The Succession Process And Leadership In Lebanon Family Businesses

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ABSTRACT

The most significant difference between family business and non-family business is the way in which executive succession takes place, and more specifically, the aspects of inter generational family business transfer. The purpose of this paper lies in the fact that it offers empirical evidence that links succession issues to the business performance and leadership in Lebanese family businesses. The study proceeds with a detailed statistical analysis based on a stratified randomly selected sample (106 Lebanese family controlled businesses) to determine the relationship between business performance and leadership on one side and succession issues in Lebanon. The study concludes by allowing a better understanding of the issues related to the succession process and raising an awareness of the important factors shaping the ownership transition in Lebanese family businesses.

Keywords: Succession Process, Business Performance, Leadership, Family Business, Lebanon

1. INTRODUCTION

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

Family businesses in Lebanon, and like any small, large, international or multinational firms abroad have the following structure with minor changes depending of course on the type and the size of the business. For instance, there can be a president or chairman for each department in the business. Moreover departments can be divided vertically or horizontally depending on the requirements of the firm. A board of director can be established or a managing department and so on. This model is a classical one which can be modified in many ways as mentioned previously. Another characteristic of Lebanese family businesses that differentiate them from international ones are the managerial positions filled with family members from sons, cousins, in-laws, and relatives. This can be negative to performance and leadership because the lack of merit and rewards between employees especially in large family businesses operating worldwide. Unfortunately, there is no specific law in Lebanon defining the size of the enterprises whether small, medium or large business. The researcher can not classify these family businesses because of conflicting criteria to do so about the number of part time and full time employees and the yearly sales revenues. The only commercial law to define these firms is the French law which divides businesses into SAL (Societe Anonyme Libanaise or SAL Corporation), SARL (Societe Anonyme Responsibilite Limitee or Limited Liability Company), and sole proprietorship.

Family businesses are recognized as one of the engines of the post-industrial growth process since they are given credit for developing across generations' entrepreneurial talent, a sense of loyalty to business success, long-term strategic commitment, and corporate independence (Poutziouris, 2000). Studies of this type of business have been of great interest to various groups of researchers and practitioners. However, the family business sector is characterized by alarmingly decreasing "survival rates". Researchers confirm that only about one third of family businesses survive the transition from the first generation to the second generation of owner-management. Moreover, of those who do survive the first stage, only about one third tend to survive the transition from second to third (and beyond) generation of ownership (Poutziouris, 2000; Wang, 2000; Ibrahim, 2001). Therefore, effective succession within family business receives significant attention from researchers.

Family firms have been an integral part of the international economy for centuries. Family owned firms are generally reluctant to adopt the corporate hierarchy because owners are unwilling to hand over the administration or at least part of the enterprises to non-family, salaried managers. However, family business continues to play an important role, even though its importance is certainly decreasing. Researchers observe that in large companies, family - ownership is no more the central concern. In contrast, in smaller firms, ownership control is still a major characteristic (Donckels and Frohlick, 1991). Family business literature indicates that succession can be viewed as a process with specific pre-arrival and post-arrival phases (Gordon et al. 1981). Handler (1994) suggests that succession can be categorized into distinct stages based on the functions and roles played by the incumbents and their offspring. Stavrou et al. (1998) propose a three-level model that explains the succession process. The first level represents the successor's pre-entry stage where he/she can learn from the incumbent about business operations. The second is an entry stage where the main issue is integrating the offspring into the business operations. The final level involves the potential successor's promotion to a managerial position. Studies indicate that there are various business requirements at the different stages and several strategies to handle these needs (Stavrou et al. 1998). Not only is succession as a process studied by researchers, but also the effectiveness of this important process receives considerable attention (Handler, 1994). The effectiveness of succession is not limited to whether a managing director/CEO/leader has been designated, but includes the continuity of the firm, quality of life, and family dynamics. Moreover, leadership plays an important role in the succession process.

Research in relevant areas shows that several critical factors are related to the effectiveness of succession, such as succession planning (Ibrahim et al., 2001; Gersick et al., 1997; Kets de Vries, 1993), offspring grooming (Ibrahim et al., 2001; Danco, 1997), inter-generational relationships (Handler, 1992; Seymour, 1993; Kets de Vries, 1993), and remuneration of managers (Aronoff et al. 1997).

2. LITERATURE REVIEW

According to Sharma (2001), succession planning is an important factor in family business for two reasons. First, the activities related to succession planning are part of the succession process; second, succession planning is recognized as a means to improve the success rate of ownership transition. Davis (1997) argues that succession planning has three main objectives: (1) to efficiently and fairly distribute assets from older to younger generations; (2) to pass control of the business in a way that will ensure effective business leadership; and (3) to maintain and promote family harmony. Although a lot of effort has been made to meet these three objectives in family businesses, it did not lead to an effective succession but only lead to agony, confusion, and paralysis (Davis, 1997).

Sharma et al. (1996) and Morris et al. (1997), suggests that well developed succession plans can increase the likelihood of co-operation among stakeholders in family businesses, therefore increasing the chance of a smooth and effective succession. However, despite the importance and necessity of planning, business owners and managers rarely plan their future succession (Sharma et at., 1996; Astrachan et al, 1994). According to Lansberg (1988), most stakeholders in family businesses are psychologically indifferent toward succession planning. Company founders face psychological factors that prevent them from planning successions since it may mean a letting go of power. Family members avoid planning, because they worry about the resulting loss of identity, family harmony, and privacy. Senior managers, having worked a long time with incumbents, are reluctant to transfer from a personal relationship with the incumbent to a more formal one with the successor. Successors, on the other hand, have to prepare themselves to handle the remaining conflicts. (Sharma et at., 1996, 2000; Kets de Vries, 1993). The absence of a succession plan can cause serious management problems, even leading to a business failure (File and Prince, 1996). Ward's study (1987) on strategic planning and business transfers presents interesting statistics about *Fortune* 500 companies:

> *"Since 1955, only 188 companies have kept their status on this list as independent concerns. More than 60 per cent have been sold or acquired or have watched their sales decline significantly in the past thirty years"*

It is stated that, from 1924 to 1984, 80 per cent of 200 successful family owned manufacturing firms no longer exist and only 13 per cent are still owned by the same family as in 1924 (Ward, 1987; Handler, 1994). The reasons for the decline of these family businesses are many. However, Ward (1988) indicates that the inability to plan strategically for the business future is a major cause. In line with Ward (1988), Shulman (1991) believes that family businesses should start thinking about transferring ownership and managerial responsibility five to 20 years in advance, this opinion is also expressed by Dyck et al. (2oo2) and Davis (1992).

In Lebanon and in Lebanese family business, some of the high positions are inherited by direct family members which are known to be the successors from the day they are born. Most of the time, and no matter how professional and large is the business, the successor will be the son of the CEO or the president. Sometimes, he is prepared for it and sometimes he has to take things in charge suddenly which is a large responsibility. It's a risk the company has to submit to and the results may be sometimes catastrophic.

Successors are an important stakeholder group in the succession process. In the absence of a successor who is managerially and physically capable of taking over the ownership, succession within the family will rarely occur. Therefore, the issue of successor development is of great interest to researchers and practitioners (Ibrahim et al., 2001b). Fiegener et al. (1994) compares successor development in family and non-family businesses and concludes that family firms favor more personal, direct, relationship-centered approaches to successor development, while non-family businesses rely more on formalized, detached, task-centered approaches. Lansberg (1988) suggests that to be effective, mentors or seniors must understand the differences between parenting and mentoring. The key to an effective succession is to find a combination of well-timed parenting and mentoring. In the whole succession process, to achieve an effective mentoring, seniors should negotiate the mentoring process with juniors from the beginning, by specifying jobs and competencies that need to be mastered at each stage. Meanwhile, juniors should be given real jobs that enable them to gain experience and improve their performance and knowledge, leading to the final gain in authority. Lansberg (1988) argue that successor training is an indicator of the family's commitment to the business and the quality of the relationship between owner-manager and successor. They conclude that the family's commitment to the business is positively related to the degree of successor training, and that the quality of the relationship between owner-manager and successor is positively related to the extent of successor training. Goldberg's (1996) study also shows that business effectiveness is related to successor development by proving that the effective successors had more years of experience with the business than that of the less effective successors.

Leadership should be highly available in the successor unable to become a successful leader: To start with, innovation is a major task that should be promoted by a leader. Hence, there are two

major types of leaders: Transactional leaders: who motivate subordinates to perform at expected levels by helping them recognize task responsibilities, identify goals, acquire confidence about meeting desired performance levels, and understand how their needs and the rewards that they desire are linked to goal achievement. Transformational leaders who motivate individuals to perform beyond normal expectations by inspiring subordinates to focus on broader missions that transcend their own immediate self-interests, to concentrate on intrinsic higher-level goals rather than extrinsic lower-level goals, and to have confidence in their abilities to achieve the extraordinary missions articulated by the leader. (Bernard M. Bass)

According to Bass three leader factors are particularly important to transformational leadership:

1- **Charisma**: A leadership factor that comprises the leader's to inspire pride, faith, and respect; to recognize what is really important; and to articulate effectively a sense of mission, or vision, that inspires followers.
2- **Individualized consideration:** a leadership factor that involves delegating projects to help develop each follower's capabilities; paying personal attention to each follower's needs, and treating each follower as an individual worthy of respect.
3- **Intellectual stimulation:** a leadership factor that involves offering new ideas to stimulate flowers to rethink old ways of doing things, encouraging followers to look at problems from multiple vantage points and fostering creative breakthroughs in obstacles that had seemed insurmountable.

Then, Leaders should depend and rely on the six major types of powers to lead effectively: Legitimate power which stems from a position's placement in the managerial hierarchy and the authority in the position. Reward power which is based on the capacity to control and provide valued rewards to others. Coercive power which depends on the ability to punish others when they do not engage in desired behaviors. Expert power which is based on the procession of expertise that is valued by others. Information power which results from access to and control over the distribution of important information about organizational operations and future plans. Referent powers that result from being admired, personally identified with, or liked by others. In addition, there are significant traits that distinguish leaders from non leaders such as physical characteristics, personality characteristics, skills and ability, and social factors.

Finally, leader behavior should be considered seriously base on the following characteristics: Directive leader behavior that involves letting subordinates know what is expected of them, providing guidance about work methods, developing work schedules, identifying work evaluation standards, and indicating the basis for outcomes or rewards. Supportive leader behavior that entails showing concern for the status, well being, and needs of subordinates; doing small things to make the work more pleasant; and being friendly and approachable. Participative leader behavior that is characterized by consulting with subordinates, encouraging their suggestions, and carefully considering their ideas when making decisions. Achievement-oriented leader behavior that involves setting challenging goals, expecting subordinates to perform at their highest level, and conveying a high degree of confidence in subordinates.

2.1. INTER-GENERATIONAL RELATIONSHIPS

The inter-generational relationship is essential to business development because successors in family businesses are usually trained in a personalized way (Fiegener et at., 1994). Fox et al. (1996) indicate that the nature of family relationships during the transition stage is related to a successful succession process and suggest the need to "initiate the constructive dialogue between incumbent and successor". A similar conclusion has been reached by Seymour (1993) who suggested that respect, understanding, and complementary behavior between the two generations are important elements of an effective succession.

Kets de Vries (1993) identifies a number of psychological and emotional barriers faced by family members in the succession process, which are similar to Lansberg's (1988) findings. For example, parents do not want to let go of power and may even be jealous of their children. Children may worry about the potential conflicts that may arise in the business because of their parents' absence. According to Sharma et al. (1996), undertaking the succession process will lead incumbents to confront the end of their managerial role and significant change in their life style. In consequence, many incumbents are hesitant in stepping aside and may therefore become an important barrier to succession (Rubenson et al., 1996). Under this circumstance, inter-generational relationship can reduce the incumbent's psychological barriers and facilitate a smooth succession. Sonnenfeld et al. (1989) identify four styles of founders or CEOs: monarch, general, governor and ambassador. They also suggest ambassador as the best form since founders or CEOs in this style are willing to leave the business while maintaining their role as advisors.

Both owner-manager and heir are essential in the succession process. In summary, the success of the succession process is the mutual responsibility of the founder and the young generation. In fact, while the young generation's authority increases from "no role" to "chief decision maker", the predecessor's role in the firm diminishes from "sole operator" to "consultant" (Handler, 1990). Therefore, to have a successful succession, the successor should be sensitive to the needs of the founder (Lansberg, 1988) and should exercise patience and diplomacy; he/she needs to become a student of the organization and learn its policies and culture (Sharma et at., 1996).

2.2. COMPENSATION IN FAMILY BUSINESS

Research on management compensation has received a great attention from researchers. A positive relationship between top manager's compensation and firm performance is consistent with agency theory, which emphasizes that managers are self-oriented and that reward systems should be developed to balance the incentives of top managers with the interests of shareholders (Barkema et al., 1998).

In family business, ownership and management are usually overlapping and family members might possibly consider their firms as entities to achieve their own interests and objectives. Thus, it is not unusual to find that family members, especially those in top management positions, charge higher remuneration, regardless of business performance. This unreasonable charge will constrain effective succession in the long term and may also cause conflicts between family and non-family members. Non-family members, on the other hand, sometimes believe that family members who work for the business should be paid less to reduce the company's payroll costs to ensure the business's survival. In fact, Aronoff et al. (1997) suggest that when family members understand how much money is moving from owners to employees they will have fewer conflicts over compensation. They also recommend developing a compensation philosophy, which is a framework that "pays the job" rewarding people based on the market value of their position. Shelly (1995) concludes that creating a formalized compensation arrangement is a better way of dealing with compensation issues and suggests establishing a bonus based on a formula that is fair to everyone involved. Daily et al. (1998) believe that the creation of remuneration committees may be helpful in determining the level and mix of top management compensation. In general, the separation of management and ownership can be an effective way to overcome family and firm contradictions on compensation.

2.3. SUCCESSION AND BUSINESS PERFORMANCE

As mentioned before, research on family business succession results in the identification of various factors that are important to an effective transition. Researchers believe that business performance is a valid indicator to assess the effectiveness of business succession (Morris et at., 1997; Goldberg, 1996). Therefore, more empirical investigations into the relationship between succession issues and business performance become necessary. Few papers address this issue empirically and most of them focus on the comparison between family and non-family businesses (Daily et al., 1998; Chaganti et al, 1994). However, Goldberg (1996) and Morris et al. (1997) do empirically investigate the relationship between succession issues and business performance. Goldberg (1996) surveyed 63 family businesses operated by successors who have been the CEOs for a minimum of five years to identify the significant factors that differentiate effective from less effective successors. The findings suggest that incumbent's mentoring is correlated with successor effectiveness. In addition, the study indicates that effective successors had a significantly better relationship with their fathers; they were introduced to the businesses at an early age; and they began working full-time in the businesses at an earlier age.

On the other hand, Morris et al. (1997) propose a model, which indicates that three sets of determinants can determine the nature of the transition. These determinants include the preparation level of heirs, the nature of relationships among family members, and the types of planning and control activities undertaken by the management of the family business. Based on the results of the study, Morris concludes that: Family business transitions occur more smoothly when successors are better prepared, when relationships among family members are more affable, and when family businesses undertake more planning for the transfer of wealth. Although Morris et al. (1997) model provides important guidelines on succession management no further studies can confirm the findings of the study. Therefore, we can not be sure that this study can be recognized as a valid framework for the succession process.

3.METHODOLOGY

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

H1: *"Succession planning" can significantly affect the succession process. Topics discussed include the development of a strategic plan, the agreement of the family members on the transfer of ownership, the preparation of the successors who are members of the family the responsibility and the impact of planning on business succession (Sharma et al., 1996; Ward 1988).*

H2: *"Successor development" is another important factor in the succession process. A Leader profile should be highly present in the successor. Topics discussed include the qualifications that family members, future successors must meet to be employed in the family and the specific training that the successor must receive. (Sharma et al., 1996; Goldberg, 1996).*

H3: *"Inter-generational relationships" can facilitate and succession planning and successor development. The most important topics in this area focus on the communication between family members especially the two generations, the selection of the future successor and the incumbent's refusal to let go and share power with the potential successor (Handler, 1990; Kets de Vries, 1993).*

H4: *"Compensation issues" have recently received increasing attention. However, researchers have different opinions as to whether family members working for the business should be paid less to reduce the company's payroll costs or more because of they own the business. The most discussed variables include family member's shareholding schemes as well as remuneration issues (Shelly, 1995; Gersick et at., 1990).*

Academics and researchers argue that business performance is a multi-dimensional construct that covers different purposes and types of businesses (Fitzgerald and Moon, 1996). Financial outcomes allow managers and business owners to make decisions and plan for business development. They are mostly used in small- and medium-sized enterprises and entrepreneurship literature (Morris et at., 1997; Westhead et al., 1997). However, there is a wide belief among researchers that no single financial indicator can accurately capture business performance (Begley and Boyd, 1987; Daily et al, 1998). In fact, in examining the performance difference between family business and non-family business, Westhead et al. (1997) adopted sales revenue, employment rate, productivity, exports and profitability; while others used sales revenue, profitability, cash flow, productivity and job creation to measure the performance and competitive advantages of small firms. Morris et al. (1997) use sales revenue, profit rate, employment, and debt rate to study the success of a family business transition. In the current study, based on the Morris et al. Model we used number of employees, sales revenue and debt rate as indicators of business performance.

4. STATISTICAL ANALYSIS

The sample in this study consisted of 106 Lebanese family businesses using stratified random sampling. The stratification was based on geography, to prevent bias, sampling error and ensure that the different types of family businesses in the population were adequately represented. A questionnaire covering several issues related to family business was sent with a cover letter to the managing directors of these businesses. The questionnaire survey was answered by mails or direct interviews by 21 CEO, 2 COO, 6 Chairman, 23 Presidents and 46 are others including public relations, human resources personnel. For the purpose of this study, only those topics in the questionnaire that covered the succession process on business performance and leadership Model Statement:

The variables and interactions to be investigated in this research are stated below in model form.

4.1 MODEL:

$$Y= B_0+B_1x_1+B_2x_2+B_3x_3+B_4x_4$$

Y is the dependent variable which is business performance.

Y depends on four independent variables which are:

X 1 is the first independent variable which is succession planning.
X 2 is the second independent variable which represents successor development.

X 3 is the third independent variable which represents intergenerational relationship.
X4 is the fourth independent variable which represents compensation issues.

4.2 ANOVA Analysis

Tests of Between-Subjects Effects

Dependent Variable: REGR factor score 1 for analysis 1

Source	Type III Sum of Squares	Df	Mean Square	F	Sig.
Corrected Model	37.997	7	5.428	20.720	.000
Intercept	14.442	1	14.442	55.128	.000
STARPLN	4.814	1	4.814	18.375	.000
ESTPLN	.220	1	.220	.839	.365
FANSU	.525	1	.525	2.004	.164
STARPLN *	2.570	1	2.570	9.809	.003

ESTPLN					
STARPLN * FANSU	4.551	1	4.551	17.370	.000
ESTPLN * FANSU	4.995	1	4.995	19.065	.000
STARPLN * ESTPLN * FANSU	2.476	1	2.476	9.452	.004
Error	11.003	42	.262		
Total	49.000	50			
Corrected Total	49.000	49			

R Squared = .775 (Adjusted R Squared = .738)

In testing the first hypotheses we used factor1 derived from the factor analysis as the dependent variable representing business performance and three independent variables which are strategic plan, estate plan and family successor as the independent variables representing succession planning. We used those particular variables because it was stated in the literature that they are the most important components representing succession planning. The results show a p value of .004 > .05 which means that the difference is statistically significant at the .05 level of significance, therefore, H1 is confirmed. This result is in line with the findings of Morris et al. (1997).

Tests of Between-Subjects Effects

Dependent Variable: REGR factor score 1 for analysis 1

Source	Type III Sum of Squares	Df	Mean Square	F	Sig.
Corrected Model	23.941	3	7.980	14.649	.000
Intercept	1.201	1	1.201	2.204	.144
QUALPOL	.609	1	.609	1.118	.296
FBSEM	8.604	1	8.604	15.794	.000
QUALPOL * FBSEM	.373	1	.373	.686	.412
Error	25.059	46	.545		
Total	49.000	50			
Corrected Total	49.000	49			

R Squared = .489 (Adjusted R Squared = .455)

In testing the second hypothesis we used factor1 derived from the factor analysis as the dependent variable representing business performance and two independent variables which are qualifications policy and training as the independent variables representing successor development because it was stated in the literature that they are the most important components representing succession development. The results show a p value of .412 > .05 which means that the difference is not statistically significant at the .05 level of significance, therefore H2 is not confirmed. This result is not in line with the findings of Morris et al. (1997). However, the R squared of .489 suggests that about 50% of the variation in business performance is explained by the regression analysis which is an acceptable finding meaning that if we had included more variables as representing successor development our findings would have been consistent with the findings of Morris et al. (1997)

Tests of Between-Subjects Effects

Dependent Variable: REGR factor score 1 for analysis 1

Source	Type III Sum of Squares	Df	Mean Square	F	Sig.
Corrected Model	20.950	11	1.905	2.580	.015
Intercept	2.395E-02	1	2.395E-02	.032	.858
CEOR	1.825	3	.608	.824	.489
CEOS	.213	1	.213	.288	.594
FAMMET	2.442	1	2.442	3.309	.077
CEOR * CEOS	.113	2	5.642E-02	.076	.927
CEOR * FAMMET	.396	2	.198	.268	.766
CEOS * FAMMET	.354	1	.354	.479	.493
CEOR * CEOS * FAMMET	.354	1	.354	.479.	.493
Error	28.050	38	.738		
Total	49.000	50			
Corrected Total	49.000	49			

R Squared = .428 (Adjusted R Squared = .262)

In testing the third hypothesis we used factor1 derived from the factor analysis as the dependent variable representing business performance and three independent variables which are CEO retirement, CEO successor and Family meetings as the independent variables representing inter-generational relationships because it was stated in the literature that they are the most important components representing inter-generational relationships. The results show a p value of .493 > .05 which means that the difference is not statistically significant at the .05 level of significance, therefore H3 is not confirmed. Here also the findings are not consistent with the findings of Morris et al. (1997) but the R squared of 0.428 suggests that about 43% of the various in business performance is explained by the regression analysis which is an acceptable finding which shows that if we had included more variables representing inter-generational relationships our findings would have been consistent with the findings of Morris et al. (1997)

Tests of Between-Subjects Effects

Dependent Variable: REGR factor score 1 for analysis 1

Source	Type III Sum of Squares	Df	Mean Square	F	Sig.
Corrected Model	38.715	22	1.760	4.620	.000
Intercept	6.893	1	6.893	18.094	.000
FAMPOL	6.991	5	1.398	3.670	.012
FAMO	13.631	11	1.239	3.253	.006
FAMPOL * FAMO	8.002	5	1.600	4.201	.006
Error	10.285	27	.381		
Total	49.000	50			
Corrected Total	49.000	49			

R Squared = .790 (Adjusted R Squared = .619)

In testing the fourth hypothesis we used factor1 derived from the factor analysis as the dependent variable representing business performance and two independent variables which are family remuneration policy and family owners as the independent variables representing compensation issues because it was stated in the literature that they are the most important components representing compensation issues. The results show a p value of .006 <.05 which means that the difference is statistically significant at the .05 level of significance, therefore H4 is confirmed. The findings are consistent with the findings of Aronoff and Ward (1997).

5.CONCLUSION

Hypotheses H1 through H4 have been tested to examine the impact of succession issues and leadership on Lebanese family business performance. Results suggest that succession planning and remuneration issues are effective predictors of business performance. In fact, succession planning refers to the process of developing a business strategy that provides prescriptions about how business transition can be effectively achieved. It is designed to create insights into the company and environment in which the company operates. Moreover, leadership should be an important factor in the succession process. A leader profile should be with the person willing to take charge of the family business. Unfortunately such traits are not acquired all the time; they are born with the person because some people are classified from early careers as leaders or followers. Therefore, family businesses should focus on developing succession strategies and plans that focus on the following issues:

- Why should the family be committed to the succession process?
- What is the vision of the business after transition?
- Who should participate in the planning process?
- When and how should the successor be prepared?
- When and how should the incumbent retire?
- How will the family resolve conflicts on the family and business sides?

- How to constitute and use the board of directors?

By dealing with those issues, the family will be able to develop a more effective succession plan and therefore have a better business performance. Moreover, Family business should develop well examined and studied remuneration policies to give family members what they deserve not more or less while also creating a balance between all employees and not discriminating against non family employees when it comes to remuneration. Remuneration systems based on merit should be developed and should be applied on everyone in the company family and non-family employees. When it comes to successor development and inter-generational relationships, family businesses should consider using the services of counselors and consultants In addition, educational and training services should be taken into account, training programmes should be chosen based on the needs of the potential successor in order to develop the required
managerial skills. Regarding inter-generational relationships, the Morris et al. (1997) suggests that properly handling and managing inter-generational relationships that are based on trust, honesty, confidence and the willingness of each party to acknowledge the other's achievements will enable a smoother succession and therefore lead to a better business performance.

If we consider our study which is the Lebanese family firms, we can see that owners or leaders of the firm choose their son to be as successors in the firm as mentioned earlier. But if there are two or three sons as candidates, the father usually rely on the sense of leadership available in one of his sons (mentioned earlier in the paper) from an early age and he will start working on him and preparing him to e the next leader which is a very significant criteria because not because you are the elder you will be the next successor.

There are several challenges in conducting family business research that indicate that there are several limitations in making conclusions such as the conclusions reached in this study. Those limitations include the lack of secondary data that forces researchers to conduct their own primary studies which is difficult to conduct and compare with previous studies the reasons for this include the disinterest of many family business owners in participating in such studies and the lack of consistent definitions from study to study (Arnoff and Ward 1997). Furthermore, family business research has suffered from the lack of longitudinal studies because family business owners are reluctant to participate in studies that require several interactions and interventions (Aronoff and Ward 1997).

Future research can study the effect of other variables that represent the "themes" of succession on business performance, in addition to examining the effects of succession factors on variables other than business performance; they can also study the elements factors that lead to success or failure in descendent-controlled family businesses.

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