%	
Ownership Type			0
Established the business	202	70.9%	
Inherited the business	52	18.2%	
Purchased the business	24	8.4%	
Other	7	2.5%	

Business Characteristics			
	Frequency (N=285)	**Valid Percent**	**Missing**
Firm Size			**0**
Small	217	76.1%	
Medium	68	23.9%	
Sector			**0**
Import /Export	16	5.6%	
Manufacturing	17	6.0%	
Building and Construction	52	18.2%	
Wholesale, Retail, Hotels and Restaurants	147	51.6%	
Transportation, Storage and Communication	11	3.9%	
Service	42	14.7%	

Table 4.2 Continued

Legal Form			**3**
Sole Proprietorship	220	78.0%	
Limited Partnership	47	16.7%	
Private Limited Company	4	1.4%	
Simple Partnership	2	.7%	
Joint Venture	2	.7%	
Other	7	2.5%	
Formal Board of Directors			**6**
Yes	52	18.6%	
No	227	81.4%	
Formal Business Plan			**0**
Yes	182	63.9%	
No	103	36.1%	
Exports			**0**
Yes	76	26.7%	
No	209	73.3%	
R&D			**2**
Yes	101	35.7%	
No	182	64.3%	
Diversification			**10**
Yes	82	29.8%	
No	193	70.2%	

Succession

	Frequency (N=285)	**Valid Percent**	**Missing**
Generational Involvement			**1**
one generation	163	57.4%	
two generations	109	38.4%	
3 or more generations	12	4.2%	
Entry Mode of Successor			**3**
Worker	61	21.6%	
Low-level manager	58	20.6%	
High-level manager	142	50.4%	
Other	21	7.4%	
Succession Planning			**1**
0 (No to all 3 questions)	115	40.5%	
1 (Yes to 1 of 3 questions)	91	32.0%	
2 (Yes to 2 of 3 questions)	13	4.6%	
3 (Yes to all 3 questions)	65	22.9%	

As indicated in Table 4.2, ninety respondents (constituting 32.1% of the sample) could be classified habitual entrepreneurs. Habitual entrepreneurs are those who have prior entrepreneurial experience. Ucbasaran, Westhead, and Wright (2006) differentiate between two types of habitual entrepreneurs: serial entrepreneurs and portfolio entrepreneurs. According to this definition, serial entrepreneurs are those businesspeople who have owned or partially owned at least one business in the past, and who currently own or partially own one business. Portfolio entrepreneurs, on the other hand, are entrepreneurs who currently own or partially own more than one business. Out of the 32.1% habitual entrepreneurs in the sample, 18.2% are serial entrepreneurs and 81.8% are portfolio entrepreneurs. This compares to Westhead et al.'s (2005) study of entrepreneurs in Scotland where 43.5% of the sample were habitual entrepreneurs, of which 42.86% were serial and 57.14% were portfolio entrepreneurs.

Regarding ownership type, the majority of respondents (70.9%) are founders who established the business themselves, 18.2% of respondents inherited the business, 8.4% of respondents purchased the business, and 2.5% % of respondents indicate other type of ownerships. The other type of ownership is 'partner'. This indicates that most of the firms in the sample are in their first generation of family business.

In terms of industries, family businesses in this sample are mainly concentrated in the wholesale, retail, hotels and restaurants sector (51.6%), followed by building and construction (18.2%), then service (14.7%), manufacturing (6.0%), import/export (5.6%), and finally, in the transportation, storage and communication sector (3.9%). Those percentages reflect the percentages of firms in each sector, as obtained from the data provided by the Riyadh Chamber of Commerce and Industry (RCCI) (Table 3.6 in Chapter 3), as a sample quota was applied in the sample framework. Other studies utilized different sample strategies and industry sectors, some of them reflecting the population of the sample. For example, in Chrisman et al.'s (2012) sample of small

family firms in the U.S., the sector with the highest level of representation was the service industry (49.1%), followed by retail (20.5%), then manufacturing (17.2%). Those percentages are compared with the population from where the sample was drawn (Small Business Development Center, SBDC) as well as with the wider population of small businesses in the U.S.

When it comes to the legal form of the business, the vast majority (78%) of the sampled firms are sole proprietorships, with 16.7% limited partnerships, 1.4% private limited companies, 0.7% simple partnerships, 0.7% joint ventures, and the final 2.5% denoting other legal forms of business. This compares to Marshall et al.'s (2006) study where 55% of their family firms were privately held, 28% were sole proprietorships, 6% were limited partnerships, 5% were general partnerships, 1% were publicly traded, and 5% were other form. Unlike Saudi Arabia, sole proprietorship is not a common form of family businesses in the US and Western Europe, most probably due to the fact that this form of business bears a number of risks related to legal liabilities, divorce issues, and Inheritance Tax. Even in Turkey, Tatoglu et al. (2008) found that 56.1% of family firms were limited liability companies, followed by 23.3% joint stock, then 20.6% sole proprietorship.

As shown in Table, 4.2, only 18.6% of the sample has a board of directors. This compares to 60.6% in Motwani et al.'s (2006) study of US family SMEs and 45% in the study by Marshall et al. (2006). This low percentage of family firms that have a board of directors reflects the relative informality of family businesses in Saudi Arabia. With reference to planning, 63.9% of the sample indicated that they have a business plan, while 36.1% stated otherwise. This percentage compares to Perry's (2001) study of US small businesses where 62.5% of their sample indicated not having any sort of planning. By investigating a sample of SMEs in a developing economy like Ghana, Yusuf and Saffu (2005) showed that 58.2% of firms in their sample have low levels of planning.

The high percentage of firms that have a business plan in this research sample strongly suggests that Saudi businesses owners are aware of the importance of this kind of strategic thinking. Furthermore, a business plan is a prerequisite to obtaining funds from governmental bodies.

Twenty seven percent of the family firms in the sample are exporting their products/services. This percentage compares to Fernandez and Nieto's (2005) study of family and non-family SMEs in Spain where 39% of family firms export their goods and/or services. In the UK, 19% of family SMEs were engaged in exporting in 2010 (Institute for Family Business, 2011). The percentage of exporting Saudi family SMEs is encouraging, since oil and petroleum products comprise 90% of Saudi exports. The engagement of Saudi family SMEs in exporting reflects the efforts of the Saudi government to mitigate the potential risks inherent in overreliance on a single sector by encouraging diversification of the current oil-based economy. Furthermore, as indicated in Table 4.1, the percentage of total revenue exported by family firms in the research sample is 24.17%. Whilst PwC family business survey in 2012 indicates that there are differences between countries regarding exports as a percentage of sales in family businesses with Singapore being the highest (60%) and Australia being the lowest (5%), the 24.17% in this Saudi sample is relatively high, as family businesses in the Middle East export 15% of their sales (PwC, 2012).

As indicated in Table 4.2, 35.7% of family firms engage in R&D activities. This percentage is comparable to Griffith, Huergo, Mairesse, and Peters's (2006) study of SMEs in four European countries France, Germany, Spain, and the UK where R&D engagement was 34.8%, 40.2%, 20.7%, and 27.2% respectively. In addition, 41% of Italian SMEs in Hall, Lotti, and Mairesse's (2009) study engaged in R&D. Table 4.1 shows that the average percentage of total revenue spent in R&D is 9.3%. This figure is

comparable to the findings of Miller et al. (2008), who found that the average R&D spending of the Canadian small firms in their study was 9.76%. Since R&D is considered a source of innovation, Saudi family firms exhibit a similar R&D spending of firms in an advanced economy. The data show that 29.8% of family firms in the sample are involved in secondary business activity beside their main business. This reflects the high percent of portfolio entrepreneurs discussed earlier.

In terms of generational involvement, 57.4% of the firms have one generation, 38.4% have two generations, and 4.2% have three or more generations. This compares to Cruz and Nordqvist's (2012) study of Spanish family SMEs where 40% of the firms were in their first generation, 42% in their second generation and 18% in the third generation or higher. However, in a context similar to Saudi Arabia, Tatoglu et al.'s (2008) study of family businesses in Turkey found that 60.3% of firms were in their first generation, 30.1% in their second generation and 7.8% in their third generation.

As shown in Table 4.3, when asked about the actual or desired entry mode of the successor, half of the respondents (50.4%) answered high-level manager, followed by worker (21.6%), then low-level manager (20.6%), and the remainder (7.4%) indicated another mode of entry. This compares to Tatoglu et al.'s (2008) study where low-level manager comprised the highest entry mode (41.9%), followed by high-level manager (28.2%), then worker (16.7%).

When it comes to succession planning, 40.5% of family firms in the sample answered 'No' to all three questions regarding a succession plan, 32.2% answered 'Yes' to one of the three questions, 4.6% answered 'Yes' to two of the three questions, and 22.9% answered 'Yes' to all three questions. As such, the degree of succession planning varies across the sample, with most respondents indicating that they have done little to no succession planning. This result is expected because family business leaders are usually reluctant to plan for succession (Le Breton-Miller et al., 2004; Marshall et al.,

2006). On a 4-point scale, the average extent of succession planning in this research is 2.10. This compares to Sharma et al.'s (2003) study in which the average extent of succession planning of incumbents was 3.30 on a 5-point scale.

As indicated in Table 4.3 below, with regards to the method of successor selection, all family members made this decision in 47.1% of cases. In 45.7% of cases, this decision was the sole decision of the predecessor, in 3.5% some of family members made this decision, in another 3.5% it was determined through a process of self-nomination, and 2.4% indicated another method of successor selection. In Tatoglu et al.'s (2008) study of Turkish family firms, 67.9% of firms indicated that this issue was the predecessor's sole decision, followed by that of all family members (18.9%). The high percentage of Saudi family firms in which all family members are involved in decisions on the selected successor suggests that the Saudi society is probably not patriarchal. This view is in contrast to the general assumed idea of social life in Saudi Arabia.

In terms of successor training, 37.7% of respondents agreed that mentoring (on-the-job training) is important in the preparation of the successor, followed by prior knowledge of the company (summer training) (21.2%), then academic education and experience outside the family business, each of which with (20.6%). Studies support the idea that using a positive mentoring relationship between the incumbent and successor as a training tool is more likely to enhance the leadership development of the successor and to contribute to the success of succession in family firms (Le Breton-Miller et al., 2004; Cabrera-Suarez, 2005).

Table 4.3 Descriptive statistics for multiple responses

	Responses (N=285)	**Percent**	**Percent of Cases**
Entrepreneur Position			
Founder	149	29.5%	52.3%
Owner	190	37.6%	66.7%
CEO/ President	81	16.0%	28.4%
Manager	77	15.2%	27.0%
Other	8	1.6%	2.8%
Total	*505*	*100%*	*177.2%*
Method of successor selection			
Predecessor's sole decision entirely	37	43.5%	45.7%
All family members made this decision	40	47.1%	49.4%
Some of family members made this decision	3	3.5%	3.7%
Self-nomination	3	3.5%	3.7%
Other	2	2.4%	2.5%
Total	*85*	*100.0%*	*104.9%*
Successor training			
Prior knowledge of the company (summer training)	134	21.2%	47.2%
Academic	130	20.6%	45.8%
Experience outside the family business	130	20.6%	45.8%
Mentoring (on-the-job training)	238	37.7%	83.8%
Total	*632*	*100.0%*	*222.5%*

Table 4.4 Review of sample descriptions

Author/s (year)	Country	Gender	Respondent age	Respondent education	Business age	Number of employees	Family members involved in business	Industries	Legal form of business	Board of director	Generation
Cabrera-Suarez et al. (2012)	Spain	46.5% female	18-30 years: 28.6% 31-45 years: 51.4% 46-55 years: 14.3% 55-65 years: 5.7%	Grade school: 25.7% High school: 42.9% Lower university degree: 12.8%	0-10 years: 21.1% 11-20 years: 19.7% 21-30 years: 23.9% 31-50 years: 23.9%	1-10 employees: 59.2% 10-49 employees: 19.7% 50 or more employees: 2.8%	*Not included*	Retail: 60.6% Services: 21.1% No response: 1.4%	Public Limited Company: 8.5% Limited Company: 50.7% Self-employed: 35.2%	*Not included*	*Not included*
Casillas and Moreno (2010)	Spain	*Not included*	*Not included*	*Not included*	*Not specified*	*Not specified*	*Not included*	Manufacturing: 32.9% Construction: 2.6%, Services: 52.6%	*Not included*	*Not included*	*Not included*
Chirico et al. (2011)	Switzerland	*Not included*	*Not included*	*Not included*	Average 46.27 years	*Not specified*	*Not included*	Electronics: 4% Trade: 24.6%, Construction: 14%, Manufacturing: 19.6% Transportation: 3%, Finance: 1.5% Services: 2%, Others: 9%	*Not included*	*Not included*	*Not specified*
Chrisman et al. (1998)	Canada	15% female	*Not included*	*Not included*	*Not included*	Average 221 employees	*Not included*	Retail: 17% Wholesale: 19% Manufacturing: 23% Service: 20% Construction: 8% Other: 13%	*Not included*	*Not included*	1st 41% 2nd 37% 3rd 15% 4th 5% 5th + 2%
Chrisman et al. (2004)	U.S.	*Not included*	*Not included*	*Not included*	Average 17.44 years	Average 23 employees	*Not included*	Retail: 20% Service: 16% Manufacturing: 26% Wholesale: 8% Construction 11%	*Not included*	75% of firms have board of directors	*Not included*
Chrisman et al. (2012)	U.S.	42.4% female	*Not included*	*Not included*	Average 14.72 years	Average 19 employees	Average 1.72 family members	Retail: 20.5% Service: 49.1%, Manufacturing: 17.2% Other: 13.2%	*Not included*	*Not included*	*Not specified*
Cruz and Nordqvist (2012)	Spain	9% female	Average 46.8 years	*Not included*	Average 28 years	Average 54 employees	*Not included*	Manufacturing: 49% Service: 37% Construction: 8% Technological: 5%	*Not included*	*Not included*	1st 40% 2nd 42% 3rd or more 18%

Cruz et al. (2012)	Dominican Republic	46% female	Average 42.49 years	University degree 20%	*Not specified*	Average 2.92 employees	Family employment 60%	Retail: 56% Manufacturing: 22% Service: 22%	*Not included*	*Not included*	*Not included*
Davis et al. (2010)	U.S.	33% female	*Not included*	*Not specified*	More than 15 years: 66%	More than 25 employees: 41%	Three or more family members: 45%	*Not included*	*Not included*	*Not included*	1st 32% 2nd 43% 3rd 11%
Eddleston et al. (2008b)	U.S.	32% female	Average 44.8 years	*Not included*	Average 22.9 years	*Not included*	*Not included*	*Not included*	*Not included*	*Not included*	*Not included*
Eddleston et al. (2012)	U.S.	*Not included*	Average 51.43 years	*Not included*	Average 69.08 years	Average 340.97 employees	*Not included*	Construction: 27% Wood processing: 7% Engineering: 10 % Service: 30% Manufacturing: 13%	*Not included*	*Not included*	*Not included*
Eddleston et al. (2013)		23% female	Average 52.85 years	*Not included*	Average 34.36 years	*Not specified*	*Not included*	Service: 20% Retail: 31% Manufacturing: 16% Construction: 18%	*Not included*	*Not included*	*Not included*
Fahed-Sreih and Djoundourian (2006)	Lebanon	18% female	78% younger than 50 years	University degree: 40% Less than high school: 5%	Average 33 years	Average 125.5 employees	Average 2.77 family members	Manufacturing: 29% Service: 16% Wholesale and distribution: 13.9%	*Not included*	*Not included*	*Not included*
Goel et al. (2013)	Belgium	*Not included*	*Not included*	*Not included*	*Not included*	Average 43.72 employees	*Not included*	Manufacturing 100%	*Not included*	*Not included*	1st 33% 2nd 40% 3rd 21% 4th 5%
Marshall et al. (2006)	U.S.	19% female	Average 53 years	*Not included*	*Not included*	1-4 employees: 37% 5-9 employees: 19% 10-19 employees: 16% 20-99 employees: 17% 100-499 employees: 6%	*Not included*	Agriculture, forestry, fishing: 7% Mining: 1% Construction: 14% Manufacturing: 12% Transportation, communication, electric, gas, sanitary service: 4% Wholesale trade, retail trade: 35% Finance, insurance, real estate: 4% Other non-governmental services: 2% Other: 1%	Publicly traded: 1% Privately held: 55% General partnership: 5% Limited partnership: 6% Sole proprietorship: 28% Other: 5%	54% of firms have board of directors	*Not included*

Motwani et al. (2006)	U.S.	13.2% female	63.4%under 55 years	*Not included*	Average 31 years	Under 10 employees: 51.5% 10-19 employees: 18.1% 20-99 employees: 20.1% 100-499 employees: 8.2% 500 or more employees: 2%	Average 3.09 family members	*Not included*	*Not included*	60.6% of firms have board of directors	1st 76%
Schepers et al. (2014)	Belgium	*Not included*	*Not included*	*Not included*	Average 40.68 years	Average 26 employees	*Not included*	Manufacturing: 34.9% Construction: 13.3% Wholesale: 20.3% Retail: 15.5% Services: 16%	*Not included*	*Not included*	*Not specified*
Sharma and Rao (2000)	India	0% female	*Not included*	*Not included*	*Not included*	Average 108 employees	*Not included*	Retail: 7% Wholesale: 2.3% Manufacturing: 67.4% Service: 18.6% Construction: 2.3% Other: 2.3%	*Not included*	*Not included*	1st 15.9% 2nd 45.5% 3rd 31.8% 4th 6.8%
Tatoglu et al. (2008)	Turkey	*Not included*	*Not included*	Primary school: 4.4% Secondary school: 6.9% High school: 26.7% University: 57.8 % No answer: 4.2%	*Not included*	*Not included*	*Not included*	Machinery and equipment: 13.0% Food: 26.5% Textile and garments: 14 % Chemical products: 3.7% Marble: 11.5% Construction: 10.8% Forestry products: 51% Other: 8.1%	Joint-stock: 23.3% Limited: 56.1% Sole proprietorship: 20.6%	*Not included*	1st 60.3% 2nd 30.1% 3rd 7.8% 4th 1.2% No answer 0.5%
Venter et al. (2005)	South Africa	10% female	*Not included*	*Not included*	*Not included*	Less than 10 employees: 34% 10-19 employees: 30% 100-200 employees: 6%	2 family members: 32% 4 family members: 36%	Agriculture: 49% Retail: 23% Service: 19%	*Not included*	*Not included*	1st 23% 2nd 47% 3rd 18%
Zahra (2012)	U.S.	*Not included*	*Not included*	*Not included*	Average 23 years	*Not specified*	*Not included*	*Not included*	*Not included*	*Not included*	*Not included*
Zahra et al. (2008)	U.S.	*Not included*	*Not included*	*Not included*	Median 15-29 years	Average between 10 and 49 employees	*Not included*	Food services industry 100%	*Not included*	*Not included*	*Not included*
Zellweger et al. (2012a)	*Switzerland Germany*	*Not included*	Average 51.35 years	*Not included*	Average 56.5 years	*Not specified*	*Not included*	Construction: 35.5% Service: 27.5%	*Not included*	*Not included*	*Not included*

4.4.2 Successor Desired Attributes

To discover the most desired characteristics of the future successor, the respondents were asked (in section 3.8 of the questionnaire) to indicate the importance of 30 successor attributes adopted from Chrisman et al. (1998) and Sharma and Rao (2000). The mean ratings of the importance of the successor attributes were ranked along with their standard deviations (Table 4.5). The mean ranges between (2.59-4.52), and the standard deviation ranges between (.70-1.37). Overall, the standard deviation decreases as the mean rating increases indicating that there is an agreement among respondents on the importance of highly ranked attributes. Of the 30 attributes, *commitment to the business* was considered the most important attribute for family firms in the sample followed by *integrity*. In Chrisman et al. (1998) and Sharma and Rao (2000) *commitment to the business* was ranked second after *integrity*.

Afterwards, the attributes were grouped into six categories based on the literature and previous research. The categories are Personality traits, Competence, Relationships with other family members, Current involvement with the family business, Relationship between the successor and the incumbent, and Family standing. Attributes categories were then ranked in a descending order for the whole sample along with a comparative ranking with previous studies (Chrisman et al., 1998; Sharma and Rao, 2000) (Table 4.6). In line with previous studies, 'Personality traits' is the most important category.

This indicates that despite cultural differences between the three samples, family business leaders consider the personality of their successor as being more important than other attribute categories (competences, relationships with other family members, successor's relationship with the incumbent, current involvement in the business, and family standing). This supports the call to include entrepreneurs' personality traits in entrepreneurship research because they are considered predictors of entrepreneurial

behaviour and are positively related to business creation and business success (Rauch and Frese, 2007).

Table 4.5 Mean, standard deviation, and comparative attributes category rankings in Saudi, Canadian, and Indian samples (N= 269)

Attributes	*Mean*	*S.D*	*Attribute Rankings*		
			Saudi Sample	*Canadian Sample* Chrisman et al. (1998)	*Indian Sample* Sharma and Rao (2000)
Commitment to business	4.52	.70	1	2	2
Integrity	4.48	.83	2	1	1
Decision making abilities/experience	4.45	.73	3	7	4
Self-confidence	4.43	.78	4	4	3
Interpersonal skills	4.40	.72	5	5	14
Intelligence	4.37	.81	6	6	7
Aggressiveness	4.32	.89	7	17	16
Experience in the business	4.28	.81	8	9	15
Creativity	4.22	.90	9	8	10
Trusted by family members	4.18	.87	10	12	5
Respected by employees	4.14	.77	11	3	6
Respected by actively involved family members	4.09	.90	12	11	9
Strategic planning skills/experience	4.07	1.02	13	14	8
Ability to get along with family members	4.06	1.05	14	16	13
Marketing /sales skills	4.06	1.00	15	15	19
Financial skills/experience	4.05	1.03	16	13	20
Technical skills/experience	3.92	1.07	17	23	27
Independence	3.91	1.17	18	10	24
Past performance	3.91	1.19	19	20	17
Educational Level	3.82	1.03	20	19	21
Respected by non-involved family members	3.80	.90	21	22	22
Compatibility of goals with current CEO	3.78	.90	22	21	18
Outside management experience	3.69	1.10	23	24	26
Willingness to take risk	3.63	1.29	24	18	12
Personal relationship with CEO	3.55	.98	25	25	21
Gender	3.34	1.22	26	29	25
Current ownership share	3.07	1.37	27	28	30
Age of Successor	3.03	.96	28	26	28
Blood relation	2.95	1.25	29	27	11
Birth order	2.59	1.23	30	30	29

Table 4.6 Mean and comparative attributes category rankings in Saudi, Canadian, and Indian samples

Attributes Categories	*Mean*	*Category Rankings*		
		Saudi Sample	*Canadian Sample* *Chrisman et al. (1998)*	*Indian Sample* *Sharma and Rao (2000)*
Personality traits		**1**	**1**	**1**
• Integrity	4.48			
• Self-confidence	4.45			
• Intelligence	4.37			
• Aggressiveness	4.32			
• Creativity	4.22			
• Independence	3.91			
• Willingness to take risk	3.63			
Category average (total/7)	*4.20*			
Competence		**2**	**3**	**4**
• Decision making abilities/experience	4.43			
• Interpersonal skills	4.40			
• Experience in business	4.28			
• Strategic planning skills/experience	4.06			
• Financial skills/experience	4.06			
• Marketing /sales skills/experience	4.05			
• Technical skills/experience	3.92			
• Past performance	3.91			
• Educational Level	3.80			
• Outside management experience	3.69			
Category average (total/10)	*4.06*			
Relationships with other family members		**3**	**2**	**2**
• Trusted by family members	4.18			
• Respected by actively involved family members	4.09			
• Ability to get along with family members	4.07			
• Respected by non-involved family members	3.78			
Category average (total/4)	*4.03*			
Current involvement with the family business		**4**	**4**	**3**
• Commitment to the business	4.52			
• Respected by employees	4.14			
• Current ownership share in the business	3.07			
Category total average (total/3)	*3.91*			
Successor's relationship with incumbent		**5**	**5**	**5**
• Compatibility of goals with current CEO	3.82			
• Personal relationship with CEO	3.55			
• Age of successor	3.03			
Category total average (total/3)	*3.47*			
Family standing		**6**	**6**	**6**
• Successor Gender	3.34			
• Blood relation	2.95			
• Birth order	2.59			
Category total average (total/3)	*2.96*			

4.5 Constructs Validity and Reliability

Socioemotional wealth (SEW)

As indicated earlier, the independent variables in this research are the dimensions of SEW. These variables were measured using the 27 items that represent the five proposed FIBER dimensions of SEW (Berrone et al., 2012). These five FIBER dimensions of SEW are: (1) Family control and influence; (2) Identification of family members with the firm; (3) Binding social ties; (4) Emotional attachment of family members; and (5) Renewal of family bonds to the firm through dynastic succession.

Principal components analysis (PCA) was conducted to verify the multidimensionality of the SEW scale in 285 family SMEs. PCA is the most frequently used factoring method in scale construction (Hinkin, 1995). PCA with varimax rotation and extraction based on eigenvalues greater than one were applied to the 27-items measuring the five dimensions of SEW. The correlation matrix shows that all variables have at least one correlation above r=0.3. The Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy, which is used as an index of whether there are linear relationships between the variables and thus the data is adequate to conduct PCA, is 0.917 indicating the usefulness of PCA (Kaiser, 1974). Bartlett's test of sphericity is highly significant (4194.738, $p < 0.0005$) confirming the multivariate normality of the data (Bartlett, 1954).

The first PCA resulted in five components, explaining 37.6%, 8.4%, 6.6%, 5.8%, and 4.2% of the total variance, respectively. In PCA, however, interpretability is considered the most important issue; it is concerned with having a simple structure and whether the final result makes sense. Simple structure is when each item loads strongly on only one component, which is the case here. However, the four items related to renewal of family bonds through dynastic succession (namely R1, R2, R3, and R4) were loading into different components. This resulted in an unclear formation of the five

SEW dimensions that did not make sense. Furthermore, visual inspection of the scree plot indicated that four components should be retained. Parallel analysis (eigenvalue Monte Carlo simulation) also indicated that 4 components had to be retained (Horn, 1965). As such, the four Rs items were excluded from the second analysis and only 4 components were retained.

A number of items in the second PCA were loading on two components, leading to unclear factor structure and indicating a discriminant validity problem. Therefore, any items exhibiting cross loading (i.e. F6 and B1) and those items scoring below 0.5 (i.e. E5) were excluded from the analysis in order to ensure the stability of the constructs.

The final PCA is illustrated in Table 4.7 revealing four clear components and explaining 62.44% of the total variance. Items were selected in accordance with the largest loading for each component. The interpretation of the data is consistent with four of the SEW dimensions: family control and influence (six items: $\alpha = 0.897$); identification of family members with the firm (six items: $\alpha = 0.898$); binding social ties (four items: $\alpha = 0.669$); and the emotional attachment of the family (four items: $\alpha = 0.700$). The Cronbach's alpha (α) test was employed to test for the internal reliability of the multi-item measures (Cronbach, 1951). The Cronbach's alpha test is widely used by entrepreneurship and family business studies (e.g. Kellermanns et al., 2012a; Berrone et al., 2010; Eddleston et al., 2008a). Alpha "varies from 0 to 1, and a value of 0.6 or less generally indicates unsatisfactory internal consistency reliability" (Malhotra and Birks, 2006, p.314). The alpha values of the four SEW dimensions suggest sound level of internal consistency.

The PCA was also performed on the 266 and 265 observations included in the regression analysis. All PCA revealed the same four components with acceptable alpha

values. As such, the principle component analysis shows that the SEW construct is indeed multidimensional.

Entrepreneurial Orientation (EO)

Construct validity is most typically associated with newly established measures. The EO measure used in this research and developed by Covin and Slevin (1989) is a previously tested and validated measure. In this research, as with previous researches, EO is conceptualised as a unidimensional construct (Covin and Lumpkin, 2011; Wales et al., 2013). The EO scale in this research demonstrated an acceptable reliability (α = 0.8).

Table 4.7 Principal components analysis (PCA) of Socioemotional Wealth (SEW)

		Family control and influence	Identification of family members with the firm	Binding social ties	Emotional attachment of family
F2	In my family business, family members exert control over the company's strategic decisions	**.791**	.255	.034	.181
F3	In my family business, most executive positions are occupied by family member	**.789**	.334	-.005	.133
F5	The board of directors/ or decision makers is mainly composed of family members	**.741**	.345	-.002	.147
F4	In my family business, non-family managers and directors are named by family members	**.700**	.206	.139	.058
F1	The majority of the shares in my family business are owned by family members	**.680**	.388	.101	.103
I6	Customers often associate the family name with the family business's products and services	**.678**	.215	.179	.095
I2	Family members feel that the family business's success is their own success	.174	**.843**	.048	.023
I3	My family business has a great deal of personal meaning for family members	.225	**.795**	.179	.055
I1	Family members have a strong sense of belonging to my family business	.423	**.719**	.108	.028
I4	Being a member of the family business helps define who we are	.433	**.675**	.172	.172
I5	Family members are proud to tell others that we are part of the family business	.363	**.626**	.294	.068
E6	In my family business, family members feel warmth for each other	.406	**.571**	.151	.222
B5	Contracts with suppliers are based on enduring long-term relationships in my family business	.148	-.018	**.774**	-.080
B3	In my family business, contractual relationships are mainly based on trust and norms of reciprocity	.025	.133	**.684**	.138
B4	Building strong relationships with other institutions (i.e., other companies, professional associations, government agents, etc.) is important for my family business	.172	.337	**.656**	-.174
B2	In my family business, non-family employees are treated as part of the family	-.017	.107	**.617**	.141
E2	Protecting the welfare of family members is critical to us, apart from personal contributions to the business	-.098	.123	.097	**.795**
E1	Emotions and sentiments often affect decision-making processes in my family business	.423	-.051	-.016	**.663**
E4	In my family business, affective considerations are often as important as economic considerations	.432	-.077	.007	**.620**
E3	In my family business, the emotional bonds between family members are very strong	.158	.370	.028	**.601**

4.6 Entrepreneurial Orientation (EO)

The first research question in this study is:

RQ1: What is the relationship between the FIBER dimensions of socioemotional wealth (SEW) and the entrepreneurial orientation (EO) of Saudi family SMEs?

Three hypotheses were developed in Chapter 2 in order to answer this research question as follows:

Hypothesis 1a: EO will be higher for firms with high levels of SEW

Hypothesis 1b: EO will be lower for firms with low levels of SEW

Hypothesis 2a: There is a positive relationship between family control and influence and EO in family firms.

Hypothesis 2b: There is a positive relationship between family members' sense of identification with the firm and EO in family firms.

Hypothesis 2c: There is a positive relationship between binding social ties and EO in family firms.

Hypothesis 2d: There is a negative relationship between emotional attachment of family members and EO in family firms.

Hypothesis 2e: There is a positive relationship between the renewal of family bonds to the firm through dynastic succession and EO in family firms.

Hypothesis 3: There is a negative relationship between generational involvement and EO in family firms.

To test the three hypotheses and answer the first research question a number of statistical techniques are used. First, common method bias and multicollinearity were assessed. Afterwards, *t*-test to test H1 and regression analysis to test H2 and H3 were performed.

4.6.1 Common Method Bias and Multicollinearity

Given that the dependent and independent variables were derived from the same respondent (CEO/entrepreneur), statistical relationships might result from the common rater effect. However, steps were taken to ensure to minimise common method bias. Respondent entrepreneurs were guaranteed anonymity, as the risk of being publically named and losing face may have compromised their responses. The questionnaire was then translated from English to Arabic and back translated to Arabic, after which it was piloted on academics and family business owners.

In accordance with the guidelines provided by Podsakoff and Organ (1986), all the variables used in the study were included in the principal component analysis to perform a Harman one-factor test. A total of 7 components had eigenvalues greater than 1.0 and they accounted for 67.73% of the variance. The eigenvalues each explained from 16.82% to 6.29% of the variance. As such, there is no concern for common method bias in this study, as the first factor does not explain the majority of the variance (see Appendix IV).

A correlation matrix was computed and is shown in Table 4.8, which also reports summary statistics. Pearson's r analysis was used to reveal the strength, direction and nature of relationship between variables. Correlations between variables range from -1.00 to +1.00, with -1.00 indicating a perfect negative correlation, +1.00 indicating a perfect positive correlation, and 0.00 indicating no relationship (Cohen, Cohen, West and Aiken, 2002). It should be noted, however, that correlation was completed to discover relationships, not causality, between variables (Bryman and Bell, 2011).

The correlation coefficients and variance inflation factor VIF scores demonstrate no evidence that the regression results reported in the next section are distorted by multicollinearity. Multicollinearity is a problem in multiple regression analysis that occurs when two or more independent variables are highly correlated (Field, 2013).

Multicollinearity can be investigated by performing a variance inflation factors (VIF) analysis. A VIF of 10 or greater indicates a problem of multicollinearity between the examined independent variables (Cohen et al., 2002). VIFs in this study ranges between 1.22 and 4.94, well below the 10 cut-off value (Marquardt, 1970; Neter, Wasserman, and Kutner, 1989).

Table 4.8 Summary statistics and correlation matrix of EO variables (n=266)

	Mean	S.D.	VIF	1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.	12.
1. EO	.42	1.02													
2. F	3.79	.90	2.46	.19[a]	1.00										
3. I	4.23	.66	2.54	.13[b]	.71[a]	1.00									
4. B	4.03	.55	1.34	.27[a]	.29[a]	.40[a]	1.00								
5. E	3.37	.67	1.31	.10	.42[a]	.32[a]	.054	1.00							
6. Gender	.90	.30	1.33	-.15[b]	-.08	-.05	-.04	-.18[a]	1.00						
7. Business Plan	.64	.48	1.42	.11	-.35[a]	-.31[a]	.03	-.16[a]	.06	1.00					
8. Size	3.24	1.02	1.48	.13[b]	-.04	.14[b]	.22[a]	-.07	.10	.33[a]					
9. Age-Bus	2.16	.69	1.24	-.02	-.11	-.055	.12	-.06	-.07	.09	.30[a]	1.00			
10. Manufacturing	.06	.23	2.02	-.09	-.07	-.07	.05	-.04	-.03	.08	.17[a]	.28[a]	1.00		
11. Construction	.18	.39	3.60	-.10	-.10	.03	-.07	-.03	.10	.07	.16[b]	-.03	-.12	1.00	
12. Retail	.51	.50	4.94	.05	.07	-.04	-.04	.09	.17[a]	-.12[b]	-.14[b]	-.10	-.25[a]	-.48[a]	1.00
13. Transport	.04	.19	1.67	-.05	.02	.05	.04	.06	.01	-.08	-.04	-.03	-.05	-.10	-.21[a]

14. International	.06	.24		-.13[b]	.20[a]	.20[a]	.13[b]	.01	.03	-.04	-.04	-.01	-.06	-.12	-.26[a]
15. Services	.15	.36	3.35	.21[a]	-.09	-.09	-.01	-.10	-.35[a]	.12	-.03	.01	-.10	-.20[a]	-.43[a]
16. Diversified	.30	.46	1.38	.07	-.39[a]	-.33[a]	.04	-.22[a]	.19[a]	.23[a]	.18[a]	.21[a]	.06	.05	-.03
17. Generation	1.44	.57	1.22	-.12[b]	-.23[a]	-.10	.03	-.17[a]	-.09	.26[a]	.24[a]	.14[b]	.13[b]	.13[b]	-.15[b]

[a] Significant at the 0.01 level; [b] Significant at the 0.05 level; [c] Significant at the 0.10 level.

Table 4.8 Continued

13. Transport	1.00				
14. International	-.05	1.00			
15. Services	-.09	-.11	1.00		
16. Diversified	-.05	-.10	.05	1.00	
17. Generation	-.06	-.03	.05	.22[a]	1.00

4.6.2 Independent Sample *t*-test

An independent sample *t*-test was performed to test H1. The socioemotional wealth (SEW) variable was first calculated using the average score of the 20 items (α =0.90) resulting from the PCA performed on the SEW construct. The average score was then sorted in a descending order, with the highest 30% of cases (N=82) being coded as high (1) and the lowest 30% of cases (N=84) coded as low (0). The independent sample *t*-test was run to determine whether any differences in EO existed between the high and low SEW. There was one outlier in the data, as shown by the boxplot (see Appendix IV). However, the *t*-test was run with and without the outlier included in the analysis; the result statistical significance was not affected. As such, the outlier has been included in the final analysis, as assessed by the sensitivity analysis. The EO scores were normally distributed for each level of SEW, as assessed by Shapiro-Wilk's test ($p>.05$) and Levene's test for equality of variance ($p=.45$) show the homogeneity of variance (Levene, 1960). Firms with high SEW levels exhibited a higher EO score ($M=.67$, $SD=.85$) than firms with low SEW levels ($M=.16$, $SD=.94$). The difference in EO scores between high and low SEW was a statistically significant difference, $M=.51$, *95%* CI [.24,.79], $t\ (164) =3.70$, $p<.0005$. Therefore, the null hypothesis can be rejected and the alternative hypothesis accepted. A further sensitivity analysis was performed using the full 27 items of SEW and the statistical significance persisted.

4.6.3 OLS Regression

Regression analysis refers to "predicting an outcome variable from one predictor variable (simple regression) or several predictor variables (multiple regression)" (Field, 2013, p.198). Regression analysis is the statistical analysis most often applied in leading small business-entrepreneurship journals (Mullen et al., 2009). A hierarchical regression analysis for the dependent variable EO was performed to test H2 and H3. The control

variables are included in Model 1. The SEW variables are added to the control variables in Model 2. Generational involvement is added to the control variables and SEW in model 3. The assumptions of linearity, homoscedasticity, unusual points, and normality of residuals were all met.

Model 1 has an R^2 of 0.118 and an adjusted R^2 of 0.084. Model 2 has an R^2 of 0.225 and an adjusted R^2 of 0.182. Model 3 has an R^2 of 0.250 and an adjusted R^2 of 0.205. For each of the three models, the F test statistic is highly statistically significant and shows that taken together the variables included in the model have a relationship with EO.

Six out of the ten control variables (namely: gender, having a formal business plan, diversification, and three industry dummy variables) can be seen to be statistically significantly related to EO at the 0.05 level, or better. Firm size is weakly positively significantly related to EO at the 0.10 level. This confirms their relevance and importance to the study.

The 'family control and influence' variable is positively highly statistically significantly related to EO in model 3 at the 0.01 level. This supports hypothesis H2a. The 'binding social ties' variable is also positively highly statistically significantly related to EO in model 3 at the 0.01 level, which supports hypothesis H2c.

The sense of 'identification with the firm' and EO is not statistically significant at the 0.10 level, or better. The 'emotional attachment of family members' and EO is also not statistically significantly related to EO at the 0.10 level or better. The 'renewal of family bonds to the firm through dynastic succession' and EO did not appear in the model because the variable did not emerge as a valid construct in the principal component analysis. Thus, there is no evidence to support hypotheses H2b, H2d and H2e.

‘Generational involvement’ variable is negatively highly statistically significantly related to EO in model 3 at the 0.01 level, which supports hypothesis H3.

Table 4.9 Regression models of Entrepreneurial Orientation EO

	Model 1	Model 2	Model 3
Control Variables			
Gender	**-0.49 (0.22)[b]**	**-0.39 (0.21) [c]**	**-0.49 (0.21) [b]**
Business plan	0.10 (0.14)	**0.27 (0.14) [c]**	**0.32 (0.14) [b]**
Size	**0.18 (0.07) [a]**	0.10 (0.07)	**0.12 (0.07) [c]**
Age-bus	-0.10 (.10)	-0.10 (0.02)	-0.09 (0.09)
Manufacturing	-0.02 (0.36)	0.28 (0.35)	0.32 (0.34)
Construction	0.17 (0.29)	**0.53 (0.28) [c]**	**0.55 (0.27) [b]**
Retail	**0.54 (0.26) [b]**	**0.78 (0.25) [a]**	**0.76 (0.25) [a]**
Transport	0.29 (0.38)	0.51 (0.37)	0.47 (0.36)
Services	**0.81 (0.30) [a]**	**1.12 (0.29) [a]**	**1.09 (0.29) [a]**
Diversified	0.15 (0.14)	**0.29 (0.15) [b]**	**0.34 (0.14) [b]**
Socioemotional Wealth Variables			
Family control/influence	_____	**0.29 (0.10) [a]**	**0.26 (0.10) [a]**
Identification	_____	-0.07 (0.14)	-0.05 (0.14)
Binding social ties	_____	**0.39 (0.12) [a]**	**0.39 (0.12) [a]**
Emotional attachment	_____	0.06 (0.10)	0.03 (0.10)
Generational Involvement	_____	_____	**-0.31 (0.11) [a]**
Constant	-0.03 (.41)	**-2.86 (.70) [a]**	**-2.33 (0.71) [a]**
F-value	**3.42[a]**	**5.21 [a]**	**5.55 [a]**
Δ F	**3.42 [a]**	**8.66 [a]**	**8.21 [a]**
R^2	0.12	0.23	0.25
Adjusted R^2	.08	.18	.21
Δ R^2	0.12	0.11	0.03

[a] Significant at the 0.01 level; [b] Significant at the 0.05 level; [c] Significant at the 0.10 level.

A sensitivity analysis was done to examine whether the results of the aforementioned EO regression are robust. To do this, the EO construct was first divided into its three main entrepreneurship components: innovativeness, proactiveness, and risk taking. This was done by averaging the score of the three item subscales of each component. The three components were then used individually to rerun the regression models. See Tables 4.9, 4.10, and 4.11 for full details on regression models for each component.

Similar to the main results of this study, two dimensions of SEW are found to be related to the innovativeness and proactivness components of EO. 'Family control and influence' and 'binding social ties' dimensions were found to be positively highly statistically significant related to innovativeness at the 0.01 level. The same results hold for the proactiveness component but with a weaker statistical significance at the 0.10 level. Other dimensions of SEW, namely 'identification with the firm' and 'emotional attachment', are not related to both EO components.

However, a different set of SEW dimensions was found to be related to the risk taking component of EO. 'Family control and influence' was not found to be statistically significant at the 0.10 level or better. 'Binding social ties', on the other hand, was still positively highly statistically significant at the 0.01 level. In addition, 'identification with the firm' was found to be negatively statistically significant related to risk taking at the 0.05 level. Also, 'emotional attachment' was found to be positively statistically significant related to risk taking at the 0.01 level.

Table 4.10 Regression models of Innovativeness

	Model 4	Model 5	Model 6
Control Variables			
Gender	**-.59 (.30)[c]**	**-.53 (.29)[c]**	**-.69 (.29)[b]**
Business plan	.04 (.19)	.28 (.19)	**.36 (.19)[c]**
Size	**.27 (.09)[a]**	**.17 (.09)[c]**	**.20 (.09)[b]**
Age-bus	-.11 (.13)	-.10 (.13)	-.10 (.13)
Manufacturing	.30 (.49)	.73 (.48)	**.79 (.47)[c]**
Construction	.32 (.39)	**.83 (.38)[b]**	**.86 (.38)[b]**
Retail	**.90 (.36)[b]**	**1.26 (.35)[a]**	**1.23 (.34)[a]**
Transport	.65 (.52)	**1.00 (.51)[b]**	**.95 (.50)[c]**
Services	**.94 (.41)[b]**	**1.34 (.40)[a]**	**1.30 (.39)[a]**
Diversified	.30 (.19)	**.50 (.20)[b]**	**.58 (.20)[a]**
Socioemotional Wealth Variables			
Family control/influence	_____	**.45 (.14)[a]**	**.40 (.13)[a]**
Identification	_____	-.08 (.19)	-.04 (.19)
Binding social ties	_____	**.45 (.16)[a]**	**.44 (.16)[a]**
Emotional attachment	_____	-.08 (.13)	-.12 (.13)
Generational Involvement	_____	_____	**-.48 (.15)[a]**
Constant	-.11 (.55)	**-3.34 (.96)[a]**	**-2.54 (.98)[a]**
F-value	**2.91[a]**	**4.52[a]**	**5.06[a]**
Δ F	**2.91[a]**	**7.78[a]**	**10.20[a]**
R^2	.10	.20	.23
Adjusted R^2	.07	.16	.19
Δ R^2	.10	.10	.03

[a] Significant at the 0.01 level; [b] Significant at the 0.05 level; [c] Significant at the 0.10 level.

Table 4.11 Regression models of Proactiveness

	Model 7	Model 8	Model 9
Control Variables			
Gender	-.14 (.25)	-.13 (.25)	-.22 (.25)
Business plan	.11 (.16)	**.35 (.16)[b]**	**.40 (.16)[b]**
Size	**.19 (.08)[b]**	.07 (.08)	.09 (.08)
Age-bus	.00 (.11)	.02 (.11)	.02 (.11)
Manufacturing	-.41 (.42)	-.02 (.41)	.02 (.40)
Construction	-.23 (.33)	.15 (.32)	.17 (.32)
Retail	-.14 (.30)	.18 (.29)	.17 (.29)
Transport	-.11 (.44)	.19 (.43)	.16 (.43)
Services	.36 (.35)	**.69 (.34)[b]**	**.66 (.34)[b]**
Diversified	-.03 (.16)	.17 (.17)	.22 (.17)
Socioemotional Wealth Variables			
Family control/influence	_____	**.23 (.12)[b]**	**.21 (.11)[c]**
Identification	_____	.23 (.16)	.25 (.16)
Binding social ties	_____	**.25 (.14)[c]**	**.25 (.14)[c]**
Emotional attachment	_____	-.12 (.11)	-.14 (.11)
Generational Involvement	_____	_____	-.28 (.13)
Constant	.14 (.46)	**-2.55 (.82)[a]**	**-2.07 (.84)[a]**
F-value	**1.77[c]**	**3.22[a]**	**3.37[a]**
Δ F	**1.77[c]**	**6.45[a]**	**4.84[b]**
R^2	.07	.15	.17
Adjusted R^2	.03	.11	.12
Δ R^2	.07	.09	.02

[a] Significant at the 0.01 level; [b] Significant at the 0.05 level; [c] Significant at the 0.10 level.

Table 4.12 Regression models of Risk taking

	Model 10	Model 11	Model 12
Control Variables			
Gender	**-.73 (.28)[a]**	**-.51 (.28)[c]**	**-.57 (.28)[b]**
Business plan	.15 (.17)	.17 (.18)	.20 (.18)
Size	.07 (.08)	.05 (.09)	.07 (.09)
Age-bus	-.20 (.12)	**-.21 (.12)[c]**	**-.20 (.12)[c]**
Manufacturing	.06 (.46)	.14 (.45)	.17 (.45)
Construction	.40 (.36)	.60 (.36)	**.61 (.36)[c]**
Retail	**.86 (.33)[a]**	**.91 (.33)[a]**	**.90 (.33)[a]**
Transport	.32 (.49)	.33 (.48)	.31 (.48)
Services	**1.12 (.38)[a]**	**1.32 (.38)[a]**	**1.30 (.38)[a]**
Diversified	.17 (.18)	.20 (.19)	.23 (.19)
Socioemotional Wealth Variables			
Family control/influence	_____	.20 (.13)	.18 (.13)
Identification	_____	**-.37 (.18)[b]**	**-.36 (.18)[b]**
Binding social ties	_____	**.47 (.15)[a]**	**.46 (.15)[a]**
Emotional attachment	_____	**.37 (.14)[a]**	**.35 (.13)[a]**
Generational Involvement	_____	_____	-.18 (.14)
Constant	-.13 (.51)	**-2.68 (.90)[a]**	**-2.37 (.93)[a]**
F-value	**3.56 [a]**	**4.46 [a]**	**4.27 [a]**
Δ F	**3.56 [a]**	**6.00 [a]**	1.59
R^2	.12	.20	.20
Adjusted R^2	.09	.15	.16
Δ R^2	.12	.08	.01

[a] Significant at the 0.01 level; [b] Significant at the 0.05 level; [c] Significant at the 0.10 level.

For the sake of comparing the results of EO regression in this study with previous studies using EO as a dependent variable, Tables 4.13 and 4.14 illustrate the coefficient and significance level of variables included in previous family business studies as well as other entrepreneurship studies.

Table 4.13 Coefficient and significance level of variables included in previous family business studies using EO as a dependent variable

Author(s)/ year	Variables		Coefficient
Cruz and Nordqvist (2012)	Diversification		.103 [a]
	Relative performance		.139 [a]
	Firm size		.068 [b]
	CEO sex		.069 [b]
	TMT age		- .071 [b]
	Industry growth		.111 [b]
	VCs and professional investors		032 [c]
	Third and later generation x proportion of non-family members in the TMT		.119 [b]
	Third and later generation x VCs and professional investors		.071 [c]
Kellermanns and Eddleston (2006)	Perceived technological opportunities		.33 [a]
	Strategic planning x perceived technological opportunities		.23 [b]
	Strategic planning x generational involvement		- .22 [b]
Salvato (2004)	Founder-based family firms	CEO leadership experience	0.206 [b]
		More than 1 generation active	0.173 [b]
		% owned by investment companies	0.262 [b]
		Value- based compensation	0.317 [b]
		Opportunity spotting	0.189 [b]
	Sibling/ cousin consortium	% owned by venture capital	0.172 [b]
		% owned by others	- 0.192 [b]
		Delegation and informality	0.170 [b]
		Opportunity driven strategy	0.323 [b]
		Opportunity spotting	0.311 [b]
	Open family firms	Managerial body size	0.160 [b]
		Value- based compensation	0.271 [b]
		Growth orientation	0.272 [b]
		Opportunity spotting	0.221 [b]
Zahra et al. (2004)	Firm size		.13 [c]
	Liquidity		.17 [b]
	Past ROA		.25 [b]
	Individual vs. group orientation		.24 [a]
	Individual orientation squared		- .21 [b]
	External orientation		.40 [a]
	Decentralized control		.29 [b]
	Strategic controls		.21 [b]
	Financial controls		- .19 [b]

[a] Significant at the 0.01 level; [b] Significant at the 0.05 level; [c] Significant at the 0.10 level.

Table 4.14 Coefficient and significance level of variables included in previous non-family business studies using EO as a dependent variable

Author(s)/ year	Variables		Coefficient
Green, Covin, and Slevin (2008)	Firm Size		0.156 [c]
	Environmental Dynamism		0.152 [c]
	Technocratic Decision-Making (Tech)		0.277 [a]
	Structural Organicity (Org)		0.300 [a]
	Tech x Org		- 0.220 [b]
	Strategic Reactiveness (SR) x Org		- 0.208 [b]
	Tech×Org×SR		- 0.214 [b]
Li, Guo, Liu, and Li (2008)	Firm Size		- 0.123 [a]
	Production Speed Enhancement		0.122 [b]
	Risk-Taking Consciousness		0.186 [a]
	Competition Promotion		0.106 [a]
	CEO Ownership		0.077 [b]
	CEO Turnover Frequency		0.727 [a]
	Square of CEO Turnover Frequency		- 0.623 [a]
Simsek, Heavey, and Veiga (2010)	Firm age		- 0.19 [b]
	Firm growth		0.23 [b]
	Core self-evaluation		0.25 [a]
	Environmental dynamism		0.29 [b]
	Core self-evaluation × environmental dynamism		0.18 [b]
Yusuf (2002)	Manufacturing	Firm size	.21 [b]
		Government uncertainty	- .18 [b]
		Competitive uncertainty	.31 [a]
		Finance access Uncertainty	.18 [a]
		Technological uncertainty	.34 [a]
	Commerce	Competitive uncertainty	.21 [b]
		Finance access Uncertainty	.15 [a]

[a] Significant at the 0.01 level; [b] Significant at the 0.05 level; [c] Significant at the 0.10 level.

4.7 Succession Planning (SP) and Successor Attributes

The second research question in this research is:

RQ2: What is the impact of the FIBER dimensions of socioemotional wealth (SEW) on succession planning (SP) and on the desired successor attributes in Saudi family SMEs?

Three hypotheses were developed in Chapter 2 to answer this research question as follows:

Hypothesis 4a: There is a negative relationship between family control and influence and succession planning (SP) in family firms.

Hypothesis 4b: There is a positive relationship between identification of family members with the firm and succession planning (SP) in family firms

Hypothesis 4c: There is a positive relationship between binding social ties and succession planning (SP) in family firms

Hypothesis 4d: There is a negative relationship between emotional attachment of family members and succession planning (SP) in family firms

Hypothesis 4e: There is a positive relationship between renewal of family bonds to the firm through dynastic succession and succession planning (SP) in family firms.

Hypothesis 5: A high level of SEW is positively related to the most desired successor attributes.

Hypothesis 6: The relationship between SEW and the desired successor attributes is moderated by the family firms' social capital. Specifically, social capital will have a more positive effect on certain successor attributes in family firms with high levels of SEW.

As in the previous section, a number of statistical techniques were performed to test the hypotheses and answer the second research question. Initially, common method bias and multicollinearity were considered. Then, in order to test hypotheses 4, 5, and 6 three econometric techniques were used: binary logistic analysis, probit analysis and OLS regression analysis.

4.7.1 Common Method Bias and Multicollinearity

As indicated earlier, the common method effect is usually a concern when the same respondent provides both dependent and independent variables, as is the case in this study. For this reason, certain procedures were adopted in order to minimise possible common method bias. Firstly, the anonymity of respondents was guaranteed, thereby minimising social desirability. The data collection tool (questionnaire) was back translated to ensure its validity before being piloted to 4 academics and 8 family business owners, and the dependent/independent/control variable locations in the questionnaire were separated. Secondly, the Harman one-factor test was performed to test for common method bias, as recommended by Podsakoff and Organ (1986). All the variables used in this part of the analysis were included in the principal component analysis with eigenvalues greater than 1.0. This analysis shows 8 components, accounting for 69.19% of the variance. The first factor explains only 24.10% of the variance, which suggests that common method bias is not a concern in this study (see Appendix IV). A correlation matrix was computed and is shown in Table 14.15 which also reports summary statistics. The correlation coefficients and variance inflation factor scores show that there is no evidence to suggest that the regression results reported in the next section are distorted by multicollinearity.

Table 4.15 Summary statistics and correlation matrix of SP variables (n=265)

	Mean	S.D.	VIF	1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.
1. Succession Planning	1.10	1.16												
2. Succession Planning Binary	.27	.44		.92**	1.00									
3. F	3.80	.91	2.80	.095	.14*	1.00								
4. I	4.23	.68	2.67	.23**	.27**	.73**	1.00							
5. B	4.04	.56	1.30	.12	.16*	.29**	.41**	1.00						
6. E	3.36	.71	1.35	-.03	-.03	.45**	.36**	.095	1.00					
7. Gender	.91	.28	1.29	-.15*	-.10	-.09	-.03	-.04	-.17**	1.00				
8. Age- Entrepreneur	3.75	.22	1.19	.19**	.19**	.02	.09	.11	-.02	.13*	1.00			
9. MSc Degree	.60	.49	1.58	-.09	-.12	-.39**	-.27**	-.09	-.21**	.16*	-.11	1.00		
10.Undergrad Degree	.17	.38	1.29	.005	.014	-.29**	-.27**	-.03	-.13*	.07	.11	.37**	1.00	
11. Habitual	.31	.47	1.42	-.01	-.02	-.41**	-.34**	-.02	-.17**	.15*	.11	.37**	.26**	1.00
12. Size	3.23	1.02	1.23	.19**	.15*	-.04	.11	.22**	-.05	.08	.17**	.07	.03	.15*
13. Board	.18	.39	1.21	.17**	.12	-.25**	-.10	.06	-.17**	-.03	.03	.19**	.17**	.18**
14. Manufacturing	.05	.22	1.17	-.09	-.10	-.099	-.15*	.03	-.07	.01	.13*	.13*	.07	.17**

15. Construction	.18	.39	1.23	.11	.12	-.08	.07	-.03	-.03	.11	.10	.17**	.05	.04
16. Retail	.52	.50		.002	.001	.07	-.02	-.05	.10	.14*	-.02	-.23**	-.13*	-.07
17. Transport	.04	.20	1.09	-.05	.003	.02	.05	.04	.06	-.003	-.14*	-.099	.06	-.10
18. International	.06	.24	1.14	.01	-.01	.19**	.19**	.125*	.01	.02	-.029	.015	-.07	-.10
19. Services	.14	.35	1.33	-.04	-.07	-.10	-.11	-.02	-.11	-.34**	-.06	.11	.11	.08
20. Social Capital	4.33	.56		.09	.12	.62**	.55**	.43**	.29**	.03	-.07	-.23**	-.29**	-.32**
21. Relationship w/incumbent	3.47	.72		.06	.09	.48**	.49**	.51**	.17**	.04	-.05	-.22**	-.25**	-.22**
22. Relationship w/family	4.04	.74		.07	.09	.59**	.49**	.36**	.24**	-.04	-.04	-.29**	-.27**	-.28**
23. Family Standing	2.96	1.03		.18**	.17**	.52**	.49**	.43**	.20**	-.09	.10	-.20**	-.32**	-.22**
24. Competence	4.08	.70		.08	.11	.43**	.26**	.14*	.34**	-.12*	-.06	-.22**	-.25**	-.31**
25. Personality traits	4.20	.77		.18**	.18**	.46**	.52**	.29**	.27**	-.07	.08	-.20**	-.22**	-.23**
26. Current involvement	3.91	.66		-.03	-.01	.49**	.33**	.11	.37**	-.19**	-.00	-.30**	-.32**	-.46**

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

*. Correlation is significant at the 0.05 level (2-tailed).

Table 4.15 Continued

	12.	13.	14.	15.	16.	17.	18.	19.	20.	21.	22.	23.	24.	25.
12. Size	1.00													
13. Board	.27**	1.00												
14. Manufacturing	.15*	.11	1.00											
15. Construction	.15*	.05	-.11	1.00										
16. Retail	-.13*	-.09	-.25**	-.49**	1.00									
17. Transport	-.04	-.002	-.05	-.098	-.22**	1.00								
18. International	-.04	-.12*	-.06	-.12	-.27**	-.05	1.00							
19. Services	-.03	.09	-.095	-.19**	-.42**	-.08	-.10	1.00						
20. Social Capital	.13*	-.05	.02	-.09	-.09	.05	.00	.07	1.00					
21. Relationship w/incumbent	.02	-.07	.05	-.09	-.14*	.16**	-.03	-.04	.17**	1.00				
22. Relationship w/family	.03	-.08	.11	-.10	.04	.03	-.04	-.08	.29**	.37**	1.00			
23. Family Standing	.01	-.23**	.08	-.06	-.09	.15*	-.00	-.13*	.26**	.60**	.44**	1.00		
24. Competence	-.03	-.17**	.17**	-.20**	-.06	.09	.09	-.10	.60**	.41**	.48**	.40**	1.00	
25. Personality traits	.01	-.16**	.12*	-.19**	-.03	.03	.10	-.03	.57**	.27**	.46**	.32**	.81**	1.00
26. Current involvement	.01	-.18**	.22**	-.06	-.14*	.00	.06	.00	.42**	.41**	.54**	.53**	.62**	.65**

4.7.2 Logistic Regression

A hierarchical binary logistic regression was run of the binary succession planning variable to predict SP (see Table 4.16). The first model for control variables was statistically significant, χ^2 (12) = 33.225, p< .001. The second model after including the four SEW dimensions was also statistically significant, χ^2 (16) = 28.68, p< .0005. The final model explained 30.3% (Nagelkerke R^2) of the variance in SP and correctly classified 75.5% of cases. Sensitivity was 31.0% and specificity was 91.8% (Tabachnick and Fidell, 2007). Five of the control variables gender, entrepreneur age, having a business plan, construction, and retail were statistically significant at the .05 level or better. Two SEW dimensions (I and E) were statistically significant at p< .0005 and p< .05 respectively. Family firms with high 'identification of family members with the firm' were more likely to have a high succession planning processes, while family firms exhibiting high 'emotional attachments' were less likely to have succession planning processes. Thus the logistic regression results provide support for hypotheses H4b and H4d.

The 'family control and influence' and 'binding social ties' variables are not statistically insignificant. The 'renewal of family bonds to the firm through dynastic succession' variable did not appear in the model because it did not emerge as a valid construct in the principal component analysis. There is therefore no evidence to support hypotheses H4a, H4c and H4e.

Table 4.16 Logistic regression models of Succession Planning Binary

	Model 2	Model 3
Control Variables		
Gender	**-1.28 (.55)[b]**	**-2.08 (.63)[a]**
Age Entrepreneur	**1.81 (.75)[b]**	**1.84 (.83)[b]**
Undergrad Degree	-.52 (.37)	-.35 (.40)
MSc Degree	.32 (.46)	.77 (.52)
Habitual	-.06 (.38)	.57 (.47)
Size	**.31 (.17)[c]**	.28 (.18)
Board	**.72 (.41)[c]**	**.93 (.46)[b]**
Manufacturing	-1.22 (1.17)	-.72 (1.20)
Construction	**1.29 (.60)[b]**	**1.40 (4.68)[b]**
Retail	**.93 (.54)[c]**	**1.31 (.59)[b]**
Transport	1.06 (.87)	1.42 (.93)
International	1.02 (.79)	.74 (.83)
Socioemotional wealth Variables		
Family control/influence	-----	.09 (.30)
Identification	-----	**1.80 (.48)[a]**
Binding social ties	-----	-.11 (.36)
Emotional attachment	-----	**-.70 (.28)[b]**
Constant	**-8.41 (2.84)[a]**	**-13.77 (3.76)[a]**
-2 Log likelihood	**274.80[a]**	**246.12[a]**
Cox and Snell	.12	.21
Nagelkerke R^2	.17	.30
Percentage Correctly Classified	74.7	75.5

Odd ratios and standard errors are reported in the table. [a] Significant at the 0.01 level; [b] Significant at the 0.05 level; [c] Significant at the 0.10 level.

4.7.3 Logit Regression

A logit regression was run of the binary succession planning variable in order to predict SP (as shown in Table 4.17). The model was statistically significant, χ^2 (16) =48.57, p< .001. The model correctly classified 75.47% of cases. Sensitivity was 30.99% and specificity was 91.75%. Of the control variables, gender, entrepreneur age, having a board of directors, construction, and retail were found to be statistically significant at the 0.05 level, or better. Two SEW dimensions (I and E) were statistically significant at p< .0005 and p< .05 respectively. A one unit increase in I at the mean value increases the predicted probability that SP=1 by approximately 28%. This demonstrates that firms with family members who have a high level of 'identification with the firm' were more likely to have high succession planning processes. A one unit increases in E reduces the predicted probability that SP=1 by 10.95%. This shows that family firms exhibiting high 'emotional attachments' were less likely to have succession planning processes. The logit regression results provide support for hypotheses H4b and H4d.

The 'family control and influence' and 'binding social ties' variables are not statistically insignificant, thus these variables have no effect, or little effect, on the predicted probability of SP being equal to 1. The 'renewal of family bonds to the firm through dynastic succession' did not appear in the model due to not emerging as a valid construct in the principal component analysis. Consequently, hypotheses H4a, H4c and H4e are not supported.

Table 4.17 Logit regression of Succession Planning Binary

Control Variables	
Gender	**-2.08 (.59)[a]**
Age Entrepreneur	**1.84 (.80)[b]**
Undergrad Degree	-.35 (.41)
MSc Degree	.77 (.53)
Habitual	.57 (.48)
Size	.28 (.18)
Board	**.93 (.46)[b]**
Manufacturing	-.70 (1.14)
Construction	**1.40 (.60)[b]**
Retail	**1.31 (.53)[b]**
Transport	**1.42 (.79)[c]**
International	.74 (.77)
Socioemotional wealth Variables	
Family control/influence	.09 (.28)
Identification	**1.80 (.45)[a]**
Binding social ties	-.11 (.33)
Emotional attachment	**-.70 (.29)[b]**
Constant	**-13.77 (3.53)[a]**
-2 Log likelihood	**246.12[a]**
Cox and Snell	.21
Nagelkerke	.30
Percentage Correctly Classified	75.47

Coefficients and standard errors are reported in the table. [a] Significant at the 0.01 level; [b] Significant at the 0.05 level; [c] Significant at the 0.10 level.

4.7.4 Probit Regression

A probit regression of the binary succession planning variable was run in order to predict SP (as shown in Table 4.18). The model was found to be statistically significant, χ^2 (16) =57.08, p< .001. The model correctly classified 75.09% of cases. Sensitivity was 28.17% and specificity was 92.27%. Of the control variables, gender, entrepreneur age, having a board of directors, construction, retail, and transportation were statistically significant at the 0.05 level, or better. Two SEW dimensions (I and E) were statistically significant, at p< .0005 and p< .01 respectively. The probability of SP being equal to one increases by 28.83% as the value of I increases by 1. This means that family firms with family members who strongly identify with the firm were more likely to have a high succession planning processes. The probability of SP being equal to one decreases by 11.75% as the value of E increases by 1. Thus, family firms exhibiting high 'emotional attachments' were shown to be less likely to have succession planning processes. The probit regression results provide support for hypotheses H4b and H4d.

The two variables of 'family control and influence' and 'binding social ties' are not statistically insignificant, donating that these two variables have no or little effect on the predicted probability of SP being equal to 1. The 'renewal of family bonds to the firm through dynastic succession' variable did not emerge as a valid construct in the principal component analysis and therefore did not appear in the model. As such, there is no evidence to support hypotheses H4a, H4c and H4e.

Table 4.18 Probit regression of Succession Planning Binary

Control Variables	
Gender	**-1.25 (.34)[a]**
Age Entrepreneur	**1.12 (.45)[b]**
Undergrad Degree	-.19 (.23)
MSc Degree	.44 (30)
Habitual	.34 (.26)
Size	.17 (.10)
Board	**.52 (.26)[b]**
Manufacturing	-.42 (.59)
Construction	**.87 (.35)[b]**
Retail	**.81 (.30)[a]**
Transport	**.85 (.48)[b]**
International	.44 (.45)
Socioemotional wealth Variables	
Family control/influence	.05 (.17)
Identification	**1.03 (.25)[a]**
Binding social ties	-.06 (.19)
Emotional attachment	**-42 (.16)[a]**
Constant	**-8.12 (1.97)[a]**
-2 Log likelihood	**245.20[a]**
Cox and Snell	.21
Nagelkerke	.31
Percentage Correctly Classified	75.09

Coefficients and standard errors are reported in the table. [a] Significant at the 0.01 level; [b] Significant at the 0.05 level; [c] Significant at the 0.10 level.

4.7.5 OLS Regression

Seven regression analyses were run to test H4, H5, and H6. The first regression was run for the dependent variable Succession Planning, the other six were run for the six successor attributes categories as dependent variables.

Succession Planning

A hierarchical regression was run for the dependent variable 'Succession Planning' to test H4 (see Table 4.19). The control variables were entered in the first model. The four SEW dimensions (IV) were then entered into the second model. The assumptions of linearity, unusual points, and normality of residuals were all met. However, the assumption of homoscedasticity may have been violated. Assessment was made of this final point by running the logistic, logit, and probit models.

The full model of control and independent variables to predict Succession Planning (Model 2) was shown to be statistically significant, R^2= .20, F (16, 248) = 3.89, p< .0005; adjusted R^2= .15. The addition of the four SEW dimension to predict Succession Planning (Model 2) led to a statistically significant increase in R^2 of .05, F (4, 248) = 3.56, p< .01.

Table 4.19 Regression models of Succession Planning

	Model 1	Model 2
Control Variables		
Gender	**-.87 (.26)[a]**	**-.99 (.26)[a]**
Age Entrepreneur	**.93 (.32)[a]**	**.80 (.32)[a]**
Undergrad Degree	-.16 (.17)	-.15 (.17)
MSc Degree	.06 (.20)	.17 (.20)
Habitual	.01 (.16)	.15 (.17)
Size	**.17 (.07)[b]**	**.13 (.07)[c]**
Board	**.46 (.19)[b]**	**.42 (.19)[b]**
Manufacturing	-.40 (.35)	-.24 (.35)
Construction	**.55 (.25)[b]**	**.53 (.25)[b]**
Retail	**.37 (.22)[c]**	**.43 (.22)[c]**
Transport	.16 (.39)	.17 (.387)
International	.51 (.34)	.36 (.34)
Socioemotional Wealth Variables		
Family control/influence	-----	-.02 (.12)
Identification	-----	**.46 (.16)[a]**
Binding social ties	-----	-.07 (.13)
Emotional attachment	-----	**-.23 (.11)[b]**
Constant	**-2.44 (1.21)[b]**	**-2.66 (1.28)[b]**
F-value	**3.84[a]**	**3.89[a]**
Δ F	**3.84[a]**	**3.56[a]**
R^2	.16	.20
Adjusted R^2	.11	.20
Δ R^2	.16	.05

[a] Significant at the 0.01 level; [b] Significant at the 0.05 level; [c] Significant at the 0.10 level.

Successor Attributes

Six hierarchical regression analyses using the six attributes categories as dependent variables were performed to test H5 and H6.

In each regression, the control variables are included in Model 1. The main effect (SEW) is added to the control variables in Model 2. The full model of control and independent variable to predict each of the six attributes categories (Model 2 in tables 4.20, 4.21, 4.22, 4.23, 4.24, 4.25) were shown to be statistically significant:

- Personality traits: R^2=.35 adjusted R^2=.32, F = 10.38, p< .0005.
- Competencies: R^2=.47 adjusted R^2=.44, F = 16.93, p< .0005.
- Relationship with other family members: R^2=.30 adjusted R^2=.26, F = 8.17, p< .0005.
- Current involvement with the family business: R^2=.41 adjusted R^2=.38, F = 13.16, p< .0005.
- Successor's relationship with incumbent: R^2=.24 adjusted R^2=.20, F = 6.06, p< .0005.
- Family standing: R^2=.38 adjusted R^2=.34, F = 11.57, p< .0005.

A significant change in R^2 was observed across all of the six categories regressions. SEW is positively highly statistically significantly related to all of the six attributes categories at the 0.001 level, which supports hypothesis H5.

To test the hypothesised moderation effects, the moderator variable 'Social Capital' was first entered independently in Model 3 for each of the six attributes categories regressions. 'Social Capital' was significantly positively related to 'Personality traits' (β=.55, p< .001), 'Competences' (β=.47, p< .001), and 'Current involvement with the family business' (β=.15, p< .05), and significantly negatively related to 'Successor's relationship with incumbent' (β=-.19, p< .05). 'Social Capital' and 'Relationship with other family members' is not statistically significant at the 0.10

level, or better. ‘Social Capital’ and ‘Family standing’ is not statistically significant at the 0.10 level, or better. This gives support to H6.

Lastly, the interaction effect (SEW*Social Capital) was entered into Model 4 for each of the six attributes categories regressions. Here, only the ‘Competencies’ category was seen to be significant (β=.29, $p< .001$). The interactions between SEW and Social Capital were not significant for the other five attributes categories. This gives further support to H6.

Table 4.20 Regression models of Personality traits

	Model 1	Model 2	Model 3	Model 4
Control Variables				
Gender	.26 (.18)	**.37 (.15)[b]**	**.33 (.14)[b]**	**.32 (.14)[b]**
Age Entrepreneur	-.13 (.21)	-.27 (.19)	**-.34 (.17)[c]**	**-.33 (.17)[c]**
Undergrad Degree	**-.25 (.11)[b]**	-.11 (.10)	-.03 (.09)	-.01 (.09)
MSc Degree	**-.25 (.13)[c]**	-.13 (.12)	-.10 (.11)	-.10 (.11)
Habitual	-.16 (.11)	.05 (.10)	.06 (.09)	.08 (.09)
Size	.07 (.05)	.02 (.04)	-.02 (.04)	-.01 (.04)
Board	-.18 (.12)	-.08 (.11)	-.11 (.10)	-.08 (.10)
Manufacturing	**-.57 (.24)[b]**	**-.54 (.21)[a]**	**-.37 (.19)[c]**	**-.40 (.19)[b]**
Construction	-.10 (.17)	-.18 (.15)	.00 (.14)	-.01 (.14)
Retail	-.12 (.15)	-.19 (.13)	-.07 (.12)	-.07 (.12)
Transport	.19 (.26)	.06 (.23)	.22 (.21)	.21 (.21)
International	.20 (.23)	-.12 (.20)	.10 (.19)	.11 (.19)
Independent Variable				
SEW	-----	**.70 (.08)[a]**	**.41 (.09)[a]**	**.37 (.09)[a]**
Moderator				
Social Capital	-----	-----	**55 (.08)[a]**	**.64 (.10)[a]**
Interaction effect				
SEW * Social Capital	-----	-----	-----	.18 (.12)
Constant	**4.59 (.80)[a]**	**5.39 (.71)[a]**	**5.24 (.66)[a]**	**5.12 (.66)[a]**
F-value	**3.77[a]**	**10.38[a]**	**14.56[a]**	**13.83[a]**
Δ F	**3.77[a]**	**76.18[a]**	**45.17[a]**	2.47
R^2	.15	.35	.45	.46
Adjusted R^2	.11	.32	.42	.42
Δ R^2	15	.20	.10	.01

[a] Significant at the 0.01 level; [b] Significant at the 0.05 level; [c] Significant at the 0.10 level.

Table 4.21 Regression models of Competence

	Model 1	Model 2	Model 3	Model 4
Control Variables				
Gender	.20 (.15)	**.31 (.13)[b]**	**.28 (.12)[b]**	**.26 (.11)[b]**
Age Entrepreneur	-.13 (.19)	**-.28 (.15)[c]**	**-.33 (.14)[b]**	**-.32 (.14)[b]**
Undergrad Degree	-.23 (.10)b	-.08 (.08)	-.01 (.08)	.02 (.07)
MSc Degree	-.16 (.12)	-.03 (.10)	-.01 (.09)	-.00 (.09)
Habitual	**-.30 (.10)[a]**	-.09 (.08)	-.08 (.07)	-.05 (.07)
Size	.05 (.04)	-.01 (.03)	-.04 (.03)	-.03 (.03)
Board	-.12 (.11)	-.02 (.09)	-.04 (.08)	.01 (.08)
Manufacturing	**-.35 (.21)[c]**	-.32 (.17)	-.17 (.16)	-.22 (.15)
Construction	.00 (.15)	-.08 (.12)	.08 (.11)	.06 (.11)
Retail	.06 (.13)	-.02 (.11)	.09 (.10)	.08 (.10)
Transport	.24 (.23)	.10 (.19)	.23 (.17)	.22 (.17)
International	**.43 (.20)[b]**	.09 (.17)	**.28 (.15)[c]**	**.29 (.15)[c]**
Independent Variabl				
SEW	-----	**.73 (.07)[a]**	**.49 (.07)[a]**	**.41 (.07)[a]**
Moderator				
Social Capital	-----	-----	**.47 (.07)[a]**	**.61 (.08)[a]**
Interaction effect				
SEW * Social Capital	-----	------	-----	**.29 (.09)[a]**
Constant	**4.47 (.71)[a]**	**5.30 (.58)[a]**	**5.17 (.53)[a]**	**4.98 (.53)[a]**
F-value	**5.35[a]**	**16.93[a]**	**22.43[a]**	**22.38[a]**
Δ F	**5.35[a]**	**124.52[a]**	**50.51[a]**	**10.19[a]**
R^2	.20	.47	.56	.57
Adjusted R^2	.17	.44	.53	.55
Δ R^2	.20	.26	.09	.02

[a] Significant at the 0.01 level; [b] Significant at the 0.05 level; [c] Significant at the 0.10 level.

Table 4.22 Regression models of Relationship with other family members

	Model 1	Model 2	Model 3	Model 4
Control Variables				
Gender	-.15 (.17)	-.05 (.16)	-.05 (.16)	-.05 (.16)
Age Entrepreneur	.29 (.21)	.16 (.19)	.17 (.19)	.17 (.19)
Undergrad Degree	-.17 (.11)	-.04 (.10)	-.04 (.10)	-.04 (.10)
MSc Degree	**-.22 (.13)[c]**	-.11 (.12)	-.11 (.12)	-.11 (.12)
Habitual	**-.24 (.11)[b]**	-.05 (.10)	-.05 (.10)	-.05 (.10)
Size	.04 (.05)	-.01 (.04)	-.01 (.04)	-.01 (.04)
Board	-.01 (.12)	.08 (.11)	.081 (.11)	.08 (.11)
Manufacturing	-.13 (.23)	-.10 (.21)	-.10 (.21)	-.11 (.21)
Construction	.20 (.17)	.12 (.15)	.11 (.15)	.11 (.15)
Retail	.10 (.15)	.03 (.13)	.03 (.13)	.03 (.13)
Transport	-.08 (.26)	-.20 (.23)	-.20 (.23)	-.20 (.23)
International	**.38 (.22)[c]**	.09 (.20)	.08 (.21)	.08 (.21)
Independent Variable				
SEW	-----	**.64 (.08)[a]**	**.65 (.09)[a]**	**.65 (.10)[a]**
Moderator				
Social Capital	-----	-----	-.02 (.09)	-.01 (.11)
Interaction effect				
SEW * Social Capital	-----	-----	-----	.01 (.13)
Constant	**3.07 (.79)[a]**	**3.80 (.72)[a]**	**3.81 (.72)[a]**	**3.80(.73)[a]**
F-value	**2.86 [a]**	**8.17 [a]**	**7.56 [a]**	**7.03 [a]**
Δ F	**2.86 [a]**	**63.31 [a]**	.04	.01
R^2	.12	.30	.30	.30
Adjusted R^2	.08	.26	.26	.26
Δ R^2	.12	.18	.00	.00

[a] Significant at the 0.01 level; [b] Significant at the 0.05 level; [c] Significant at the 0.10 level.

Table 4.23 Regression models of Current involvement with the family business

	Model 1	Model 2	Model 3	Model 4
Control Variables				
Gender	.10 (.15)	.19 (.13)	.18 (.13)	.17 (.13)
Age Entrepreneur	-.02 (.18)	-.14 (.16)	-.16 (.15)	-.15 (.15)
Undergrad Degree	**-.18 (.09)[b]**	-.06 (.08)	-.04 (.08)	-.02 (.08)
MSc Degree	**-.32 (.11)[a]**	**-.21 (.10)[b]**	**-.20 (.10)[b]**	**-.20 (.10)[b]**
Habitual	**-.24 (.09)[a]**	-.06 (.08)	-.06 (.08)	-.04 (.08)
Size	.06 (.04)	.01 (.03)	.01 (.03)	.01 (.04)
Board	-.17 (.10)	-.08 (.09)	-.09 (.09)	-.07 (.09)
Manufacturing	-.15 (.20)	-.12 (.17)	-.08 (.17)	-.10 (.17)
Construction	**-.28 (.14)[b]**	**-.35 (.12)[a]**	**-.30 (.12)[b]**	**-.31 (.12)[a]**
Retail	-.17 (.12)	**-.23 (.11)[b]**	**-.20 (.11)[c]**	**-.20 (.11)[c]**
Transport	-.00 (.22)	-.12 (.19)	-.07 (.19)	-.08 (.19)
International	.34 (.19)c	.06 (.17)	.12 (.17)	.13 (.17)
Independent Variable				
SEW	-----	**.60 (.07)[a]**	**.52 (.08)[a]**	**.49 (.08)[a]**
Moderator				
Social Capital	-----	-----	**.15 (.07)[b]**	**.21 (.09)[b]**
Interaction effect				
SEW * Social Capital	-----	-----	-----	.13 (.10)
Constant	**4.09 (.67)[a]**	**4.78 (.58)[a]**	**4.74 (.58)[a]**	**4.65 (.58)[a]**
F-value	**5.46[a]**	**13.16[a]**	**12.68[a]**	**11.98[a]**
Δ F	**5.46[a]**	**83.96[a]**	**4.22[b]**	1.72
R^2	.21	.41	.42	.42
Adjusted R^2	.17	.38	.38	.38
Δ R^2	.21	.20	.01	.00

[a] Significant at the 0.01 level; [b] Significant at the 0.05 level; [c] Significant at the 0.10 level.

Table 4.24 Regression models of Successor's relationship with incumbent

	Model 1	Model 2	Model 3	Model 4
Control Variables				
Gender	-.20 (.16)	-.13 (.16)	-.12 (.16)	-.11 (.16)
Age Entrepreneur	-.10 (.20)	-.18 (.19)	-.16 (.19)	-.17 (.19)
Undergrad Degree	-.14 (.10)	-.05 (.10)	-.08 (.10)	-.10 (.10)
MSc Degree	-.18 (.12)	-.11 (.12)	-.12 (.12)	-.12 (.12)
Habitual	**-.36 (.10)[a]**	**-.24 (.10)[b]**	**-.24 (.10)[b]**	**-.26 (.10)[a]**
Size	**.07 (.04)[c]**	.04 (.04)	.05 (.04)	.05 (.04)
Board	-.01 (.12)	.05 (.11)	.06 (.11)	.03 (.11)
Manufacturing	-.09 (.22)	-.07 (.21)	-.13 (.21)	-.10 (.21)
Construction	-.13 (.16)	-.17 (.15)	-.24 (.15)	-.23 (.15)
Retail	.13 (.14)	.09 (.13)	.05 (.13)	.05 (.13)
Transport	-.15 (.24)	-.23 (.23)	-.29 (.23)	-.28 (.23)
International	.11 (.21)	-.08 (.20)	-.16 (.21)	-.17 (.21)
Independent Variable				
SEW	-----	**.41 (.08)[a]**	**.51 (.09)[a]**	**.56 (.10)[a]**
Moderator				
Social Capital	-----	-----	**-.19 (.09)[b]**	**-.28 (.11)[a]**
Interaction effect				
SEW * Social Capital	-----	-----	-----	-.18 (.13)
Constant	**3.98 (.75)[a]**	**4.45 (.72)[a]**	**4.50 (.71)[a]**	**4.62 (.72)[a]**
F-value	**3.97 [a]**	**6.06 [a]**	**6.04 [a]**	**5.80 [a]**
Δ F	**3.97 [a]**	**26.29 [a]**	**4.68[b]**	2.03
R^2	.16	.24	.25	.26
Adjusted R^2	.12	.20	.21	.21
Δ R^2	.16	.08	.01	.01

[a] Significant at the 0.01 level; [b] Significant at the 0.05 level; [c] Significant at the 0.10 level.

Table 4.25 Regression models of Family standing

	Model 1	Model 2	Model 3	Model 4
Control Variables				
Gender	**-.63 (.21) [a]**	**-.55 (.20) [a]**	**-.55 (.20) [a]**	**-.54 (.20) [a]**
Age Entrepreneur	.22 (.26)	.12 (.25)	.13 (.25)	.12 (.25)
Undergrad Degree	-.10 (.13)	.00 (.13)	-.01 (.13)	-.03 (.13)
MSc Degree	**-.36 (.16) [b]**	**-.27 (.15) [c]**	**-.28 (.15) [c]**	**-.28 (.15)[c]**
Habitual	**-.82 (.13) [a]**	**-.68 (.13) [a]**	**-.68 (.13) [a]**	**-.69 (.13) [a]**
Size	**.13 (.06) [b]**	**.10 (.06) [c]**	**.10 (.06) [c]**	**.09 (.06) [c]**
Board	**-.40 (.15) [a]**	**-.33 (.14) [b]**	**-.33 (.14) [b]**	**-.36 (.15) [b]**
Manufacturing	.36 (.28)	.38 (.27)	.36 (.27)	.40 (.28)
Construction	.17 (.20)	.11 (.20)	.09 (.20)	.10 (.20)
Retail	**.41 (.18) [b]**	**.36 (.17) [b]**	**.35 (.17) [b]**	**.36 (.17) [b]**
Transport	.17 (.31)	.08 (.30)	.06 (.30)	.06 (.30)
International	.41 (.27)	.18 (.27)	.16 (.27)	.15 (.27)
Independent Variable				
SEW	-----	**.49 (.11) [a]**	**.52 (.12) [a]**	**.56 (.13) [a]**
Moderator				
Social Capital	-----	-----	-.05 (.12)	-.14 (.14)
Interaction effect				
SEW * Social Capital	-----	-----	-----	-.19 (.16)
Constant	**2.42 (.97)[b]**	**2.98 (.94) [a]**	**3.00 (.94) [a]**	**3.12 (.94) [a]**
F-value	**9.90 [a]**	**11.57 [a]**	**10.72 [a]**	**10.11 [a]**
Δ F	**9.90 [a]**	**21.81a**	.21	1.30
R^2	.32	.38	.38	.38
Adjusted R^2	.29	.34	.34	.34
Δ R^2	.32	.05	.00	.00

[a] Significant at the 0.01 level; [b] Significant at the 0.05 level; [c] Significant at the 0.10 level.

4.8 Summary

This chapter detailed the statistical analyses used in the research to examine the data, to assess relevant constructs validity and reliability, and to test proposed hypotheses. The sample descriptive statistics presented the data systematically and meaningfully, as well as enabled exploration of trends and characteristics of Saudi family SMEs. Chi-square and Mann Whitney U to test revealed no concerns regarding non-response bias in the sample. The PCA resulted in four component representing the F, I, B, and E dimensions of SEW and confirming the construct multidimensionality. However, the SEW construct has been used as unidimensional as well as a multidimensional construct.

Independent sample *t*-test and OLS regression analysis were performed to test the hypotheses concerning the relation between SEW and entrepreneurial orientation EO. Treating SEW as unidimensional, the *t*-test shows that family firms with high SEW levels exhibited a higher EO score than firms with low SEW levels supporting H1. Using the four dimensions of SEW resulting from the PCA, the hierarchical regression analysis supported H2a, H2c, and H3. However, H2b, H2d, and H2e were not supported. The results demonstrate that family control and influence and binding social ties are positively statistically significantly related to EO. While generational involvement is negatively statistically significantly related to EO. A sensitivity analysis using the three components of EO was also performed to confirm the results.

Binary logistic analysis, probit analysis and OLS regression analysis were performed to test the hypotheses concerning the relation between the four dimensions of SEW and SP. All analysis provided support to H4b and H4d but did not support H4a, H4c, and H4e. The results show that the higher the identification of family members with the firm the more likely they will have succession planning, while the higher emotional attachments the lower the probability to have succession planning.

A hierarchical regression analysis was performed to test the hypotheses regarding the relation between SEW as a unidimensional and the most desired successor attributes. The analysis supported H4 demonstrating that SEW is statistically significantly related to all of the six successor attributes categories. In addition, the analysis supported H5 showing that the interaction between social capital and SEW is significant for one category only (competencies).

Table 4.26 presents a comprehensive list of the hypotheses investigated in this study, along with whether or not they are supported.

Table 4.26 Support of hypotheses

H 1a: EO will be higher for firms with high levels of SEW	*Supported*
H 1b: EO will be lower for firms with low levels of SEW	*Supported*
H 2a: There is a positive relationship between family control and influence and EO in family firms.	*Supported*
H 2b: There is a positive relationship between family members' sense of identification with the firm and EO in family firms.	*Not Supported*
H 2c: There is a positive relationship between binding social ties and EO in family firms.	*Supported*
H 2d: There is a negative relationship between emotional attachment of family members and EO in family firms.	*Not Supported*
H 2e: There is a positive relationship between the renewal of family bonds to the firm through dynastic succession and EO in family firms.	*Not Supported*
H 3: There is a negative relationship between generational involvement and EO in family firms.	*Supported*
H 4a: There is a negative relationship between family control and influence and succession planning (SP) in family firms.	*Not Supported*
H 4b: There is a positive relationship between identification of family members with the firm and succession planning (SP) in family firms	*Supported*
H 4c: There is a positive relationship between binding social ties and succession planning (SP) in family firms	*Not Supported*
H 4d: There is a negative relationship between emotional attachment of family members and succession planning (SP) in family firms	*Supported*
H 4e: There is a positive relationship between renewal of family bonds to the firm through dynastic succession and succession planning (SP) in family firms.	*Not Supported*
H 5: A high level of SEW is positively related to the most desired successor attributes.	*Supported*
H 6: The relationship between SEW and the desired successor attributes is moderated by the family firms' social capital. Specifically, social capital will have a more positive effect on certain successor attributes in family firms with high levels of SEW.	*Supported*

CHAPTER 5: Discussion and Conclusion

5.1 Introduction

The aim of this research was to investigate the noneconomic drivers of two essential survival determinants of family firms: entrepreneurship and succession. As such, the concept of socioemotional wealth (SEW), widely recognised as the most defining feature of family businesses accounting for their behaviour and decision making, was used to examine the entrepreneurial orientation (EO), succession planning (SP) and the most desired successor attributes in family firms, in line with the objectives of this study. Having reviewed the literature in Chapter 2, explained the methodology in Chapter 3, and presented the analysis and results in Chapter 4, this chapter provides a discussion of the results and their implications for research and practice.

The chapter first discusses the validity and reliability of the FIBER dimensions in light of the research findings, after which it provides a discussion of desired successor attributes. Following this, the key findings of the research are illustrated. The theoretical implications of these are then discussed, after which an examination is provided of the practical implications. The limitations of the current research are then presented, followed by some suggestions and implications for future research. This chapter ends by concluding the discussion of the findings, in light of the stated research questions.

5.2 FIBER dimensions validity and reliability

One of the main findings of the research is the verification of the multidimensionality of the SEW construct. The FIBER dimensions proposed by Berrone et al. (2012) is, to date, the only direct measurement of SEW. Previous studies into the topic of family business infer the SEW construct by using variables that include governance, family

employment, the presence of a family CEO, and generational stage as a proxy of SEW. Others utilize questions obtained from a questionnaire developed to measure the strategic orientation of SMEs (Goel et al., 2013; Schepers et al., 2014). However, the lack of a direct measure of SEW raises concerns in the field regarding the efficacy of this construct in advancing our understanding of family firms behaviour.

As indicated in Chapter 4, the current study verified four out of the five of the FIBER dimensions of SEW and assessed their internal consistency for the first time. The principle component analysis (PCA) resulting in four factors proves that the SEW construct is indeed multidimensional. The four dimensions are family control and influence ($\alpha = 0.897$); identification of family members with the firm ($\alpha = 0.898$); binding social ties ($\alpha = 0.669$); and the emotional attachment of the family ($\alpha = 0.700$). However, the fifth dimension of the FIBER, the renewal of family bonds to the firm through dynastic succession, did not emerge as a valid construct. In the first PCA, the four items pertaining to this fifth dimension loaded into different components, and were thus eliminated from the analysis. This result might have different explanations related to the form of items, as well as to the context of the research, each of which will be discussed in turn below.

Hinkin (1995) identifies important issues in measurement that might affect scales development. These issues include sample representation, sample size, scaling of items, number of items in the scale, and negatively worded items. Firstly, the sample used should represent the population to which the findings are generalised. The sampling process, instrument construction and administration, piloting, response rate, and sample description was clearly described in this research. Furthermore, the sample representation was assessed by addressing non-responce bias (see section 4.3), and thus the sample of the research can be said to be representative of the population, and therefore does not explain why the fifth dimension of the FIBER did not appear in the

PCA. Secondly, using a large sample size is instrumental in performing powerful statistical tests and in being confident about the results. In this research, the sample size of the PCA is 285, which is considered relatively large given that the minimum satisfactory sample size to perform factor analysis is 150 (Hinkin, 1995); thus, this also fails to explain why the fifth (R) dimension did not emerge as a valid construct. Thirdly, the scale of items has to produce sufficient variance amongst respondents. A five-point Likert scale is considered to be the most appropriate scale for factor analysis (Hinkin, 1998). The scale used in the FIBER dimensions is a five-point Likert scale that demonstrates an appropriate scaling of items. Fourthly, the number of items in the scale could potentially affect responses. Having too few items may affect construct validity and reliability, while too many items may cause response bias from fatigue. The number of items in the FIBER scale is reasonable (27 items). For example, Meyer and Allen's (1991) organisational commitment scale is well established in the literature and compromises 24 items. Furthermore, the reliability in few items scale is weak. Dierendonck (2005) used three versions of a scale to measure the purpose of life, with different number of items in each version (3 items, 9 items, and 14 items), finding that the internal consistency of the scales was 0.17, 0.73, and 0.84 respectively. Fifthly, using negatively worded items causes confusion, produces careless responses, and reduces construct validity and reliability (Barnette, 2000; Woods, 2006). Two out of the four items measuring the fifth dimension (R) are negatively worded, and they are the only reversal items in the whole scale. This might have contributed to not validating the fifth(R) dimension.

Another possible explanation for the results of the PCA is the context of the research. Berrone et al. (2012) developed the five FIBER dimensions of SEW based on a literature of studies that were mainly performed in the US and Western European countries. Thus, the original SEW scale was developed in a western setting which

differs in many ways from the setting of the sample in which the scale was tested. As observed in previous studies applying western scales to a non-western culture, the differences in culture might have impacted the achieved results. For example, Suliman and Iles (2000) examined the validity and reliability of Meyer and Allen's (1991) organisational commitment scale in Jordan (an Arab country with a similar culture to Saudi Arabia). They were able to validate only two out of the three dimensions of the scale. Linan and Chen (2006) tested the entrepreneurial intention scale in samples from Spain and Taiwan. Some of the items in the scale loaded in different factors for each sample. They refer these anomalies to the differences in culture between the two countries resulting in respondents' bias in their interpretation of items. In terms of negatively worded items, Wong, Rindfleisch and Burroughs (2003) performed a cross-cultural study on an American and East Asian sample using a mixed-worded (contains both positive and negative worded items) consumer behaviour scale developed in the US. They found that the validity of the scale is challenged by the use of mixed-worded items as the responses of East Asian participants were different than those of the Americans in the study with regards to positive and negative worded items. The substantial differences in cultures resulted in respondents interpreting mixed-worded items differently, demonstrating that cross-cultural applicability of mixed-worded items is questionable.

Nevertheless, the assessment of the FIBER dimensions in this research addresses the typical inference or inconsistent measurement of the SEW construct in the literature. This outcome supports the call for a more direct and comprehensive measurement of SEW to advance our understanding of the concept and its outcomes (Miller and Le Breton-Miller, 2014), as well as to support the construction of a coherent theory of family firms.

5.3 Successor Desired Attributes

This research utilized the list of 30 most desired successor attributes developed and employed by Chrisman et al. (1998) on a Canadian sample and duplicated by Sharma and Rao (2000) on an Indian sample. The ratings of the importance of the successor attributes, both individually and grouped in categories, are ranked along with the correspondence rating of the Canadian and Indian samples in Chapter 4 (Tables 4.4, 4.5). Similarities and differences among the 3 samples are observed, providing an insight into the most desired successor attributes in the Saudi context.

The two top rated attributes (*commitment to business* and *integrity*) are the same across the three samples. However, unlike the Canadian and Indian sample, Saudi family business owners ranked *commitment* more highly than *integrity*. This result confirms the findings of previous studies regarding the importance of successor commitment to the business in his/her decision to pursue career in the family firm (Sharma and Irving, 2005), in addition to the success of succession (Cabrera-Suarez and Martin-Santana, 2012). In general, and regardless of the family business context, family business owners/CEOs tend to place a higher importance on an honest, hardworking, and committed successor across different cultures. Another interesting finding is the agreement among family business owners/CEOs on the lower ranking and therefore less desirable attributes. All three samples agreed that three attributes (*gender, age of successor and birth order*) are among the least important. Whilst the low rating of *gender* as a consideration is not surprising in the Canadian sample, it comes as a surprise in the Indian sample and is even more surprising in the Saudi context. The literature asserts that females are typically only considered as successors in family firms in special circumstances, such as in a crisis or when there is a lack of a viable male successor (Haberman and Danes, 2007; Curimbaba, 2002). However, Fahed-Sreih and Djoundourian (2006) found that the majority of Lebanese family businesses favour

female CEOs in their firms. This was contradicted by the work of Tatoglu et al. (2008), who found that sons are usually the favoured candidate to take over family businesses in Turkey. Importantly, the culture in both countries is considered far more liberal than Saudi Arabia. The Saudi society is male dominated and generally characterised by gender segregation in the work place. This is also supported by the results of the demographic description of the sample (Chapter 4, section 4.4.1) where 75% of the respondents did not consider a female potential successor. It is thus expected that respondents are either open minded or seek to appear in a socially desirable manner to a female researcher. Having low rating on *age* and *birth order* in all samples indicates that whether the succession is occurring in the West or the East, the 'older son' is in no more advantageous or superior a position than the other children of the family. Another low ranking attribute in the Saudi and Canadian sample but not in the Indian sample is *blood relation.* It appears that when it comes to the successor, Saudis do not consider the blood relationship as being especially important, as long as the candidate is a member of the family.

When it comes to noticeable differences between the three samples, Saudis ranked the attributes of *aggressiveness*, *respect by employees*, and *willingness to take risk* differently than Canadians and Indians. *Aggressiveness* was ranked higher in the Saudi sample (7th) than in either the Canadian (17^{th}) or the Indian (16th) sample. One explanation for this is linked to the Arabic translation of the word 'aggressiveness'. In Arabic, the meaning and implications of the word are perceived positively and are mostly associated with persistence. On the other hand, *respect by employees* was ranked lower in the Saudi sample. This might be due to the nature of the Saudi culture, in which business owners are respected by employees above all else, perhaps as a legacy of the tribal system in the country. Another attribute that was lower ranked in Saudi Arabia than in the two other samples is *willingness to take risk.* While this attribute was

ranked 18th in the Canadian sample and 12th in the Indian sample, it was only ranked 24th in the Saudi sample. This demonstrates that family business owners/CEOs in Saudi generally seem to prefer a risk-averse successor. This finding has some implications about Saudi family business being somehow risk averse.

When grouping the attributes into six categories following the procedures utilised by both Chrisman et al. (1998) and Sharma and Rao (2000), all three samples were found to agree on 'Personality traits' being the most important category. This indicates that despite cultural differences, family business owners/CEOs consider the personality of their successor as being fundamentally more important than the other categories of attributes (competences, relationships with other family members, successor's relationship with the incumbent, current involvement in the business, and family standing). However, the three samples differ in their ranking of the 'Competences' category. While this category was ranked 3rd and 4th in the Canadian and Indian sample respectively, it was ranked 2nd in the Saudi sample, placing it second only to 'Personality traits' in importance. This emphasizes the importance of the skills and abilities of successors in the Saudi context, especially in regards to *decision-making abilities, interpersonal skills, experience in business, and strategic planning skills,* which were ranked higher in the Saudi sample.

5.4 Key Findings

In this section, the key research findings are presented in two subsections. First, the findings pertaining to entrepreneurial orientation are discussed. This will be followed by a discussion of the findings related to succession planning and the most desired successor attributes. Figures 5.1 and 5.2 revisit the models and hypotheses of EO and SP in light of the research results.

Figure 5.1 Model and hypotheses of EO in light of results

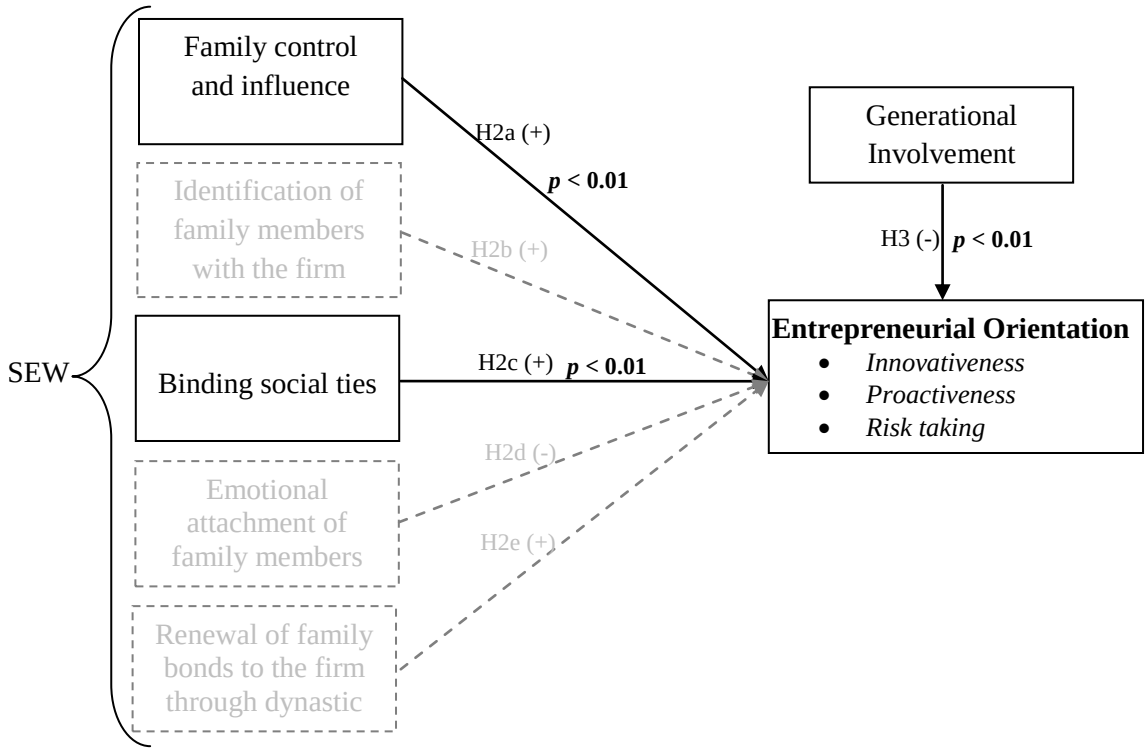
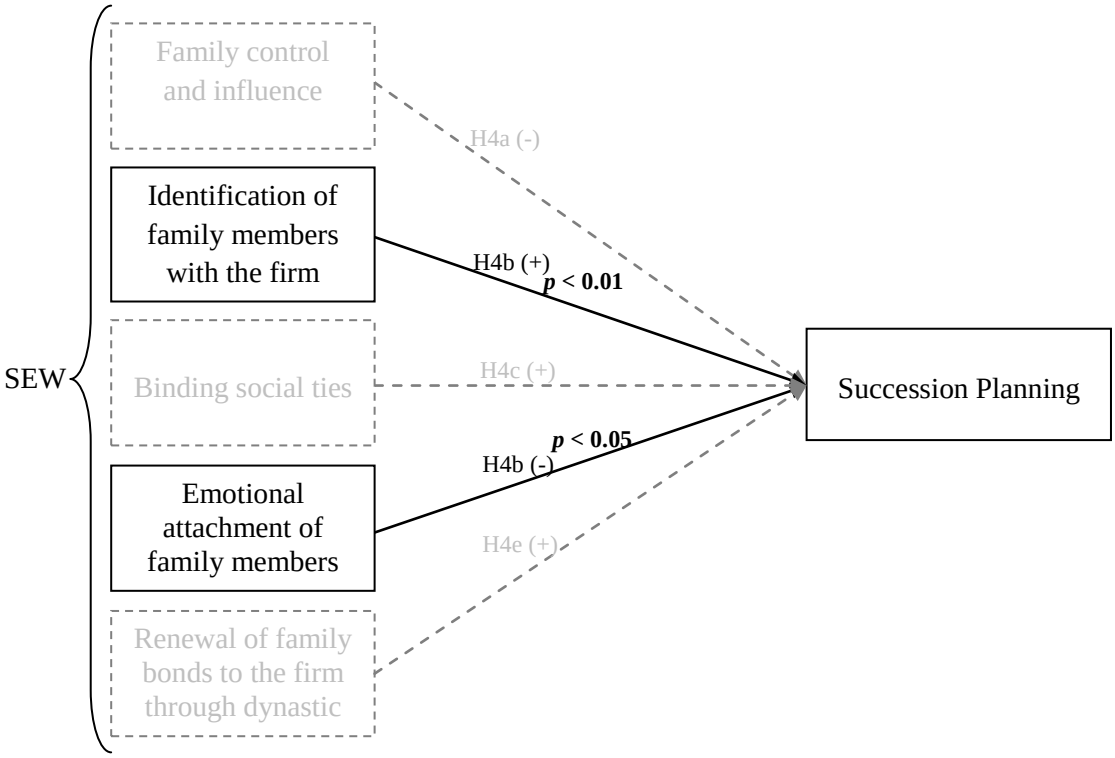


Figure 5.2 Model and hypotheses of EO in light of results



5.4.1 Entrepreneurial Orientation (EO)

Given that SEW is the most distinguishing feature in family firms that underpins their behaviour, this study provides an insight into the impact of SEW on the EO of family SMEs. By measuring SEW as a uni-dimensional and multi-dimensional variable the study demonstrates how SEW can predict the entrepreneurial behaviour of family businesses, whether SEW is taken together or utilising individual dimensions of SEW. Treating SEW as a whole indicates that family SMEs with a high level of SEW tend to be more entrepreneurial than those with lower levels. The findings add to the literature that explains why some family firms exhibit entrepreneurial activates while others do not. This was determined by investigating the behavioural driver of family firms rather than their attributes and governance, which is dominated by established literature (e.g. Salvato, 2004; Zahra, 2005; Kellermanns and Eddleston, 2006; Cruz and Nordqvist, 2012). These findings enrich SEW research by illustrating the ways in which different levels of SEW influence family firms outcome, as well as by emphasising the heterogeneity of family firms based on their SEW level.

Interestingly, the study found family control and influence to be positively and strongly associated with EO in Saudi family SMEs. In recognition of the importance of the context and nature of the environment when studying family firms (Gedajlovic et al., 2012; Wright, Chrisman, Chua, and Steier, 2014), EO (Miller, 2011), and SEW (Miller and Le Breton-Miller, 2014), this finding might be explained by the context in which the firms operate. Perhaps most importantly, the entrepreneurship environment in Saudi Arabia is privileged by a stable economy, growing unexploited markets, no taxes, and huge and sustained economic investments by the government (Porter, 2012). Such an environment greatly encourages the pursuit of entrepreneurial activities among family firms. For example, given the booming economy in Saudi Arabia, family firms are able to recognise the huge opportunity of real estate investments in order to

moderate their business risk, which makes them more willing to engage in higher risk activities elsewhere. Secondly, Saudi Arabia is a society dominated politically and economically by family relationships (Peterson, 2001), making the family reputation an important factor in everyday life. Thus, family firms are expected to invest in their business to enhance their reputation, the consequence of this being that family control over the firm is recognised as being pivotal in guaranteeing the security of the social status of the family as a whole. Family members are considered stewards to the firm, who are incentivised to care for the reputation of the organisation and to therefore engage in more entrepreneurial activities. Thirdly, Naldi et al. (2013) argued that "differences in the prevailing formal or informal component of the business context offer the possibility of clarifying the conditions under which SEW preservation is an asset or a liability" (p. 1345). By considering a family CEO as a way to preserve SEW in family firms, Naldi et al. (2013) determined that family CEOs enhance the performance of industrial family firms, although they typically hinder those listed in the stock market. The firms in the research sample are privately held SMEs rather than large listed companies in the stock market. The family control in these firms can then be considered as being an asset to the firm promoting its EO. Furthermore, in their study of social responsibility in family firms, Cruz et al. (2014) found that organizational and institutional factors matter when comparing responses to CSR demands in family and non-family firms. The studies of Naldi et al. (2013) and Cruz et al. (2014) support the importance of taking the environment into consideration when studying SEW in family firms (Miller and Le Breton-Miller, 2014). As such, the study findings contribute to the literature of SEW by showing that family control and influence can have a dark (Gomez-Meija et al., 2007) and a bright side depending on environment in which the firm operates. Furthermore, the findings hold in the sensitivity analysis using the innovativeness and proactiveness components of EO, with a weaker significance of the

latter. However, the study found that family control and influence is not related to the risk taking component of EO. This can be interpreted in light of the Gomez-Mejia et al. (2007) findings that family controlled firms are risk averse due to their SEW endowment, using family control as a proxy of SEW. It also reinforces Naldi's et al.'s (2007) finding that family firms take risks to a lesser extent than non-family firms.

Binding social ties have been found to enhance EO in Saudi family SMEs. This is also true for the three EO components, innovativeness, proactiveness, and risk taking. These family ties based on kinship and values increase trust between family members and thereby foster the sharing of information, innovative ideas, and resources (Eddleston, et al., 2012; Jack, 2005). Kinship ties also provide connections to family or other non-family members who are willing to provide capital (Aldrich and Cliff, 2003). Extended social ties to customers, suppliers, and other companies can also provide family firms with rich and diverse entrepreneurial opportunities (Cennamo et al., 2012). An active role in the society and the promotion of social responsibility (Berrone et al., 2010; Van Gils et al., 2014; Cruz et al., 2014) also seems likely to enhance the reputation of family firms. Generally, families are motivated to invest in their firm to ensure the satisfaction of their stakeholders and consequently enhance their reputation (Zellweger and Nason, 2008; Cennamo et al., 2012). The study findings illustrate that ties between family members and with other stakeholders are positively associated with EO of the family firm. This supports previous research on the effect of family and firm social capital on the entrepreneurship of these kinds of organisations (Chang et al., 2009; Zahra 2010).

It is the negative relationship of generational involvement with EO that provides an important insight into the effect that different generations can have on family firms. The literature is inconclusive about whether generational involvement supports (Zahra, 2005; Cruz and Nordqvist, 2012) or hinders (Martin and Lumpkin, 2003; Kellermanns

et al., 2008) entrepreneurship in family firms. This study asserts that the more generations are involved in the business the lower the EO. A possible explanation for this is the decrease of the family firm's SEW in later generations, which is an idea that is widely supported in SEW research (Gomez-Mejia et al., 2007, 2011; Sciascia et al., 2014). This result also corroborates the recent ongoing argument that SEW priorities changes across the life cycle of the family firm (Le Breton-Miller and Miller, 2013; Miller and Le Breton-Miller, 2014).

The results of the analysis in Chapter 4 indicate that females are more entrepreneurial than males in Saudi Arabia, although females comprise only 9.8% of the sample. This result opposes the findings of Olson et al. (2003) and Cruz and Nordqvist (2012), who showed that women in family firms typically have a lower entrepreneurial attitude than men. Unlike in the entrepreneurship literature, the role of women entrepreneurs remains under investigated in family business literature (Hamilton, 2006). In the entrepreneurship literature, however, entrepreneurship is more commonly associated with males than females (Bird and Brush, 2002; Ahl, 2006; Gupta, Turban, and Bhawe, 2008).

For Saudi women, establishing a business offers more flexibility by enabling them to achieve their ambitions without compromising their social and familial obligations. Therefore, Saudi women seem to embrace entrepreneurship as a way to realize their financial and social goals in response to the somehow restricted job opportunities in the country (Troemel and Strait, 2013). Furthermore, many Saudi women are now extremely well educated and studies show that women own huge amounts of funds sitting idle in bank deposits (Danish and Smith, 2012), giving them the capital required to effectively pursue entrepreneurial options. According to the Global Entrepreneurship Monitor (GEM) 2010 Women's Report, entrepreneurship for women in Saudi Arabia is perceived as a good career choice, as well as being positively

viewed in terms of status and media attention (Kelley, Brush, Greene and Litovsky, 2011). A study carried by the Al-Sayedah Khadijah Bint Khuwalid Businesswomen Center and Monitor Group on Saudi female entrepreneurs found that the major source of funding for Saudi female entrepreneurs is their families (Alturki and Braswell, 2010). Thus, it is expected that members of the family are partners in the business and thereby form a family business. Nevertheless, female entrepreneurs in Saudi Arabia continue to face male domination in both business and social life. Although this situation has been starting to ease in recent years, females still need more effort and support to catch up with their male counterparts. In the former case, the government has established many initiatives to boost entrepreneurship and SMEs in Saudi Arabia, such as the centennial fund, the national entrepreneurship institute, and Kafala program. These programs provide training, funding sources, consultations and facilitate government procedures. However, women account for only 20% of the total enterprise projects of the Centennial Fund, and a mere 5% of the total guarantees approved by Kafala program since its inception. This low participation of women in the governmental projects may to be linked in part to social norms and awareness rather than institutional barriers alone. Recently, studies have shown that, despite social and institutional challenges, women in Saudi Arabia are now effectively leading SMEs more so than any other time in the past (Danish and Smith, 2012). In her study of female entrepreneurs in Riyadh, Minkus-McKenna (2009) found that while Saudi women entrepreneurs suffer from the same problems facing entrepreneurs around the world, the major barriers to their engagement in business are still traditions and regulations. Despite this, Saudi women entrepreneurs are found to be positive, oriented toward the future, and committed to finding ways around the challenges that they face (Alturki and Braswell, 2010). It may be the case that since women face many social and institutional challenges in Saudi Arabia, they are highly motivated to overcome these obstacles and establish themselves in a different

way than the manner in which they are typically portrayed. Thus, their drive to be successful is very strong and this should be complemented by facilitating means of success for women entrepreneurs in Saudi. The practical implications of the association of Saudi women with entrepreneurial orientation in Saudi is further discussed in the implication for practice section below.

In terms of other variables related to EO, firm size, some industries, diversification, and having a business plan are all positively associated with EO. This confirms the outcomes of previous studies in this area. Firm size is positively related to EO confirming the findings of Cruz and Nordqvist (2012) and Zahra et al. (2004) and indicating that larger firms might have more resources that support entrepreneurial behaviour. In terms of industries, construction, retail and services industries are all found to be positively related to EO. Diversification is also positively related to EO asserting that diversified firms exhibit greater entrepreneurial behaviour (Cruz and Nordqvist, 2012). When it comes to having a business plan, this research revealed that family firms with a business plan are more entrepreneurial confirming Brinckmann et al.'s (2010) findings that business plan is beneficial to firm performance.

5.4.2 Succession Planning (SP) and Successor Attributes

The second aim of this research was to investigate the noneconomic drivers underlying the decision to have a succession plan and determining the most desired successor attributes in family SMEs. The results of the logistic, probit, and OLS regressions in Chapter 4 provides a degree of insight into the impact that the different dimensions of SEW have on SP in family firms, while the hierarchical regression analyses provide insight into the effects of SEW as a unidimensional variable on the most desired successor attributes in family firms.

Succession planning has been shown to be strongly affected by the identification of family members with the firm, while emotional attachment of the same family

members seems to hinder SP. We can conclude then that the different dimensions of SEW have both positive and negative effects on the decision making processes of these types of firms. Identification with the firm is one of the core concepts in SEW. A strong sense of belonging to the firm results in family members viewing the business as an extension of themselves. This feeling of oneness seems to make the family care more strongly for their reputation, as the firm is associated with the family and usually carries their name. This also tends to create a sense of pride as being part of the family firm. Therefore, identification with the firm helps family members to share one vision, leading to better decision making, as well as having been shown to be fundamental for succession (Sharma et al., 2001). The study findings suggest that identification with the firm influences the decision making style of family owned firms, making them more prone to plan for succession. This decision helps to maintain the family image and reduce any conflicts that might occur after the current CEO departs. Since family firm identity based on family members' strong sense of belonging to their firm is part of familiness (Zellweger et al., 2010), the study findings assert the positive effect of these unique identities on succession planning. Identification is therefore a valuable resource that reflects upon the long term orientation of family firms by providing them with a clear vision of the future.

On the other hand, emotional attachments have been shown to have a detrimental influence on SP. The owners of family firms are generally emotionally tied to their business, as it represents their ambition, wealth, and success. The emotional value placed upon firms tends to be even more prevalent in collectivistic societies, such as that of Saudi Arabia (Zellweger and Astrachan, 2008). This can make it difficult for them to relinquish control and plan for succession. Succession in family firms is generally associated with emotions, such as loss and altruism, which can delay the decision to implement this type of planning. The idea of choosing between family

members or siblings, and particularly favouring one over the others, might be a reason for leaders of these firms to be reluctant to plan for succession and so limit conflict between family members. As emotions are considered a resource in family firms (Labaki et al., 2013), the findings reveal the negative influence of theses emotions in relation to succession. Therefore, it can be concluded that emotions as a resource of family firms have a harmful effect on their succession planning.

The findings provide an important insight into the drivers of having a succession plan. Given the pivotal role played by family firms in the global economy and in recognition of the fact succession remains one of the most important challenges for these firms, this study findings highlight the underlying motives of their strategic decisions and a potential way to create greater stability for those firms. Taking into consideration the noneconomic aspects of family firms as well as their unique resources, this study informs future research into the factors affecting the strategic decision process among family firms

When it comes to the most desired successor attribute, the 'Personality traits' category is ranked the highest among the six attributes categories. This is in line with previous research (c.f. Chrismann et al., 1998; Sharma and Rao, 2000). Since the results of Chrismann et al. (1998) are based on a sample of Canadian family firms, while Sharma and Rao (2000) worked with Indian family firms, this study results support the idea that the values of family leaders are consistent across differences in countries and cultures. By investigating the relationship between SEW and the six attributes categories, the study found that family firms with a high SEW place more importance on all six categories than family firms with low SEW. This emphasises the role of family firms' behaviour represented by SEW on their choices and preferences. That is, the higher the affect-related value that the family derives from the firm the more they care for the future successor qualities to ensure their firms' continuity and family legacy.

This finding confirms that intergenerational succession intention is an important aspect of family firms' noneconomic goals and deeply implicit into the SEW concept (Zellweger et al., 2012a).

Furthermore, family firms' social capital is found to have an effect on the relationship between SEW and the most desired successor attributes. In particular, family firms with high SEW coupled by a high social capital are found to place more importance on the successor competences over all other attributes categories. The competences category includes the following successor attributes: decision making abilities/experience, interpersonal skills, experience in business, strategic planning skills/experience, financial skills/experience, marketing and sales skills/experience, technical skills/experience, past performance, educational level, and outside management experience. This finding is important as social capital has shown to be an important factor in the development of human capital in the next generation (Coleman, 1988). Thus, SEW is a valuable feature of family businesses fostering their unique resources to serve the firm.

When examining the issue of gender, the results of the research indicate that females typically perform more succession planning than males. This result supports the literature regarding the differences in how individuals of different genders approach decision making and succession process in family firms (Harveston et al., 1997; Vera and Dean, 2005). However, the result asserts that these differences are to the benefit of female family business owners in the Saudi context, as having an effective succession plan has been demonstrated as being beneficial to businesses. This result complements the finding of Cruz et al. (2012), who showed that the positive effect of family employment is higher in women-led family businesses. These findings are supported by the notion that women are more concerned about their family needs, perhaps as the feeling of responsibility towards the family is generally associated more strongly with

females than with their male counterparts. Women are naturally concerned about their family well-being, and this will be also reflected in their managerial style of family business. Thus, it is unsurprising that women would tend to be more inclined to design and implement a succession plan, in order to ensure family cohesion and avoid or minimise conflicts. The study findings suggests than women CEOs/entrepreneurs do more succession planning than men in family SMEs, which is important for a more complete understanding of the role of women in the decision making of family firms, especially in the Saudi context.

The results of this research show that the propensity to have a succession plan increases as the age of the CEO/entrepreneur increases. This finding is consistent with previous literature as Marshall et al. (2006) identified a direct relationship between owner age and the development of a formal business plan in family firms. Motwani et al. (2006) also found that older CEOs perceive succession planning as being more important than younger CEOs in family SMEs do. Indeed, CEO/entrepreneur age is an important factor with regards to succession planning. However, some studies encourage family business leaders to plan for succession as early as 20 years before retirement or even as soon as the CEO commences their role (Le Breton-Miller et al., 2004).

Another finding of the research is that having a board of director in family SMEs increases the chances of having a succession plan. The importance of the board of directors for succession in family firms has long been established in the literature (Sharma et al., 2001). In a large scale study, Wilson et al. (2013) found that the survival of family firms is strongly associated with their board characteristics. Succession planning is generally perceived as being more important in family SMEs that have a board of directors (Motwani et al., 2006). The importance of having board of directors has also been observed in non-western studies. Fahed-Sreih and Djoundourian (2006) found that formality in family business positively influence planning. However, while

the literature demonstrates that having a board of directors helps in initiating the succession plan and ensuring its implementation, it also been shown that the board should be active in terms of the number of meetings and in exercising their authority over the business strategic decisions. An active board of directors uses its authority to pressure the CEO into developing a plan for the future leadership of the firm. Le Breton-Miller et al. (2004) assert that it is not purely the presence of an active board of directors that is essential for a successful family business succession, but that this board should also include outside members in order to ensure that unbiased decisions are made. However, having non-family members on the board of directors is less likely in smaller family firms, such as the majority of the firms in the sample of this study. Nevertheless, Westhead (2003) found that boards containing a high proportion of family members are positively related to having clear standards about succession planning, including the timing of the current CEO retirement, whether the CEO has a successor in mind, and whether a succession plan had been approved by family members.

5.5 Theoretical Implications

Being a new and rapidly emerging perspective in family business research, SEW has attracted the attention of recent scholarly research. Based on the notion that SEW is the main reference point for decision making in family firms, researchers use this perspective to investigate different aspects of family businesses behaviour and performance. However, the vast majority of current studies in family firms use variables of family involvement and management to predict SEW, ignoring other sources of SEW in family firms and suggesting that SEW is a unidimensional construct. Therefore, current studies on SEW present an incomplete picture of the effect of SEW in the decision making of family firms. In this study, SEW is used as both a composite and a multidimensional construct. Taking SEW as whole, the findings show that SEW is

advantageous to EO in family firms. When unpacking SEW, family control and influence and binding social ties are found to be related to EO, while identification with the firm and emotional attachment are related to SP. The findings demonstrate that SEW is indeed multidimensional and that the family place priorities on some dimensions over others depending on the decision on hand. In addition, the findings show that the different dimensions of SEW has both a positive and negative impact on the study outcomes. This is important as SEW is repeatedly assumed to have either a dark or bright side, however, this study findings assert the positive and negative faces of SEW (Kellermanns et al., 2012b; Naldi et al., 2013). As SEW is a new and thriving perspective in family business research, this study extends our knowledge about the relationship between SEW dimensions and two family business topics important for their continuity: entrepreneurship and succession. The study helps in taking SEW perspective further by investigating its multidimensionality and its influence on EO and SP in family firms. Therefore, the study helps in building the SEW perspective as a promising theory of family firms.

By employing the SEW theoretical perspective to investigate entrepreneurship and succession in family firms, this study helps to build on the concept of SEW and prove its applicability to explaining various aspects of family businesses. Since family business research tends to borrow from the main management theories, developing SEW is invaluable in building a theory specific to family businesses. SEW has the potential to serve as the main theory of family business research. Family business scholars applied the SEW theoretical perspective to investigate various family firms' decision making and behaviour such as risk taking (Gomez-Mejia et al., 2007), financial performance (Naldi et al., 2013; Schepers et al., 2014), environmental performance (Berrone et al., 2010), profitability (Sciascia et al., 2014), exit strategies (DeTienne and Chirico, 2013), diversification decisions (Gomez-Mejia et al., 2010), and dividend

payout (Vandemaele and Vancauteren, 2015). This research adds to the development of SEW by investigating its influence on entrepreneurship and succession. This development opens the door to utilising and further developing the SEW theoretical perspective to explore other aspects of family businesses such as strategy making, growth, human resource practices, marketing strategies, and much more.

In this section, the theoretical implications of the research findings to the family business entrepreneurship and succession research are discussed.

5.5.1 Entrepreneurial Orientation EO

This research demonstrates the importance of the behaviour of family firms in predicting their EO. As SEW is arguably the family's main reference for making strategic decisions (Berrone et al., 2012; Gomez-Mejia et al., 2011), the findings of this study indicate that the level of SEW is a key driver of EO in these kinds of businesses. This helps to resolve the debate about whether or not family firms are entrepreneurial, by empirically demonstrating that their entrepreneurial behaviour is not determined solely by governance practices or family characteristics. The study provides the first attempt to link noneconomic goals, represented by SEW, to the EO of family firms. This provides a potentially useful insight into the underlying driver of entrepreneurship in family firms and the importance of SEW as the most distinguished feature of family firms, and thus assists in the construction of a unified, functional theory of family firms. The findings indicate that family control enhances the EO of firms. As family control "is a necessary condition and plays a critical role in the theory of socioemotional wealth" (Zellweger et al., 2012a, p.851), this study has shown the extent to which previous research on the outcome of family control and influence can be associated with SEW in family firms. This also emphasises the importance of the context and nature of the environment on the outcome of SEW (Naldi et al., 2013), potentially guiding future studies into understanding family firms motives and behaviour.

Verifying an existing scale to measure SEW for the first time, this study also contributes to the advancement of the SEW research as a whole, which is characterised by an absence of direct finer-grained measures (Miller and Le Breton-Miller, 2014). Acknowledging the heterogeneity of family firms by studying the differences among family firms based on their SEW level, instead of comparing family to no-family firms, is in line with the development of the family business field (Chua et al., 2012). As family firms comprise the majority of organisations worldwide and are considered to be a prime source of wealth creation and employment for both developed and emerging economies, this study adds insightful results on the behaviour of family firms and thus enhances our understanding of this important type of firm.

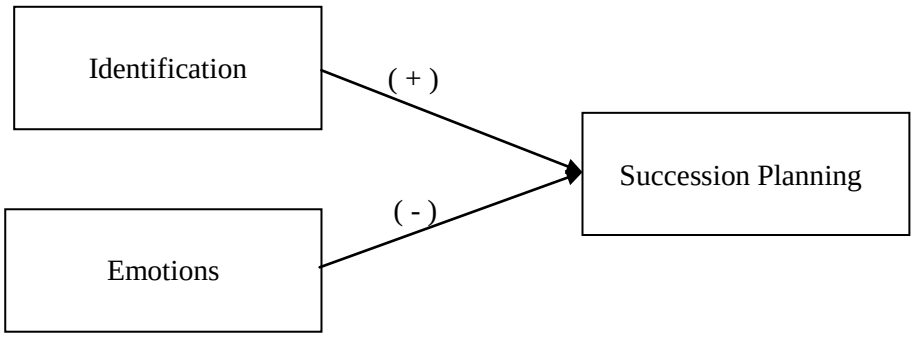
5.5.2 Succession Planning (SP) and Successor Attributes

Despite the existing research done in family business succession, it is widely agreed that the literature on family firm succession is relatively fragmented, with most studies being descriptive and non-theoretical (Gomez-Mejia et al., 2011; Nordqvist et al., 2013; Le Breton-Miller et al., 2004). Previous research has tended to focus on various variables, including incumbent and successor attributes, successor development, and family relationships. However, a comprehensive theoretical explanation for established relationships is still absent.

By linking the resource based view (RBV) of firms (Barney, 1991) with the socioemotional wealth (SEW) perspective (Gomez-Mejia et al., 2007), this study contributes to the creation of a coherent theory of family firms. Because of the interaction between the family, the family members, and the business, family firms have been ascribed a unique resource referred to as ‘familiness’ (Habbershon and Williams, 1999; Habbershon et al., 2003), which has been expanded to include components such as family firm identity, social capital, and family influence and behaviour (Zellweger et al., 2010; Pearson et al., 2008). The FIBER dimensions of SEW are linked to familiness

and can therefore be considered to be resources unique to family firms. It should be noted that the management of resources in family firms has been argued to have both useful and detrimental effects on the company as a whole (Sirmon and Hitt, 2003). The study results confirm this, with SEW as a resource of family firms have a positive and negative impact on their strategic decisions, as represented by the decision to have a succession plan. This is also in line with previous SEW research that confirms the duality of the impact of SEW on family firms (Naldi et al., 2013). Identification with the firm and emotional attachment as resources and accounting for the noneconomic aspects of family firms have respectively a positive and negative effect on succession planning. Figure 5.3 illustrates the theoretical development in light of the study findings.

Figure 5.3 Theoretical development for succession planning in light of findings



Furthermore, the study confirms that dynastic succession is indeed a defining feature of SEW driving their behaviour as family firm leaders with high SEW place more importance on the attributes of their future successor. Social capital as a unique resource in family firms emphasises that competence is the most important attribute of the future successor. Since the notion that social capital is an important factor in building the human capital of next generation (Coleman, 1988), then SEW is beneficial to family firms in that it directs their resources to the good of the firm. This study

therefore argues that linking RBV and SEW is a novel approach that has the potential to advance our understanding of unique types of organisations and to contribute to the creation of a theory of family firms.

5.6 Implications for practice and policy

5.6.1 Entrepreneurship

Given the importance of entrepreneurship to the survival of organisations, as well as its contribution to job creation and wealth generation, the study findings provide valuable insight into entrepreneurship in family firms. As family firms are the dominant form of organisations in the global context, this research also supports the wider field of business research. The findings of this study demonstrate that SEW positively influences EO in Saudi family SMEs indicating the importance of noneconomic goals to family firms. In contrast to previous research, this study suggests that SEW might be an important family firm behaviour that leads to positive outcomes. In particular, family control and family influence, in addition to binding social ties, are significant features of family firms that should be stressed by their leaders. Family members should be encouraged to be active in the firm, particularly with regards to decision making, and an effort should be made to enhance ties between family members and stakeholders in order to promote entrepreneurial activities in these kinds of companies. Nonetheless, this does not undermine the importance of good governance in family firms, as family control has been shown to have the potential to create issues within companies when poorly managed.

In regards to female entrepreneurs, this research discovered that women in the Saudi Arabian context are more associated with entrepreneurship than men. This finding has important implications since the percentage of female entrepreneurs in Saudi Arabia is lower than in comparable studies, despite rates of entrepreneurship in

those countries being similar or even lower than Saudi Arabia. The greatest challenges to entrepreneurial women in the country is related to social and regulatory obstacles. Despite their high educational level and significant financial resources, female entrepreneurs still face extra difficulties not faced by their male counterparts in starting and running a business. Thus, policy makers are advised to revise regulations in order to facilitate and support the actions of enterprising females and to encourage greater involvement of women in businesses. Although the government has come a long way in smoothing female related regulations in recent years, such as allowing women to engage in previously restricted businesses and dismissing the requirement of a male intermediary in administrative processes, a study by Khadija bint Khuwailid Businesswomen's Center at the Jeddah Chamber of Commerce concluded that officials continue to insist on implementing laws that have already changed. Accordingly, policy makers are advised to enforce regulations by granting more authority to female sections in the Chamber of Commerce. There should also be efforts undertaken to increase awareness among females regarding available governmental initiatives that support women entrepreneurs. Female entrepreneurs in Saudi Arabia are vital to the economic and social development of the nation, and have a great potential to significantly contribute to the economic progress in the country, therefore every effort should be made to increase their involvement.

5.6.2 Succession

The importance of having a succession plan is well established for all types of organisations and specifically in family businesses. Poor senior management succession planning is attributed as being one of the primary reasons for the volume of family businesses that disappear before they reach their third generation. As a result of the interaction between the family and the business, family identity and emotions can profoundly influence strategic decision making such as succession. Family business

consultants are then advised to base their assessments on understanding the psychological aspects of the family.

Identification with the firm has been found to be advantageous in the decision on whether or not a firm has a succession plan. Thus, both consultants and family business leaders should enhance the feeling of oneness that family members have towards the firm, as well as on ensuring that they share the company vision. Emphasising family values, loyalty, and traditions can play an important role in achieving a harmonious atmosphere and shared vision in family firms, all of which has been demonstrated to support effective succession.

The findings of this study suggest that the higher the emotional attachment felt by family members, the less they plan for succession. Consultants should therefore help family firm leaders to prepare for their retirement, such as by finding alternative interests beside the business. This will tend to help them less attached to the firm and therefore more able to plan for the next generation to handle the businesses. Family firm leaders should also learn strategies to manage emotional conflicts between family members. One way to reduce such conflicts is to ensure the clear distribution of shares, roles, and authorities, as well as having a clear decision about who will lead the business in the future based on experience and competencies rather than emotions.

In general, consultants should draw the attention of the leaders of family firms to the importance of fostering a shared vision within their companies and the danger of bringing emotions into their strategic decision making processes.

Although the board of directors is generally recognised as playing an important role in effective succession planning and devising the strategic direction family firm, only 18% of the research sample has a board of directors. The lack of formality in Saudi family business is potentially alarming and should be taken into consideration by policy

makers. In 2014, the Ministry of Commerce and Industry piloted a guide for governance of Saudi family business. The guide emphasises the importance of governance to the continuity of family firms and provides detailed governance practices, such as the development of a family business charter, and suggestions on the role and composition of the board of directors and family council. However, the guide is the first official initiative directed towards family businesses and more needs to be done to encourage such practices. The guide is also primarily directed towards large family businesses. Given the importance of SMEs to the national economy, further efforts should be undertaken regarding the governance of these smaller organisations, which would potentially play a significant role in improving their overall performance and therefore contribute to the ongoing economic development in the country.

The majority (78%) of the family firms in the research sample were sole proprietorships. Although this is the most common form of organisation in Saudi Arabia, it carries greater risks in the context of family businesses: firstly, the private liability of the owner can harm the whole business; and secondly, in the case of the owner's death (father), brothers may buy their sisters' inheritance shares in the business in fear of dealing with in-laws. The latter strategy is not an unusual one and may even involve female shares being purchased without their full consent. Therefore, policy makers should encourage family businesses owners to turn the legal status of their companies from sole proprietorships to limited or simple partnerships and to explicitly include all legal owners. In doing so, owners will have a better chance of ensuring the smooth transition of ownership and therefore the continuity of their family business.

5.7 Limitations and implications for future research

As with all research, this study is constrained by certain limitations which may nevertheless inform future research.

This study relied upon a cross-sectional design, a commonly used form of research in family business (e.g. Chrisman et al., 2012; Eddleston and Kellermanns, 2007), and thus inferences were made about the cause-effect relationship. As such, this study supports the hypotheses but cannot establish the direction of casual influence. Therefore, a longitudinal design approach in future research may be beneficial in confirming the relationships assumed by the current study. Future research might examine whether the relationships described by this study persist over time, which is relevant as succession is generally considered to be a lengthy process. The findings of this study are also based on a single respondent at each participating firm, although it should be noted that the common method bias test showed no concerns. It would be useful for future research to utilise multiple respondents from each firm.

The empirical results provided by this study are based on a sample of Saudi family SMEs. Most studies on family businesses have been conducted in western countries, which are radically different from Saudi Arabia in both cultural and social terms. As the features of entrepreneurship and family businesses vary across countries and cultures (Krueger, Linan, and Nabi, 2014), it would be interesting to test the SEW-EO and SEW-SP relationships in a nearby Gulf estate with a similar culture, as well as in western countries to examine whether the identified relationship persists. Saudi Arabia is typically characterised as having an intense entrepreneurial environment, meaning that it may be helpful to replicate the study in a country where the environment for entrepreneurs is more forgiving. It may also be interesting to test whether the results from this study hold true in larger family firms or among those publicly held. Future research might also consider combining the SEW perspective with other cultural and institutional theories, to better understand the SEW-EO and SEW-SP relationships in other countries. Within the specific context of the SEW scale itself, the FIBER dimensions scale was verified for the first time in this study. It would therefore be

useful to further verify the scale in future research, especially in countries that have a different culture than Saudi Arabia.

This research provided empirical support that enriches our understanding of the relationship between SEW-EO and SEW-SP. This was achieved by shedding light on the impact of the noneconomic behaviour of family firms on their entrepreneurship and succession. This empirical evidence supports the further establishing of the SEW perspective in future research regarding the family business research field, as SEW is a distinguished feature of family business that drives their behaviour. By using SEW as a framework, the research also asserts the heterogeneity of family firms and thus helps in advancing our understanding of family businesses as heterogeneous organisations instead of simply researching family as opposed to non-family businesses. It is therefore arguable that the outcomes of this study should create rich, diverse avenues for future research in this field.

In regards to entrepreneurial orientation, it may be of interest to expand the study's model by adding moderating variables, such as specific family qualities, in order to gain a deeper understanding of the SEW-EO relationship. Future research might also use other entrepreneurship measures such as alternative EO scales that are extended beyond the three dimensions covered in the research (e.g. Lumpkin and Dess, 1996), which may provide interesting or useful insights into this area. Furthermore, future research might add other items related to the research context to measure the different dimensions of the EO scale (e.g. Wang, 2008).

The research has investigated the relationship between SEW and EO, however EO was not linked to performance in family firms, despite the EO-performance relationship being well established in the literature of entrepreneurship (e.g. Wiklund and Shepherd, 2003, 2005). Although the precise extent of this relationship varies among studies, EO is generally believed to lead to higher financial performance in firms

(Rauch et al., 2009). A number of family business studies have investigated the EO-performance relationship and found that it is not direct. While Chirico et al. (2011) found a positive relationship between EO and performance in family firms, Naldi et al. (2007) found that risk taking (as a component of EO) is negatively related to performance. Schepers et al. (2014) utilised SEW as a moderator in an attempt to examine the intricacies of the EO-performance relationship and found that SEW limited the realization of EO benefits. Indeed, behavioural drivers such as SEW have the potential to explore various performance outcomes within family businesses. Based on the findings of this research, it is thus expected that SEW in general would be positively related to performance, but the different dimensions of SEW would have both positive and negative effects on the performance of family firms. Future research investigating the SEW-performance relationship in family businesses would potentially clarify the complex relationship between EO and performance in family firms. This line of research is especially relevant as family firms strive for both financial and nonfinancial performance which is facilitated by the use of the SEW framework.

Because innovative businesses are linked to higher performance, research on innovation has received great attention in recent years, in both the broad management research and family business research. Studies show that when it comes to drivers and the effects of innovation, a difference is observed between family and non-family SMEs (for a full review see De Massis, Frattini, and Lichtenthaler, 2012). Scholars have identified different variables in their empirical studies that distinguish between innovation in family versus non-family SMEs, such as family involvement (Lichtenthaler and Muethel, 2012), family ownership (De Massis, Frattini, Pizzurno and Cassia, 2015), family management (Nieto, Santamaria, and Fernandez, 2015) and the attributes of the CEO and top management team (TMT) (Classen, Van Gils, Bammens, and Carree, 2012). Using the SEW perspective to examine R&D expenditure (and thus

innovation) in firms listed in Standard and Poor's indices, Block (2012) and Chrisman and Patel (2012) found that family firms underinvested in R&D compared to non-family firms. More recently and using firms in high-technology industries, Gomez-Mejia et al. (2014) argue that R&D investment is a mixed gamble where family firms weight their economic and noneconomic gains and losses. They found that the institutional and organizational context of family firms weaken the negative relationship between family ownership and R&D expenditure. It should be noted that the above mentioned studies investigated R&D in large publicly held firms, compared family to non-family firms, and used family involvement and ownership as a proxy of SEW. However, further investigation should be conducted into the behavioural drivers of innovation in family SMEs using a more direct measure of SEW such as the FIBER dimensions. Since there is an agreement on the heterogeneity of family firms, future research may study the variation of innovation within family firms based on their SEW. This research provide the first insight into the relationship between SEW innovation as part of the components of EO. Future research could benefit from the results of this study on establishing the impact of SEW on different types of firm innovation (e.g. open innovation). As family business innovation is an emerging field, extending our empirical and theoretical understanding of the role that SEW has on innovation in family business (e.g. in manufacturing and high-tech) is a promising area for future research.

In regards to succession, the study investigated the impact of the dimensions of socioemotional wealth on the strategic decision of having a succession plan. It would therefore be interesting and useful for future research to examine other strategic decisions, such as internationalisation or diversification to see whether this tendency holds true for other strategic decisions. This study also examined the impact of social capital as a unique resource of family firms on their behaviour, future research might utilise other family firm resources such as human, physical and intellectual capital. It is

important to note that this study examined succession planning as a strategic decision and not a process. Given the inconsistency observed between plans and actual behaviour, future research might investigate the relationship between SEW and different succession processes in family firms. Furthermore, this research did not determine if participant family firms had experienced succession or were in the process of succession. Future research might be specific in targeting family firms who have gone through succession or are anticipating succession in the near future.

As commitment has been found to be a crucial successor attribute, future research can examine the procedures that family firms can adopt in building commitment in successors. Early engagement of the successor, for example, could potentially be related to their future commitment to the business. In the same vein, given that mentoring has been found to be important for the development of successors, future research can focus on developing a framework of effective mentoring practices based upon the experiences of successful family firms. In addition, three successor attributes (Flexibility, Professionalism, and Religiousness) emerged in the pilot study of this research and were added in the final questionnaire. However, these attributes were not included in the analyses for the sake of comparison with previous studies (Chrisman et al., 1998; Sharma and Rao 2000). Future research might further investigate the significance of these attributes in relation to the context of the study. Furthermore, as this study has been confined to intra-family succession, investigating the impact of SEW on choosing a non-family successor offers a highly viable path for future research.

Although this research has demonstrated the relationship between SEW-EO and SEW-SP, a more in-depth qualitative investigation of the ways in which the different dimensions of SEW influence entrepreneurship and other management practices is needed. This study found that some of the SEW dimensions have an influence on the entrepreneurship and succession of family firms, however, the question remains as to

how SEW affects the entrepreneurship in family firms, as well as the entrepreneurship of successors to ensure the continuity of these firms. Furthermore, while quantitative approaches enable a broad examination of the topic, a qualitative approach would be invaluable for the exploration of the subjective experiences of family members, in addition to offering a deeper understanding of entrepreneurship and succession in family firms. This suggests that there is a need for additional qualitative research to complement the findings of this research and explore how entrepreneurship contributes to the continuity of family firms. Qualitative data is usually described as being rich because it captures details of the phenomena under investigation. Since a relationship has been shown to exist between the SEW and EO of family firms, qualitative research will enable further investigation of the impact that SEW has on the entrepreneurial attitudes of successors. The current study did not find support for the role of emotions on the entrepreneurship of family firms, despite this role in entrepreneurship is an established field of research (Baron, 2008), albeit an under-researched area in family business entrepreneurship research (Labakiet al., 2013). In studying family business with regards to socioemotional wealth, the qualitative approach is likely to be invaluable in gathering information on family emotions and their effect on the legacy of family firm. As such, future qualitative research into the influence of noneconomic aspects of family firms on their practices, with a potential focus on the specific influence of emotions with regards to entrepreneurship in family firms may be a worthwhile and fruitful path of research.

5.8 Conclusion

Entrepreneurship is an important factor for the success of companies. In family business, entrepreneurship plays a key role in the continuity of this type of businesses. However, there is no agreement in the literature on the extent of family business

entrepreneurship. This research argues that SEW as a distinctive feature of family businesses and accounting for their behaviour and decisions may be a driver of entrepreneurship in those businesses. Based on a sample of Saudi family SMEs, the findings of this study show that EO varies among family firms depending on the SEW of each firm. Additionally, in contrast to the majority of existing research, SEW has been found to be advantageous to the EO of family firms. In particular, EO seems to be highest in family firms with high levels of family control and influence, underpinned by strong social ties. The EO in the firms sampled by this study has been shown to be lower in later generations supporting pervious research on the role of generational involvement. These findings contribute to the ongoing debate in the literature about whether or not family firms are entrepreneurial, and enriches knowledge about the drivers of EO in family firms and the importance of behavioural variables in predicting entrepreneurship in these types of organisations and across generations.

Succession is a core topic in family business research (De Massis et al., 2008, Yu et al., 2012). However, previous studies have tended to lack a solid theoretical base for the investigation of the drivers behind succession plans. This study therefore combined two theoretical perspectives (RBV and SEW) to investigate the impact that noneconomic factors can have on strategic decision making, with particular reference to succession planning. The RBV of the firm complements the SEW perspective, with RBV providing an insight into the means available to undertake the required actions and SEW describing the drive to take an active stance in achieving firm goals. Based on a sample of Saudi family SMEs, the regression results indicate that identification with the firm increases the probability of planning for succession, while emotional attachment hinders this kind of strategic decision. The results of the study also confirms that intergenerational succession is a defining feature of SEW and that family firms resources play an important role in their choices. The findings of this study provide

important insights into both research and practice, as strategic decision making like succession planning is crucial to the health of family firms, enabling smooth transition between generations.

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APPENDICES

Appendix I

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FAMILY FIRMS, SOCIOEMOTIONAL WEALTH AND ENTREPRENEURIAL ORIENTATION: EVIDENCE FROM SAUDI ARABIA

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ABSTRACT

Based on responses from 266 Saudi family firms, this empirical study investigates the non-economic drivers represented by socioemotional wealth (SEW) on the entrepreneurial orientation (EO) of family firms. As a new perspective accounting for the behavior of family businesses, SEW pertains to both the positive and negative consequences of the non-economic aspects of family firms. The findings of the study indicate that SEW is advantageous to the EO of family firms. The results show that EO is higher in family firms with high levels of family control/influence and strong social ties; and lower in later generations.

INTRODUCTION

Family firms are the primary source of wealth creation and employment in both developed and emerging economies (Masulis et al., 2011; La Porta et al., 1999). In Saudi Arabia, 95 percent of all companies are family run, and they contribute approximately to 50 percent of non-oil GDP and account for 80 percent of total private sector employment (The Council of Saudi Chambers, 2014). The pursuit of non-economic goals is a distinctive feature of family firms (Chrisman et al., 2012; Zellweger et al., 2013). SEW pertains to the non-economic aspects of family firms (Gomez-Mejia et al., 2011, 2010, 2007) and suggests that family firms make decisions to protect their socio-emotional endowment i.e., the stock of affect-related value that a family derives from the firm (Gomez-Mejia et al., 2007). Evidence of socio-emotional endowment is manifest in practices such as family control of strategic decisions, the associations of business success with personal success, strong emotional bonds between family members and the firm and perpetuating family dynasty.

Scholarly interest in measuring entrepreneurial activity has been advanced by the development of tools to assess EO in terms of innovation, pro-activeness and risk taking (Miller 1983; Covin

and Slevin 1989). The literature to date regarding whether family firms are indeed entrepreneurial or conservative is inconclusive. While some researchers have argued that family firms provide a supportive environment for entrepreneurial activities (Aldrich and Cliff 2003, Zahra et al., 2004), others maintain that family firms are typically conservative, traditional and risk-averse (Naldi et al., 2007; Block, 2012). In family firms, entrepreneurship plays a significant role in the survival of these businesses (Kellermans & Eddleston, 2006). Moreover, within these firms, the protection of socio-endowment is prioritised above financial performance (Gomez-Mejia et al., 2010; Berrone et al., 2012), and this is likely to impact on EO. To enhance our knowledge about entrepreneurship in family firms, this empirical study investigates the non-economic drivers behind the entrepreneurial activities of family firms. As SEW is found to be a distinctive characteristic of family firms and influences their behavior (Gomez-Mejia et al., 2011), this study provides an insight into the impact of SEW on the EO of family firms.

The research makes four contributions to the entrepreneurship literature. Firstly, previous research on entrepreneurship in family businesses has been dominated by studies that compare family and non-family firms and is thus underpinned by the assumption of family firm homogeneity. By investigating the socio-emotional behavioural drivers of EO in a sample of family firms the research sheds light on family firm heterogeneity. Second, both sides of the long standing debate concerning the entrepreneurial behavior of family firms have garnered support and in our data the relationship between SEW as a composite construct and EO is positive. By unpacking the SEW constructs and testing them as individual variables we find that the influence of family control and binding social ties on EO is stronger than identification with the firm and emotional attachment. Family control/ influence and binding social ties thus assist the development and maintenance of EO. Third, we find an inverse relationship between generational involvement in the family firm and EO, providing evidence that EO varies over time. By linking SEW and EO we further find that SEW priorities change and this is reflected in varying levels of EO. Finally, the study is the first (to date) to empirically verify the conceptual FIBER dimensions developed by Berrone et al., (2012).

HYPOTHESES DEVELOPMENT

Socioemotional Wealth

The preservation of SEW has been found to be the main reference point for decision making in family firms (Gomez-Mejia et al., 2011). Gomez-Mejia et al. (2007) define SEW as the "non-financial aspects of the firm that meet the family's affective needs, such as identity, the ability to exercise family influence, and the perpetuation of the family dynasty" (p.106). In their first formulation of the SEW concept, Gomez-Mejia et al. (2007) argued that firm owners tend to be risk-averse regarding decisions that may potentially damage their SEW. However, in their study only the family control variable was used to measure the SEW. In other studies, additional variables such as governance and generational stage have been employed as a proxy for SEW (e.g. Gomez-Mejia et al., 2010; Berrone et al., 2010; Sciascia et al., 2014). However, the lack of a direct measure of SEW with distinguishable priorities poses a challenge to the cause and effect linkage of SEW (Miller and Le Breton-Miller, 2014). Accordingly, this study measures SEW through the lens of the five dimensions of SEW proposed by Berrone et al. (2012). The FIBER dimensions draw from the body of research into family business: (1) Family control and influence; (2) Identification of family members with the firm; (3) Binding social ties; (4) Emotional attachment of family members; and (5) Renewal of family bonds to the firm through dynastic succession. The discrete FIBER dimensions of SEW may have either negative or positive impacts on EO (Kellermanns et al., 2012), and both impacts are essential to building a theory of family firms (Naldi et al., 2013; Schepers et al., 2014). We hypothesize that although one dimension of the FIBER (family control) impacts negatively effect on EO, the remaining four dimensions will have positive associations. Therefore, taking SEW as a whole it is expected that the SEW will enhance entrepreneurial behaviour of family firms. This leads to the first hypothesis of this study.

H1: There is a positive relationship between SEW and EO in family firms.

The FIBER dimensions

The idea that family firms make decisions to protect their socioemotional endowment, even when these choices have a financial cost, is deeply implicit in the concept of SEW (Gomez-Mejia et al. 2007; Berrone et al., 2012). However, according to Naldi et al. (2013), the concept has not gone beyond this broad generalization. In seeking to extend knowledge concerning SEW, Kellermanns et al. (2012) proffered that the manifestation of SEW within a business context has a bright and a dark side. Assuming the negative side of SEW, Schepers et al., (2014) investigated the EO - performance relationship in family firms and argue that a high level of SEW prevents family firms from reaping the beneficial outcomes of

EO. Building on this notion of duality in SEW, having a family CEO has been found to have the potential to be either an asset or a liability to the family firm, depending on whether the business context is informal (industrial) or formal (stock exchange market) (Naldi et al., 2013). In our study, and in line with Kellermanns et al. (2012), we argue that the FIBER dimensions of SEW namely, family control, reputation concerns, social ties, emotions, and succession intention, have either positive or negative effects on the EO of family firms.

With regards to specific dimensions of SEW and entrepreneurial orientation such as family control, Gomez-Mejia et al. (2007) found that family controlled olive oil mills are risk-averse regarding decisions that affect their SEW. Nevertheless, family control may have a positive impact on the firm's reputational concerns, thereby motivating family firms to pursue noneconomic goals (Zellweger et al., 2013). These reputational concerns and identification with the firm also motivate family members to strive towards increasing the firm's performance (Anderson and Reeb, 2003). Social ties based on trust, whether they are between family members (kinship ties) or extended network (employees, customers, suppliers, other companies, and society), are instrumental to information sharing and opportunity recognition and therefore lead to entrepreneurial activities (Cennamo et al., 2012; Eddleston, et al., 2012). In relation to emotions, "emotional attachment has been known to incite struggles for control among family branches (Kellermanns et al., 2012, p.1176), and therefore, emotional attachment is expected to negatively impact entrepreneurship in family firms. Lastly, succession intentions in family firms demonstrate their long term orientation which is associated with innovativeness (Zahra et al., 2004; Lumpkin et al., 2010) and opportunity persuasion (Zellweger, 2007). It follows that the second hypothesis of this study is as follows:

H2a: There is a positive relationship between family control and influence and EO in family firms.
H2b: There is a positive relationship between family members' sense of identification with the firm and EO in family firms.
H 2c: There is a positive relationship between binding social ties and EO in family firms.
H2d: There is a negative relationship between emotional attachment of family members and EO in family firms.
H2e: There is a positive relationship between the renewal of family bonds to the firm through dynastic succession and EO in family firms.

Generational Involvement

The literature is inconclusive with respect to the impact that generational involvement has on family firm EO. While Martin and Lumpkin (2003) found that EO decreases in later generations, Cruz and Nordqvist (2012) found that the third and later generations are often more entrepreneurial. From the SEW perspective, researchers argue that SEW evolves (Berrone et al., 2012; Le Breton-Miller and Miller, 2013) and weakens as the firm moves from one generation to the next (Gomez-Mejia et al., 2011). This weakening of SEW affects most aspects of management in family firms and we would therefore expect that this weakening of SEW is the reason for less entrepreneurship in later generations. Therefore, the third hypothesis of this study is as follows:

H3: There is a negative relationship between generational involvement and EO in family firms.

METHOD

The sample framework was obtained by applying sample quotas across six industries using a list of firms from the Riyadh Chamber of Commerce and Industry. A firm is considered to be a family business if the lead CEO/entrepreneur perceives it to be so (Westhead and Cowling 1998) and at least two family members are actively involved in the business (Miller et al., 2008). A total of 2,646 firms were identified in the stratified random sample. The study utilised both online and delivery and collection questionnaires. A link to the electronic questionnaire was sent by email, and the printed version of the questionnaire was delivered in person between December 2013 and April 2014. After two reminders, a total of 385 questionnaires were returned representing a response rate of 14.55%. After dropping responses in which key variables were missing, and eliminating firms failing to meet the family business criteria, the final sample comprised 266 family firms. Non-response bias was assessed by performing chi-square and Mann Whitney U to test differences between early and late replies concerning entrepreneur and firm characteristics. The tests revealed no concerns regarding non-response bias. Common method bias was tested by performing Harman one-factor test of all the study variables and showed no concerns.

Measures

Dependent variables: EO was measured using the 9 item scale developed by Covin and Slevin (1989), in which EO is conceptualized as a unidimensional construct (Covin and Lumpkin, 2011). The EO scale examines three key entrepreneurship components: innovativeness, proactiveness, and risk taking. Respondents were asked to indicate with a number where, between two opposite positions, their firm falls using a 7-point rating scales.

Independent variables: SEW denotes the non-economic aspects of family firms. This variable was measured using a 5-point Likert scale (from 1 = 'strongly agree' to 5 = 'strongly disagree') on the 27 items that represent the five proposed FIBER dimensions of SEW (Berrone et al., 2012). In keeping with published studies (Kellermanns and Eddleston, 2006; Zahra, 2005), generational involvement was measured by asking respondents how many generations (1, 2, 3 or more) are involved in the management of the firm. Principal components analysis (PCA) was conducted to verify the multidimensionality of the SEW scale. PCA with varimax rotation and extraction based on eigenvalues greater than one resulted on four components and explained 62.44% of the total variance. The four components are consistent with the first four dimensions of the SEW (FIBE) and demonstrate an acceptable internal consistency (Cronbach's alpha α = 0.90, 0.90, 0.67, 0.70 respectively). However, the fifth dimension (R) did not emerge as a valid construct in the PCA.

Control Variables: the study controls for firm size, firm age, industry, entrepreneur gender, the presence of a business plan and diversification. The selected variables have been chosen on the basis of their widespread use in previous family business research.

RESULTS

A hierarchical regression analysis was performed to test H1, H2 and H3 (Table 1). The assumptions of linearity, homoscedasticity, unusual points, absence of multicollinearity, and normality of residuals were all met.

Table 1: Regression models of Entrepreneurial Orientation

	Model 1	Model 2	Model 3	Model 4	Model 5
Control Variables					
Gender	-0.49 (0.22)[b]	-.38 (.21)[c]	-.48 (.21)[b]	-0.39 (0.21)[c]	-0.49 (0.21)[b]
Business plan	0.10 (0.14)	.32 (.14)[b]	.37 (.14)[a]	0.27 (0.14)[c]	0.32 (0.14)[b]
Size	0.18 (0.07)[a]	.09 (.07)	.12 (.07)[c]	0.10 (0.07)	0.12 (0.07)[c]
Age-bus	-0.10 (.10)	-.08 (.09)	-.08 (.09)	-0.10 (0.02)	-0.09 (0.09)
Manufacturing	-0.02 (0.36)	.29 (.35)	.32 (.35)	0.28 (0.35)	0.32 (0.34)
Construction	0.17 (0.29)	.44 (.28)	.46 (.27)[c]	0.53 (0.28)[c]	0.55 (0.27)[b]
Retail	0.54 (0.26)[b]	.76 (.25)[a]	.73 (.25)[a]	0.78 (0.25)[a]	0.76 (0.25)[a]
Transport	0.29 (0.38)	.48 (.37)	.44 (.36)	0.51 (0.37)	0.47 (0.36)
Services	0.81 (0.30)[a]	1.11 (.29)[a]	1.07 (.29)[a]	1.12 (0.29)[a]	1.09 (0.29)[a]
Diversified	0.15 (0.14)	.35 (.14)[b]	.41 (.14)[a]	0.29 (0.15)[b]	0.34 (0.14)[b]
Socioemotional Wealth Variables					
SEW	-----	.63 (.12)[a]	.59 (.12)[a]	-----	-----
Family control	-----	-----	-----	0.29 (0.10)[a]	0.26 (0.10)[a]
Identification	-----	-----	-----	-0.07 (0.14)	-0.05 (0.14)
Binding ties	-----	-----	-----	0.39 (0.12)[a]	0.39 (0.12)[a]
Emotional attachment	-----	-----	-----	0.06 (0.10)	0.03 (0.10)
Generational Involvement	-----	-----	-.31 (.11)[a]	-----	-0.31 (0.11)[a]
Constant	-0.03 (.41)	-2.78 (.66)[a]	-2.22 (.68)[a]	-2.86 (.70)[a]	-2.33 (0.71)[a]
F-Test	3.42[a]	5.84[a]	6.19[a]	5.21 [a]	5.55 [a]
R^2	0.12	.20	.23	0.23	0.25
Adjusted R^2	.08	.17	.19	.18	.21

Significant at the 0.01 level; b Significant at the 0.05 level; c Significant at the 0.10 level.

When taken together, the combined measure of SEW shows a statistically significant positive relationship to EO in model 2, and thus supports H1. The family control and influence variable is highly statistically significantly related to EO in model 3 and this provides support for hypothesis H2a. The binding social ties variable is also highly statistically significantly related to EO in model 5, providing support for hypothesis H2c. Family members' sense of identification with the firm and emotional attachment of family members and EO are not statistically significant at the 0.10 level, or better. Renewal of family bonds to the firm through dynastic succession and EO did not appear in the model because the variable did not emerge as a valid construct in the principal component analysis. Thus, there is no evidence to support hypotheses H2b, H2d and H2e. Generational involvement variable is highly statistically significant and negatively related to EO in model 3 and 5 at the 0.01 level, which supports hypothesis H3.

DISCUSSION AND IMPLICATIONS

When considered as a composite variable, family firms with high SEW have a correspondingly high level of EO. When unpacking the SEW variable, the findings show that EO seems to be highest in family firms with high levels of family control/ influence and strong social ties. In addition, the EO of family firms is found to be lower in later generations. These findings contribute to the ongoing debate in the literature about whether or not family firms are entrepreneurial, and enrich our knowledge about the drivers of EO in family firms and the importance of behavioral variables in predicting entrepreneurship in these types of organizations and across generations.

We found family control and influence to be positively and strongly associated with EO in Saudi Arabian family firms. Family control in these firms is thus an asset promoting EO. In recognition of the importance of the context and nature of the environment when studying EO (Miller, 2011), and SEW (Miller and Breton-Miller, 2014), this finding might be explained by the context in which the firms operate as Saudi Arabia is characterised by having an intense entrepreneurship environment and strong family ties. In Saudi Arabia, the idea that family members are more trusted than non-family employees in growing their business is generally held. Especially given the fact that 78% of the workforce in Saudi Arabia are expats regarded as being unsustainable. As such, our findings contribute to the literature of SEW by showing that family control and influence can have a dark (Gomez-Meija et al., 2007) and a bright side depending on environment in which the firm operates.

Binding social ties were found to enhance EO in Saudi Arabian family firms. Family ties based on kinship and values increase trust between family members and thereby foster the sharing of information, innovative ideas, and resources (Jack, 2005). Extended social ties to customers, suppliers, and other companies can also provide family firms with rich and diverse entrepreneurial opportunities (Cennamo et al., 2012). Generally speaking, families are motivated to invest in their firm to ensure the satisfaction of their stakeholders and consequently enhance their reputation (Zellweger and Nason, 2008).

The negative relationship of generational involvement with EO provides an important insight into the effect that different generations can have on family firms. The literature is inconclusive about whether generational involvement supports (Cruz and Nordqvist, 2012) or hinders (Kellermanns et al., 2008) entrepreneurship in family firms. Our results find that as later generations are involved in the management of the firm EO declines. A possible explanation for this is the decrease of the family firm's SEW in later generations, which is an idea that is widely supported in SEW research (Gomez-Mejia et al., 2007; Gomez-Mejia et al., 2011). This result also corroborates the recent ongoing argument that SEW priorities changes across the life cycle of the family firm (Breton-Miller and Miller, 2013).

The study also verified four out of the five of the FIBER dimensions of SEW proposed by Berrone et al. (2012) and assessed their internal consistency. The assessment of the FIBER dimensions addresses the typical inference and inconsistent measurement of the SEW construct in the literature. It supports the call for a more direct and comprehensive measure of SEW to advance our understanding of the concept and its outcomes (Miller and Breton Miller, 2014), and to support the construction of a theory of family firms. Together the results provide important insights into the underlying driver of EO in family firms and the importance of SEW as the most distinguished feature of family firms, and thus extend our understanding of SEW and entrepreneurship in family firms.

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Appendix II

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Socioemotional Wealth and Entrepreneurial Orientation in Family Firms

ABSTRACT

The importance of entrepreneurship to firm success is well established in the literature; however, the extent to which family firms are entrepreneurial is unclear. The distinctiveness of family firms is attributed to the role of nonfinancial, as well as financial, objectives in the goal structure of the organization which may in turn affect entrepreneurial behavior. To examine the behavioral drivers of entrepreneurship in family firms we investigated the relationships between socioemotional wealth (SEW), entrepreneurial orientation (EO) and generational involvement. The results from a survey of 266 family firms in Saudi Arabia find that EO is higher in family firms with high levels of family control/influence and strong social ties; and that EO is lower in later generations of family firms.

KEY WORDS: family firms, socioemotional wealth, entrepreneurial orientation, Saudi Arabia

INTRODUCTION

Family firms comprise the majority of organizations in most countries (Jaskiewicz, Combs & Rau, 2015) and are the prime source of wealth creation and employment in both developed and emerging economies (La Porta, Lopez-de-Silanes & Shleifer, 1999; Masulis Pham, & Zein, 2011). The distinctiveness of family firms is attributed to the influence of non-economic motives on firm behavior (Sharma, Chrisman & Chua, 1997; Anderson & Reeb, 2003; Chrisman, Chua, Pearson & Barnett, 2012; Zellweger & Astrachan, 2008; Zellweger, Nason, Nordqvist & Brush, 2013). The concept of socioemotional wealth (SEW) has been created to capture the beneficial, and destructive, non-financial aspects of family firms (Berrone, Cruz, Gomez-Mejia & Larraza Kintana, 2010; Kellermanns, Eddleston & Zellweger, 2012a; Gomez-Mejia, Cruz, Berrone & de Castro, 2011; Miller & Le Breton-Miller, 2014). Gomez-Mejia, Haynes, Núñez-Nickel, Jacobson, & Moyano-Fuentes (2007) define SEW as the "aspects of the firm that meet the family's affective needs, such as identity, the ability to exercise family influence, and the perpetuation of the family dynasty" (p.106). Research suggests that family firms make decisions to protect their socioemotional endowment, i.e., the stock of affect-related value that a family derives from the firm (Gomez-Mejia et al., 2007; Berrone et al., 2010; Naldi, Cennamo, Corbetta & Gomez-Mejia, 2013). In family firms not all the practices have a financial pay off and scholars have found that SEW influences family firm performance and survival (Sciascia, Mazzola & Kellermanns, 2014), risk taking (Gomez-Mejia et al., 2007, 2010, 2011), employment policies (Cruz, Justo & Castro, 2012) and governance (Goel, Voordeckers, van Gils & van den Heuvel, 2013). We set out to examine the influence of SEW on entrepreneurial behavior in family firms.

Research interest in measuring entrepreneurial behavior has been significantly advanced by the development of tools to measure entrepreneurial orientation (EO). EO

refers to a firm's orientation towards innovation, pro-activeness and risk taking (Miller, 1983; Covin & Slevin, 1989) and has been employed in recent family firm theory development and empirical research (Salvato, 2004; Naldi, Nordqvist, Sjöberg & Wiklund, 2007; Lumpkin, Brigham & Moss, 2010; Casillas & Moreno, 2010; Chirico, Sirmon, Sciascia & Mazzola, 2011; Cruz & Nordqvist, 2012; Zellweger & Sieger, 2012; Zahra, 2012). The measurement of EO aims to capture how a firm frames entrepreneurship and the extent of its embeddedness in the values of the firm. The results to date however have been inconclusive (Uhlaner Kellermanns, & Eddleston, 2012; Nordqvist & Melin, 2010) and many questions concerning the antecedents and consequences of EO remain unanswered (Miller, 2011). Although entrepreneurial behavior is important for family firm survival (Kellermanns & Eddleston, 2006) the protection and enhancement of socioemotional endowment is often prioritized above financial performance (Gomez-Mejia et al., 2007, 2010, 2011; Berrone, Cruz & Gomez-Mejia, 2012). Thus there is likely to be some tension between EO and the protection of SEW in family firms.

Our thesis is that SEW influences EO and generational involvement and to investigate these relationships we employ three principal frames in our research. First we focus on family firms. There are many definitions of family firms and the majority hinge on the employment of at least two members from one family in the business (e.g. Miller, Le Breton-Miller, & Scholnick, 2008; Eddleston, Kellermanns, Floyd, Crittenden, & Crittenden, 2013). We take this criterion as the baseline and supplement the definition with the perceptions of the founders/current owners that the firm is a family business (Westhead & Cowling, 1998). Second, to measure EO we employ the scale developed by Covin and Slevin (1989) which has been used in more than 200 studies in a variety of settings and is therefore well established in the scholarly literature (Covin & Lumpkin, 2011; George & Marino, 2011). The scale consists of three

components - innovativeness, proactiveness and risk taking – and the presence of all three is required for a firm to be considered entrepreneurial (George & Marino, 2011). Finally, the lack of a direct measure of SEW with discrete constructs has posed a challenge to researchers (Miller & Le Breton-Miller, 2014). As a result, previous research has employed either proxy variables for SEW such as governance (Gomez-Mejia et al., 2010; Berrone et al., 2010), family employment (Cruz et al., 2012), family CEO (Naldi et al, 2013), and generational stage (Sciascia et al., 2014) or four questions from the Strategic Orientation of Small and Medium Sized Enterprises (STRATOS) questionnaire (e.g. Schepers, Voordeckers, Steijvers & Lavaren, 2014; Goel et al., 2013). To frame the embeddedness of the firm within the family domain we employ a new set of measures developed by Berrone et al., (2012) based on family business research to capture SEW: Family control and influence (F); Identification of family members with the firm (I); Binding social ties (B); Emotional attachment of family members (E); and Renewal of family bonds to the firm through dynastic succession (R).

Our research contributes to the literature in four ways. Firstly, the many studies of family firms have found them to be either entrepreneurial (Aldrich & Cliff, 2003, Zahra, Hayton & Salvato, 2004; Eddleston, Kellermans & Zellweger, 2012) or conservative, traditional and risk-averse (Block, 2012; Morck & Yeung, 2003; Naldi et al., 2007). Recent studies have increased the focus on contextual factors that shape EO (Anderson & Eshima, 2013) and in our study we examine the influence of family SEW on EO and find that the relationship is positive. Further, by unpacking the SEW constructs and testing them as individual variables we find that the influence of family control/influence and binding social ties on EO is stronger than the identification of family members with and emotional attachment of family members to the firm. Family control/ influence and binding social ties thus assist the development and maintenance of EO. Second, the survival of family firms beyond the first generation is generally low

(Ward, 1987) and our data find an inverse relationship between generational involvement and EO. By linking SEW and EO the data shows that SEW priorities change over time and this is reflected in variation in EO. Third, previous family firm research has been dominated by studies that compare family and non-family firms on the assumption of family firm homogeneity (Berrone et al., 2010; Gomez-Mejia et al., 2010; Zahra et al., 2004; Naldi et al., 2007; Miller et al., 2008). However, family firms are heterogeneous (Fiegener, 2010; Chrisman et al., 2012; Chua, Chrisman, Steier & Rau, 2012; Naldi et al., 2013; Schepers et al., 2014; Block, 2012) and our investigation of SEW and EO finds variations within family firms and across generations. Finally, family firm research has tended to focus on firms in the United States (US) and Western Europe and fewer studies have explored the phenomenon in the wider global context (for exceptions see for example Fahed-Sreih & Djoundourian, 2006; Davis, Pitts, & Cormier, 2000; Smallbone, Welter, & Ateljevic, 2013; Sabah, Carsrud, & Kocak, 2014; Sharma & Chua, 2013; Cruz et al., 2012). In light of the significant presence of family firms in most countries, comprising up to 95% of firms in the Middle East (Kets de Vries, Carlock & Florent-Treacy, 2007), our sample of entrepreneurs in Saudi Arabia provides a novel insight into SEW and EO in the Middle East and North Africa (MENA) region.

The paper is organised as follows. In the next section we draw on the SEW and EO literature to present the conceptual framework for the study and develop the hypotheses. The methods section explains the data collection and analysis techniques adopted. The results and discussion of key findings follow and the paper concludes with implications and suggestions for future research.

THEORY AND HYPOTHESES DEVELOPMENT

The assumption that decisions within family firms are made to protect socioemotional endowment, even when these choices have a financial cost, is deeply held (Gomez-Mejia et al., 2007; Berrone et al., 2012). For example, it is not uncommon to find that family firms prioritize the provision of jobs for family members irrespective of competencies (Bertrand & Schoar, 2006; Gomez-Mejia, Nuñez-Nickel & Gutierrez, 2001) and continuity of family involvement in the firm (Naldi et al., 2007; Gomez-Mejia et al., 2011). However, appointing a family member to a leadership role may be either an asset or a liability in terms of firm performance (Naldi et al., 2013). SEW thus may have positive and negative impacts on family firm performance (Miller & Le Breton-Miller, 2014; Kellermanns et al., 2012a).

Early studies of family firms argued that family firms tend to be risk-averse regarding decisions that impact negatively on socioemotional endowment (Gomez-Mejia et al., 2007). However, focusing on attitudes towards risk overlooks the role of innovation and proactivity in entrepreneurial behavior. In addition, employing a narrow measure of SEW by focusing on family control comes at the expense of other dimensions of family firm behavior. The model developed by Berrone et al. (2012) identified five constructs to measure SEW. Close *family control* is associated with risk-aversion (Gomez-Mejia et al., 2007) and positive firm reputation (Zellweger et al., 2013). Family concern for *reputation* (Jack, 2005; Zellweger, Kellermanns, Chrisman, & Chua, 2012; Zellweger et al., 2013) and employee identification in turn motivates family members to strive towards increasing the firm's performance (Anderson & Reeb, 2003; Zellweger, Eddleston & Kellermanns, 2010). The *strong ties* between family members have also been shown to influence the family firm's recognition of entrepreneurial opportunities (Jack, 2005). In relation to *emotions*, entrepreneurial behavior is emotionally-laden, e.g., with passion (Cardon, Wincent, Singh, & Drnovsek,

2009) and fear of failure (Goss, 2005). Finally, *succession intentions* influence family firm innovation (Lumpkin et al., 2010), investment and opportunity exploitation (Zellweger, 2007). Since some families place "a greater value on the sense of dynasty and trans-generational vision, [whereas] others might emphasize the protection of the family identification with the firm as their main priority" (Cennamo, Berrone, Cruz & Gomez-Mejia, 2012, p. 1159), we expect that SEW will vary between family firms.

Although the literature regarding the entrepreneurial behavior of family firms is inconclusive, on balance we predict that family desire to protect the longevity and reputation of the firm will be manifest in higher levels of SEW and EO. In contrast, family firms with low SEW will be associated with low EO.

Hypothesis 1: In family firms the relationship between SEW and EO is positive - higher SEW is associated with higher EO.

Family control and influence

The involvement of family members in the leadership, management and governance of family firms influences the type of strategic goals pursued (Chrisman et al., 2012), as well as firm performance (Eddleston & Kellermanns, 2007). Family member involvement has been shown to reduce monitoring within the business (Miller & Le Breton-Miller, 2006), enhance the positive impact of innovativeness (Kellermans et al., 2012b; Lichtenthaler & Muethel, 2012), vibrancy (Miller et al., 2008) and risk-taking (Zahra, 2005). However, the maintenance of family member control of the family firm has also been found to be associated with limited investments in R&D (Block, 2012), conservative strategic behavior (Miller and Le Breton-Miller, 2014; Gomez-Mejia et al., 2007) and risk avoidance (Naldi et al., 2007). On balance we propose that:

Hypothesis 2a: In family firms the relationship between family control and influence and EO is positive.

Identification of family members with the firm

In family firms, the identity of family members is tied to the business which usually carries the family name (Berrone et al., 2012; Arregle, Hitt, Sirmon, & Very, 2007). The close identification of the family with the firm fuses the reputation of both to each other, e.g., in the Gulf region "business is viewed as a way to enhance a family's social standing" (Davis et al., 2000, p. 217). Identification with the firm and its reputation will therefore tend to motivate family members to improve firm performance (Berrone et al., 2010; Delmas & Gergaud, 2014; Anderson & Reeb, 2003; Zahra, 2005; Zellweger et al., 2013; Zellweger & Nason, 2008). Conversely, the importance of protecting reputation might deter family firms from engaging in risky projects out of fear of loss and reputational damage. The evidence however, suggests that family identification with the firm will motivate the pursuit entrepreneurial behavior to improve performance and enhance the status and reputation of the firm.

Hypothesis 2b: In family firms the relationship between family members' sense of identification with the firm and EO is positive.

Binding social ties

In family firms the connections between employees includes kin and non-kin ties and firm performance "cannot be fully understood without taking into account the psychodynamic effects of family relationships" (Eddleston, Kellermanns, & Sarathy, 2008, p. 42). Lin (2008) identified three categories of social ties: binding, bonding, and belonging. Binding social ties are intimate and reciprocal (e.g., kin), bonding social ties are those that share a particular interest (e.g., membership of a social network), and belonging ties concern shared identity (e.g., religion). Altruistic binding kinship ties reduce conflict (Eddleston et al., 2008; Eddleston & Kellermanns, 2007) and are likely to have a positive impact on entrepreneurship (Aldrich & Cliff, 2003), opportunity recognition (Jack, 2005) and innovation (Eddleston et al., 2012; Kellermanns,

Eddleston, Sarathy & Murphy, 2012b). Bonding ties with stakeholders (Zellweger & Nason, 2008) are also instrumental in fostering family firm innovation (Cennamo et al., 2012) and enhancing reputation (Le Breton-Miller & Miller, 2011; Van Gils, Dibrell, Neubaum & Craig, 2014; Berrone et al., 2010). Overall then the social capital embedded in family firms is a strong predictor of entrepreneurship (Davidsson & Honig, 2003), innovation (Sirmon & Hitt, 2003) and performance (Sorenson, Goodpaster, Hedberg & Yu, 2009). As with reputation, family social capital (Chang, Memili, Chrisman, Kellermanns, & Chua, 2009) and firm social capital work together (Anderson, Jack, & Dodd, 2005; Arregle et al., 2007;) to reduce agency problems (Davis, Allen & Hayes, 2010) and positively influence entrepreneurship (Zahra 2010).

Despite the aforementioned strengths, binding social ties may impact negatively on entrepreneurship in terms of encouraging nepotistic hiring practices that set aside competency requirements in favor of appointing kin (Bertrand & Schoar, 2006; Gomez-Mejia et al., 2001) and negatively impact on entrepreneurship (Renzulli, Aldrich & Moody, 2000). On balance we predict that the advantages of binding social ties will foster entrepreneurship.

Hypothesis 2c: In family firms the relationship between binding social ties and EO is positive.

Emotional attachment of family members

The impact of emotions on firm behavior is a distinctive attribute of family firms (Astrachan & Jaskiewicz, 2008; Zellweger & Astrachan, 2008) that results from blurring the boundaries between the family and the firm (Berrone et al., 2012). Families are social groups that share a range of emotions because of the history and shared memories of family members (Kets de Vries et al., 2007). Emotions have been shown to exert a positive influence on entrepreneurial behavior (Foo, Uy & Baron, 2009; Goss,

2008) such as opportunity recognition and evaluation (Foo, 2011), resource acquisition (Chen et al., 2009), venture effort (Foo et al., 2009) and firm performance (Astrachan & Jaskiewicz, 2008). However, in the case of family firms, emotions have also associated with negative outcomes such as conflict (Kellermanns et al., 2012a) which may impede entrepreneurial behavior (Doern & Goss, 2013). We predict that the negative impact of emotional attachments is more likely to impede rather than enhance family firm entrepreneurial behavior.

Hypothesis 2d: In family firms the relationship between emotional attachment of family members and EO is negative

Renewal of family bonds to the firm through dynastic succession

The intention to pass the business on to subsequent generations has been widely noted as being an important goal in family firms (Le Breton-Miller, Miller & Steier, 2004; Gomez-Mejia et al., 2011; Zellweger et al., 2012, 2013) yet studies show that the survival rate of family businesses beyond the first generation is extremely low (Ward, 1987; Ibrahim, Soufani & Lam, 2001; Le Breton-Miller et al., 2004). Central to family firm survival is the adoption of a long term strategic orientation (Anderson & Reeb, 2003; Le Breton-Miller et al., 2004; Miller & Le Breton-Miller, 2005; Miller et al., 2008) in that families "care deeply about the long-term prospects of the business, in large part because their family's fortune, reputation and future are at stake" (Miller et al, 2008, p.51). A positive relationship has been demonstrated between long term orientation and entrepreneurship (Eddleston et al., 2012, 2013), innovation (Lumpkin et al., 2010; Miller and Le Breton-Miller, 2005) and pro-activeness (Lumpkin et al., 2010). In addition, family firm survival is associated with the maintenance of entrepreneurial behavior across generations (Habbershon et al., 2010; Jaskiewicz et al., 2015) which can support investment in innovations that require a longer time frame (Zellweger, 2007), e.g., novel environmental practices (Delmas & Gergaud, 2014). The dark side of

intergenerational family succession however, is associated entrenchment and succession disputes (Berrone et al., 2012). The long term orientation of family firms is therefore generally expected to enhance entrepreneurship by enabling the leverage of resources required for innovation, pro-activeness and risk taking (Zahra et al., 2004).

Hypothesis 2e: In family firms the relationship between the renewal of family bonds to the firm through dynastic succession and EO is positive.

Generational involvement in family firms

Previous research has established that SEW evolves as a family firm passes through generations (Berrone et al., 2012; Le Breton-Miller & Miller, 2013; Gomez-Mejia et al., 2011; Miller & Le Breton-Miller, 2014). For example, in the olive oil industry, the willingness of family firms to give up control of their mills increases as the firm moves to the later stages of ownership (Gomez-Mejia et al., 2007). This suggests that the strength of SEW is lower as the firm moves from one generation to the next. Utilizing two samples of family firms (Swiss and German), Zellweger et al. (2012) showed that the duration of family control has a mixed relationship with SEW. Identification and emotional attachment with the firm have been found to decrease in later generations, perhaps due to the diversity of family members pursuing their own personal agendas (Sciascia et al., 2014). This weakening of SEW in later generations impacts upon most aspects of a family firm's management (Gomez-Mejia et al., 2011). Generational involvement has also been shown to impact positively on the entrepreneurial behavior of family businesses (Kellermanns, Eddleston, Barnett, & Pearson, 2008; Salvato, 2004), with greater generational involvement increasing innovation (Zahra, 2005). In contrast, it is suggested that in some families those leading the firm become more conservative over time and less willing to be entrepreneurial (Block, 2012). From the perspective of EO, the literature is also inconclusive regarding the impact that generational involvement has on EO in family firms. While some

researchers found that EO decreases in later generations (e.g. Martin & Lumpkin, 2003), others found EO is more subject to the interpretations of the competitive environment (Cruz & Nordqvist, 2012). Given that SEW is the main reference point for making decisions in family firms, we expect that the weakening of SEW is the reason for less entrepreneurial behavior in later generations.

Hypothesis 3: In family firms, the relationship between generational involvement and EO is negative.

METHODS

Context

Societies vary in their capacity to foster and sustain entrepreneurship (Krueger, Liñán, & Nabi, 2013; Kreiser, Marino, Dickson & Weaver, 2010). Saudi Arabia is an oil rich nation located in the Arabian Gulf. The economy is stable, government investment in economic development is huge and there is no taxation (Porter, 2012). The rapidly expanding economy presents many unexploited opportunities for aspiring entrepreneurs. Businesses are predominantly family owned and the booming economy in Saudi Arabia enables entrepreneurs to spread any risks across secure domestic projects. Saudi Arabian society is dominated economically, politically and culturally by the importance of family relationships (Davis et al., 2000; Peterson, 2007). Family reputation is an important factor in everyday life and family firms are expected to invest in their business to enhance their reputation. As a result, family control over the firm is pivotal to securing and protecting the social status of the family as a whole. Family members are thus considered the stewards of the firm and are incentivised to protect the reputation of the family and the family firm. Yet, only 5 percent of family businesses in Saudi Arabia survive into the third generation (Oukil & Al-Khalifah, 2012). The

country thus offers an intriguing context to investigate the relationship between EO and SEW.

Sample and Data Collection

A questionnaire was developed to gather data to respond to the hypotheses. The survey was prepared in English by the research team and translated into Arabic by one of the authors. The survey was then translated back into English by two bilingual scholars fluent in English and Arabic. This process served to ensure the accuracy of the translation (Harkness & Schoua-Glusberg, 1998). The questionnaire was subsequently reviewed by the research team and three entrepreneurs, two of whom were family business owners. The questionnaire was then pilot tested with respondents from eight family firms in Saudi Arabia. This led to revisions to a small number of questions to aid clarity, and also a reduction in the length of the survey.

There is no official list of family businesses in Saudi Arabia and thus a population frame was created from a list of business names, contact details, and industrial activities provided by the Riyadh Chamber of Commerce and Industry (RCCI). The population was stratified by industry and 2,646 firms selected from quotas for six categories: (i) manufacturing, (ii) building and construction, (iii) wholesale, retail, hotels and restaurants, (iv) transport, storage and communication, (v) import/export, and (vi) business services. Firms should have a minimum of 3 and an upper size limit of less than 250 employees.

The lack of consensus on the definition of family business was addressed by considering recent advances in the literature. A family business generally requires that at least one member of the same family is involved in the firm (Miller et al., 2008; Eddleston et al., 2008, 2012, 2013); when this occurs “the firm serves as a vehicle for the economic, socioemotional, and career sustenance of the family” (Miller et al., 2008 p.53).

A team of 7 people was recruited to collect the data between December 2013 and April 2014. All members of the team attended a 2 hour training session to learn about the objectives of the survey and the individual questions. The data was collected directly from participating family businesses in two ways. First, 500 firms were contacted and asked to confirm their family business status, industrial activity, firm size, and their willingness to participate in the research. A printed version of the questionnaire was then delivered by a member of the research team to the key respondent in each family firm. At the point of delivery the team member verified that the respondent was either the founder of the business and/or the principal owner of the business. The completed survey was collected directly from the family businesses. Second, 2,646 firms were sent an email inviting them to participate and including a link to the survey. A total of 385 questionnaires were returned. Screening removed 119 due to falling out with the definition of family firm (44), incomplete data (19) and firm size (56). The sample of 266 family firms represents a response rate of 10.44% and compares well with the 10% response rate in a study of Lebanese family businesses (Fahed-Sreih & Djoundourian, 2006) and other studies of family firms (e.g., Chua, Chrisman, Kellermanns, & Wu , 2011 (14.4%), Eddleston et al., 2012 (14.3%), Cruz & Nordqvist, 2012 (12%) and Schepers et al., 2014 (9.2%)).

Response bias Non-response bias was investigated by comparing early and late responses (Armstrong & Overton, 1977) using chi-square and Mann Whitney U tests. No statistically significant differences were found ($p>0.05$) concerning entrepreneur gender, age, firm age, and number of full time employees. Thus, there is no concern regarding sample bias and the sample could be broadly representative of the sampling frame.

Source bias Given that the measures for dependent and independent variables are derived from the same respondent, statistical relationships might result from the

common rater effect. The Harman one-factor test was performed to address this concern. In accordance with the guidelines provided by Podsakoff et al., (2003), all variables used in the study were included in a principal component analysis (PCA). A total of 7 components had eigenvalues greater than 1.0 and they accounted for 67.73% of the variance. The eigenvalues each explained from 16.82% to 6.29% of the variance. Thus there is no concern for common method bias as the first factor does not explain the majority of the variance (Podsakoff et al., 2003).

Measures

Dependent variables. We measured EO as a unidimensional construct in the 9 item scale developed by Covin and Slevin (1989; see also Wales, Gupta & Mousa, 2013). The scale examines three key aspects of entrepreneurial behavior namely innovativeness, proactiveness, and risk taking. Although the factor structure is relatively consistent across national boundaries (George & Marino, 2011) and is "robust to cultural contexts and to translations" (Rauch, Wiklund, Lumpkin, & Frese, 2009, p.779) it "remains relatively unexamined in developing and emerging market contexts" (Wales et al., 2013, p.364) and has not been used to investigate EO in the MENA region. The results for the EO scale demonstrate an acceptable reliability ($\alpha = 0.80$).

Independent variables. The independent variables in this study are the 27 items developed to measure SEW by Berrone et al., (2012): Family control and influence (F); Identification of family members with the firm (I); Binding social ties; (B) Emotional attachment of family members (E); and Renewal of family bonds to the firm through dynastic succession (R). This framework has yet to be empirically tested and thus we employed PCA to verify the multidimensionality of the SEW construct. The PCA with varimax rotation and extraction based on eigenvalues greater than one was applied to the 27-items measuring the five dimensions of SEW. The correlation matrix finds that

all variables have at least one correlation above *r*=0.3. The Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy is 0.92 indicating linear relationships between variables and thus the usefulness of PCA (Kaiser, 1974). Bartlett's test of sphericity is highly significant ($p < 0.0005$) confirming the multivariate normality of the data (Bartlett, 1954).

The first PCA resulted in five components however, on interrogation the four items related to renewal of family bonds through dynastic succession (R1, R2, R3, R4) are loading onto different components. Interpretability is considered the most important issue in PCA but this result produces unclear and contradictory formation of the five SEW dimensions. The screen plot also indicates that four components should be retained and parallel analysis (eigenvalue Monte Carlo simulation) further supports this conclusion (Horn, 1965). The four items for R are thus excluded from the second round of analysis. A number of other items in the second PCA were loading on two components thus leading to unclear factor structure and indicating a discriminant validity problem. To ensure the stability of the constructs, all items exhibiting cross loading (F6 and B1) and scoring below 0.5 (E5) were excluded from the analysis.

The final PCA is presented in Table 1 and shows four clear components and explains 61.46% of the total variance. Items were selected according to the largest loading for each component. The interpretation of the data is consistent for F (six items: $\alpha = 0.89$); I (six items: $\alpha = 0.89$); B (four items: $\alpha = 0.66$); and E (four items: $\alpha = 0.69$). The Cronbach alpha (α) values suggest a sound level of internal consistency. Four independent variables were then created using the components from the PCA. The average score of the 20 items ($\alpha = 0.90$) resulting from the PCA was then calculated (SEW). The PCA of the data supports the multidimensionality of SEW.

Insert Table 1 about here

Control Variables and Moderator variables from previous entrepreneurship studies were included as control variables: Gender (Cruz & Nordqvist, 2012); preparation of a business plan (Delmar & Shane, 2003; Brinckmann, Grichnik & Kapsa, 2010); firm size (; Zahra, 2005, 2012; Zahra et al., 2004; Kellermanns & Eddleston, 2006; Naldi et al., 2007) and firm age (Chirico et al. 2011; Eddleston et al., 2012). Male entrepreneurs were coded as '1' and female entrepreneurs were coded as '0' (GENDER). Preparation of a formal business plan was coded as '1' and other types of plans were coded as '0' (BUSINESS PLAN). The number of full-time employees recorded in the natural log (SIZE) and firm age was measured by the number of years since the first order/customer recorded by the firm (AGE-BUS). As with firm size a natural logarithm was taken of firm age.

Some industries may be more innovative, proactive and risk oriented than others and we therefore also controlled for the effect of industry on EO by computing dummy variables for manufacturing (MANUFACTURING), building and construction (CONSTRUCTION), wholesale, retail, hotels and restaurants (RETAIL), transport, storage and communication (TRANSPORT), import/export (INTERNATIONAL), and services (SERVICES). The excluded comparison industry in the regression model was import/export (INTERNATIONAL). Finally, diversification has been related to entrepreneurial behavior in family firm research (e.g., Cruz & Nordqvist, 2012). For this reason, a dummy variable was included to indicate business diversification, with those firms operating a secondary business activity being coded as '1' and others being coded as '0' (DIVERSIFIED).

Prior studies of intergenerational EO in family firms have produced conflicting results. Martin and Lumpkin (2003) found that EO decreases in later generations whereas Kellermanns et al. (2008) found that generational involvement promotes

entrepreneurial behavior . We follow published studies (Kellermanns and Eddleston, 2006; Chirico et al., 2011; Eddleston et al., 2013) and employ generational involvement as a moderator which is measured by asking respondents how many generations (1, 2, 3 or more) are involved in the management of the firm (GENERATION).

RESULTS

Insert Table 2 about here

Descriptive statistics and the correlation matrix are shown in Table 2. The correlation coefficients and variance inflation factor (VIF) scores demonstrate that there is no evidence that the regression results reported in the next section are distorted by multicollinearity. The VIF ranges from 1.22 to 4.94 and is therefore well below the 10 cutoff value (Marquardt, 1970; Neter, Wasserman & Kutner, 1989).

Insert Table 3 about here

A hierarchical regression analysis was performed to test H1, H2 and H3 and the results are presented in Table 3. The control variables are included in Model 1 which has an R^2 of 0.12 and an adjusted R^2 of 0.08. The combined measure SEW variable is added to the control variables in Model 2 and has an R^2 of 0.20 and an adjusted R^2 of 0.17. The generational involvement variable is added in Model 3 and has an R^2 and an adjusted R^2 of 0.23 and 0.19. The four socioemotional variables are added to the control variables in Model 4 and has an R^2 of 0.23 and an adjusted R^2 of 0.18. Finally, in model 5 generational involvement is added to the control variables and SEW and produces an R^2 of 0.25 and an adjusted R^2 of 0.21. For each of the five models, the F test statistic is highly statistically significant and shows that taken together the variables included in the model have a relationship with EO.

The following control variables: gender, preparation of a formal business plan, diversification, and three industry dummy variables are statistically significantly related to EO at the 0.05 level, or better. Firm size is weakly positively significantly related to EO at the 0.10 level. These control variables are thus important to the analysis.

The results for Models 2 and 3 find that the combined measure of SEW is positively highly statistically significant. Thus the data support Hypothesis 1 that in family firms EO is positively related to SEW. In Model 5, family control and influence (F) is positively highly statistically significantly at the 0.01 level. The data support Hypothesis 2a that in family firms there is a positive relationship between family control and influence (F) and EO. The data also support Hypothesis 2c in that the binding social ties (B) variable is also positively highly statistically significant at the 0.01 level.

The results in Models 4 and 5 find that sense of identification that family members (I) expressed with the firm and EO is not statistically significant at the 0.10 level, or better, and the emotional attachment of family members (E) is also not statistically significantly related to EO at the 0.10 level or better. The renewal of family bonds to the firm through dynastic succession (R) and EO is not in the model because the variable did not emerge as a valid construct in the PCA. Thus, the results do not support hypotheses 2b, 2d and 2e.

Models 3 and 5 find that the relationship between generational involvement and EO is significant at the 0.01 level and thus support the Hypothesis 3 that EO declines as family firms pass through successive generations. Model 5 was also re-estimated to include the control variables and one of the four socioemotional variables at a time. The results were very similar to those obtained in Model 5.

DISCUSSION

Our study was motivated by inconclusive findings concerning the extent of entrepreneurial behavior in family firms and the opportunity to investigate EO in a novel context that reveres the importance of family relationships and connections. Our review of the literature revealed that the social and emotional dimensions of family firms might act to constrain, reinforce or promote entrepreneurship and we set out to explore the relationship between these dimensions and EO. By measuring SEW as both a uni-dimensional and multi-dimensional variable the study provides a deep insight into the dynamics of family firms.

When considered as a composite variable, family firms with a high level of SEW have a corresponding high level of EO. Previous studies of the determinants of family firm EO have considered attributes and governance (e.g., Salvato, 2004; Zahra, 2005; Kellermanns & Eddleston, 2006; Cruz & Nordqvist, 2012). However, studies that measure EO but do not include SEW present a partial explanation of family firm entrepreneurial behavior. By measuring the relationship between different components of SEW and EO we have been able to identify the specific dimensions of SEW that influence EO. In our data family control and influence and binding social ties are significant and positively related to EO. Naldi et al., (2013) argued that "differences in the prevailing formal or informal component of the business context offer the possibility of clarifying the conditions under which SEW preservation is an asset or a liability" (p. 1345). By considering a family CEO as a way to preserve SEW, Naldi et al., (2013) found that the performance of industrial family firms was enhanced, although they typically hinder listed firms. The firms in our study are privately owned and family control is thus an asset to the firm promoting its EO.

Binding social ties in family firms are based on kinship and shared family values that increase trust between family members and thereby foster the sharing of

information, innovative ideas, and resources (Eddleston, et al., 2012; Jack, 2005). Kinship ties also provide connections to family and non-family members who are willing to provide resources (Aldrich & Cliff, 2003). Extended social ties to customers, suppliers, and other companies can also provide family firms with rich and diverse entrepreneurial opportunities (Cennamo et al., 2012). An active role in the society and the promotion of social responsibility (Berrone et al., 2010; Van Gils et al., 2014) also seems likely to enhance the reputation of family firms (Dyer & Whetten, 2006). Generally, families are motivated to invest in their firm to ensure the satisfaction of their stakeholders and consequently enhance their reputation (Zellweger & Nason, 2008; Cennamo et al., 2012). Our findings illustrate that ties between family members and with other stakeholders are positively associated with EO. This supports previous research on the effect of family and firm social capital on the entrepreneurship of family firms (Chang et al., 2009; Zahra 2010). Thus although organizational context is an important influence on EO (Miller, 2011) and SEW (Miller and Le Breton-Miller, 2014) taken together the results endorse the value of examining discrete dimensions of the social and emotional aspects of family firms and EO.

The inclusion of a variable for generational involvement enabled us to also examine the dynamics of EO over time. Prior studies have produced conflicting accounts of the extent of EO as ownership and management of family firms passes through generations; studies find that generational involvement either supports (Zahra, 2005; Salvato, 2004; Kellermanns et al., 2008) or hinders (Martin & Lumpkin, 2003) entrepreneurship in family firms. In our data we find that EO declines as firms succeed to the next generation and this may explain the low survival rate of family firms in Saudi Arabia (Oukil & Al-Khalifah, 2012). One explanation may be that SEW declines in later generations (Gomez-Mejia et al., 2007; Gomez-Mejia et al., 2011; Sciascia et al., 2014). Our results thus find that SEW priorities change across the life cycle of the

family firm (Le Breton-Miller & Miller, 2013; Miller & Le Breton-Miller, 2014) and support the view that EO is not constant but varies over time and that as EO declines the likelihood of family firm survival falls.

This study demonstrates the importance of the behavior of family firms in predicting EO. As SEW is argued to be the family's main reference for making strategic decisions (Berrone et al., 2012; Gomez-Mejia et al., 2011), the results indicate that the level of SEW is a key driver of EO in family firms. This helps to resolve the debate about whether or not family firms are entrepreneurial, by empirically demonstrating that their entrepreneurship is not determined solely by governance practices or family characteristics.

The data provide a useful insight into the importance of SEW when considering entrepreneurship in family firms and thus assists in the construction of a unified, functional theory of family firms. The findings indicate that family control enhances the EO of firms. As family control "is a necessary condition and plays a critical role in the theory of socioemotional wealth" (Zellweger et al., 2012, p.851), this study has shown the extent to which previous research on the outcome of family control and influence may be linked to family firm SEW. This also emphasizes the importance of the context and nature of the environment on the outcome of SEW (Naldi et al., 2013).

The data also find that both EO and SEW varies between family firms. This finding is important as studies of family firms are dominated by comparisons between family and non-family firms. Although an important contribution to the literature, such studies overlook the heterogeneity of family firms (Zellweger et al., 2013; Chua et al., 2012). As family firms comprise the majority of organizations worldwide and are considered to be a prime source of wealth creation and employment for both developed and emerging economies, the results provide a novel insight into the drivers of EO in family firms in the Gulf region.

CONCLUSION

Our study of SEW and EO in a sample of 266 family firms in Saudi Arabia offers a first look at entrepreneurship in this wealthy and prosperous Gulf state. Three principal conclusions are derived from the data analysis. First, that a uni-dimensional measure of SEW masks the individual effects of discrete components on EO. In Saudi Arabia family control, influence and binding social ties positively influence EO whereas the identification of family members with the firm and the emotional attachment of family members does not. EO is higher in family firms with higher levels of family control and influence and strong social ties. Thus some aspects of SEW are beneficial for advancing entrepreneurial orientation. Finally, both SEW and EO vary in relation to generational involvement. EO in the firms sampled in this study is lower in later generations and the influence of SEW may explain the low survival rates of third generation family firms.

As with all research, this study is constrained by limitations which in turn may inform future research. We adopted a reliable and valid measure for EO (Covin & Slevin, 1989) and a conceptual, but untested, measure for SEW (Berrone et al., 2012). The analysis validated four of the five SEW constructs (F, I, B, E) but not R. The results are specific to Saudi Arabia and may reflect the specificities of the country context. Further testing of this tool to measure SEW with new data from the Gulf region and other countries would strengthen the reliability and validity of the SEW construct and the individual components. This would assist future theory building concerning both the influence of institutional context and family firm SEW.

This study adopted a cross-sectional design, commonly used in family business research (e.g. Chrisman et al., 2012; Eddleston & Kellermanns, 2007), and thus inferences were made about the cause-effect relationship. As such, this study supports

the hypotheses but is unable to establish the direction of casual influence. Therefore, future research that gathers longitudinal data would be beneficial for shedding light on the directional flow of influence. This would contribute to theory development concerning the temporal dynamics (Wales, Monsen & McKelvie, 2011) and internal logics of family firms.

The empirical results were gathered from a sample of family firms in Saudi Arabia. Most studies of family businesses have been conducted in western countries at the expense of developing countries. The economic, political and cultural context differs between countries and this is likely to feed through to the social and emotional dimensions of entrepreneurship. As the features of entrepreneurship and family businesses vary across countries and cultures (Krueger et al., 2014), further research would be valuable to test the relationship between EO and SEW in other countries in the Gulf states as well as developing countries. It would also be interesting to test whether the results from this study hold true in larger and publicly owned family firms.

Given the importance of entrepreneurship to firm survival, as well as to job and wealth generation, our findings provide valuable and important implications for both research and practice. That SEW positively influences EO endorses the importance of noneconomic goals to family firms. In particular, family control and influence and binding social ties are significant features of family firms that can be drawn on for advancing the EO which may in turn foster longer term survival. Encouraging family members to be active in the firm and invest in efforts to enhance ties between family members and stakeholders may serve to promote entrepreneurship. Nonetheless, this does not undermine the importance of good governance in family firms to fostering the beneficial aspects of SEW to family firm longevity.

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Table 1: Principal components analysis (PCA) of Socioemotional Wealth (SEW) (n=266)

		Family control and influence	Identification of family members with the firm	Binding social ties	Emotional attachment of family
F2	In my family business, family members exert control over the company's strategic decisions	**.784**	.249	.024	.164
F3	In my family business, most executive positions are occupied by family member	**.776**	.344	-.011	.119
F5	The board of directors/ or decision makers is mainly composed of family members	**.726**	.365	-.013	.107
I6	Customers often associate the family name with the family business's products and services	**.701**	.138	.201	.132
F4	In my family business, nonfamily managers and directors are named by family members	**.681**	.221	.135	.036
F1	The majority of the shares in my family business are owned by family members	**.667**	.380	.109	.082
I2	Family members feel that the family business's success is their own success	.191	**.843**	.040	-.019
I3	My family business has a great deal of personal meaning for family members	.244	**.762**	.216	.033
I1	Family members have a strong sense of belonging to my family business	.473	**.666**	.122	.035
I4	Being a member of the family business helps define who we are	.475	**.634**	.182	.173
I5	Family members are proud to tell others that we are part of the family business	.396	**.579**	.323	.032
E6	In my family business, family members feel warmth for each other	.426	**.560**	.133	.198
B5	Contracts with suppliers are based on enduring long-term relationships in my family business	.187	-.067	**.769**	-.092
B3	In my family business, contractual relationships are mainly based on trust and norms of reciprocity	-.002	.166	**.667**	.124
B4	Building strong relationships with other institutions (i.e., other companies, professional associations, government agents, etc.) is important for my family business	.199	.332	**.658**	-.142
B2	In my family business, nonfamily employees are treated as part of the family	-.022	.093	**.606**	.084
E2	Protecting the welfare of family members is critical to us, apart from personal contributions to the business	-.121	.092	.057	**.773**
E4	In my family business, affective considerations are often as important as economic considerations	.389	-.094	.030	**.667**
E1	Emotions and sentiments often affect decision-making processes in my family business	.443	-.079	-.028	**.648**
E3	In my family business, the emotional bonds between family members are very strong	.131	.409	-.015	**.600**

Table 2: Descriptive statistics and correlation matrix (n=266)

	Mean	S.D.	VIF	1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.	12.
1. EO	.42	1.02		1.00											
2. SEW	3.89	.55	1.38	.22 [a]	1.00										
3. F	3.79	.90	2.46	.19[a]	.91 [a]	1.00									
4. I	4.23	.66	2.54	.13[b]	.87 [a]	.71[a]	1.00								
5. B	4.03	.55	1.34	.27[a]	.50 [a]	.29[a]	.40[a]	1.00							
6. E	3.37	.67	1.31	.10	.58 [a]	.42[a]	.32[a]	.05	1.00						
7. Gender	.90	.30	1.33	-.15[b]	-.11	-.08	-.05	-.04	-.18[a]	1.00					
8. Business Plan	.64	.48	1.42	.11	-.32 [a]	-.35[a]	-.31[a]	.03	-.16[a]	.06	1.00				
9. Size	3.24	1.02	1.48	.13[b]	.06	-.04	.14[b]	.22[a]	-.07	.10	.33[a]				
10. Age-Bus	2.16	.69	1.24	-.02	-.06	-.11	-.06	.12	-.06	-.07	.09	.30[a]	1.00		
11. Manufacturing	.06	.23	2.02	-.09	-.06	-.07	-.07	.05	-.04	-.03	.08	.17[a]	.28[a]	1.00	
12. Construction	.18	.39	3.60	-.10	-.06	-.10	.03	-.07	-.03	.10	.07	.16[b]	-.03	-.12	1.00
13. Retail	.51	.50	4.94	.05	.03	.07	-.04	-.04	.09	.17[a]	-.12[b]	-.14[b]	-.10	-.25[a]	-.48[a]
14. Transport	.04	.19	1.67	-.05	.05	.02	.05	.04	.06	.01	-.08	-.04	-.03	-.05	-.10

15. International	.06	.24		-.13[b]	.20 [a]	.20[a]	.20[a]	.13[b]	.01	.03	-.04	-.04	-.01	-.06	-.12
16 Services	.15	.36	3.35	.21[a]	-.10	-.09	-.09	-.01	-.10	-.35[a]	.12	-.03	.01	-.10	-.20[a]
17. Diversified	.30	.46	1.38	.07	-.36 [a]	-.39[a]	-.33[a]	.04	-.22[a]	.19[a]	.23[a]	.18[a]	.21[a]	.06	.05
18. Generation	1.44	.57	1.22	-.12[b]	-.19 [a]	-.23[a]	-.10	.03	-.17[a]	-.09	.26[a]	.24[a]	.14[b]	.13[b]	.13[b]

[a] Significant at the 0.01 level; [b] Significant at the 0.05 level; [c] Significant at the 0.10 level.

	13.	14.	15.	16.	17.	18.
13. Retail	1.00					
14. Transport	-.21[a]	1.00				
15. International	-.26[a]	-.05	1.00			
16. Services	-.43[a]	-.09	-.11	1.00		
17. Diversified	-.03	-.05	-.10	.05	1.00	
18. Generation	-.15[b]	-.06	-.03	.05	.22[a]	1.00

Table 3: Regression models of entrepreneurial orientation (n=266)

	Model 1	Model 2	Model 3	Model 4	Model 5
Control Variables					
Gender	-0.49 (0.22)[b]	-.38 (.21)[c]	-.48 (.21)[b]	-0.39 (0.21)[c]	-0.49 (0.21)[b]
Business plan	0.10 (0.14)	.32 (.14)[b]	.37 (.14)[a]	0.27 (0.14)[c]	0.32 (0.14)[b]
Size	0.18 (0.07)[a]	.09 (.07)	.12 (.07)[c]	0.10 (0.07)	0.12 (0.07)[c]
Age-bus	-0.10 (.10)	-.08 (.09)	-.08 (.09)	-0.10 (0.02)	-0.09 (0.09)
Manufacturing	-0.02 (0.36)	.29 (.35)	.32 (.35)	0.28 (0.35)	0.32 (0.34)
Construction	0.17 (0.29)	.44 (.28)	.46 (.27)[c]	0.53 (0.28)[c]	0.55 (0.27)[b]
Retail	0.54 (0.26)[b]	.76 (.25)[a]	.73 (.25)[a]	0.78 (0.25)[a]	0.76 (0.25)[a]
Transport	0.29 (0.38)	.48 (.37)	.44 (.36)	0.51 (0.37)	0.47 (0.36)
Services	0.81 (0.30)[a]	1.11 (.29)[a]	1.07 (.29)[a]	1.12 (0.29)[a]	1.09 (0.29)[a]
Diversified	0.15 (0.14)	.35 (.14)[b]	.41 (.14)[a]	0.29 (0.15)[b]	0.34 (0.14)[b]
Socioemotional Wealth Variables					
SEW	-----	.63 (.12)[a]	.59 (.12)[a]	-----	-----
Family control	-----	-----	-----	0.29 (0.10)[a]	0.26 (0.10)[a]
Identification	-----	-----	-----	-0.07 (0.14)	-0.05 (0.14)
Binding ties	-----	-----	-----	0.39 (0.12)[a]	0.39 (0.12)[a]
Emotional attachment	-----	-----	-----	0.06 (0.10)	0.03 (0.10)
Generational Involvement	-----	-----	-.31 (.11)[a]	-----	-0.31 (0.11)[a]
Constant	-0.03 (.41)	-2.78 (.66)[a]	-2.22 (.68)[a]	-2.86 (.70)[a]	-2.33 (0.71)[a]
F-Test	3.42[a]	5.84[a]	6.19[a]	5.21 [a]	5.55 [a]
R^2	0.12	.20	.23	0.23	0.25
Adjusted R^2	.08	.17	.19	.18	.21

[a] Significant at the 0.01 level; [b] Significant at the 0.05 level; [c] Significant at the 0.10 level

Appendix III

English and Arabic Questionnair

Dear owner/manager,

This letter is to invite you to participate in my research project by kindly completing the attached questionnaire. It will not take more than 15 minutes to complete it.

My name is Dalal Alrubaishi. I am a lecturer at Princess Nora University and sponsored to complete my Doctor of Philosophy PhD studies at Royal Holloway, University of London, UK, under the supervision of Professor Paul Robson and Dr. Rachel Doern.

The title of my research is "Entrepreneurship* and Succession in Saudi Family SMEs". The aim of the research is to investigate one of the main challenges facing Saudi family businesses, generational succession. Results of this study are going to help us examine succession in Saudi family businesses and understand the owners and successors, and shed some light into the entrepreneurial attitudes of family businesses. This will protect family businesses and enhance their stability over time, resulting in a more stable economy.

All information provided in this questionnaire will be kept confidential and anonymous, and will be used for academic research only. Your participation in this study is voluntary and you are free to withdraw your participation from this study at any time.

Please fill in your details at the end of the questionnaire if you want to receive a copy of the study findings and recommendations, which will assist you in making decisions to ensure your business continuity.

If you have any questions regarding the questionnaire or the study in general, please contact me. Thank you for your time.

Dalal Alrubaishi (PhD Candidate)

dalal.alrubaishi.2012@rhul.ac.uk

Mobile: 00966505403063

* Entrepreneurship: skill in starting new business, especially when this involves seeing new opportunities (Cambridge Dictionary).

Section One: CEO/Manager/Owner Characteristics

Please tick *(√)* the appropriate boxes and fill in the appropriate blanks

1.1 Gender ☐ Male ☐ Female

1.2 Age……. Years

1.3 Do you have a university degree? ☐ Yes ☐ No

1.4 Do you have a Master's degree? ☐ Yes ☐ No

1.5 Do you have any professional qualifications (i.e. Accountancy/Law etc.)? ☐ Yes ☐ No

If **Yes**, *please specify* …….

1.6 Have you ever owned or partially owned a business before? ☐ Yes ☐ No

If **Yes**, how many businesses do you currently own or partly own ……

How many businesses have you owned or partly owned in the past …….

1.7 Focusing on your main business, how did you gain an ownership stake in this business?

☐ Established the business ☐ Inherited the business ☐ Purchased the business

☐ Other, *please specify* ……..

1.8 What is your position in the main business? *Please tick as many as applies*

☐ Founder ☐ Owner ☐ CEO/ President

☐ Manager ☐ Other, *please specify* …….

Section Two: General Business Characteristics

In this section, please focus on your main business

2.1 Please indicate the status of the business, *please tick one box only*

☐ Independently owned ☐ Subsidiary of another business

2.2 Please indicate the year this business received its first order/customer ……

2.3 Current number of full time employees…….

2.4 What is the main product or service of the business? …….

2.5 What is the legal form of business?

☐ Sole Proprietorship ☐ Limited Partnership ☐ Private Limited Company

☐ Simple Partnership ☐ Joint Venture ☐ Other, *please specify*……

2.6 Are there currently equity partners in the business? ☐ Yes ☐ No

If **Yes**, how many …… are they family? ☐ Yes ☐ No

2.7 Number of family members (including you) currently working in the business……

2.8 Family members working in the business, *please indicate their relationship, number, and position*

Relationship *(son, uncle, sister,,, etc.)*	**Number**	**Position**

2.9 Do you have a formal board of directors? ☐ Yes ☐ No

If **Yes**, what is the number of family members on the board..../non-family members on the board….

2.10 Do you have a formal business plan? ☐ Yes ☐ No

2.11 Did you export any goods/services in 2013? ☐ Yes ☐ No
If **Yes**, what percentage of your total revenue was exported..……%

2.12 Did your firm engage in research and development (R&D) in 2013? ☐ Yes ☐ No
If **Yes**, what percentage of your total revenue was spent on R&D …….%

2.13 Have you introduced one of the following in the past three years?

New or significantly improved products/ services to your **firm** only	☐ Yes ☐ No
New or significantly improved products/ services to your **firm and industry**	☐ Yes ☐ No
New or significantly improved processes to your **firm** only	☐ Yes ☐ No
New or significantly improved processes to your **firm and industry**	☐ Yes ☐ No

2.14 How do other companies view your company? Please indicate the extent to which each of the following statements is true or untrue by circling a number. If an item does not apply to your company, please circle not applicable (NA).

My company…..	very untrue	Untrue	Neutral	True	very true	Not applicable
has a good reputation in its industry	1	2	3	4	5	N/A
is well connected to other companies in its industry	1	2	3	4	5	N/A
is well connected to other companies in other industries	1	2	3	4	5	N/A
has a good reputation for supporting industry causes	1	2	3	4	5	N/A
has a good reputation for fair dealings	1	2	3	4	5	N/A

2.15 Do you have any secondary business activity? ☐ Yes ☐ No
If **Yes**, what percentage of your total revenue is accounted for this secondary activity..%

Section Three: Succession

3.1 How many generations are involved in managing the business? *Please tick one box only*
☐ one generation ☐ two generations ☐ 3 or more generations

3.2 The current president is likely to retire in how many years?……... years

3.3 Number of family members who have the potential to assume presidency?
Male ……. Female…….

3.4 Do you have a plan regarding transferring the business to the next generation?
☐ Yes ☐ No If **Yes**, is it written ☐ Yes ☐ No

3.5 Have you selected your successor? ☐ Yes ☐ No (if **No**, go to question **3.6**)

If **Yes**, please indicate his/her relationship to you ……..
Is there a development plan for the successor ☐ Yes ☐ No
Method of successor selection, *please tick as many boxes as applies*
☐ Predecessor's sole decision entirely
☐ All family members made this decision
☐ Some of family members made this decision
☐ Self-nomination
☐ Other, *please specify*……..

3.6 What is the actual/ desired entry mode of your successor?
☐ Worker ☐ Low-level manager ☐ High-level manager ☐ Other, *please specify*…

3.7 Which of the following training do you believe is important to prepare the successor?
please tick as many boxes as applies
☐ Academic training ☐ Prior knowledge of the company (summer training)
☐ Mentoring (on-the-job training) ☐ Business experience outside the family business

3.8 Listed below are several attributes and characteristics of a potential successor. Please circle the response in each row that most closely captures the importance of each attribute in your view.	Not Important	Slightly Important	Moderately Important	Very Important	Critically Important
Age	1	2	3	4	5
Gender	1	2	3	4	5
Education level	1	2	3	4	5
Experience in the business	1	2	3	4	5
Outside management experience	1	2	3	4	5
Past performance	1	2	3	4	5
Financial skills/experience	1	2	3	4	5
Marketing and sales skills/experience	1	2	3	4	5
Interpersonal skills	1	2	3	4	5
Technical skills/experience	1	2	3	4	5
Strategic planning skills/experience	1	2	3	4	5
Decision making abilities/experience	1	2	3	4	5
Compatibility of goals with current CEO	1	2	3	4	5
Blood relation	1	2	3	4	5
Birth order	1	2	3	4	5
Current ownership share in the business	1	2	3	4	5
Commitment to the business	1	2	3	4	5
Aggressiveness	1	2	3	4	5
Integrity	1	2	3	4	5
Intelligence	1	2	3	4	5
Creativity	1	2	3	4	5
Willingness to take risk	1	2	3	4	5
Independence	1	2	3	4	5
Self-confidence	1	2	3	4	5
Ability to get along with family members	1	2	3	4	5
Personal relationship with current CEO	1	2	3	4	5
Trusted by family members	1	2	3	4	5
Respected by actively involved family members	1	2	3	4	5
Respected by non-involved family members	1	2	3	4	5
Respected by employees	1	2	3	4	5
Flexibility	1	2	3	4	5
Professionalism	1	2	3	4	5
Religiousness	1	2	3	4	5
Other, *please specify*……..	1	2	3	4	5

Section Four: Family Business Definition/ Non-economic Goals

4.1 In this section, the focus is on the family influence and its non-economic goals on your business. Please indicate your level of agreement or disagreement to the following statements by circling a number in each row.

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
The majority of the shares in my family business are owned by family members	1	2	3	4	5
In my family business, family members exert control over the company's strategic decisions	1	2	3	4	5
In my family business, most executive positions are occupied by family members	1	2	3	4	5
In my family business, nonfamily managers and directors are named by family members	1	2	3	4	5
The board of directors/ or decision makers is mainly composed of family members	1	2	3	4	5
Preservation of family control and independence are important goals for my family business	1	2	3	4	5
Family members have a strong sense of belonging to my family business	1	2	3	4	5
Family members feel that the family business's success is their own success	1	2	3	4	5
My family business has a great deal of personal meaning for family members	1	2	3	4	5
Being a member of the family business helps define who we are	1	2	3	4	5
Family members are proud to tell others that we are part of the family business.	1	2	3	4	5
Customers often associate the family name with the family business's products and services	1	2	3	4	5
My family business is very active in promoting social activities at the community level.	1	2	3	4	5
In my family business, nonfamily employees are treated as part of the family	1	2	3	4	5
In my family business, contractual relationships are mainly based on trust and norms of reciprocity	1	2	3	4	5
Building strong relationships with other institutions (i.e., other companies, professional associations, government agents, etc.) is important for my family business	1	2	3	4	5
Contracts with suppliers are based on enduring long-term relationships in my family business	1	2	3	4	5
Emotions and sentiments often affect decision-making processes in my family business	1	2	3	4	5
Protecting the welfare of family members is critical to us, apart from personal contributions to the business	1	2	3	4	5
In my family business, the emotional bonds between family members are very strong	1	2	3	4	5
In my family business, affective considerations are often as important as economic considerations	1	2	3	4	5
Strong emotional ties among family members help us maintain a positive self-concept	1	2	3	4	5
In my family business, family members feel warmth for each other	1	2	3	4	5
Continuing the family legacy and tradition is an important goal for my family business	1	2	3	4	5
Family owners are less likely to evaluate their investment on a short-term basis	1	2	3	4	5
Family members would be unlikely to consider selling the family business	1	2	3	4	5
Successful business transfer to the next generation is an important goal for family members	1	2	3	4	5

Section Five: Entrepreneurial Orientation EO

5.1 In this section, the focus is on your company's entrepreneurship. Below are pairs of statement with different positions. Please circle a number in each row between the statements that best represent your company, where 1 indicates the left statement while 7 indicates the right statement and 4 is neutral

Generally our company prefers to . . .		
Strongly emphasize the marketing of tried-and-true products or services	1 2 3 4 5 6 7	Strongly emphasize R&D, technological leadership, and innovation in products or services
How many new lines of products or services has your firm marketed in the past five years?		
No new lines of products or services	1 2 3 4 5 6 7	Very many new lines of products or services
Changes in product or service lines have been mostly of a minor nature	1 2 3 4 5 6 7	Changes in product or service lines have usually been quite dramatic
In dealing with its competitors, my firm . . .		
Typically responds to actions which competitors initiate	1 2 3 4 5 6 7	Typically initiates actions to which competitors then respond
Is very seldom the first business to introduce new products/services, administrative techniques, operating technologies, etc.	1 2 3 4 5 6 7	Is very often the first business to introduce new products/services, administrative techniques, operating technologies, etc.
Typically seeks to avoid competitive clashes, preferring a "live-and-let-live" posture	1 2 3 4 5 6 7	Typically adopts a very competitive, "undo-the competitors" posture
Generally our company has . . .		
A strong tendency toward projects with low risk (with normal and certain rates of return).	1 2 3 4 5 6 7	A strong tendency toward getting involved in high risk projects (with a chance of very high return).
Generally we believe that . . .		
The business environment of the company is such that it is better to explore it carefully and gradually in order to achieve the company's objectives.	1 2 3 4 5 6 7	The business environment of the company is such that bold, wide-ranging acts are needed to achieve the company's objectives.
When we are facing insecure decision-making situations . . .		
The business typically adopts a cautious, "wait-and-see" posture in order to minimize the probability of making costly decisions	1 2 3 4 5 6 7	The business typically adopts a bold, aggressive posture in order to maximize the probability of exploiting potential opportunities

5.2 Please indicate your business <u>turnover</u> in the following years. *Please tick one box for each year*

2013	☐ less than 13 million SR	☐ 13-20 million SR	☐ 20-70 million SR	☐ more than 70 million SR
2012	☐ less than 13 million SR	☐ 13-20 million SR	☐ 20-70 million SR	☐ more than 70 million SR
2011	☐ less than 13 million SR	☐ 13-20 million SR	☐ 20-70 million SR	☐ more than 70 million SR

Thank you! Please fill in your contact details if you would like a copy of the study findings.

Name	
Business	
Email	
Telephone	
Mobile	

عزيزي مالك\ مدير المنشأة

السلام عليكم ورحمة الله وبركاته

اسمي دلال الربيشي، أعمل محاضرة في جامعة الأميرة نورة بنت عبدالرحمن. تم ابتعاثي لإكمال درجة الدكتوراه في كلية رويال هولواي/ جامعة لندن وتحت اشراف البروفيسور بول روبسون و د.رايتشل دورين.

أدعوك للمشاركة في مشروع بحثي بعنوان "ريادة الأعمال* وتعاقب الأجيال في المنشآت العائلية السعودية" وذلك بتعبئة الاستبيان المرفق الذي سيستغرق 15 دقيقة من وقتك فقط ، يهدف هذا البحث إلى دراسة واحدة من أهم التحديات التي تواجه المنشآت العائلية السعودية وهي نجاح الجيل الجديد في خلافة المنشأة. و ستساعد نتائج هذا البحث دراسة تعاقب الاجيال في المنشآت العائلية السعودية و فهم عقلية مالك المنشأة وخلفاؤه. وإلقاء الضوء على التوجه الريادي للمنشآت العائلية السعودية، وذلك سيحقق استقرار اكبر لهذه المنشآت وحماية اقتصاد الوطن بحماية المنشآت العائلية باذن الله.

ستكون جميع المعلومات التي ستزودونني بها سرية ومجهولة الهوية وستستخدم في البحث الأكاديمي فقط، إن مشاركتكم في هذا الاستبيان تطوعية ولكم كامل الحرية في سحب مشاركاتكم في أي وقت تشاؤون.

يرجى كتابة المعلومات الخاصة بكم في نهاية الاستبيان عند الرغبة في الحصول على نسخة من ملخص نتائج البحث وتوصياته والتي ستفيدك في اتخاذ قرارات تضمن استمرارية منشأتك باذن الله، وإذا كان لديكم أي استفسار بخصوص الاستبيان أو بخصوص البحث بشكل عام يرجى التواصل معي:

طالبة دكتوراه /دلال الربيشي

البريد الالكتروني: dalal.alrubaishi.2012@rhul.ac.uk

جوال: 00966505403063

شاكرة ومقدرة تعاونكم ،،،

*ريادة الأعمال هي عملية إنشاء عمل/أعمال جديدة أو تطوير عمل/أعمال قائمة أو الأستجابة لفرص جديدة عامةً

الجزءالأول: خصائص الرئيس التنفذي/المدير/المالك

يرجى اختيار المربع المناسب وملء الفراغات المناسبة

1. الجنس ☐ ذكر ☐ أنثى

2. العمر: ☐ **سنه**

3. هل تحمل شهادة جامعية؟ ☐ نعم ☐ لا

4. هل تحمل شهادة ماجستير؟ ☐ نعم ☐ لا

5. هل لديك أي مؤهلات مهنية (محاسبة/ قانون،،،الخ)؟ ☐ نعم ☐ لا
إذا كانت الإجابة **بنعم** الرجاء تحديد المؤهل: ☐

6. هل امتلكت منشأة أو جزء من منشأة في السابق غير منشأتك الرئيسية؟ ☐ نعم ☐ لا
اذا كانت الاجابة **بنعم**، فكم منشأة أو جزء من منشأة امتلكت في السابق؟ ☐
وكم منشأة أو جزء من منشأة تمتلك حاليا؟ ☐

7. كيف حصت على ملكية منشأتك الرئيسية؟

☐ أسست المنشأة ☐ ورثت المنشأة ☐ اشتريت المنشأة

☐ غير ذلك؟ *يرجى التحديد:* ☐

8. ما هو منصبك في المنشأة الرئيسية؟ *يمكنك اختيار اكثر من مربع*

المؤسس ☐ المالك ☐ الرئيس التنفيذي / الرئيس ☐

المدير ☐ ☐ منصب آخر، *يرجى تحديده:* ☐

الجزء الثاني: الخصائص العامة للمنشأة

في هذا الجزء، الرجاء ذكر خصائص منشأتكم الرئيسية أو المنشأة الأكثر اهمية بالنسبه لكم

1. الرجاء اختيار الحالة المناسبة لمنشأتكم *يرجى اختيار مربع واحد فقط*

☐ منشأة مستقلة ☐ منشأة تابعة لمنشأة أخرى

2. اذكر السنة التي استلمت فيها المنشأة أول طلبية/عميل لها: ☐

3. العدد الحالي للموظفين بدوام كامل: ☐

4. ما المنتج الرئيسي أو الخدمة الرئيسية للمنشأة ؟ ☐

5. ما هو الشكل القانوني للمنشأة ؟

☐ مؤسسة فردية ☐ شركة ذات مسئولية محدودة ☐ شركة تضامنية

☐ شركة توصية بسيطة ☐ شركة محاصة ☐ أخرى، *يرجى التحديد:*

6. هل يوجد حالياً شريك\ شركاء في المنشأة ؟ ☐ نعم ☐ لا
اذا كانت الإجابة **بنعم** فكم عددهم؟ ☐ هل هم من أفراد ☐

7. ما هو عدد أفراد العائلة الذين يعملون في المنشأة (بما فيهم انت): ☐

8. مَن مِن أفراد عائلتك يعمل في المنشأة ؟ *يرجى تحديد صلة القرابه والعدد والمنصب في الفراغ*

صلة القرابه (ابن/ابنه، أخ/أخت، عم،،،)	**العدد**	**المنصب**

9. هل لديك مجلس إدارة رسمي؟ ☐ نعم ☐ لا
اذا كانت الاجابة **نعم**، فكم عدد أفراد العائلة أعضاء في مجلس الإدارة؟ ☐ كم عدد الأعضاء من خارج العائلة؟ ☐

10. هل لديك خطة عمل رسمية ؟ ☐ نعم ☐ لا

11. هل قمت بتصدير أي بضاعة أو خدمة في عام 2013؟ ☐ نعم ☐ لا
اذا كانت الاجابة **نعم** ، فكم نسبة ما تم تصديره من إجمالي الايرادات؟ ☐ %

12. هل قامت منشأتك بالبحث والتطوير لعام 2013؟ ☐ نعم ☐ لا

اذا كانت الإجابة **بنعم** فكم كانت نسبة إجمالي الإيرادات التي تم صرفها على البحث والتطوير؟ ☐ %

13. هل قمت بتقديم الآتي في السنوات الثلاث الماضية؟

منتج/خدمة جديدة أو محسنة تحسن ملحوظ بالنسبة **للمنشأة فقط**	☐ نعم	☐ لا
منتج/خدمة جديدة أو محسنة تحسن ملحوظ بالنسبة **للمنشأة و قطاع الأعمال**	☐ نعم	☐ لا
طريقة عمل جديدة أو محسنة تحسن ملحوظ بالنسبة **للمنشأة فقط**	☐ نعم	☐ لا
طريقة عمل جديدة أو محسنة تحسن ملحوظ بالنسبة **للمنشأة و قطاع الأعمال**	☐ نعم	☐ لا

14. كيف ترى المنشآت الأخرى منشأتك؟ *يرجى وضع دائرة على الرقم الذي يمثل مدى صحة العبارات التالية. إن كانت العباره لا تنطبق على منشأتك، الرجاء اختيار :لا ينطبق*

	غير صحيح أبداً	غير صحيح	محايد	صحيح	صحيح جداً	لا ينطبق
تمتلك منشأتي سمعة جيدة في قطاعها	1	2	3	4	5	لا ينطبق
لدى منشأتي علاقات جيدة مع منشآت أخرى بنفس القطاع	1	2	3	4	5	لا ينطبق
لدى منشأتي علاقات جيدة مع منشآت أخرى بقطاعات أخرى	1	2	3	4	5	لا ينطبق
تمتلك منشأتي سمعة جيدة في دعم القضايا المتعلقة بقطاعها	1	2	3	4	5	لا ينطبق
تمتلك منشأتي سمعة جيدة في تعاملها العادل	1	2	3	4	5	لا ينطبق

15. هل لديك أي نشاط/نشاطات آخرى ثانويه (سواء تجاريه أو صناعيه إو خدميه) ؟ ☐ نعم ☐ لا

إذا كانت الإجابة **بنعم**، فما النسبة المئوية من الايرادات يعود لهذا النشاط الثانوي؟ ☐ %

الجزء الثالث: الإحلال

1. كم جيل يشارك في إدارة المنشأة حاليا ؟ *يرجى اختيار مربع واحد فقط*

☐ جيل واحد ☐ جيلين ☐ 3 أو أكثر

2. بعد كم سنة من المرجح أن يتقاعد الرئيس الحالي؟ ☐ **سنه**

3. عدد أفراد العائلة الذين يمكنهم تولي رئاسة المنشأة من بعد الرئيس الحالي: ذكر ☐ أنثى ☐

4. هل لديك خطة بشأن نقل أعمال المنشأة للجيل الجديد؟ ☐ **نعم** ☐ **لا**

اذا كانت الإجابة **نعم**، هل هي خطة مكتوبة؟ ☐ **نعم** ☐ **لا**

5. هل اخترت الرئيس القادم لادارة المنشأة بعدك؟ ☐ **نعم** ☐ **لا** **(** إذا كانت الإجابة **لا** انتقل إلى سؤال **6)**

اذا كانت الإجابة نعم يرجى تحديد القرابة بينكما: ☐

هل هناك خطة لتطوير مهارات الرئيس القادم؟ ☐ **نعم** ☐ **لا**

ما هي طريقة اختيار الرئيس القادم؟ *يمكن اختيار أكثر من طريقة*

☐ **قرار الرئيس الحالي لوحده**
☐ **قرار جميع افراد العائلة**
☐ **قرار بعض افراد العائلة**
☐ **الترشيح الذاتي**
☐ **طريقة أخرى**، يرجى ذكرها: ☐

6. ما هو المنصب الذي يشغله الرئيس القادم حاليا أو ترغب أن يشغله الرئيس القادم عندما يبدأ العمل في المنشأة؟

☐ موظف صغير ☐ مشرف ☐ مدير ☐ أخرى، *يرجى التحديد*:

7. أي من التدريب الآتي تعتقد أنه ضروري لإعداد الرئيس القادم؟ *يمكنك اختيار اكثر من مربع*

☐ تدريب صيفي في منشأة العائلة لمعرفة طبيعة العمل ☐ تعليم أكاديمي
☐ خبرة عملية خارج منشأة العائلة ☐ العمل في منشأة العائلة تحت اشراف الرئيس

8. مدرج أدناه عدة سمات وخصائص للرئيس القادم المحتمل، يرجى اختيار الرقم الذي يعكس مدى أهمية السمة/الخاصية بنظرك					
	غير مهم	مهم إلى حد ما	مهم	مهم جداً	في غاية الأهمية
العمر	1	2	3	4	5
الجنس	1	2	3	4	5
المستوى التعليمي	1	2	3	4	5
الخبرة في عمل المنشأة	1	2	3	4	5
الخبرة العملية خارج المنشأة	1	2	3	4	5
الأداء الوظيفي السابق	1	2	3	4	5
المهارات والخبرات المالية	1	2	3	4	5
المهارات والخبرات التسويقية	1	2	3	4	5
مهارات التعامل مع الآخرين	1	2	3	4	5
المهارات والخبرات التقنية	1	2	3	4	5
المهارات والخبرات في التخطيط الاستراتيجي	1	2	3	4	5
القدرة والخبرة في اتخاذ القرارات	1	2	3	4	5
توافق الأهداف مع الرئيس التنفيذي الحالي للمنشأة	1	2	3	4	5
صلة القرابة	1	2	3	4	5
ترتيب العمر في العائلة	1	2	3	4	5
امتلاك حصة في المنشأة	1	2	3	4	5
الالتزام بالعمل	1	2	3	4	5
الإصرار	1	2	3	4	5
النزاهة	1	2	3	4	5
الذكاء	1	2	3	4	5
الإبداع	1	2	3	4	5
المخاطرة	1	2	3	4	5
الاستقلال	1	2	3	4	5
الثقة بالنفس	1	2	3	4	5
الانسجام مع بقية أفراد العائلة	1	2	3	4	5
العلاقة الشخصية مع الرئيس التنفيذي الحالي	1	2	3	4	5
محل ثقة من قبل افراد العائلة	1	2	3	4	5
محل احترام من قبل افراد العائلة العاملين في المنشأة	1	2	3	4	5
محل احترام من قبل افراد العائلة الغير عاملين في المنشأة	1	2	3	4	5
محل احترم الموظفين	1	2	3	4	5
المرونه	1	2	3	4	5
التدين	1	2	3	4	5
المهنية	1	2	3	4	5
سمة/خاصية أخرى يرجى ذكرها:	1	2	3	4	5

الجزء الرابع: تعريف المنشأة العائلية /الأهداف غير الاقتصادية

1. يركز هذا الجزء على تأثير العائلة وأهدافها غير الاقتصادية على المنشأة العائلية. يرجى تحديد درجة موافقتك أو عدم موافقتك للعبارات التالية وذلك باختيار الرقم المناسب لكل عبارة:

	لا أوافق بشدة	لا أوافق	محايد	أوافق	أوافق بشدة
أغلبية الأسهم /الحصص في منشأتنا يملكها أفراد العائلة	1	2	3	4	5
يتحكم أفراد العائلة في القرارات الاستراتيجية لمنشأتنا	1	2	3	4	5
أفراد العائلة يشغلون غالبية المناصب التنفيذية في منشأتنا	1	2	3	4	5
تم اختيار المدراء و المشرفين من خارج العائلة من قبل أفراد العائلة	1	2	3	4	5
غالبية أعضاء مجلس إدارة أو أصحاب القرار في منشأتنا من أفراد العائلة	1	2	3	4	5
من أهداف منشأتنا المحافظة على استقلال العائلة وسيطرتها على المنشأة	1	2	3	4	5
يشعر أفراد العائلة بانتماء شديد تجاه منشأتنا	1	2	3	4	5
يشعر أفراد العائلة أن نجاح المنشأة هو نجاحهم	1	2	3	4	5
منشأتنا تعني الشئ الكثير لأفراد العائلة	1	2	3	4	5
الانتماء لمنشأة العائلة جزء من هويتنا	1	2	3	4	5
يشعر أفراد العائلة بالفخر عندما يخبرون الآخرين أنهم يعملون في المنشأة	1	2	3	4	5
غالباً ما يربط العملاء اسم العائلة مع المنتج أو الخدمة المقدمة من قبل المنشأة	1	2	3	4	5
تعد منشأتنا العائلية نشيطة جداً في مجال الترويج للأنشطة الاجتماعية على مستوى المجتمع المحلي	1	2	3	4	5
في منشأتنا ، يُعامل الموظفين من خارج العائلة كما لو أنهم من أفراد العائلة	1	2	3	4	5
في منشأتنا ، أساس العلاقات التعاقدية الثقة والمعاملة بالمثل	1	2	3	4	5
بناء علاقات متينة مع المؤسسات الأخرى (مثل الشركات والجمعيات المهنية، والقطاعات الحكومية إلخ..) مهم جداً في منشأتنا	1	2	3	4	5
تستند عقود الموردين على علاقات طويلة المدى مع منشأتنا	1	2	3	4	5
تؤثر العواطف والمشاعر على عملية اتخاذ القرارات في منشأتنا	1	2	3	4	5
العناية بأفراد العائلة أمر مهم بالنسبة لنا بغض النظر عن مدى مساهمة هذا الفرد في المنشأة	1	2	3	4	5
في منشأتنا ، العلاقات العاطفية بين أفراد العائلة قوية	1	2	3	4	5
في منشأتنا ، تعد الاعتبارات العاطفية مهمة تماما كالاعتبارات الاقتصادية	1	2	3	4	5
تساعد العلاقة العاطفية المتينة بين أفراد العائلة على الحفاظ على نظرتنا الإيجابية في المنشأة	1	2	3	4	5
في منشأتنا ، يشعر أفراد العائلة بالمودة تجاه بعضهم البعض	1	2	3	4	5
استمرار تقاليد العائلة وإرثها أمر مهم بالنسبة لمنشأتنا العائلية	1	2	3	4	5
أصحاب المنشآت العائلية لا يقيمون استثماراتهم على اساس قصير الأجل	1	2	3	4	5
من غير المرجح أن يفكر أفراد العائلة في بيع المنشأة	1	2	3	4	5
انتقال أعمال المنشأة إلى الجيل القادم أمر مهم لأفراد العائلة	1	2	3	4	5

الجزء الخامس: التوجه الريادي

1. يركز هذا الجزء على الأعمال الريادية للمنشأة، فيما يلي ازواج من العبارات ذات مواقف مختلفه . يرجى وضع دائرة على الرقم الذي يحدد موقع منشأتك حيث أن الرقم 1 يميل إلى العبارات على اليمين و رقم 7 يميل إلى العبارات على اليسار و 4 محايد

بشكل عام تفضل منشأتنا: التأكيد بقوة على المنتجات أو الخدمات المجربة والتي تم اختبارها من قبل	1 2 3 4 5 6 7	التأكيد على ضرورة البحث والتطوير ،والريادة التقنية، والابتكار في المنتجات او الخدمات
كم عدد أنواع المنتجات أو الخدمات التي سوقت لها منشأتكم في الأعوام الخمسة الماضية؟ ليس هناك أنواع جديدة للمنتجات أو الخدمات المقدمة	1 2 3 4 5 6 7	قدمنا أنواع متعددة من المنتجات والخدمات
هناك تغير طفيف على المنتجات أوالخدمات المقدمة	1 2 3 4 5 6 7	التغير كان ملحوظاً في أنواع المنتجات أوالخدمات المقدمة
أثناء التعامل مع المنافسين، فإن منشأتنا عادة ما تستجيب لأي مبادرة من المنافسين	1 2 3 4 5 6 7	عادة ما تبدأ بمبادرة يتجاوب لها المنافسون
من النادر أن تكون سبّاقة في تقديم الجديد من المنتجات\ الخدمات أو استراتيجية إدارية أو تقنية جديدة	1 2 3 4 5 6 7	عادة ما تكون سبّاقة في تقديم الجديد من المنتجات\ الخدمات أو استراتيجية إدارية أو تقنية جديدة
عادة ما تتجنب الاصطدام مع المنافسين متبعة سياسة "دع الخلق للخالق"	1 2 3 4 5 6 7	عادة ما تتبع سياسة تنافسية جداً وترغم المنافس على التراجع
بشكل عام تملك منشأتنا نزعة قوية تجاه المشاريع الآمنة والتي لها نسبة عائد طبيعي ومحدد	1 2 3 4 5 6 7	نزعة قوية في تبني المشاريع عالية المخاطر والتي تكون لها نسبة عائد عاليه جداً
بشكل عام نؤمن أن تكون طريقة العمل من النوع الذي يفضل التحري بعناية وبشكل تدريجي من أجل تحقيق أهداف المنشأة	1 2 3 4 5 6 7	أن تكون طريقة العمل من النوع الذي يتوجب القيام باعمال جريئة وواسعة النطاق من أجل تحقيق أهداف المنشأة
عندما ينتابنا الشك عند اتخاذ القرارات تتبنى المنشأة مبدأ الانتظار والترقب حتى تقلل من نسبة اتخاذ قرارات مكلفة	1 2 3 4 5 6 7	تتبنى المنشأة اتجاه مغامر وجرئ لتحقيق أقصى استغلال للفرص المحتملة

2. يرجى تحديد حجم المبيعات لمنشأتك في السنوات التالية: *الرجاء اختيار مربع واحد لكل عام*

2013	☐ أقل من 13 مليون ريال	☐ 13- 20 مليون ريال	☐ 20 – 70 مليون ريال	☐ أكثر من 70 مليون ريال
2012	☐ أقل من 13 مليون ريال	☐ 13- 20 مليون ريال	☐ 20 – 70 مليون ريال	☐ أكثر من 70 مليون ريال
2011	☐ أقل من 13 مليون ريال	☐ 13- 20 مليون ريال	☐ 20 – 70 مليون ريال	☐ أكثر من 70 مليون ريال

شكراً لك، اذا كنت ترغب في الحصول على ملخص نتائج الدراسة يرجى ملئ معلومات التواصل الخاصة بك

الاسم	
اسم المنشأة	
البريد الالكتروني	
الهاتف	
الجوال	

Appendix IV

1. Mann Whitney U tests for differences between early and late respondents in entrepreneur age, business age, and number of full time employees.

Hypothesis Test Summary

	Null Hypothesis	Test	Sig.	Decision
1	The distribution of Entrepreneur age is the same across categories of early/late responses.	Independent-Samples Mann-Whitney U Test	.831	Retain the null hypothesis.
2	The distribution of Business Age is the same across categories of early/late responses.	Independent-Samples Mann-Whitney U Test	.474	Retain the null hypothesis.
3	The distribution of Number of full-time employee is the same across categories of early/late responses.	Independent-Samples Mann-Whitney U Test	.743	Retain the null hypothesis.

Asymptotic significances are displayed. The significance level is .05.

2. Chi-square tests for differences between early and late respondents in entrepreneur gender.

*Entrepreneur gender * early/late responses Crosstabulation*

Count

		early/late responses		Total
		Late	Early	
Entrepreneur gender	Female	10	18	28
	Male	101	156	257
Total		111	174	285

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	.136[a]	1	.712		
Continuity Correction[b]	.027	1	.869		
Likelihood Ratio	.138	1	.710		
Fisher's Exact Test				.839	.439
Linear-by-Linear Association	.136	1	.712		
N of Valid Cases	285				

a. 0 cells (0.0%) have expected count less than 5. The minimum expected count is 10.91.
b. Computed only for a 2x2 table

3. Total variance explained in the principal component analysis performed on variables included in EO model to test for common method bias.

Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	2.860	16.824	16.824	2.860	16.824	16.824
2	2.028	11.930	28.755	2.028	11.930	28.755
3	1.629	9.585	38.340	1.629	9.585	38.340
4	1.537	9.043	47.383	1.537	9.043	47.383
5	1.269	7.467	54.850	1.269	7.467	54.850
6	1.120	6.590	61.440	1.120	6.590	61.440
7	1.068	6.285	67.725	1.068	6.285	67.725
8	.891	5.243	72.968			
9	.842	4.955	77.923			
10	.784	4.612	82.535			
11	.714	4.203	86.737			
12	.637	3.749	90.487			
13	.546	3.210	93.696			
14	.458	2.695	96.391			
15	.367	2.159	98.550			
16	.246	1.450	100.000			
17	.000	.000	100.000			

Extraction Method: Principal Component Analysis.

4. Total variance explained in the principal component analysis performed on variables included in SP model to test for common method bias.

Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	6.022	24.090	24.090	6.022	24.090	24.090
2	2.189	8.758	32.847	2.189	8.758	32.847
3	1.665	6.662	39.509	1.665	6.662	39.509
4	1.479	5.917	45.426	1.479	5.917	45.426
5	1.409	5.637	51.063	1.409	5.637	51.063
6	1.266	5.065	56.128	1.266	5.065	56.128
7	1.129	4.514	60.643	1.129	4.514	60.643
8	1.101	4.405	65.047	1.101	4.405	65.047
9	1.034	4.137	69.185	1.034	4.137	69.185
10	.988	3.953	73.138			
11	.828	3.314	76.452			
12	.724	2.894	79.346			
13	.690	2.760	82.106			
14	.680	2.719	84.825			
15	.639	2.556	87.381			
16	.564	2.258	89.639			
17	.487	1.947	91.586			
18	.466	1.864	93.450			
19	.382	1.528	94.978			
20	.366	1.463	96.441			
21	.330	1.321	97.762			
22	.234	.935	98.697			
23	.185	.741	99.438			
24	.140	.562	100.000			
25	1.046E-013	1.186E-013	100.000			

Extraction Method: Principal Component Analysis.

5. *t*-test for differences in EO between high and low SEW.

Group Statistics

	30% highest and 30% lowest SEW	*N*	*Mean*	*Std. Deviation*	*Std. Error Mean*
EO	High	82	.6748	.84652	.09348
	Low	84	.1601	.94476	.10308

Independent Samples Test

		Levene's Test for Equality of Variances		*t-test for Equality of Means*						
		F	*Sig.*	*t*	*df*	*Sig. (2-tailed)*	*Mean Difference*	*Std. Error Difference*	*95% Confidence Interval of the Difference*	
									Lower	*Upper*
EO	Equal variances assumed	.574	.450	3.694	164	.000	.51474	.13934	.23961	.78988
	Equal variances not assumed			3.699	162.817	.000	.51474	.13916	.23996	.78953