

HOW TO WIN THE SUCCESSION RACE: EMPIRICAL ANALYSIS OF PALESTINIAN FAMILY BUSINESSES

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ABSTRACT

Family businesses are the backbone of the Palestinian economy where the 'family factor,' which distinguishes family firms from their non-family counterparts, can be exploited to a business's competitive advantage if properly utilized. However, due to the high extinction rate through generations, it is vital to consider succession as a priority by their owners. Relying on the relay race model, the study sheds light on the critical factors of successful succession among Palestinian family businesses to go beyond the analysis performed on family businesses in the Arab countries and specifically in Palestine and to make an essential contribution in explaining family business succession. The study surveyed 282 family businesses, of which 42% are run by 2nd & 3rd generations. Data was collected via a self-administrated questionnaire and analyzed through principal components factor analysis and multiple regression model. Findings reveal that family bonding and family trust in the successor, qualifications and capabilities of the successor are the key drivers to successful succession.

Keywords: Family Business, Succession, Success Factors, Principal Components Factor Analysis, Palestine.

INTRODUCTION

Whether you consider succession as maintaining legacy, extending the longevity, continuity, without it, there is nothing called family business (FB). Succession is among the toughest and most critical challenges faced by FBs (Alayo et al., 2016), therefore, careful orchestrating the multiyear process represented by succession across generations of owner-managers is a priority; otherwise, FB could fail (Liu, 2021). However, despite the importance of succession and its impact on business sustainability and continuity, it is still underestimated by FBs' owners and, in many cases, ends up with the wrong successors (Poza & Daugherty 2018; Strike et al., 2018). Recently, the KPMG FB survey (2019) revealed that 70% of FBs worldwide do not have succession plans in place, making 47% of them report an emergency plan for succession in case of facing sudden by the founder. Thus, despite the ability of Palestinian family businesses (PFBs) to survive during the crucial economic conditions over the past 70 years of Israeli occupation (Assaf, 2017) and recently during the COVID 19 pandemic (World Bank, 2021); still, they suffer from the succession challenge that speeds their mortality. To best of our knowledge there is a dearth of research effort exploring the success factors in Palestine, where only Kumar, (2011) and Abuznail (2014) studied succession issue in Palestine.

Hence, this study drives its motivation from the need to help family business owners to answer the following question: what are the dominant factors that control succession process from the incumbent successor, and family sides. In order to establish the scales' sub-dimensions consisting of the succession model constructs (factors) and to determine the factor structure, principal components factor analysis was applied to the scores obtained from

the responses given by the 282 participants. In addition, the Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy and Bartlett's test of sphericity were used to evaluate data appropriateness for factor analysis

The findings of this study are significant, as they draw the attention of current and future founders and incumbents of FBs that reaching to a succession process within the Palestinian context successfully, it is crucial to stress mainly (among other factors) on family bonding and trust placed in the next generation, qualifications and capabilities of the next generation, financial and operational performance of the FB, desire of the next generation to join FB, and job satisfaction and financial returns for the next generation. Hence, our analysis provides a better understanding of the dominant familial succession factors. The finding also agrees with Esuh et al. (2011) and Dyke et al. (2002) in supporting the use of relay race model (RCM) in family business succession as it stresses on the need for an agreement among family members to continue the business while underscoring the need for acceptance among family members of their relative roles. Additionally, our findings based on analyzing data gathered via questionnaire, we call future researchers to study FB succession in Palestine by interviewing focus groups to clarify better succession successful factors that couldn't be explored in this and other researches.

Family Business in Palestinian

The Palestinian economy is characterized by micro and small-scale enterprises (MSMEs) owned by families, of which they represent the pillars of the Palestinian economy and the engine of its private sector (Kumar, 2011, Baidoun et al., 2018); as they found in all of the economic sectors, and contribute to about 50% of the Palestinian national income (Mesleh, 2012). A survey conducted by PCBS (2017) found that 97% of private businesses in Palestine are classified as small businesses, which employ 68% of a total of 1,006,000 employees in Palestine. Thus, the total number of private businesses in Palestine has reached 108,970 firms, of which 80,637.8 (73%) are FBs; where 51,345 FBs are located in West Bank, 29,292.8 are located in Gaza Strip, and 3,008 are located in Jerusalem. Of those located in West Bank, 63% employ more than 50 employees, 23% employ 50-99 employees, while 14% employ 100 employees and above.

LITERATURE REVIEW

Family businesses conceived succession as the continuance of a social legacy, whereby those who were best-placed to carry on the social legacy were selected as successors (Burton et al., 2022). Succession in FB is a process of transferring knowledge and transitioning roles as well as transferring management control and, most importantly, transferring business and family led to a new generation (Schickingor et al., 2018; Yuan, 2019). In this context, succession encompasses top management and other factors, including the procedures for transfer, legal and financial considerations, psychological factors, leadership development, and exit strategies (Strike et al., 2018). This emotional and essential step in the life cycle of FB is itself a critical challenge; some FBs overcome such challenge and witness successful succession stories; others cannot face such challenges, and hence, witness stressful succession stories (Darwish et al., 2020; James et al., 2021)

Scholars, therefore, stress the importance of a proper succession planning process of transferring leadership, management, and wealth to ensure continuity and prosperity of FBs (Oudah et al., 2018; Volta et al., 2021, among others). However, many FBs tend to avoid formal planning of succession because they consider it a source of conflicts (Dias & Junior,

2018). Nyamwanza et al. (2018) found that succession planning is chaotic and a source of dispute. Same results were reported by Gabriel & Bitsch (2018) and Jabeen & Dixon (2018). Accordingly, many FBs leave succession planning to chance or simply ignore it in their early years, then pay more attention to it as they mature and as the founders get older (Oudah et al., 2018).

Some researchers (Susminingsih et al., 2019; Sanchise et al., 2020; Laufen & Rauch, 2020) emphasized that the size and age of FB, family relations and type of FB industry significantly influence FB succession. In contrast, others highlighted the influence of regional and cultural differences on FB continuity (Weng & Chi, 2019; Bąkiewicz, 2020; Schlömer-Laufe & Rauch, 2020). In addition, Porfirio et al. (2020) consider the interaction between the personal characteristics of the successor and the organizational characteristics of the FB a vital issue in the succession processes. Furthermore, Matser et al. (2020) and Lévesque et al. (2022) referred to communication as an additional crucial element that can help to establish and retain a fair succession.

Theoretical Framework and Hypothesis Development

The core of this study is to shed the light on the key determinants behind successful family business succession that go around the incumbent, successor, and family, where the relay race model (RCM) of Handler (1992) is the best model to be used, as it gives a better understanding of applicable succession. According to the RCM, a sophisticated and careful passage could guarantee a successful baton; otherwise, the move can lead the firm into reduced performance or a complete failure. Besides, the sequence and timing are also crucial in determining the success of the team; the thing that made Handler to reflect this model in the management paradigm, stating that new leadership is most likely to succeed if managers take care and time needed to effect the transfer of roles and communicate this movement to the related stakeholders. In respect to the passage or continuity process in FB, the RCM demands team attributes of fast runners as well as good communicators and trust to ensure timely verbal prompting at the point of exchange. Hence, it is very crucial to exercise caution to successfully pass the baton because dropping the baton leads to performance decrements or to complete performance failure and spells doom for the family and business stakeholders (Sharma et al., 2000).

In this contest, Dyke et al. (2002) reveal four main factors need to be active together in order to win the race: sequence, timing, baton-passing technique and communication. Since succession is determined by sequence, this apparently means a successor will be chosen in a view of the adequate skills and qualifications in order to be able to overtake the control of firm from the current incumbent. Second, it is also essential to choose the right timing for the power transfer to the next generation. Third, it is necessary to choose appropriate techniques for the baton passing, and here comes good communication between family members. Finally, to ensure a successful result, the last critical factor needs to place; motivation of the potential successor to continue the work in family-owned enterprise.

Later on, Esuh et al. (2011) proposed a conceptual framework on FB succession based on relay racing. They concluded that the founder, successor and environment together affect FB continuity and that valid succession will mediate the relationship between founder, successor and environment on the one hand and FB continuity on the other hand, as shown by the model in Figure 1.

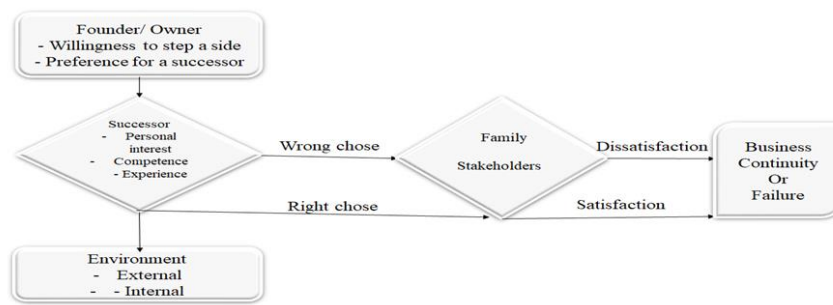


FIGURE 1
A CONCEPTUAL MODEL ON SUCCESSION

This study aims to investigate the effect of incumbent, successor, family and business roles on continuity, therefore, our framework compatible with the model of Esuh et al. (2011), we view the willingness of the founder to step aside to be determined not only by the successor's willingness, competence and satisfaction (Gagné et al., 2019; Saan et al., 2018) but also by the family bonded relation as well as by good business performance, as shown in Figure 2.

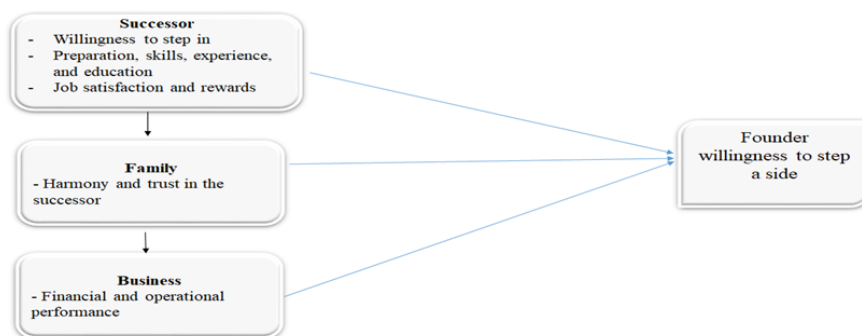


FIGURE 2
RESEARCH FRAMEWORK

The suggested framework begins with a willing incumbent for leaving the business by choosing a trusty (Porfirio et al., 2019; Gimenez & Novo, 2020) under the recognition and trust of the family (Saan et al., 2018; Kandade et al., 2021), noting that a successful and well performed business can play in important role in the succession (Poza & Daugherty, 2018).

Hypotheses Development

The Willingness of The Founder To Step Down: The RCM deliberates how the incumbent is the most influential actor in succession, suggesting that if the incumbent resists transferring leadership, succession will most likely not occur. Hence, the incumbent –the key player- willingness to step down and leave the field is considered the starting basic point for successful succession (Richrds et al., 2019). Noting that, leaders’ (founders’) willingness to delegate their power to the successor is a strong motivator for successors’ willingness to step in (Wang et al., 2019). Hence, the more the incumbent (leader) is ready and willing to delegate leadership – the baton- to the proper successor, the more supporting the family members are, the faster the successor will fit in, the guarantee they will win the race (Lee et al., 2019).

Desire of the Next Generation to Join FB

The next holder of the baton is not just a simpler player, without desire and motivation to continue the race, the whole team will lose. Hence, successors' desire and motivation to lead FB and succeed are key determinants for successful succession (Wang et al., 2019; Porfirio et al., 2019; Caredio et al., 2020). According to STEP (2019) global FB survey, 48% of FB leaders in the world state that the successor's willingness and interest in FB are key factors in succession planning and implementation. By studying succession in Arab FBs, Samara (2021) found that selection of successors is not necessarily dependent on their managerial skills but rather on their perceived capacity and willingness to sustain the vision of the patriarch as well as on their perceived ability to fulfill the family's affective and financial needs. Based on that, we hypothesize the following.

H₁: There is a positive relationship between the incumbent willingness to step down and the successor's desire to join FB

Qualifications and Capabilities of The Next Generation

Interest of the next player is not enough if he/she lacks the right capabilities to continue effectively the race. According to the KPMG FB survey (2019), 23% of FB leaders worldwide state that successor's qualification is a key factor in having successful succession. Kammerlander & Zellweger (2019) reveal that most families need the next generation to "earn" the right to work for the business rather than see employment as an entitlement or genetic right. Many scholars (Ferrando-Latorre & Vellilla, 2019; Porfirio et al., 2019; Gimenez & Novo, 2020) highlight the importance of providing training to the successor during the preparation phase to achieve a successful succession process, especially when training is coupled with the right type of educational background that suits the position and the business needs, especially if the needed skills and knowledge are passed from the incumbent to the successor directly (Bell & Pham, 2020). Noting that Xavier & Gan (2022) subjected the Black Swan theory on the Malaysian Chinese family business and show that a successful unexpected succession without any long-term preparation before a transition is possible. Based on that, our second hypothesis is:

H₂: There is a positive relationship between the incumbent willingness to step down and the qualifications and capabilities of the next generation

Job Satisfaction and Financial Returns For The Next Generation

Enjoying with job satisfaction and financial security associated with FB make it more attractive to potential successors (Gagné et al., 2019), especially if successor feeling of job satisfaction is based on the opportunities given to him to make changes and explore his opportunities (Lauto et al., 2019). From the RCM perspective, good player should be a veteran player, not an amateur one who can do his role with passion, and that requires noticeable recognition from his team. From the other hand, financial recognition is also a big issue to be considered by team players, otherwise players will be the reason for losing the race. Therefore, the financial returns planned for the successor should be worthy ones. Based on that, the third hypothesis is.

H₃: There is a positive relationship between the incumbent willingness to step down and the job satisfaction and financial returns for the next generation

The Extent Of Family Bonding And Trust That The Family Places In The Next Generation

Team-members' role is also imperative in this life-time race, without their support to young players they will lose the match and leave the field. In tandem with that, Gagne et al. (2019) found that for succession to be successful, the potential successor must gain trust and confidence from the incumbent and the other family members. Noting that, family bonding underlines the importance of healthy family relations and good communication during launching the transition process (Samara, 2021; Kandade et al., 2021; Umans et al., 2021; Lévesque et al., 2022) Based on that, we hypothesize.

H₄: There is a positive relationship between the incumbent willingness to step down and the extent of family boning and trust that the family places in the next generation

FB financial and operational performance: According the RCM, the game level is also crucial in motivating those who will hold the baton, and succession in a well performed business is not as succession in a poor performed one. The financial attractiveness of family businesses is important to increase successors' willingness to run the business. Alves & Gama (2020) found a positive influence of succession on FB financial performance, mainly when a family successor works as an agent to improve FB performance. Accordingly, financial problems within the FB might become a burden for succession and drives successors to seek job opportunities outside the family business (Porfirio et al., 2019; Schell et al., 2020). Hence, this study is going to investigate this relationship by testing the following fifth hypothesis.

H₅: There is a positive relationship between the willingness of the incumbent to let down and FB financial and operational performance.

METHODOLOGY

Data collection, population and sample: For this study, a self-administrated questionnaire was utilized for collecting data. The questionnaire consists of seven parts; the first part includes general information about the FB, while the other parts reflect dependent and independent variables. Each variable is measured by the relevant items as identified in the literature. Those items were measured on 5-point Likert scales. To assess the robustness of the questionnaire items, the questionnaire was reviewed by 3 academics and 5 practitioners, of them 3 from Palestine and 2 from Arab countries. The questionnaire was electronically built and then distributed to the sample respondents representing either FB founder or family member managers. Where, a letter explaining the nature of the study, along with its goals and objectives was mailed to all prospective participants.

Since there is no unified formal source of FB database in Palestine, the researchers relied on Union of Chambers of Commerce directory to sort out the family businesses that will be eligible for the study by depending on Handler (1992) definition of family business "a business run by at least one family member and a family business operated by the founder where there is anticipation that the business will be passed to the next generation". Accordingly, a population of 2,187 FBs was defined. By using the confidence level of 95 percent a random sample of 327 was calculated and received the study questionnaire. In total, 282 usable responses (70% response rate) were received and analyzed.

Regarding the sample main characteristics, 59% of the responding FB exist between 1930 - 1984, while 41% after 1985. Furthermore, 50% of responded FBs are managed by the

1st and 2nd generations, whereas 43.5% are managed by the 2nd and 3rd generations, and only 6.5% managed by the 3rd and 4th generations. Regarding succession plan, 80% of the sample have an oral succession plan, 8% have a written one, and the rest left succession to chance or to the last moment.

In reference to the sectoral distribution: 37.5% of the surveyed FBs are in the commercial sector, 35.3% in the manufacturing sector, 23% and 4.2% service and agriculture sectors, respectively. In terms of legal status, 77% of the surveyed FBs are registered as private corporates. In respect to firm size (based on the number of employees), about 50% of surveyed businesses employ less than 30 employees, 12% employ 31-40 employees, and 37.5% of surveyed businesses employ more than 41 employees.

Validity and reliability: Content validity for this study was conducted by comparing between the measurement items of each variable with an extensive review of the literature related to the factors influencing the planning, transferring ownership, and managing the FB to the next generation.

Factor analysis was performed to establish the scales' sub-dimensions consisting of the succession model constructs (factors). In order to determine the factor structure, principal components factor analysis was applied to the scores obtained from the responses given by the 282 participants. In addition, the Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy and Bartlett's test of sphericity were used to evaluate data appropriateness for factor analysis.

The KMO test checks if the original variables can be factorized efficiently. The KMO index compares the values of correlations between variables and those of the partial correlations. The Bartlett's test checks if there is a certain redundancy between the variables that can be summarized with a number of factors. Thus, the KMO value should be higher than 0.50, and the chi-square value of Bartlett's test must be significant at the 0.05 level. The KMO value is 0.738 (higher than the recommended KMO value of 0.50), and Bartlett's test is statistically significant at the $p < 0.00$ level. These results show that the sample can be subjected to the principal components analysis to uncover the independent variables' underlying patterns.

For this study, the questionnaire was pilot tested by 20 FBs to secure content clarity on words and formatting and calculate content reliability. As for reliability, and internal consistency for the six factors was calculated using the reliability coefficient Cronbach's alpha; this was indicative of the criterion validity of the measurement instrument where Cronbach's α was computed separately for the items of each factor (criteria). As shown in Table 1, an internal consistency was performed separately for each of the 6 factors. Cronbach's α values of the 6 factors all exceed the 0.70 standard of reliability for the survey instrument (Sekaran, 2016, p. 206). The results show that all values range between 0.844-0.916 with an overall value of 0.974, indicating that all scale variables demonstrate an acceptable level of reliability.

Succession Planning Factor	No. of items	Cronbach's α
Desire of the next generation to join the FB	11	0.844
Qualifications and capabilities of the next generation	8	0.871
Job satisfaction and financial returns for the next generation	5	0.907
The extent of family bonding and trust that the family places in the next generation	11	0.894

Family business financial and operational performance	5	0.916
Willingness of transferring ownership and management of the FB to the next generation (willingness to step down)	7	0.855
Overall succession planning Factors	47	0.974

The construct validity was confirmed by conducting Principal Components Factor Analysis as shown in Tables 2 and 3. The factor analysis of all measurement items produced factor loadings of more than 0.50 (Hair et al., 2010). The analysis results did not lead to the removal of any item; in all cases, the factor loadings were higher than the recommended 0.5 minimum, the cumulative percentage of variance explained is greater than the recommended 50%. Therefore, all factors that represent the dependent variable (Table 2) were acceptably good with a minimum value of 0.776 (Table 3. Q2 “successor willingness to step in has a direct role in the succession process”), as well as for all of the factors that represent the independent variables with a minimum value of 0.701 (Table 4. Q2.2 “next-generation possess the leadership and supervisory skills needed to lead the company efficiently”).

Table 2
TOTAL VARIANCE EXPLAINED AND COMPONENT MATRIX/ DEPENDENT VARIABLE

Item	MV	SD	Loading factor
Willingness of transferring ownership and management of the family business to the next generation (willingness to step down)	3.84	0.532	
Incumbent willingness to let go	3.84	0.705	0.869
Successor willingness to step in	4.06	0.682	0.776
Successor early preparation	3.80	0.739	0.908
Family participation in the planning process	3.86	0.821	0.837
Family support and acceptance of the successor	3.87	0.689	0.864
Open communication between the family and non-family members	3.72	0.857	0.853
Setting action plans regarding transferring	3.74	0.826	0.878

Table 3
TOTAL VARIANCE EXPLAINED AND COMPONENT MATRIX/ INDEPENDENT VARIABLES

Item	MV	SD	Loading factor
1. Desire of the next generation to join the family business	4.11	0.534	
• Next generation relationship with the current founder /incumbent	4.29	0.782	0.752
• Degree of trust and belief of the current founder/owner in the next generation	4.3	0.743	0.739
• Allowing the next generation to make developments and changes in line with market requirements,	4.44	0.694	0.779
• Next generation self-confidence	4.26	0.715	0.823
• Inability of the next generation to find suitable job opportunities outside the scope of family work	2.97	1.173	0.748
• Family's reputation in the local community	4.13	0.83	0.794
• Reputation of the family business in the market	4.15	0.864	0.814
• Profitability, performance and success of the family business	4.23	0.751	0.755
• Opportunities for the family business to grow	4.22	0.688	0.803

• Next generation's belief and respect for family values	4.21	0.68	0.783
• Trust that the family inherits to the next generation from a young age	4.13	0.761	0.746
2. Qualifications and capabilities of the next generation	4.08	0.544	
• Next-generation possess the financial, administrative and technical skills needed to manage the family business	4.01	0.78	0.741
• Next-generation possess the leadership and supervisory skills needed to lead the company efficiently	4.13	0.763	0.701
• Having the next generation academic qualification commensurate with the nature of work	4.15	0.744	0.758
• Next generation's acquisition of experience and full knowledge in the field of work of the company as a result of direct association with it from childhood	4.2	0.724	0.808
• Next-generation has local and/or external working experience	4.06	0.757	0.822
• Having an open mindset and future development vision for the next generation	4.07	0.804	0.792
• Planning and directing the current founder or owner of the academic direction of the next generation according to the company's needs	4.16	0.764	0.734
• Family interference in the academic direction/field of the next generation according to the company's needs	3.88	0.863	0.77
3. Job satisfaction and financial returns for the next generation	3.97	0.564	
• Executive position prepared for the next generation	3.91	0.74	0.801
• Advanced position occupied by the next generation in the family	3.85	0.715	0.895
• Facing various opportunities and challenges	3.95	0.659	0.749
• Higher financial returns that the next generation will get	3.87	0.79	0.823
• Owning a stake in the family business	4.07	0.79	0.759
4. The extent of family bonding and trust that the family places in the next generation	3.94	0.504	
• Harmonic family relationship between the founder/business owner and the family	4.24	0.68	0.707
• The current values based on unity and interdependence	3.84	0.705	0.702
• The fact that succession process is planned and announced to the whole family	4.06	0.682	0.869
• The belief that the family's property should persist within the family	3.76	0.783	0.81
• The conviction that the family business was found to provide job opportunities for all family members	3.85	0.813	0.897
• Continuous communication process in the form of continuous meetings between family members and the next generation	3.89	0.708	0.85
• The trust that the family passes to the next generation in the event that such a generation has an eldest or firstborn son / daughter.	3.71	0.884	0.844
• The trust that the family places in the next generation if such a generation/successor is male	3.74	0.826	0.834
• The fact that the next generation holds an academic specialization that is appropriate to the nature of the family business	4.02	0.7	0.878
• Next-generation enjoyment with appropriate working experience	4.29	0.695	0.792
• Next-generation rational behavior and decisions making skills	4.18	0.736	0.771
5. Family Business financial and operational performance	4.01	0.706	
• Value of the capital invested in the family business	3.9	0.865	0.841
• Return on investment	3.97	0.832	0.886
• Market share	3.94	0.862	0.84
• Dividend distribution	4.07	0.763	0.822
• Growth of family wealth	4.15	0.759	0.815

A step forward, multiple regression was conducted to test the study hypotheses and explore the effect of key success factors on planning and transferring ownership and managing FBs to the next generation (Table 4). The average score of items in each aspect was obtained based on the results of exploratory factor analysis.

	Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Impact Factor
	B	Std. Error	Beta			
Desire of the next generation to join the FB	0.114	0.039	0.115	2.951	0.004	Accepted
Qualifications and capabilities of the next generation	0.152	0.039	0.155	3.921	0.000	Accepted
Job satisfaction and financial returns for the next generation	0.112	0.040	0.113	2.216	0.037	Accepted
The extent of family bonding and trust that the family places in the next generation	0.961	0.057	0.910	16.858	0.000	Accepted
Family business financial and operational performance	0.116	0.045	0.117	2.826	0.002	Accepted

RESULTS AND DISCUSSION

The variance explained and component matrix for the dependent variable, as shown in Table 2, reveals that the key factor influencing the willingness to transfer ownership and management of the family business to the next generation is the successor willingness to step in (MV 4.06). Whereas factors that influence independent variables shown in Table 3 reveal that the desire of the next generation to join the family business is a key dominant variable with a mean of 4.11, followed by the qualification and capabilities of the next generation (4.08), then the financial and operational performance of FB appears in the third place, with a mean of 4.01. In contrast, the least dominant variables are job satisfaction/ financial rewards for the next generation and family bonding and trust in the next generation, with means of 3.97 and 3.94, respectively.

Taking the first dominant factor, Table 3 shows that allowing the next generation and giving them the opportunity to make development and changes to work in line with the market requirement is considered a motivating factor (MV 4.44) for creating desire in the next generation. As for the next generation's job satisfaction and financial returns, it appears that the next generation's acquisition of experience and full knowledge in the field of FB (MV 4.20) are not only empowering successors' job satisfaction but also increases the financial returns. Noting that the same variable is also a key driver (MV 4.29) for a family trust in the next generation.

Regarding the financial and operational performance of FB, results reveal that the growth of family wealth has a direct role in making the business attractive to the successor. Finally, owning a stake in the family business directly influences the next generation's sense of job satisfaction.

Table 4 reveals that the value of adjusted $R^2 = 0.912$ (91.2%) representing a solid relationship between the succession planning factors and the willingness of the incumbent to transfer ownership and management of the FB to the next generation. Additionally, 91.2% (adjusted $R^2 = 0.912$) variation in the process of planning, transferring ownership and managing the FB to the next generation is explained by the correlation model and attributed to the desire of the next generation to join the FB, the qualifications and capabilities of the next generation, the job satisfaction and financial returns for the next generation, the extent of familiarity, family bonding, and trust that the family places and the financial and operational performance of the FB.

Moreover, Table 4 illustrates that all of the five variables are significantly related to the process of planning, transferring ownership and managing the FB to the next generation (willingness of the incumbent to step down and hand over ownership and management to the younger family generation). The desire of the next generation to join the FB ($\beta_1 = 0.115$, $t = 2.951$), the qualifications and capabilities of the next generation ($\beta_2 = 0.155$, $t = 3.921$), the job satisfaction and financial returns for the next generation ($\beta_3 = 0.113$, $t = 2.216$), the extent of family bonding, and trust that the family places ($\beta_4 = 0.910$, $t = 16.858$), the financial and operational performance of the FB ($\beta_5 = 0.117$, $t = 2.826$) have a significant impact on the process of planning, transferring ownership and managing the FB to the next generation (willingness of the incumbent to step down and hand over ownership and management to the younger family generation) at $p < 0.05$. Therefore, all five hypotheses H1, H2, H3, H4, and H5 are accepted.

DISCUSSION

Results shown in Table 2 reveal that successor willingness to step in is a key input that leads and reflects the willingness of the incumbent to step down. Such a result is consistent with the results of Richards et al. (2019), Caredio et al. (2020) and Samara (2021), who found that successor, as well as familial willingness, are key factors that guarantee to have a successful succession. As for the drivers of the key factors that influence the willingness of the incumbent to leave and hence to complete peacefully succession planning are as the following:

Moving to the motivators of the key dominant factors that influence the incumbent willingness to step in, Table 3 displays that allowing next generation and giving them the opportunity to make development and changes to work in line with the market requirement is considered a motivating factor for creating desire in the next generation. This result is consistent with Zybura et al. (2021), Haynes et al. (2021) and Poza & Daugherty (2018), that giving the successor a chance to make applicable changes to prove his/ her capabilities can induce the successor's desire and attraction to the family business. According, the presence of family successors in the ownership and/or management of the business has a positive influence on innovation tendency of the FBs (Milind & Varadraj, 2019; Liaqat et al., 2021; Yang et al., 2022).

As for the next generation's job satisfaction and financial returns, it appears that the next generation's acquisition of experience and full knowledge in the field of FB not only affects successors' job satisfaction but also increases their financial returns. This output fits with the results of Porfirio et al. (2019) and Gimenez & Novo (2020), as they state that work experience is a significant driver for potential successors' needed skills and capabilities and hence, is reflected on his/ her achievement and performance. Furthermore, stating that the more qualified the successors are, the more trust they gain from their families (Yezza et al., 2021). Noting that this result inconsistent with Samara (2021), who found that the succession

process in Arab countries is formed in a way that the successor is not necessarily selected based on his managerial skills and technical capabilities but on his perceived capacity to sustain the vision of the patriarch and on his perceived ability to fulfill family's emotional and financial goals as well.

Adding to the above, the financial and operational performance of FB is a reflection of family wealth growth, of which attract more the successor toward FB, and hence, induce him/her to seek work and building career path only inside FBs not abroad (Ljubotina & Vadnjaj, 2017). In other words, a poorly performed business will suffer in attracting the next generations (Csákné Filep & Karmazin, 2016).

To shed light more on the key dominant factors that influence succession, table 4 reveals that the 5 key determinant factors suggested by the study were found to positively impact the incumbent's willingness to step down with a significance level of less than 5%. Therefore, the hypotheses of this study are all accepted. This highlights that succession planning is a high priority issue of FBs in Palestine, especially after achieving good performance, growth, profits, and reputation. Where growing FBs requires the incumbents to have a trusted hand to maintain business growth and expansion, so they start seriously addressing the need for future leaders of their businesses and do not spare any effort in choosing and preparing their future family leaders, as a way to sustain FB wealth and reputation (Strike, 2018; Oudah et al., 2018; Sanchise et al., 2020). This is also in tandem with the findings of Nnabuife & Koli (2017) that recommend founders to consider succession as a willingness for their businesses' sustainability more than as a willingness for moving authority and wealth.

CONCLUSION, THEORETICAL AND PRACTICAL IMPLICATIONS

Conclusion

The extinction rate faced through generations makes succession a crucial issue in the life of FBs. Hence, to draw the attention of Palestinian FBs owners to the importance of succession, this study extends the knowledge about the main determinants that influence succession. Using 282 FBs, results reveal that none of the study hypotheses is rejected. The empirical results indicate that the 5 proxies of the determinant factors found to be positive and statically significant, while “the extent of family bonding and trust placed in the next generation” was the first dominant factor, the second factor was “qualifications and capabilities of the next generation”, followed by "FB financial and operational performance". The fourth dominant factor was the "desire of the next generation to join FB", and finally, "job satisfaction and financial returns for the next generation". Hence, this study contributes to the development of the studies on FB succession by empirically identifying the dominant factors for Palestinian FBs, stating that Palestinian FBs, on one hand, seek to have a next-generation with the desire, passion and willingness in building a career path in FB. While on the other hand, Palestinian FBs give high weight to the next generation's merits and qualifications in choosing the right successor. These results confirm the changing role of Palestinian FBs common culture that used to give blood tight and family relation more weight when choosing the next generation, more than seeking the one with the right desire and appropriate experience and qualifications (Abuznaid, 2014). This reflects a new trend of Palestinian FBs owners' care for family unity as well as for business prosperity by handing the business to qualified and well-trained successors.

Theoretical Implications

The findings of this study validate the RCM by assuring that a desire, motivation and high level preparation of all players are very essential for winning the race. The starting player, the successor and the other team members all share common sense of responsibility and a unified vision toward winning the race. Accordingly, the incumbent's willingness to pass ownership and management of the family business to the next generation is directly influencing both the successor and the family to engage effectively with the succession process to make it a cheerful event. Where passing the baton to next play requires careful selection and good preparation to such player, hand in hand, with family full support. That reveals that FB succession in Palestine goes in the same process and requires the same requirements as any FB succession in any countries, and that empower the implication of RCM in this field (Gagné et al., 2019; Saan et al., 2018).

Practical Implications

Understanding the results of this study help founders and incumbents recognize the associated risk of succession failure, and help them identify and seek to obtain the needed resources for establishing succession plans to sustain their FBs. Therefore, the findings of this study are significant, as they support current and future founders and incumbents of FBs to understand better what is needed to achieve a successful succession process. But also, familial factors need external support, mainly by government policymakers to develop a supportive legal framework, and by financial institutions to better evaluate the sustainability potential of family businesses to provide them with their financial needs, which can also help the consulting firms design and implement capacity-building programs.

The study founding and the derived recommendations are generalized to all the segments of family businesses in the West Bank of Palestine, which can contribute to the local economy in many different ways. On one hand, this knowledge applies to all types and sizes of the Palestinian family business sectors, which has proven highly important for the economy as they constitute the foundation of the Palestinian economy by employing about 40 percent of the workforce. It is imperative to direct support program resources effectively and to strengthen the major success variables. On the other hand, it could serve policymakers to develop national strategies to support the private sector in general and the FBs in particular and to identify these success factors of the FBs sustainability to maintain their major investments in the local economy and help reducing unemployment.

Study Limitations

Like most studies, this study has limitations. First, the study only targeted two out of three parts of the Palestinian Territory: West Bank and Gaza Strip, the third territory which is East Jerusalem was not included because it is under complete control of the Israeli government, where sharing information is rarely occurs. Thus, the results cannot be generalized to all PFBs. It is, thus, suggested that future FB succession studies can compare all three territories, taking into account the different legal and political frameworks.

The study based on cross-sectional data collection rather than a longitudinal study, hence, future research is called to take a longitudinal methodology and to include multiple measures to measure the variables of successful succession process more. In this regard, a longitudinal case study approach could be carried out to improve understanding and correctly identify the success factors and describe how they are employed in the process. Finally, despite success factors have been tested and validated in different contexts, our results require further investigation, therefore, our results could change if the study considered external factors,

hence, we call future researchers to investigate the influence of economic, political and regulatory environments, as well as Islamic culture on family business sustainability through the succession process.

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