Exploring strategic planning of family firms in Saudi Arabia

Abdulrazzak R. Alwafi, BSc, MSc

Submitted for the Degree of Doctor of Business Administration

Heriot-Watt University

Edinburgh Business School

April 2013

Abstract

Researchers have called for the studying of strategic planning of family firms, especially in countries such as Saudi Arabia to cater for cultural differences. So far, it is not known how family firms formulate or practice their strategic planning.

This research aimed to investigate and evaluate the extent and nature of the strategic planning processes in a sample of family firms in Saudi Arabia. Data from six family firms was collected by semi-structured in-depth interviews using open ended questions. The study employed convenience sampling. A total of 16 interviews were made to collect the data and confirm understanding. Secondary data from company documentation and websites were also utilized. Collected data was analysed (qualitatively) to produce observations on family firms' strategic planning process. A pilot study was used to confirm suitability of the methodology and data analysis.

The idea for this research came from an actual need of the researcher and many of his friends. The study has many practical implications on family firms both locally and internationally. Therefore, it is hoped that family firms can increase their chances of success and continuation to the following generations.

The study found that the businesses tended not to have systematic processes and that analysis was typically unsophisticated and often ignored, while implementation in the sense of resource allocation, setting of sales targets, monitoring of performance, and providing incentives was often approached more systematically. Some interesting strategic patterns across firms were identified such as "Sales is king", "Let's do it" and "Just grow".

Despite geographical and sample limitations, this study has opened many avenues for further research into the strategy process in family business, both in Saudi Arabia and in other countries and cultures. Therefore, this study contributed by illuminating an under researched part of the world and by addressing a practical problem and knowledge gap.

Dedication

To my family, especially, my father and mother, my devoted wife and wonderful children.

Acknowledgment

Many people provided considerable support to me and to this work. To every one of them I say Thank you. Especially to all my friends and colleagues for all their help, prayers and wishes.

But specifically, I wish to thank my supervisors, Prof. Alex Scott and Dr. Iain Henderson of Edinburgh Business School, for their patience, guidance, advice and directions during the course of this research.

Thanks are also due to Dr. Bill Wallace of Edinburgh Business School, for his support, advice, encouragement and endless help during the mentoring stage of this degree.

I would like to extend my appreciation to owners, MDs and VPs of all the six family firms that were studied in this research. Without their inside information and extended help, this work would not have been possible.

To my Dad, Mom, brothers and sisters for their continuous prayers, support and understanding, thank you.

My remarkable wife and wonderful children, thank you for your endless understanding, infinite support and continuous prayers.

To all of you, thank you and may Allah bless you all.

Declaration statement

ACADEMIC REGISTRY
Research Thesis Submission

HERIOT WATT UNIVERSITY

Name:	Abdulrazzak R Alwafi		
School/PGI:	Edinburgh Business School		
Version: *(i.e. First, Resubmission, Final)*	Final	Degree Sought (Award **and** Subject area)	Doctor of Business Administration

Declaration

In accordance with the appropriate regulations I hereby submit my thesis and I declare that:

1) the thesis embodies the results of my own work and has been composed by myself
2) where appropriate, I have made acknowledgement of the work of others and have made reference to work carried out in collaboration with other persons
3) the thesis is the correct version of the thesis for submission and is the same version as any electronic versions submitted*.
4) my thesis for the award referred to, deposited in the Heriot-Watt University Library, should be made available for loan or photocopying and be available via the Institutional Repository, subject to such conditions as the Librarian may require
5) I understand that as a student of the University I am required to abide by the Regulations of the University and to conform to its discipline.

* *Please note that it is the responsibility of the candidate to ensure that the correct version of the thesis is submitted.*

Signature of Candidate:		Date:	11 May 13

Submission

Submitted By *(name in capitals)*:	Abdulrazzak Alwafi
Signature of Individual Submitting:	
Date Submitted:	11 MAY 2013

For Completion in the Student Service Centre (SSC)

Received in the SSC by *(name in capitals)*:	
Method of Submission (Handed in to SSC; posted through internal/external mail):	
E-thesis Submitted (mandatory for final theses)	
Signature:		Date:	

Table of contents

List of tables

List of figures

Chapter 1

Introduction

1. Introduction

This chapter introduces the research and sets the stage for the following chapters. It concludes by presenting the research question.

1.1. General

Small and Medium Sized Enterprises (SMEs) represent nearly 95% of the whole number of enterprises in Saudi Arabia. The majority of them are family businesses (Al-Mahdi, 2009). Various economists have acknowledged the significance of the family business sector (Moores and Mula, 2000). Therefore, it can be argued that family businesses are a major segment in any economy.

Ward (1988) states that most family-owned businesses struggle to survive beyond a single generation. He found that one third of his sample[1] ceased before being 30 years old. Further, only 13% of them survived beyond the third generation. So, family firms have difficulties making it to the following generation. In spite of this, the literature clearly shows that the field of family business lacks the attention of the researchers in many areas. It has not been extensively analyzed and is, thus, poorly understood (Moores and Mula, 2000).

One of the areas that could help solve these problems is strategic planning. Many scholars believe that strategic planning is important for family firms and their success. In fact, Ward (1988) argues that strategic planning–for both business and family–can help to strengthen the family enterprise and extend its lifespan. However, little work has been done in this area (Rue and Ibrahim, 1996; Zahra and Sharma, 2004; Craig and Moores, 2005). We still know relatively little about the process of strategy formulation and the content of strategy in family business (Sharma et al., 1997). Strategic planning processes and strategy content of family businesses is a serious knowledge gap.

Researchers have called for studying this field (Wortman, 1994; Zahra and Sharma, 2004). There are even calls to conduct studies at country/regional[2] level to cater for

---

[1] 200 U.S. manufacturing family firms
[2] GCC states (Saudi Arabia, Kuwait, UAE, Qatar, Oman and Bahrain) including Saudi Arabia.

cultural differences[3] (Davis et al., 2000; Welsh and Raven, 2006). Indeed, not too many researchers have attempted to address strategy and its issues in family firms. So far, it is not known how family firms formulate or practice their strategic planning. This study is a step forward and hence helps in addressing this literature gap[4]. It studies the strategic planning process in selected family firms and produces observations on their practices. It attempts to illuminate an under researched part of the world.

However, it has to be acknowledged that this knowledge gap is too broad to be filled by a single study. This study sheds some light on the way family businesses approach strategic planning and hence, increase our understanding of this important business segment. This understanding should enable further research to propose/test solutions to issues facing family businesses. Therefore, this study is a step towards helping family firms avoid many of their issues, increasing their chances of success and continuing for future generations.

The idea for this research came from an actual need of the researcher. The researcher manages his own family business and felt these issues are important and are seen in practice. Many of the researcher's friends have these issues too. These problems do exist in countless families locally, regionally as well as internationally. Therefore, this research addressed a gap in the literature and at the same time an actual problem facing family businesses and their leaders. So, even though the primary focus of the research was the few selected Saudi family firms, other family firms–even internationally–could draw on the results of this study.

This research aimed to investigate and evaluate the extent and nature of the strategic planning processes in a sample of family firms in Saudi Arabia. Data from six family firms was collected by semi-structured in-depth interviews using open ended questions. Collected data was analysed (qualitatively) to produce observations on family firms' strategic planning process. A pilot study was used to confirm suitability of the methodology and data analysis. This is an exploratory research and hence there are no hypotheses.

---

3 There are differences between family business in the Middle East and those in Western countries. They could be attributed to cultural characteristics (Welsh and Raven, 2006).
4 See section 3.3

The research scope was limited to studying the six selected Saudi family firms, analyzing them and producing observations/notes of their strategic planning process. These observations/notes should contribute to addressing a literature gap and add to our knowledge of family firms' practices with regards to strategic planning. Further studies could explore a possible generalization of results.

The researcher's own family firm was not included in this research. Further, the researcher is not a shareholder or a part of the management in any of the six sample companies. In spite of that, it is possible to argue that the sample used by this research is a convenience sample. The researcher has connections with owners or leaders of all six companies. This could be considered a limitation. However, it should be noted that this common practice (of using a convenience sample) in studying family businesses is almost inevitable due to the confidential nature of family businesses and absence of reliable databases.

1.2. Research question

The literature review in the following chapters raised many questions about the strategic planning process in family firms. To answer such questions and others, this research tried to understand Saudi family firm strategic planning processes. The main research question was:

To what extent are systematic strategic planning processes evident in family owned businesses in Saudi Arabia?

1.2.1. Research aim:

The aim of this research was:

To investigate and evaluate the extent and nature of the strategic planning processes in a sample of family firms in Saudi Arabia.

1.2.2. Research objectives:

This research aim was fulfilled by the following objectives:

1. Understand the current literature of family businesses, strategic planning and the relationship between them.

2. Investigate existing strategic planning practices of Saudi family businesses.

3. Produce observations on Saudi family firms' strategic planning practices.

4. Relate produced observations to current literature.

The relevant literature is reviewed in the following two chapters. Chapter two covers family firms and chapter three strategic planning. The research methodology is covered in chapter four. Chapter five details the pilot study of this research. Data collection and analysis follow in chapter six and the results in chapter seven. Discussions and conclusions are covered in chapter eight. Chapter nine concludes with a summary and recommendation.

This chapter introduced the research and set the stage for the following chapters. It concluded by presenting the research question, aim and objectives. The following chapter discusses family business.

Chapter 2

Family Businesses

2. Family Business

The following literature review argues that there is a knowledge gap in understanding strategic planning practices in family firms. It is hoped that the study of the strategic planning process in family firms will help in addressing this gap. The first part of this literature review explores family firms and their characteristics in relation to strategic planning. The second covers strategic planning, its attributes and issues.

The chapter defines family business for the purpose of this research. Then, it looks at family business, its management, succession, governance, conflict, strategies, strategic planning, before it concludes by establishing the need for strategic planning for family businesses.

2.1. What is family business?

This section introduces family business and sets the stage for the following sections. Family business statistics, advantages and disadvantages are presented. It also defines family business for the purpose of this research.

2.1.1. General

Family businesses come in many shapes and forms. They range from the local "Ma and Pa" store to the huge multinational (Lansberg, 1983). Family businesses represent 65-80% of all firms around the world (Yesko, 2006). A substantial proportion of new ventures are created with family involvement (Steier et al., 2003). Zidan (2009) lists many statistics about family businesses in the world that show the importance and contributions of family business to the world economy.

Entrepreneur.com[5] defines a family business as: "*A business actively owned and/or managed by more than one member of the same family*". The free dictionary[6] defines a

---

[5] http://www.entrepreneur.com/encyclopedia/term/82060.html (last accessed 23/04/2013).
[6] http://www.thefreedictionary.com/family+business (last accessed 23/04/2013).

family business as: "*a corporation that is entirely owned by the members of a single family*".

For European Family Business-GEEF[7], a family business is: "*A firm, of any size, is a family enterprise, if:*

1. *The majority of votes is in possession of the natural person(s) who established the firm, or in possession of the natural person(s) who has/have acquired the share capital of the firm, or in the possession of their spouses, parents, child or children's direct heirs.*

2. *The majority of votes may be indirect or direct.*

3. *At least one representative of the family or kin is involved in the management or administration of the firm.*

4. *Listed companies meet the definition of family enterprise if the person who established or acquired the firm (share capital) or their families or descendants possess 25 per cent of the right to vote mandated by their share capital*".

In its simplest form, a family business is: [a business] family owned and managed (Welsh and Raven, 2006); but there are many other definitions. Colin and Colin (2008) affirm that each family business is unique. The basic characteristic that distinguishes family from other businesses is the influence of family relationships on the business. These relationships influence how the organization is governed, structured, managed, and transferred to the next generation (Aronoff and Ward, 1995). Lema and Durendez (2007) listed intangible assets of family firms that include: Family dedication and commitment; Protection of company tradition and value; and higher synergy which improves performance. Hoffman et al. (2006) introduced the term "Family Capital". It is a form of social capital that is limited to family relationships. It is a valuable, rare, inimitable, unsubstitutable, and path-dependent resource. They argue that family capital can lead to sustainable competitive advantage. Their research suggests that family

---

[7] http://www.geef.org/definition.php (last accessed 19/02/2010)

businesses with a high level of family capital possibly do hold a sustained competitive advantage over family businesses with low level of family capital and/or nonfamily business. Faccio et al's. (2001) study (of East Asian family firms) showed that the greater profitability in family firms relative to non-family, stems from those firms in which a family member serves as the CEO.

Kotey's (2005) quantitative study of more than 900 Australian SMEs indicated that family SMEs perform at least as well as non-family SMEs. Dyer (2006) argued that family dynamics are what give rise to the benefits or costs we see associated with family firm performance. Certain family firms have higher performance because they have familial assets and lower agency costs than firms without those advantages (Dyer, 2006). Naldi et al. (2007) found that family firms take risks to a lesser extent than nonfamily firms. They also found that risk-taking in family firms is negatively related to performance.

The literature positively asserts that family firms have performance advantages and lists many advantages for them. For example: they have lower cost of capital, lower transaction costs, positive customer perceptions which create stakeholder efficiencies, and reduced agency cost (Aronoff and Ward, 1995). Even in public firms, it was found that family ownership reduces agency problems (Anderson and Reeb, 2003). They also enjoy decreased costs and increased flexibilities through centralized top family decision making (Goffee and Scase, 1985). Habbershon and Williams (1999) presented a list of family firm advantages.

Family firms on the other hand, do not come without problems. Colin and Colin (2008) noted that family business problems are not unique. Some of their issues include: constrained growth, autocratic management and nepotism and family/kin feuds (Kreiser et al., 2006). Zidan (2009, p.16) listed some more.

So, what characterizes family business? The literature presents many characteristics of family business. Some of these characteristics were compiled in Table 2.1 below. It should be noted however, that not all these characteristics are present in every family business. Also, some of these characteristics could be seen as advantages for some while disadvantages for others. For example, independence of resources outside the family could be considered by some as a major advantage. Some could see it as a limitation to growth because of the limited resources the family normally have.

Table 2.1 shows interesting characteristics for a business. But there is considerable confusion about the definition of family business in the literature (Litz, 1995). Litz (1995) dedicated a full article to address this confusion. Astrachan et al, (2002) affirmed that the obvious challenge of defining family firms stated by Handler (1989b) still holds. Zidan (2009) maintained that accurate and consistent statistics are difficult to achieve due to many reasons among which are (the cultural aspects that contribute to) the differences in the definition of family businesses. Astrachan et al. (2002, p.45) confirmed the validity of: "*no widely accepted definition of a family business*". Wortman (1994) noted that there is little commonality between definitions of family-owned businesses provided by textbooks and practitioner publications. Lema and Durendez (2007) agree that there is no consensus on the exact definition of the family business; though, the main theme considers ownership/management.

Astrachan et al. (2002) reviewed the literature and found it suggested three ways of looking at defining family business: content, purpose and form. They cite different scholars using the three ways. So, there are many definitions for family business. In addition to the few mentioned above, the literature presented many others. Most of them revolve around ownership and control. Some definitions extended to include succession (Sardeshmukh, 2008).

Table 2.1 Characteristics of family firms

Reference	Characteristic
(Ward, 1988)	Have unique working environment that fosters family-oriented workplace and inspires greater employee care and loyalty.
(Tagiuri and Davis, 1996, pp.204)	Family relation *"generates unusual motivation, cements loyalties and increases trust";* More trustworthy reputation.
(Daily and Dollinger, 1992)	Efficient informal decision-making channels, less organization structure, and lower monitoring and control costs.
(Donckels and Frohlich, 1991)	Pay higher wages to employees while enjoying reduced costs and higher profits.
(Goffee and Scase, 1985)	Have more flexible work practices for their employees.
(Pervin, 1997).	More creative due to deep commitment.
(Lyman, 1991)	They are known for their integrity and commitment to relationships as a result of emphasizing personal and family values over corporate values.
(Swinth and Vinton, 1983)	Could bridge cultural barriers through their common family values across cultures.
(Kreiser et al., 2006, p.102)	*"Independence from the resources outside of the family".*
(Yesko, 2006)	Dedication to customer service; Tradition that can last for generations.
(Zidan, 2009, p.16)	"*Sense of belonging*"
(Dreux, 1990)	They are more responsive to business environment.

Compiled from sources shown

Astrachan and Shanker (2003, p.211 and 219) maintained that definitions of family business range from as broad as businesses that had *"some family participation"* and family *"control over strategic direction"* to as narrow as: businesses with *"multiple generations"* and *"more than one family member"* in management. Poutziouris et al. (2004, p.8) define family business as: *"owner-operated/managed ventures with family members (and/or family units) predominantly involved in the administration (managerial and financial), operations and strategic determination of corporate destiny"*.

Barry (1989) defined a family business as an enterprise that is controlled by members of a single family. Daily and Dollinger (1992) defined family firms as those firms which are owned and managed by the family. Litz (1995, p.71) suggested two complementary approaches to clarify the boundaries of the domain of family business. The first approach is structure based and considers family involvement in ownership and management. The second is intention-based which focuses on *"the realized and unrealized value preferences of the organization's upper echelons."*

Sharma (2004) reviewed 217 refereed articles on family business and noted that a number of them tried to articulate conceptual and operational definitions of family business. These attempts focused on defining family business to distinguish it from non-family businesses. A range of definitions that capture varying extent and mode of family involvement in these firms is being used rather than one single definition.

Chua et al. (1999) distinguish between theoretical and operational definitions of family business. There are different types of theoretical definitions of family firms. Some consider: ownership, management and trans-generational succession. Others see these three criteria as necessary but not sufficient and include behaviour in the definition of family business. Habbershon et al. (2003) include vision and directed behaviour and values as important to classify a firm as a family firm. Chrismana et al. (2003) argued the same.

Astrachan et al. (2002) concluded, after detailed review, that there is no clear distinction between family and non-family businesses and there is no single definition that can distinguish between the two. Thus, they proposed a three dimensional method (F-PEC)

for assessing the extent of family influence in a firm. The operational definition of F-PEC scale (Family Power, Experience and Culture) takes into account several aspects of family views and influences as a whole rather than totally separated non-overlapping issues. Following these thoughts, Astrachan and Shanker (2003) offered three types of definitions of family firms mentioned above (the broad, the medium and the narrow).

Firm size is one variable that some define family business around (Litz, 1995). For example, Daily and Dollinger (1993) assumed family business is smaller enterprises. However, Litz (1995) listed many companies which are some of the world's largest and yet family-controlled.

Davis et al. (2000, p.217) defined family business as the "*one in which a single family controls the ownership of and leads the business*". Romano et al. (2000) defined family firms as those firms where a family maintains control and at least 50% ownership and important management positions are occupied by family members.

Kreiser et al. (2006) categorized a family firm by two main attributes: 1) it is controlled by a family or group of families; and 2) they wish to maintain control. Chua et al. (1999, p.25) defined family firms as "*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 small number of families in a manner that is potentially sustainable across generations of the family or families*." Sharma et al. (1997) adapted a similar definition and they emphasise the importance of such a definition to strategic planning as it has the attribute of strategy: goals pursuing, strategy for that pursuit, mechanism of implementation and control of progress. Chua et al. (1999) reviewed over 250 papers and proposed that a company is a family business because it behaves as one and that this behavior is distinct from that of non-family firms. Welsh and Raven (2006) after acknowledging the various definitions of family firms by different authors, opted for the simple and loose definition of family to define family business in the Middle East as: family owned and managed. They affirmed that this defined most of the businesses in the Middle East.

Conclusion:
- There is no commonly agreed definition of family business.

- A range of definitions are being used rather than a single definition.
- Both practitioners and academics share the definition confusion.
- Ownership and management are the main themes in all definitions used.
- Succession is another common attribute used by many to define family firms.

At least for the purpose of this research, it could be argued that restricting family firms to those who have the intention of transferring the firm to the following generation is rather obscure. For example, at the inception phase of the business, the firm is more likely to have other priorities than succession. Family firms make long term strategic choices as they mature (Lussier and Sonfield, 2004). So, it is possible that succession would be off the radar for a particular (family owned and managed) firm for quite some time. Would that disqualify the firm from being a family firm?

Another example: if the family decided to sell the business (either immediately or in the future). Obviously, succession is not under consideration then. So, would that decision disqualify this firm from being a family firm? It can be argued that many would disagree with that restriction.

Davis et al. (2000) required a single family controlling the ownership and leading the business as an attribute for defining a family business. One could justifiably ask: what would happen if another family joined ownership (either willingly or otherwise, say inherited some shares for example) would that make them two families and thus disqualify the company from being a family business? The main difference between family and non-family businesses is the interaction between the family and the business. The new ownership structure actually made the family-business system more interactive and more complex too. Also, this brings the issue of what defines a family and how that differs in different cultures and societies? Therefore, it could be argued that this requirement is not practical.

A definition of the family business must identify its uniqueness. A family's involvement in the business makes the family business unique (Chua et al., 1999). It is generally accepted that family involvement in the business is what makes the family business different (Chua et al., 1999).

The pattern of ownership governance, management, and succession materially *influence* the firm's goals, strategies, structure and the manner in which each is formulated, designed and implemented and that is what makes the family business unique (Chua et al., 1999). Chua et al. list 20 definitions of family business they found in the literature. Six of them have the key word "*influence*" of family on the business. They cited the following authors for the following definitions (Table 2.2):

Table 2.2 Definitions of family firms

Definition	Reference
*"those whose policy and directions are subject to significant influence by one or more family units. This **influence** is exercised through ownership and sometimes through the participation of family members in management"*	(Davis, 1983, p.47)
*"organization where two or more extended family members **influence** the direction of the business"*	(Davis and Tagiuri, 1985, pp.199)
"are economic enterprises that happen to be controlled by one or more families" (that have*) "a degree of **influence** in organizational governance sufficient to substantially influence or compel actions"*	(Dreux, 1990, p.226)[8]
*"an organization whose major operating decisions and plans for leadership succession are **influenced** by family members serving in management or on the board"*	(Handler, 1989b, p.262)
*"any business in which decisions regarding its ownership or management are **influenced** by a relationship to a family or families"*	(Holland and Oliver, 1992, p.27)
*"one in which two or more extended family members **influence** the direction of the business through the exercise of kinship ties, management roles, or ownership rights."*	(Pratt and Davis, 1986, pp.2, Ch. 3)

Compiled from sources shown and Chua et al. (1999).

---

[8] Direct from (Dreux, 1990)

Most researchers interpret family involvement as ownership and management (Handler, 1989b). One could argue that the *influence* the family would have on the firm would depend on many issues. But as long as there is an influence by the family on the company, that would make it different from other non-family firms and hence unique. So, requiring a <u>significant</u> influence of the family (as proposed by some definitions above) is not seen as necessary.

Therefore, this research defined family firms as:

> An organization that is influenced by a family (or families) through their ownership and management or ownership only.

No business can escape some family involvement. For example, the decisions of a corporation's CEO are influenced sometimes by the spouse and children (Chua et al., 1999). However, if this CEO is not related to a family that owns some shares in the company, then his family influence is no different than any other influence a family has on any employee. As such, that does not make his company any different from other non-family firms. So, the above definition excludes such cases by requiring an influence from an owning family.

It is beyond the scope of this research to sort out the confusion surrounding family business definitions in the literature. This section only served to define family firms for the purpose of this research. It presented some statistics and showed how important it is for the world and its economy. Some of its advantages and disadvantages were also listed. The following section introduces family business management and how it differs from managing non-family businesses.

2.2. Family business management

This section introduces family business management and explains some of its difficulties. It explains the relationship between the business and the family and how it

affects its management. It also presents some family business characteristics. It briefly touches on a few other issues.

Despite the diversity of family businesses, they all share existence on the boundaries of two qualitatively different social institutions — the family and the business (Lansberg, 1983). Family business involves two complex systems merged together: family and business dynamics. Family issues can be highly emotional and conflictual and money issues can be again highly emotional and conflictual too (Yesko, 2006). Yesko added, "putting these together can produce fireworks". Barnes and Hershon (1976) argued that it seems pointless to talk about separating families from their business. Studies, however, have shown that family involvement in business varies from one firm to another (Sharma, 2004). Kepner (1991) discussed these two social systems and the interaction between them.

Carlock and Ward (2001) through their years of experience proposed a simple model to represent the dilemmas that need to be balanced between family needs and company needs in family businesses. They see that family business needs to cater for five variables to balance between family and business needs and wishes/opportunities (Carlock and Ward, 2001) as in **Error! Not a valid bookmark self-reference.** below.

Figure 2.1 Family business dilemma
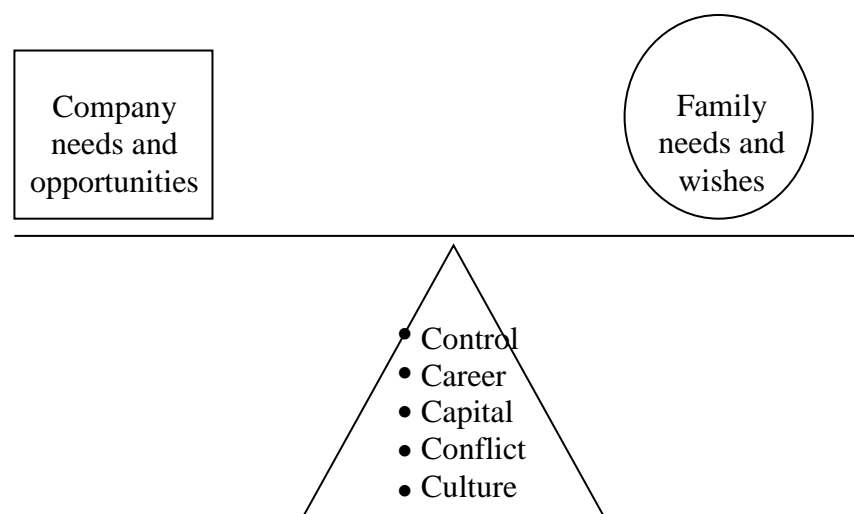
Adapted from Carlock and Ward (2001)

The relationship between owner-manager, his family and business can be represented at the early stage of a business (Figure 2.2). Sector (A) represents the normally extensive involvement of owner/manager in his business since the business is at an early stage. Sector (B) represents involvement of owner/manager with his family. In this model there is no overlap between family and business though both compete with each other for the owner/manager's time. However, family issues do not normally have a considerable bearing on business goals and strategies (Churchill and Hatten, 1987).

Figure 2.2 Owner-managed business
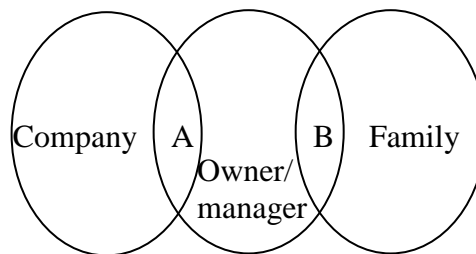
Adapted from Churchill and Hatten (1987)

As family and its members get more and more involved in the business, new overlaps emerge as shown in Figure 2.3 The family business . Sectors (A) and (B) remain the same as above but we see two new overlaps. Sector (C) represents occasional family members working in the company (during the summer for example) but without high owner/manager involvement. Sector (D) represents the deeper involvement of family members in the business with high owner/manager interaction. This involvement includes operations, control and business directions.

Figure 2.3 The family business
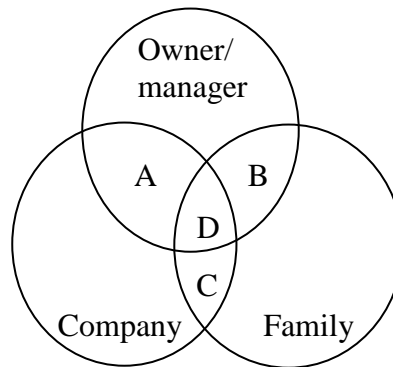
Adapted from Churchill and Hatten (1987)

Sonfield and Lussier (2004) compared different generations of family firms and found only two significant differences (among the 11 hypotheses tested). The first is: first-generation family firms do less succession planning than second- and third-generation family firms. The second is: first-generation family firms had the highest use of equity versus debt financing. It could be argued that these differences between the generations of family business could be among the motives for the other ways of looking at the family business. There are many models for representing families and their businesses[9]. All these models affirmed and attempted to understand the dynamic relationship between the family and its firm. Therefore, McCann et al. (2001) stressed the importance of family firms to acknowledge that the relationship among business, family, and individual family members is dynamic and deserves continuous attention and work.

From a human resources management point of view, non-competent family members could continue to hold some management positions blocking the way of more competent outside managers. This is especially true when the second generation takes control of company management. Also, outside managers face many problems as they normally cannot run the business as they do in non-family businesses. This could be attributed to the prevalence of emotions and human touches over professional management (Zidan, 2009).

[9] For example the three circles and Tie model presented by Neubauer and Lank (1998, p.15); the three-dimensional development model presented by Gersick et al. (1999); the five stage model by Neubauer and Lank (1998); the modified three-dimensional model for family businesses presented by Fletcher (2004) and the sustainable family businesses model presented by Stafford et al. (1999).

Schulze et al. (2003) investigated agency theory and altruism in family firms. Their work presented an extensively referenced discussion of how altruism and self-control can cause and/or complicate agency problems in family firms (Steier et al., 2003). They refer to altruism problems as those where the owner-manager, by attempting to help others (e.g. children), encourages free riding, hold up and shirking. These issues, they argued, cannot be controlled by economic incentives. Hence, they could have negative effects on family firms.

Rue and Ibrahim (1996) found that close to 57% of the companies studied do not use outside consultants in planning. Colin and Colin (2008) called for family firms not to shy away from calling professional help and consultants. Levinson (1983) classified family firms into three categories[10]: (a) Traditional family firms; (b) Conflictful family firms; and (c) Entrepreneurial family firms. McCollom (1988) urges consultants (and managers alike) to fully understand the interaction between family and business before major changes in the business are prescribed. Not understanding this interaction might mean a consultant (trained in the traditional mode) fails to see some signs of crucial importance of family-business success.

Could this inter-relation between family and business be part of the issues family firms have with human resources management? Lansberg (1983) argued that family firms raise several problems in the HR field. For example, they have their own problems of selection; compensation and equity; appraisal; and training and development. Reid and Adams (2001) found that family businesses (of Irish SMEs) are less likely to have professional HRM practices (including: the use of references, appraisal systems, a peer appraisal process, training assessment or merit-based pay). Steier (2001) argued that family firms enjoy much reduced transaction costs due to the high level of trust. Family firms are often smaller than nonfamily firms (Daily and Dollinger, 1993). They are less complex than nonfamily firms in that they are less specialized (Reid and Adams, 2001).

When controlling for size and industry, Jorissen et al's. (2005) study found[11] that family firm strategy[12] and use of long term plans do not differ from non-family firms. They

---

[10] The basis of these classifications was not explained by Levinson (1983)
[11] Among other things

acknowledged that their findings contradicted previous studies. However, they argued that the differences found in previous studies are in fact due to the different demographic characteristics of family and nonfamily firms. They concluded therefore, that it is very important to control for demographic differences. It seems that Jorissen et al's. (2005) conclusion of similarity in the use of long term plans was drawn from the answers to a question about the number of formal long-term plans used. But the study did not show if the similarities extend to the process of developing and implementing the plans. Therefore, one could argue that this conclusion could be superficial. On the other hand, similarity in adopted strategy could be explained. The strategy adopted is more about the personal character of the leader (rather than related to the family). However, one could argue against this as the leader could adopt (for example) a more conservative strategy (ex: defender rather than prospector)[13] for the sake of protecting the family assets in the firm. Therefore, it can be argued that while these results might be important and could be used as indicators, they should be used cautiously.

Westhead et al. (2001) argued that the reluctance of family firms to sell some of their equity in their business to outside investors may retard the family business survival and growth prospects. Their study suggested that owners of family firms are generally inward looking and do not trust (even qualified) outsiders to protect their store of family wealth in the family business. They argued that a significantly larger proportion of family (rather than nonfamily) firms had not employed a nonexecutive director to protect their family wealth and to ensure their siblings have the opportunity of being promoted to highly paid positions in the business.

It is out of the scope of this research to investigate every aspect of how a family business is managed. The above is merely to serve as a briefing to show that there are considerable intersections and interactions between a family and its business that affect the way family business is managed. How do these interactions reflect on strategic practices in family firms? The following sections cover this.

---

[12] Using Miles and Snow's (1978) typology.
[13] In Miles and Snow's (1978) typology:
    Defenders continually attempt to develop greater efficiency in existing operations.
    Prospectors explore environmental changes in search for new opportunities.
    Analyzers reside between the two extremes of defenders and prospectors. They attempt to minimize risk and maximize opportunities.
    Reactors are non-proactive and exhibit a pattern of adjustment to their environment.

This section introduced family business management and explained some of its attributes and difficulties. The following section considers one important aspect of family business: succession.

2.3. Succession in family business

This section explores succession in family business. It talks about succession issues, types, why family firms avoid its planning and what it takes for a successful succession.

Changing leadership in family business can trigger many issues that family firms have to deal with (Beckhard and Dyer, 1983). For example:-

1. Should the business be sold or maintained?

2. How to handle family frictions

3. Appointing a successor, who and how?

4. How to deal with training family members

5. Preparing for founder retirement.

6. Developing management for the future.

7. How to deal with retiring/new CEO

Breaking down the above issues could lead to a list of different issues facing different stakeholders (Beckhard and Dyer, 1983). Normally, when the founder is around everybody knows his role and responsibilities whether he/she likes it or not but it is

almost impossible to find one person who can take over all the roles the founder has played (Beckhard and Dyer, 1983).

The process of adapting to the new conditions is frequently managed very badly (Beckhard and Dyer, 1983). Most of the time successions in family businesses do not work out (Miller et al., 2003). Ward (2004) contended that only half of all family firms make it through to the next generation while Buchholz et al. (1999) contended that only one-third make it through to the following generation. They argued that the reason is lack of succession planning. Regardless of the ratio accepted, it is clear that this is a high risk facing family firms. Colin and Colin (2008) called for acting now to avoid disappointment later. There are other ramifications of a lack of a succession plan such as losing employees, customers, suppliers and capital (Buchholz et al., 1999).

Succession and its planning is one major issue in family businesses (Zidan, 2009). Sharma et al. (2003, p.1) defined succession planning as "*the deliberate and formal process that facilitates the transfer of management control from one family member to another*". In spite of the above issues associated with change of leadership, it is surprising that most family business heads do not have a succession plan (Buchholz et al., 1999). It is even more astonishing if we know that more than 40% of them are going through or anticipating a succession process (Ward, 2004). Succession is rarely planned (Zidan, 2009, p.19). Rue and Ibrahim (1996) found that only 13% of the companies that survived prepared any type of succession plan. Lack of a succession plan is an irresponsible act that puts everything important to the company at risk (Buchholz et al., 1999). Zidan (2009, p.19) called lack of succession planning "unprofessional behavior".

Even though succession is inevitable, people avoid succession planning. The following Table 2.3) compiles some of the reasons for avoiding succession planning. One could argue that these reasons could be also classified as reasons for avoiding planning in family businesses as succession planning could be considered part of strategic planning for family businesses.

Table 2.3 Reasons for avoiding SP

Reference	Reason for avoiding succession planning
(Fleming, 2000)	it raises unpleasant family issues; people are too busy doing day-to-day tasks; the owner fears suffering a loss of control; the owner fears that a succession plan will reduce options; they do not know how to plan; it forces people to confront their mortality
(Zidan, 2009, p.19)	They lack capability of predicting what will happen when they leave their position. They might hate those who will take their place
(Hubler, 1999)	Lack of Appreciation, Recognition, Forgiveness, and Love; Differences seen as liability rather than an asset; Poor expression of feelings and wants

Compiled from shown sources

Family adaptation is a function of the founder's priorities, condition of the firm and family dynamics (Beckhard and Dyer, 1983). Miller et al. (2003) see that personal emotional factors determine the next leader. This, they argued, is one of the reasons for succession failure. This is especially true when they desire their sons to take over the business regardless of suitability.

There is no one recipe that fits all. A succession plan is dependent on the specific company, its needs, values, and idiosyncrasies (Buchholz et al., 1999). But, in order for a family business to continue, it must be profitable in the long run and must meet family income needs as well as other non-monetary factors (Muske and Fitzgerald, 2006). Fleming (2000) gave the following as guidelines for succession success:

- Put business interest first

- Place merit ahead of family members' wishes when assigning jobs

- Sell the business rather than let incompetent successors ruin it.

- Evolutionary succession[14] must be used.

Ward (2004) argued that a strong enough and healthy enough business is needed to last to the next generation. He called for the first stage of the family firm (Owner-managed) to prepare and set the ground and rules for employing family members. The second stage (Sibling partnership[15]) to set standards for business ownership to accommodate the third stage (Cousin collaboration[16]), increasing the number of owners. Barnes and Hershon's (1976) study suggested that the healthiest transitions to the following generation are those where both family managers and the business change patterns. For this to happen, they explained, "the old man" must face the decision of helping the company live even though he must die. It is only then that the management of the transition can begin. A successful family transition could mean a new beginning for the company, they noted. Handler (1989a) found that: (1) the greater the mutual respect and understanding between generations and the siblings accommodation between members of the same generation, the more likely an individual will have a high quality succession experience; (2) Family commitment to family business perpetuation can positively or negatively affect the individual's experience; (3) separation strains have generally a negative influence; (4) the adjustment of owner role (in the form of diminishing involvement in the firm) and organizational design as well as environmental condition, shape the effectiveness of succession in family firms.

There are a few scenarios for managing continuity: the founder does it all, the founder consults with selected family members, the founder works with professional advisors and the founder works with family involvement (Beckhard and Dyer, 1983). For Fleming (2000), succession is either evolutionary or revolutionary. The first is very desired and the second is very painful. Table 2.4 Evolutionary vs Revolutionary succession shows the differences between the two successions. Some could argue that

---

[14] explained below

[15] The second stage in family business life according to Ward (2004)

[16] The third stage in family business life according to Ward (2004)

the evolutionary approach does have its own problems. For example, involving all stakeholders in the selection process could be very expensive in terms of time and efforts. Some would prefer devising a mechanism for selecting the successor involving key people only.

Table 2.4 Evolutionary vs Revolutionary succession

Dimension	Evolutionary	Revolutionary
The reason for succession	Succession is driven internally; the business is in control of the process, striving to maximize potential benefits.	Succession is imposed externally; the business is forced to react to events, striving to minimize potential damage
Decision Making	Decisions are made after proper deliberation and evaluation of options	Decisions are made in haste under unfavorable conditions
Participation	All key stakeholders participate fully.	Few people are involved; the quality of their participation is questionable.
Development	Development activities are tailored to individuals' needs	People sink or swim on their own; any training provided is generic and of marginal value.
Successor selection	Selection is based on merit-the best potential successor is chosen	Someone is chosen because he or she just happens to be available.
As viewed by outsiders	The process is seamless to outsiders	Outsiders can see turmoil or other signs of distress.

Adapted from Fleming (2000)

Davis and Harveston (1999) differentiated between complete versus disrupted succession. Disrupted is when, for example, the founder retains a significant role in the organization post succession. In such a case, the founder may cast a generational

shadow over the organization and critical processes within it. This situation could bring about socially disruptive consequences for the organization (Davis and Harveston, 1999). Conversely, a well-articulated and managed succession could minimize disruptions and conflicts resulting from succession (Harvey and Evans, 1995).

There are forces that affect the possible directions for succession (Beckhard and Dyer, 1983). These forces include:

- The general business environment

- The firm's stage of development

- The organization's culture

- The family culture

- The family's influence on the founder

- The founder's or owner's personal motivations and values.

The two most prevalent types of planning that occur within family businesses are strategic planning and succession planning (Blumentritt, 2006). Still, Davis and Harveston (1999) called for better planning for succession as well as better management of post succession transition. So, how do family firms approach succession planning? Is it part of their strategic planning? This research hopes to uncover some of these issues. The following section looks at governance and conflict resolution; other important issues of family business.

2.4. Family business governance and conflict resolution

This section talks about governance in family business. How formal it is, how developed and its relationship with the board. It also covers conflicts in family businesses.

2.4.1. Governance

Suare and Santana-Martin (2004, p.146) defined family governance as "*the set of institutions and mechanisms whose aim is to order the relationships occurring within the family context and between the family and the business.*"

Suare and Santana-Martin's (2004) study found that the family governance system is typically hardly developed. It is less likely to have a formal code of ethics and more likely to use role modeling to communicate acceptable conduct. It has a lower level of bureaucracy (Kreiser et al., 2006) and normally is characterized by flexibility in rules and doing business (Zidan, 2009, p.16). Muske and Fitzgerald's (2006) study demonstrated that informal governance mechanisms are important for family firms. They have an important role to play in reducing conflict caused by their distinctive characteristics.

Blumentritt (2006) concluded that advisory boards are potentially important tools in the management of family businesses. Suare and Santana-Martin's (2004) study of Spanish family firms found that approximately half the board tend to be insiders and more than two-thirds are family members. Blumentritt's (2006) study concluded that the role of board of directors may be different in a family business than in nonfamily businesses. Blumentritt (2006) argued that the role of the advisory board is heavily geared toward resources provision rather than governance.

2.4.2. Conflict resolution

Unspoken, misunderstood, or different visions in the same family lead to conflicts. Organizational conflicts are normally kept hidden and remain unsolved which could hinder good decisions (Zidan, 2009, p.18). Therefore, Aronoff and Ward (1994) suggested that family members involved with the business should agree on a definition of the business that serves as a guide to operational and strategic issues. Fenn (1996) fostered that family businesses can avoid conflict by creating "family-business policies". Sorenson's (1999) study suggested that businesses that produce the highest outcomes for both the business and the family have developed a norm of collaborating. Sorenson (1999) argued that family councils could be considered to provide forums in which individuals can express their concerns and have those concerns addressed. Also, formal planning and coordinating meetings that encourage family members to express their concerns and that deal directly and effectively with these concerns can increase collaboration and set the tone for collaboration in other interpersonal interactions.

Conflicts affect all aspects of management of family businesses (Zidan, 2009). Strategic planning practices of family firms are no exception. So, how do conflicts and governance in family businesses relate to their strategic planning? This research hopes to understand some of these aspects. The following section looks at family firms' strategies.

2.5. Family business strategies

Family business strategies are explored in this section. What strategies are being used in family business? How different are they from non-family business?

Research examining the relationship between ownership structure and strategy are limited and provide conflicting results (Fudmundson et al., 1999). Some identified differences in strategic behaviour are based on ownership structure (Donckels and Frohlich, 1991). Others did not find significant differences in the four strategic postures they analyzed between family and non-family owned businesses (Daily and Thompson, 1994).

Kreiser et al. (2006) listed family firms' features as: organic growth through reinvested profit rather than takeover and mergers, avoidance of stock market finance, reliance on banks merely for short-term credit and internal management succession. Donckels and Frohlich (1991) concluded that family businesses can be considered as rather inwardly directed or closed family-related systems; most family businesses are rather risk-averse; family businesses' strategic behaviour suggests that they are rather conservative; and family businesses are rather more stable than progressive. Family firms are concentrated in the "defender group" (Daily and Dollinger, 1993). Family firms have strong local orientation which results in less inclination towards global strategy (Gallo and Sveen, 1991). Also, family considerations may limit the aggressiveness of its business (Ward, 1988). Saffu and Yusuf (2009) investigated planning practices, strategy types and the performance of indigenous firms in 95 companies in Bahrain and UAE[17]. They found the majority of firms are prospectors and analyzers and prospectors performed considerably better.

Fast-growth family firms tend to differentiate themselves from competitors through high-quality products/services (Upton et al., 2001). Cost leadership and differentiation strategy combined is found in close to 40% of Belgian family firms (Van Gils et al., 2004). Family firms use a mixture of strategies (Moores and Mula, 2000). Most family firms appear to have multiple patterns of strategic behavior (Ostgaard and Birley, 1994). According to Kreiser et al. (2006) there are three periods for strategy development.

---

[17] United Arab Emirates

They are: inception and early strategic period, primary growth period and mature strategic period.

McCann et al. (2001) found that family firms adopt a distinct set of business and family practices given their particular strategic focus. Typically, family firms were found to adopt conservative strategies first. During their formative years they adopt financial conservative strategies and maintain tight control of the strategic decision making process. Then, they are pushed to embrace a more entrepreneurial posture by competitive pressure (Kreiser et al., 2006).

Craig and Moores (2006) concluded that established family firms appear to place substantial importance on innovation practices and strategy and they do manage and adjust to the innovation strategy[18]. This innovation thrust is influenced by the life stage of the family business. McCann et al's. (2001) major finding was the important role innovation plays in the family firm's competitive advantage.

Lussier and Sonfield (2004) identified twelve variables of family business and studied them. One of these variables was strategic planning. Lussier and Sonfield's (2004) study supported previous research that family firms' top management, as they mature, look more frequently beyond their present operational aspects and consider broader directional alternatives as well as make long term strategic choices.

It can be concluded, therefore, that family business strategies are very much inter-related with the family itself. Further, there seems to be patterns or stages that strategies go through. So, how do family firms do their strategic planning? The following sections investigate this issue.

---

[18] Though this is more associated with high-tech firms, it appears that family firms act similarly (Craig and Moores, 2006)

2.6. Family business strategic planning

This section is about strategic planning in family businesses and how it differs from non-family strategic planning.

Lema and Durendez (2007) conveyed[19] that 16% of family businesses do not use strategic planning at all while 50% of family business CEOs use it heavily to extensively. Relatively few of them use a formal strategic planning process. Among the reasons for family firms avoiding strategic planning, Poza et al. (2004) stated that family firms avoid strategic planning to avoid potential conflict between the CEO and the rest of the family. Family firms prefer confidentiality and privacy which could cause rejection of strategic planning as it implies sharing confidential information (Mintzberg, 1994b). Some researchers found that family firms consider strategic planning less important than successor preparation (Fiegener et al., 1996).

Many think of planning as a straitjacket that will constrain their instinctive survival skills and limit business flexibility (Ward, 1988). The nature of the planning process also requires these independently minded business owners to share decisions and private financial statements with others in the company which they would rather keep for themselves. Others object to planning because they think the future is too uncertain to make the effort worthwhile (Ward, 1988).

The strategic decision making process in family firms is different from non-family (Ibrahim et al., 2004). Planning for family business is more complex than other businesses (Ward, 2004). Family considerations influence strategy formulation and implementation (Harris et al., 1994). Ward (1988) affirmed that strategic planning for family businesses differs from planning for other types of companies largely because of family issues. Lema and Durendez (2007) seemed to support that by arguing that the owner's personal network shapes family firm strategy and its formulation. Also, Ibrahim et al's. (2004) study concluded that strategy significantly changes from generation to generation. Further, Lema and Durendez (2007, p.152) listed many

---

[19] It was not possible to confirm this conclusion from its source. However, it was cited by at least two authors ((Lema and Durendez, 2007) and (Moores and Craig, 2008)

differences between family and non-family firms that could be the reason for the different strategic management behavior.

The basic strategy for both family and non-family firms is similar (Sharma et al., 1997). Strategy must be formulated, implemented, and controlled in the context of a set of business goals and in relation to its business environment. Differences may exist in the specific goals, how the strategy is implemented, and the participants in the process (Sharma et al., 1997). However, Rue and Ibrahim (1996) believed that family firms should not attempt to use the same techniques used in other firms.

Blumentritt (2006) argued that the two most prevalent types of planning that occur within family businesses are strategic planning and succession planning. However, Rue and Ibrahim (1996) state that planning in family firms is limited in its scope and activities and there is no differentiation between operational and strategic planning.

Moyer (1982), on the other hand, is contented that businesses regardless of their sizes should be able to perform the necessary functions of strategic planning. Ward (1988) argued that strategic planning provides a systematic way of asking key business questions. He saw "family strategic planning" as addressing four questions:

1) Why is the family committed to perpetuating the business?

2) How does the family see itself and the company in the years ahead?

3) How will the family build or maintain strong relationships, resolve conflict and work for harmony? and

4) What are the specific steps required to accomplish the family's personal and professional goals each year?

Providing clear goals that are communicated well is among the most powerful means for guiding the behavior of employees (Tagiuri and Davis, 1992). Their study reported six groups of independent objectives that owner-managers of successful family companies have for their firms (Table 2.5). One could ask to what extent these objectives are in the list of family firms when they do their strategic planning.

Many family firms do not adequately communicate their plans to management or their families. However, getting the family in the planning process can help align individual expectations with business objectives. Also, involving employees can ensure their support and commitment (Buchholz et al., 1999). Further, Buchholz et al. (1999) recommend significant connections between the business's mission and family values. A business mission statement is important; but so is an individual mission statement, as it helps individual family members create and preserve a unique personal identity within the family and business (McCann et al., 2001). Buchholz et al. (1999) called for the mission statement to make family members proud to be associates with the business.

Table 2.5 Objectives of successful family firms

Normal objectives of successful family firms

1. Have a company where employees can be happy and productive, a company whose image and commitment to excellence in its field makes its employees proud

2. Provide the owner(s) with financial security and benefits

3. Develop new and quality products

4. Have the company be a means of personal growth, social advancement and autonomy

5. Have the company be a good corporate citizen

6. Have a company that offers job security.

Adapted from Tagiuri and Davis (1992)

Holland (1981) suggested that the family-business relationship passes through four stages of development: pre-family, family, adaptive family and post-family. The

sequence and timing of these stages depends on family constrains and competitive requirements of the business. This, he suggested, requires appraisal of management and changes in environment while recognizing family constraints as a factor in strategic decision-making.

Ward (2004) saw that the vision for the future of the family is a manifestation of personal values which significantly influences the plan for next generation ownership as seen in Figure 2.4 below. This ownership structure, he argued, powerfully affects business strategy. Experience suggests that ownership interests and characteristics do significantly affect strategy selection (Harris et al., 1994). The above seems to be supported by Ibrahim et al's. (2004) study.

Figure 2.4 Family values and business strategy

Family values → Family vision → Ownership structure → Business strategy
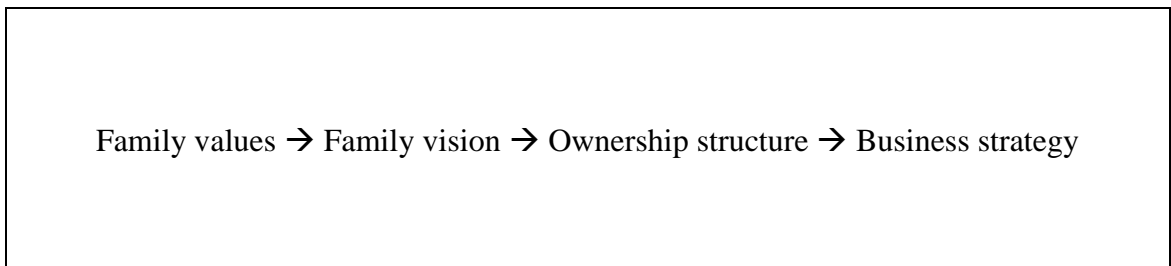
Adapted from Ward (2004)

However, Gudmundson et al. (1999) argued that empirical research examining this relationship is limited and has provided conflicting results.

Ward (2004) presented the "Continuity Planning Triangle" for family firm planning (shown in Figure 2.5). Family firms have to plan on four different levels simultaneously and interdependently: business strategy plan, leadership and ownership succession plan, personal financial plan and family continuity plan.

Mazzola et al. (2008) argued that the strategic planning process may play a critical role in building and/or reinforcing next-generation capabilities. They argued that the evidence suggests that these benefits are enhanced in the presence of certain conditions: (1) the adaption of a formal and broad strategic planning process, not only limited to the development of financial forecasts; (2) the existence of either a business or an ownership purpose behind the realization of the strategic plan; and (3) the next generation's actual involvement in the process (not only as observers).

Figure 2.5 Continuity planning triangle

Estate and
personal financial
planning

Family
Continuity
planning

Business
strategy
planning

Leadership and
ownership
succession planning
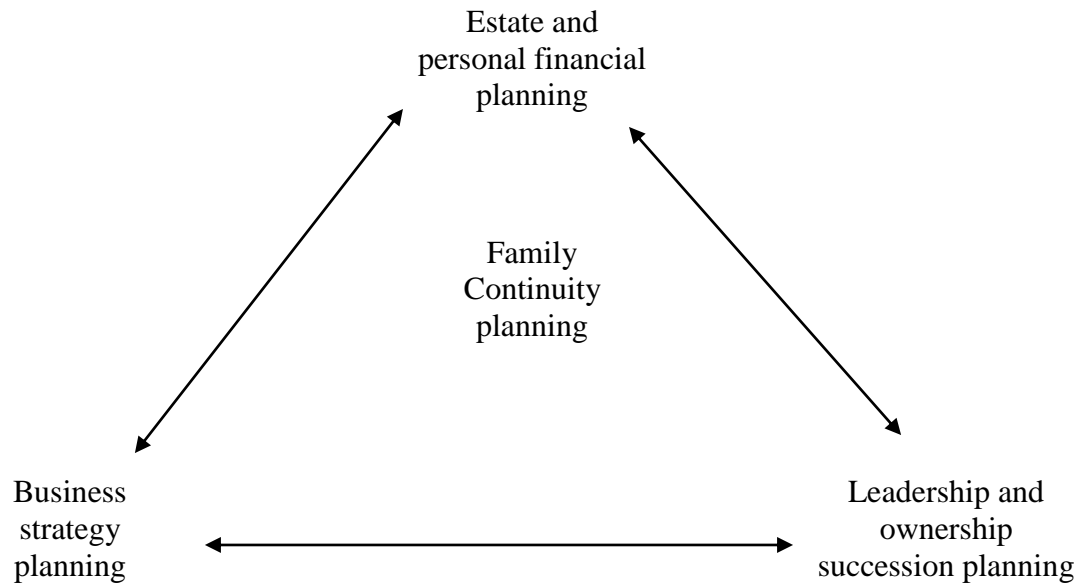
Adapted from Ward (2004)

Few family business owners (less than one-third) put their plans in writing though many have something in their heads (Buchholz et al., 1999). A well prepared strategic plan is usually a written document that spells out the specific steps to improve customer satisfaction, increase profit, and revitalize and prepare the company for the next generation (Ward, 1988). It should also state the chosen mission of the business, identify the direction of future growth and describe programs that can help to achieve that growth; hence, indicating how to compete more effectively. The planning process should determine these steps by asking three questions: in what market do we want to compete? How can we compete effectively in those markets? And how aggressively do we want to reinvest our corporate and family resources? (Ward, 1988).

Blumentritt's (2006) study found that the role of the advisory board in family businesses is heavily geared toward resources provision. This could explain the greater relationship between advisory boards and planning in family business, he argued. His study suggested that advisory boards are a significant element in understanding strategic and succession planning in family business.

It can be concluded from the above arguments that there is a great deal of ambiguity about strategic planning for family firms. A good percentage of family businesses are

not doing it while experts call for it and emphasize its importance. What is the input to family business strategic planning? Who is involved? How much of the family and its issues are taken in? What is the role of the board?... etc. This research tried to shed some light to help clear some of the ambiguity surrounding family firms' strategic planning. The following section discusses family business size and its relationship to strategic planning.

2.7. Size of family business and strategic planning

Are all family businesses small? How does their size affect their strategic planning practices? This section looks at the statistics of family businesses with regards to their size and whether they do strategic planning or not.

Moores and Mula (2000) cited the Australian Bureau of Statistics (1997) to estimate that 95% of Australian business enterprises were small. Davis and Harveston (1999) said more than 98% of the 14 million businesses registered in the United States were privately owned, and more than 80% were family businesses. Moores and Mula (2000) noted that whereas many Australian small businesses were indeed family owned and operated, not all family firms were small. Many of them become medium and some even large enterprises. Among Fortune magazine's top 500 U.S. companies, more than one-third were family controlled (Moores and Mula, 2000).

A survey found that approximately half of all businesses were family businesses (Moores and Mula, 2000). Researchers from several countries have noted that the majority of small to medium sized enterprises (SMEs) were family owned (Donckels and Frohlich, 1991; Daily and Dollinger, 1993; Cromie et al., 1995; Gersick et al., 1997; Kotey, 2005). Also, family firms tend to have fewer employees than non-family firms (Chua et al., 2004). It could be argued, therefore, that some family firms could be classified in a smaller category because of the lower number of employees.

Moores and Mula's (2000) study found the average turnover in family firms to be $10-20 million.

Rue and Ibrahim's (1996) study of 128 small family businesses found that 59% of them did do some form of planning. Gibson and Cassar's (2002) study found more than 49% of Australian Small Firms do plan and noted a 13% change from non-planner to planner while less than 10% the other way round. Lema and Durendez's (2007) study found that smaller family businesses rated importance of strategic planning slightly less than medium ones (2.92 vs 2.98 out of a scale of 5=very important) but not much less than non-family businesses (3.30 and 3.33).

Rue and Ibrahim (1996) found that of the 59% who did some form of planning, 57% cover less than two years which could be seen as more operational planning than strategic planning. Over 80% of them engaged in some type of premising about the future, where 97% prepared specific plans related to growth, over 93% prepared some type of pro-forma financial statement, and over 70% utilized procedure for anticipating or detecting differences between planned and actual performance.

Therefore, it can be concluded that the majority of family firms are in fact SMEs[20]. Some of them are big and even in the fortune 1000. More than 50% of them, in general, do some sort of planning. So, in spite of the fact that the majority of them are SMEs more than half of them do some sort of planning. Hence, it can be argued that they are not much different from non-family firms regarding the use of planning. In fact, this is supported by Jorissen et al's. (2005) findings.

The following section discusses the need for strategic planning for family firms.

---

[20] Small and Medium Enterprises.

2.8. The need for strategic planning for family firms

Planning and its influence[21] is subject to intense debate and conflicting claims (Mintzberg, 1994c). However, countless authors argued for the benefits of strategic planning. The following are examples of these arguments.

Planning is an important function of management and should contribute to more effective business management (Pennington, 1972). But in practice, Pennington argued, planning has been a resounding and expensive failure. Yusuf and Saffu's (2005) study found that firms that do plan, do not necessarily experience increased performance (except in the manufacturing sector). Hussey (1984) argued that it was generally concluded that individual companies could do well without planning, but on average those that planned did better than those that did not. Hussey (1984) noted that the research proves beyond doubt that corporate planning can be beneficial, but does not prove that it will always be beneficial in every case; for example, when it is badly applied.

Steiner (1979) argued that strategic planning will not guarantee success, but most companies will probably be better off with than without. He stressed the need to tailor it to the unique characteristics of the company using it.

Yusuf and Saffu (2005) found that sophistication of planning will not produce performance rewards (in certain environmental conditions such as economic decline). Planning is an important managerial process that can lead to achievement of economic objectives if used effectively (Phillips and Moutinho, 2000). However, it cannot be used to predict company performance (Yusuf and Saffu, 2005). Veliyath and Shortell (1993) found that planning alone is not the only key to higher performance; effective implementation is also a necessary ingredient. Bracker and Pearson (1986) confirmed the previous association between planning and firm performance. Perry (2001) found that non-failed firms did more planning than failed firms.

---

[21] See discussion in the following chapter.

Scholars considered planning as a basic management function (Lu, 2002). It helps the organisation to determine what should be done in logical steps. Entrialgo (2002) found that the co-alignment between managerial characteristics and strategy has significant success implications: the lower the alignment, the lower the organizational success. For Simpson (1998a) the key element of success is to have an overall sense of direction. Strategic planning has played increasingly important roles in developing formal alternatives for improving organizational performance (Shrader et al., 1984). Well-designed strategic plans provide an operational framework that allows the organization to enjoy distinct competitive advantages, thus experiencing improved performance. Ansoff (1965, p.115) concluded that for most firms the advantages of strategy will outweigh those of total flexibility. However, each firm differs in its strategy requirements.

Loasby (1967) argued that one of the motives for strategic planning is to understand future implications of present decisions. Wilson (1998) thought strategies give directions to navigate through the dynamic environment of business.

Bonn and Christodoulou's (1996) study found that only 49% of the largest 100 manufacturers in Australia survived (and remained among the largest 100) what they called turbulent time (between 1982 to 1993). Ackoff (1983) called for organisations to engage in contingency planning to prepare for unforeseen events. Successful organisations prepare for the changing environment with appropriate plans and actions (Fazakerley, 2005). Malmlow (1972) called for developing different "what if" scenarios to address uncertainty of future decisions. Allaire and Firsirotu (1989) thought "predict and prepare" is essential but not sufficient because of uncertainty. Therefore, strategic planning must help the firm shape its competitive environment and make it responsive to unpredictable events. Fazakerley (2005) argued that uncertainty appears to be the essential reason to engage in strategic planning. An alternative to planning is to proceed blindly into the future.

Strategic Planning, Langley (1988) argued, assists in making better strategies through a systematic logical approach. Hewlett (1999, p.26) suggested that "*a strategic plan and strategic planning process itself offers a competitive edge and enables a company to measure achievements against expectations*".

Hussey (1984, p.52) says Drucker[22] has summed up the need for companies to plan for the future: "*But tomorrow always arrives. It is always different. And then even the mightiest company is in trouble if it has not worked on the future. It will have lost distinction and leadership. It will neither control nor understand what is happening. Not having dared to take the risk of making the new happen, it perforce took the much greater risk of being surprised by what did happen. And this a risk that even the largest and richest company cannot afford and that even the smallest business need not run*".

It can be argued that the above is also applicable to family firms. In fact, some argued that family firms' survival depends on their anticipation and reaction capacity to environmental challenges which depends on their management competitiveness (Lema and Durendez, 2007)[23]. Therefore, family firms' strategy must adapt to the dynamic environment. Others spoke more specifically about strategic planning and argued that it is critical for family firms (Ward, 1988; Upton et al., 2001). It is also critical for growth and performance (Upton et al., 2001)[24]. Some even went further to call for a well-developed strategic plan for a firm to survive beyond the current generation (Buchholz et al., 1999). Ward (1988) urged strategic planning in family business. He argued that families that perpetuated their companies from generation to generation are rare. He noted that firms who survived and even prospered had renewed or regenerated their business strategies several times. Saffu and Yusuf (2009) called for managers to make sure they have a planning process in their companies. Strategic planning provides a framework for reconciling family and business issues and promoting open and shared decision making (Ward, 1988). Schulze et al. (2001) found a positive relationship between the use of strategic planning and the performance of privately owned, family managed firms.

The above seems to indicate that strategic planning is important for family firms and their survival. In spite of this, not much is known about strategic management practices in family business[25]. Relatively little attention has been devoted to researching the strategic challenges confronting family firms (Morris et al., 1997). In fact, this research notes with great surprise that Cummings and Daellenbach's (2009) extensive research

---

[22] Druker, P. F. (1964) Managing for results. Heinemann.
[23] Citing a Spanish reference (Camison, 1997)
[24] Citing many authors.
[25] See section 3.3 below.

of the Long Range Planning journal and review for forty years did not mention anything about strategic planning for family firms. Nor did the subject feature in their list of future trends[26].

If the above is saying that strategic planning is important for family firms and also says that little is known about this area, one could justifiably ask: what is strategic planning to start with and to what extent are family firms using it? The next chapter discusses these issues.

2.9. Summary and conclusion

A range of definitions for family firms is being used as there is no agreed common definition for them. The majority of family firms are in fact SMEs. There are considerable intersections and interactions between the family and its business that affect the way family business is managed. Family business strategies are very much inter-related with the family itself. More than 50% of family firms, in general, do some sort of planning. There is a great deal of ambiguity about strategic planning for family firms. Succession, (family) governance and conflicts are some of the characteristics of family firms that interact with their management and planning. Family businesses do need strategic planning

This chapter introduced family business. It also defined family business in general and for the purpose of this research. The chapter reviewed the literature and established the need for strategic planning for family businesses.

---

[26] See pp 256

Chapter 3

Strategic Planning

3. Strategic Planning

This chapter of the literature review defines strategic planning for the purpose of this research. It looks at strategic planning models. Then it investigates strategic planning for family firms as a literature gap.

3.1. Defining strategic planning

As it appeared, there is no agreement on a single definition of strategic planning. It is only sensible to define what is meant by strategic planning in the context of this research. It is completely out of the scope of this research to propose a new definition for strategic planning. However, this research formulated a definition that is used in this research as common understanding is needed.

Dictionaries have their definitions of strategic planning. In the Oxford dictionary[27] strategy is defined in two categories:

> ***"1** a plan of action designed to achieve a long-term or overall aim."* And in military "**2** *the art of planning and directing overall military operations and movements in a war or battle:.*"

> While in Merriam-Webster[28], strategy has (among other definitions) two simple definitions: *"a careful plan or method"* and *"the art of devising or employing plans or stratagem towards a goal."*

(1)

Most definitions of strategic planning are concerned with long-term direction, type of business engaged in, matching business to the environment, minimizing threats and maximizing opportunities and matching activities to the resources available (McDonald, 1996). Thus, O'Regan and Ghobadian (2002b) concluded that strategic planning:

- Attempts to alter a company's strength relative to that of its competitors, in the most efficient and effective way.

- Focuses on the direction of the organization and actions necessary to improve its performance.

- Is a process to enable anticipation and responses to the surrounding dynamic environment.

Johnson et al. (2005) defined strategy as:

> *… the direction and scope of an organization over the long term; which achieves advantages in a changing environment through its configuration of resources and competences with the aim of fulfilling stakeholder expectations.*

(2)

Mintzberg et al. (1998) stressed the continuation of the confusion of the understanding of the word strategy. They attributed that to the different ways and angles of looking at strategic planning. They defined strategy by five possible meanings:

i.   *A plan, direction or course of action for the future.*

ii. *The course of action an organization has followed over the past.*

iii. *Strategy can also be positioning of a product in a market; the product meets the customer needs.*

(3)

iv. *Strategy is a perspective in terms of the way an organization does business, the vision of the organization.*

v.   *Strategy is a ploy, a specific tactic in response to competition.*

Each definition, they argued, adds to the understanding of strategy. Kassem (1989) considered strategic management as the process of aligning internal organizational capabilities with exogenous environmental contingencies. Kolbl et al. (2008) followed the Oxford dictionary (2006) to define strategy as a plan for successful action based on the rationality and interdependence of the moves of the opposing participants or as the art of projecting and directing the larger military movements and operations of a

campaign. Farjoun (2002, p.570) defined strategy from an organic perspective as "*the planned or actual coordination of the firm's major goals and actions, in time and space that continuously co-align the firm with its environment*". Bryson (2004, p. 6)[29] defined strategic planning as: "*a disciplined effort to produce fundamental decisions and actions that shape and guide what an organization (or other entity) is, what it does, and why it does it*". Joyce (2000, p.3) listed two definitions for strategic planning: (1)[30] "*a process that an organization can use to visualize its future and develop the necessary strategies and operations to achieve that vision*"; (2)[31] "*a means to an end, a method used to position an organization, through prioritizing its use of resources according to identified goals, in an effort to guide its direction and development over a period of time*". But Mintzberg and Waters (1982, p.465) opted[32] for the typical definition of strategic planning:

> *The determination of the basic long-term goals and objectives of an enterprise, and the adoption of courses of action and the allocation of resources necessary for carrying out these goals.* (4)

McDonald (1998, p.457) stated that the strategic planning perception varies widely and ranges from year to year financial/budgetary objectives to very elaborate processes. He stressed that "*strategies should relate to attaining sustainable competitive advantage*". So, for Porter (1997, p.17)[33] "*Strategy is about setting yourself apart from the competition*".

A review of family business literature did not show clear attempts to look at the issue of defining strategic planning from a family business point of view. For example, rather than specifically using a definition for strategic planning, Ward (1988, p.108) referred to strategic planning as "*the process of developing a business strategy for profitable growth*". He added this process should produce a plan. So, Ward (1988, p.108) described strategic planning as a process that produces:

---

[29] Draws on Olsen and Eadie (1982, p. 4)
[30] Following Bushnell & Hauls (1992, p. 357)
[31] Following Wilkinson & Monkhouse (1994, p. 16)
[32] Following Chandler, A. D. Strategy and structure, Cambridge, Mass.: MIT Press, 1962.
[33] Cited by Schrader (2002, p.11)

a well-prepared strategic plan -usually written document- that spells out specific steps to improve customer satisfaction, increases profit and revitalizes and prepares the company for the next generation. The plan (5) *states mission, direction of future growth and describes programs that can help achieve the growth and how to compete more effectively.*

For Mazzola et al. (2008) strategic planning was an explicit and ongoing organizational process that included several stages. They listed the different stages found in large corporations but did not mention any specifics for family businesses.

Glaister et al. (2009, p.362) stated that "*strategy is considered a deliberate planning process (formal), initiated by top management (top-down), based on an elaborate industry analysis (rational) and aimed at designing a cohesive grand strategy for the corporation (consistency)*". Pearce II et al's. (1987b, p.658) definition of strategic planning was "*the process of determining the mission, major objectives, strategies, and policies that govern the acquisition and allocation of resources to achieve organizational aims*"

The above definitions of strategic planning are only samples of the many definitions available in the literature. Definitions 2, 3 and 4 are from the corporate sector perspective while 5 was found in family business literature. Dictionary definition (number 1) covers one way of defining strategic planning in the military which is out of the scope of this research.

The literature pointed to differences between strategic planning of family and non-family firms. Family considerations affect strategic planning in family firms (see "family business and strategic planning" below). However, some argued that these differences are mainly in the process rather than the content.

Succession preparation is an issue specific to family businesses. Only Definition 5 points to this issue. For some, succession consideration was one of the criteria for defining a family business. However, this research argued against that (see "defining family business" above).

Considering the above, this research started from the "*typical*" definition of Chandler (Definition 4 above) to define strategic planning as:

> *The <u>process</u> of: 1) determining the basic long-term goals and objectives of a <u>firm</u>; 2) <u>analyzing the environment</u>; 3) <u>selecting strategies</u> and adapting courses of actions; and 5) allocating resources necessary to carry out these goals in a dynamic environment*

Additions and changes to the Chandler definition are discussed below.

The word <u>process</u> is included in definition 5 above. It is essential to spell it out for the purpose of this research. Hence, it is added to the definition.

The word <u>firm</u> replaced enterprise to be more suitable to family firms.

<u>Analyzing the environment</u> is an important step in the process of strategic planning. It can be found implicitly in many definitions[34]. For the purpose of this research, it is made explicit as a major step in the process.

Adding "<u>selecting strategies</u>" is only to clarify that adapting courses of actions in the strategic planning process (for this research) is associated with selecting strategy/strategies.

<u>Dynamic environment</u> is a critical concept in the process of strategic planning as it is carried out in a dynamic environment (a criterion found in definition 2 and 3) thus is added to the definition.

The following section looks at strategic planning models.

---

[34] In definition 3: ".. in response to competition" and in definition 1 "..anticipation and responses to the surrounding dynamic environment". Also in definitions of (Kassem, 1989), (Fazakerley, 2005) and (Kolbl et al., 2008)

3.2. Strategic planning models

It is out of the scope of this research to talk about strategic planning models in detail. This section gives examples of the available models. It covers some models for family firm strategic planning and concludes with selecting a model to reflect its findings on.

Strategic planning formulation (procedures, steps or process) was presented by many authors in a structured way called models. There are many models for strategic planning (Lu, 2002).

Models are: "*a schematic description of a system, theory, or phenomenon that accounts for its known or inferred properties and may be used for further study of its characteristics pattern*"[35]. Scott (2008) argued that a model is a structured method of thinking. It enables identification of the different parts of a complex process and how they relate to each other. No model can describe a process exactly but it helps simulate it. He listed some of the benefits of models as seen in Table 3.1.

Table 3.1 Benefits of modelling

Benefits of modelling strategic planning

1. Simplify its complicated process

2. Provide a structure

3. Act as a check list

4. Identify areas of disagreements.

5. Make sure that the necessary steps are not ignored.

Adapted from Scott (2008)

The strategic planning model can take various forms. Almost all of them are based on a basic model (Mintzberg, 1994b).

---

[35] http://www.thefreedictionary.com/model (last accessed 23/04/2013)

Craig and Moores (2005) investigated the use of the Balanced Scorecard (BSC) for family business. They added a fifth perspective (familiness) to its four perspectives. They attempted to highlight how family businesses could adapt a modified scorecard (that includes the fifth perspective). Their work applied this modified scorecard to one family and they reported that they were confident of the benefits they gained. However, one could argue that applying BSC to family business this way is a retrofit. It modified a tool that had been developed for non-family businesses to fit family business. This methodology could work but it needs to be proved.

Sharma et al. (1997, p.1 and 3) proposed[36] what they called "*a simplified model of the strategic planning management process*" in family businesses (Figure 3.1). As it showed, the process is dynamic. The first step is to formulate goals. The second is to formulate strategy to achieve these goals. The third is to implement the selected strategies. At all stages alternatives are selected and evaluated. Decisions are then made taking into account organizational performance. Evaluation and control should always be in place to introduce adjustments where and whenever needed.

---

[36] Based on the work of (Andrews, 1971; Hofer and Schedel, 1978; Schendel Band Hofer, 1979)

Figure 3.1 The strategic management process

Environmental opportunities and threats
Organizational resources and skills
Managerial values
Social responsibilities
Family interests

Goal Formulation	Strategy Formulation	Strategy Implementation	Organizational performance w.r.t:
Financial returns Market Share Risk Growth Social goals ***Family goals***	Strategic planning process Strategy content Social issues ***succession***	Corporate governance Organizational structure, Evolution and change ***Family business culture*** ***Inclusion of family members*** ***Intergenerational issues*** ***Sibling relationships***	Financial, market, growth, and social goals ***Family goals***

Strategy Evaluation and Control
Family culture
Family members involved
Non-Family managers involved

Family influence appears in boldface italic

Adapted from Sharma et al. (1997)

Another way of looking at strategic planning for family business is the work of Carlock and Ward (2001) and Ward (2004). Section 2.7 above presented some discussion in this regard.

Salman (2005) proposed a model of strategic planning for family business in Saudi Arabia. The study first gathered what it called critical factors in the formulation of strategic planning in family business in Saudi Arabia. Second, it developed the model to address these factors and third tried to verify the developed model. The model was based on the Carlock and Ward (2001) parallel planning model.

This research notes that models proposed and used for strategic planning of family businesses have originated so far from non-family related literature[37]. This is considered a limitation that could be serious. These models did not originate from the fact that there is an involved relationship between the family and their business. So, for them to fit family business needs, they were –at their best- injected with the issues of the family and its relationship to and with the business. This research feels that a fresh look into the issue is due; a look that originates from the relationship between the family and its business. It is quite possible that a more suitable model could emerge. One that would better meet planning requirements for both the family and its business.

In strategic planning literature there are many schools and versions of models for commercial use. There are also those for military use as well as for non-profit organizations. One can even find models for countries or industry (see for example: Bar-Zakay (1981); Anthony (1985); Andrews (1987); O'Toole et al. (1989); Mintzberg (1994b)[38]; Hunt et al. (1997); Mintzberg et al. (1998); Roos and Victor (1999); Schraeder (2002); and Bryson (2004)).

Schendel (1994) argued that it is unlikely that a single paradigm will be able to govern the strategic planning field. This is not a weakness. Nor does it mean disagreeing on the strategic planning but rather on the way to model it. In fact, each school or version explains some different aspects of the process (Scott, 2008).

It is beyond the scope of this research to discuss strategic planning models and their advantages and disadvantages. Nor does its scope include discussing suitability of those models specifically for family firms. And as discussed above, there are differences that affect the process and formation of strategic planning for family firms. So, for the

---

[37] In spite of Carlock and Ward (2001) and Salman (2005)
[38] Pages: 37, 41, 48, 50 and 51

purpose of this research and as models help structural thinking, this research consulted at least one of the available models to reflect its findings on. This methodology has been used before in the research of family business[39]. One of the models well founded in academia with potential for wide application in practice, is the Edinburgh Business School Strategic Planning Process Model (EBS SPPM) (Murphy, 2011). It was developed by Scott (2008) after Schendel (1994) for the purposes of the EBS Master of Business Administration (MBA). It is a framework to integrate and analyse the inter-relationships of core concepts of strategic management and planning (Murphy, 2011). It is not intended to explain the success or failure of an organisation but to provide a systematic approach to the analysis of strategic planning core components. The model has been used as an educational tool for more than 13000 MBA graduates.

EBS SPPM model incorporates many aspects of several decades of strategic management research. It has the potential for use across a wide range of business fields since it provides a systematic approach to the process but at the same time is not prescriptive in its application. The model can be used as a framework of analysis within any organization whether the process is formal or informal. This is considered an advantage of this model considering the debate between formal vs. informal planning. The presence of a feedback stage in the model is considered a significant strength of EBS SPPM given the dynamic nature of the environment. EBS SPPM makes it possible to analyse the core components of the strategic planning process and at the same time provides a mechanism for continuous feedback (Murphy, 2011). EBS SPPM augmented process model[40] lists many tools strategists can select from to fit their own organisation or industry (Murphy, 2011). Murphy (2011) has a good overview of the components of the EBS SPPM.

Considering the above mentioned strengths of EBS SPPM and others considered by Murphy (2011), this research adapted the general purpose EBS SPPM to help produce observations on family business strategic planning practices; in particular, its augmented process model (Table 8.4) in Scott (2008). Each component of the augmented model was investigated in each of the sample companies. The research observations were largely based on these investigations. It is acknowledged that the

---

[39] See Sharma et al. (1997) for example
[40] See appendix 16

EBS SPPM is not accessible outside the EBS education circle; however, it is the experience of the researcher, as well as may others, to have found it an excellent educational tool. Further, reflecting findings on EBS SPPM does not at all rule-out other models. In particular, Carlock and Ward (2001) was not ignored.

The following section shows that strategic planning practices of family firms is a serious literature gap.

3.3. Family business and strategic practices: A literature gap

Bird et al. (2002) reviewed family business research in the 1980s and from 1997-2001 and found that though family business has been around for thousands of years, it was only recently (1990s) when it was viewed as a separate academic discipline.

For example, the professional organization Family firm institute (FFI) was born in 1984 in the United States as the first specialized organization in family firms. In 1990, a European organization was born: Family Business Network (FBN). Soon after, the International Family Enterprise Research Academy (Ifera) was founded. In academia, only recently (mid 1980s) has there been increasing interest in the family business field. So, colleges, schools, organizations, courses, periodicals. etc started to emerge. This interest was not limited to one region but rather spanned the world (Zidan, 2009). In the field of refereed journals, the Family Business Review appeared in 1988 as the first (and only) specialized journal for family business research. It remained so till recently when the first issue of the journal of Family Business Strategy was shown in a conference at Lancaster University (July, 2010). Also calls for papers for the new launch of Family Business Management journal were distributed. Therefore, family business research is still young and is not so common.

Dyer and Sanchez (1998) studied published articles in the first decade of Family Business Review and identified 19 topics covered. The most dominant topic was interpersonal family dynamics with 40 articles followed by succession with 34 articles. Management of the firm received only 7 articles according to their classification. Other

topics included: business performance and growth, consulting to family firms, gender and ethnicity issues, legal and fiscal issues, and estate issues. Wortman (1994) found that the largest number of studies of family businesses deal with succession. Zidan (2009) stated that issues and challenges of family firms did not receive the required attention.

Steier et al. (2003) affirmed that family firms received scant attention particularly with respect to the development of theories. Strategic management for family business has been overlooked even though it is considered an important area of research (Fudmundson et al., 1999). Research on strategic planning practices of family firms is sparse (Upton et al., 2001). This was confirmed recently by Lema and Durendez (2007). Sharma et al. (1997) concluded that little is known about the process of strategy formulation and content of strategy of family businesses. Craig and Moores (2005) confirmed that conclusion.

One of the most important factors for the high rate of failure of family businesses is the lack of future planning (Ward, 1988). Ward (1988) found an important pattern among family firms who prospered: they renewed/regenerated their business strategies several times over the sixty year (study) period.

Despite the perceived benefits of strategic planning, there was little or no research that investigated the characteristics of family business that are related to the use of strategic planning or the drivers that cause family business to engage (or not) in strategic planning (Blumentritt, 2006). Sharma (2004) concluded that the majority of the studies of family businesses are directed toward the individual or group level. Of 190 articles published between 1996-2003, Chrisman et al. (2003) found only 3.2% were about strategic planning. Zahra and Sharma (2004) called for listening to what business owners, managers and others talk about and deal with on a daily basis. Rue and Ibrahim (1996) noted with surprise that little empirical work examined techniques, tools, and approaches to planning used in family firms in spite of the wide recognition of the importance of planning for them. They examined planning practices of smaller family-owned businesses —an area largely ignored in their view— and their results indicate that planning practices of smaller family-owned businesses may be more sophisticated than generally perceived. Zahra and Sharma (2004) called for scholars to endeavor to:

1) understand what problems family business managers encounter, 2) determine the root cause, 3) develop a range of strategies to manage the identified problems, and 4) understand what strategies are more or less effective under different conditions and why.

Understanding the changes family firms undergo over time is critical for their effective management argued Gersick et al. (1999). So, understanding of family firms is critical for practitioners. But understanding family firms is also important for even policy makers[41] argued Shanker and Astrachan (1996). Therefore, this research shares the views of Lussier and Sonfield (2004)[42] that understanding family business is important to researchers and practitioners.

Brockhaus (1994) argued that the importance of strategic planning for family businesses is abundantly clear. However, there is a lack of empirical effort on how family businesses develop their strategic planning. Therefore, family business researchers need to determine how family goals and strategic concerns are incorporated in their planning.

Little is known about how strategic decisions are made in family firms, argued Ibrahim et al. (2004). They called for research to consider the family dimension and its impact on the strategic making process in family firms. Westhead and Cowling (1998) highlighted the need to compare strategic and competitive differences between family and non-family businesses. Lema and Durendez (2007) confirmed this need.

Theorists have repeatedly argued that the strategic planning process of family businesses significantly differs conceptually from the process and strategy of non-family businesses (Ward, 1988; Harris et al., 1994). Wortman (1994) reviewed family-owned business literature (1982 through 1991) and provided lists of research possibilities in many areas. Steier et al. (2003) suggested addressing other points.

This research affirms that the presumed uniqueness of family firms and their consequences should be high among research priorities.

---

[41] For U.S. policy in this study. But the same argument can be applied to other parts of the world
[42] And many others he lists

To summarize:

Planning importance for family business is widely recognized (Rue and Ibrahim, 1996). The strategic planning process for family business is different from non-family business (Ward, 1988; Harris et al., 1994). The high rate of failure of family businesses could be attributed to lack of strategic planning (Ward, 1988). Family firms who prosper renew/regenerate their business strategies (Ward, 1988). There are many calls to study strategic processes/strategy formations of family businesses.

3.4. Family firms and strategic planning in Saudi Arabia

Glaister et al. (2009) argued that much has been argued about culture and its impact on management practices. Child et al's. (2000) study confirmed differences in management practices between Japanese, American and UK companies. Ali (1995) argued that there is a general agreement among management scholars that there is no cultural-free theory of management.

Hofstede (1993) stated that every country has something called management. But its meaning could vary considerably. These differences root in history and culture. Thus, he asked with surprise, how could one expect some country's theories to apply abroad?[43] It should be proven rather than taken for granted. He defined culture as the collective programming of the mind which distinguishes one group or category of people (a nation, for example) from another. He further argued that culture at national level is different from culture at organizational level. The former is fundamental and acquired at childhood while the second is superficial and acquired at a later stage.

Welsh and Raven's (2006) study suggested that managers and employees of family-owned businesses in the Middle East behave in ways similar to those in Western countries; however, there are differences, probably related to cultural characteristics. Zidan (2009, p.14) noted that some western family businesses are not 100% owned by

---

[43] See Hofstede (1993) for more on cultural differences

the family while this would not be the case in most family businesses in the Arab World where 100% ownership is a must.

Some called family business "Stealth Wealth" (Connolly and Jay, 1996; Gilding, 2000). Many of them would avoid public appearances especially on the radar of tax agencies; particularly in the Arab world, Gilding (2000) maintained. Welsh and Raven (2006) stated that cultures in the Middle East are unique in many aspects. They argued that authoritarian management is predominant in large organizations while consultative methods prevail in other arenas. Davis et al. (2000) argued that, more than any other area in the world, business in the (Arabian) Gulf is viewed as a way to enhance a family's social standing rather than as an impersonal, wealth-generating, market-driven activity. Ali (1995) presented several social qualities and elements in Arab culture and their organizational implications. In cultural aspects, Ali (1990) argued that there are five factors that appear to be significant and affect management in the Arab world. They are: 1) Islamic influence, 2) tribal and family traditions, 3) the legacy of colonial bureaucracies and Ottoman Empire, 4) increasing recent contact with Western nations and 5) government intervention and political constraints.

Welsh and Raven (2006) called for research to expand our knowledge about family business and its cultural variations. In particular, they call for research to include Saudi Arabia, Bahrain and UAE as there is a need to understand Middle East management techniques and culture. Kassem (1989) affirmed that this knowledge gap is particularly manifested in Arabia. Kassem (1989) called for addressing questions such as: how do Arab organizations adapt themselves to their contextual environments? Do they plan their future, or do they readily accept it? Are decisions made intuitively or rationally? Incrementally or revolutionarily?

Glaister et al. (2009) argued that empirical evidence on strategic planning that compares practices between companies from different countries is very limited, particularly studies that examine the strategic planning processes of firms in a developing market economy and those located in a transitional economy. However, management practices are more affected by environment variables than by socio-cultural variables argued Negandhi (1983a, p.18).

So, it can be seen that the effect of culture on strategic planning practices in the Middle East is still to be uncovered. The detailed aspects of cultural differences and its effects on strategic planning practices in the Middle East is beyond the scope of this research. However, it has not been ignored. At least one of its aspects related to strategic planning has been discussed.

Salman (2005) attempted to study the strategic planning process in family businesses in Saudi Arabia. His research indicated that 86% of the sample did not have any organised method of strategic planning. Therefore, only 11 firms did do some type of planning. Further, four of the companies studied in detail did not have a strategic planning process as classified by the research. Only one was classified by the researcher as having *"well established business planning systems…"* (Salman, 2005, p.296).

Davis et al. (2000) looked at challenges facing family firms in the gulf region. They concluded that more needs to be written about successful family companies in the region for local companies to learn from them.

The above indicated that the identified knowledge gap includes Saudi Arabia and needs to be addressed. To address this gap[44], this research studied the strategic planning process in six family firms in Saudi Arabia and produced notes/observations about them. The results increased our knowledge of this segment and should help in addressing an important gap in the literature of family businesses.

---

[44] In spite of Kassem and Timmins (1988) who studied 7 family firms in Saudi Arabia in the fields of service, trade, and manufacturing. Their study according to (Wortman, 1994) attempted to juggle traditional value system with business objectives.

3.5. Few attempts to address this gap: critical review

As established above, strategic planning practices in family firms is an acknowledged gap in the literature (Wortman, 1994; Ibrahim et al., 2004; Salman, 2005; Lema and Durendez, 2007). In fact, it is thought that this gap is too broad to be filled by a single study.

There are few studies that have attempted to address strategy and its formulation in family firms. Some of them were mostly concerned with strategic attitudes of family firms. Others have tried to prescribe strategic planning for family firms. But it is not known how family firms approach their strategic planning and how systematic their approach is. There are at least 18 references[45] in this research exploring strategy practices in family firms. The following table compiles some of their characteristics.

The following can be read from Table 3.2

- Quantitative (survey based) studies count for 50% (9 studies).

- Non-field research (expert reviews/opinion) counts for 17% (3 studies).

- Qualitative (case based) studies count for 39% (7 studies).

- One study (Salman, 2005) can be considered both quantitative and qualitative.

- Sharma et al. (1997) looked at the literature of strategic management of family businesses.

- Three studies gave their results in terms of Miles and Snow's classifications.

- Six of the studies above call for addressing "how" family firms are actually approaching or practicing strategic planning.

---

[45] Refereed reference.

Table 3.2 Characteristics of relevant FF research

Reference Listed by date	Quantitative (surveys)	Qualitative (cases)	Miles and Snow	Call for How?	Field Study?
(Ward, 1988)					No
(Kassem, 1989)		Yes	Yes	Yes	
(Harris et al., 1994)					No
(Rue and Ibrahim, 1996)	Yes				
(Sharma et al., 1997)				Yes	No
(Gudmundson et al., 1999)	Yes			Yes	
(Upton et al., 2001)	Yes				
(McCann et al., 2001)	Yes		Yes		
(Ibrahim et al., 2004)		Yes		Yes	
(Lussier and Sonfield, 2004)	Yes				
(Salman, 2005)	Yes	Yes			
(Craig and Moores, 2005)		Yes			
(Kreiser et al., 2006)		Yes			
(Blumentritt, 2006)	Yes			Yes	
(Craig and Moores, 2006)	Yes				
(Lema and Durendez, 2007)	Yes		Yes		
(Mazzola et al., 2008)		Yes			
(O'Regan et al., 2010)		Yes		Yes	

Compiled from shown resources

Quantitative (Survey) based research is more suitable to answer who, what, where, how much and how many (Yin, 2003). All 9 survey based studies listed above fall into this category. Therefore, they were not directed towards answering how family firms approach strategic planning. They were more concerned with characterizing family firm strategies, mostly looking at the "what" questions about strategies.

The nine quantitative studies did provide many insights into family firms' strategy. But they did not attempt to answer a very crucial question: "*how* is strategic planning being practiced in family firms?" Understanding how family firms practice strategic planning

is crucial. This study believes that such insight is a prerequisite for any serious advice to family firms in the field of strategic planning.

A more suitable research to answer questions such as "how" and "why" is the qualitative case studies research (Yin, 2003). There are 7 studies in the above table that fall into this category. Unfortunately, all of them fall short of answering "how" strategic planning is practiced in family firms. The following discusses each study from this perspective.

Kassem (1989) tried to answer "how strategic decision are made in Arab organizations". The study included 18 cases and used semi structured interviews. This methodology seems suitable to answer the research question of "how". However, the study ended up classifying family firms' strategic decisions in Miles and Snow's classification (Defender, Reactor, Analyzer and Prospectors). These results, one could argue, tell us the type of family firm decision rather than "how" they arrived at it. Therefore, how family firms approach strategic planning is still to be addressed.

Sharma et al. (1997, p.3 and 17) proposed what they call "*a simplified model of the strategic planning management process*" in family businesses (Figure 3.1). They used this model to highlight different areas to be studied by researchers. They called for studying these issues highlighted in the model in order "*to achieve the primary goals of business research: the improvement of management practices and organizational performance*". So it was never proposed as a solution to the acknowledged literature gap but rather it affirmed it and proposed to address it through this framework.

Ibrahim et al. (2004) started from the assumption that family firms' strategic decisions are different from non-family firms as they are influenced by family interests. They studied two firms in their third generation and looked at their strategic decisions from their first generation. The study focused on the influence of the family on three areas of strategic decisions: (1) impact of intensive grooming on strategic decisions; (2) influence of family interest on strategic decisions and (3) the limited family involvement. The study increased our knowledge on "how" (or rather why) some decisions are taken, but in a very limited space (influence of family and only in three

areas listed above). Much more needs to be uncovered on how family firms approach strategic planning.

Salman (2005, p.165) attempted to "*study the strategic planning process carried out in*" family businesses in Saudi Arabia while its main objective (Salman, 2005, pp.1, 166) was "*to define a model of strategic planning process*" of family business[46]. Though some interesting points were uncovered for this company, the research did not present enough information to clarify the entire process of their strategic planning. For example, what strategic tools were used and how? What is being planned and how was that planning arrived at? It can be argued then, that there is still a lack of knowledge about strategic planning practices in family firms in spite of this attempt. Further, his research called for more work to be done on the family owned firms.

Kreiser et al. (2006) looked at how family firms vary in different cultures with regards to their growth strategy. The study presented its findings in classifications of actions into: internal; external; opening; and closing. Therefore, the research did not focus on how strategy was formed or its process. Mazzola et al (2008) looked at the strategic planning of family businesses as an education tool for the following generations. Their purpose therefore, was not to find out how the strategy is formulated.

O'Regan et al. (2010) recently attempted to study strategic thinking in family businesses. Their research question was: what strategic thinking takes place within family businesses, and what form does it take? They also looked at differences between 2nd and 3rd generations in this respect. They found that the majority of family firms do tend to plan for the future in terms of key performance objectives. But maybe they do not call it strategic thinking. The study however, did not show how family firms actually came to these objectives or how this planning was actually formed. So, the research found a trend of "what is being done" but did not show us "how it is being done".

---

[46] In Saudi Arabia

So, there are attempts to look into strategic planning practices in family firms. In spite of these attempts, there is still a lot to be learned. For example: How do they practice strategic planning? How systematically?

Craig and Moores (2005) tried the Balanced Scorecard on a family firm using action research. This was one of the attempts to use existing tools and apply them to family firms. Another attempt was by Carlock and Ward (2001). Their model called for planning for the family and the business in parallel. There are at least three issues that could be raised about these two attempts. First, it is thought that its formulation preceded our comprehension of family firms and how they operate. As confirmed by the literature, our knowledge and understanding of family businesses is very limited. So, one could argue against prescribing a solution before understanding the problem. Second, the model is an extrapolation of tools and models that were originally designed for non-family firms. Then, family firms' issues were fed into it. This kind of retrofit could work in simple variations of the original model. However, care must be taken when the variation is conceptually different such as the case of family and non-family businesses. Third, the model has not been empirically tested.

Salman (2005) tried a further step. His study took Carlock and Ward's (2001) parallel planning model and injected into it the critical factors in the formulation of strategic planning in family business in Saudi Arabia. This methodology can be thought of as a two-step process. The first step was the formulation of a generic strategic planning model for family firms[47]. The second was to derive a model for a specific region or culture[48]. One could argue for the second step in the work of Salman (2005). The derivation of a model for a specific region or a culture could be very reasonable by the methodology used. However, the problem lies in the validity of the model underneath: the parallel planning model.

Taking existing tools that are developed for non-family businesses and modifying them to fit family firms is a prejudgement. This research believes that this methodology is a rather limited view of family firms. It can be argued that the work of Craig and Moores (2005), Carlock and Ward's (2001) and Salman (2005) are prescribing a remedy before

---

[47] Which is the Carlock and Ward (2001) parallel planning model in this case.
[48] Which is Saudi Arabia in this case.

fully understanding the problem. It is believed that we ought to understand family firms first. Then, we can offer them advice.

This study is a step in this direction. It is hoping to contribute to the understanding of family firms. Its aim is to look into how family firms (in Saudi Arabia) approach and practice strategic planning. The resulting observations could be picked up by other studies for deeper understanding and possible generalization. The following section covers the research framework.

3.6. Research framework

Considering the above, this research argued that a broad knowledge gap exists in family business strategic practices. Figure 3.2 was compiled to help understand this gap. It shows that non-family-business strategic planning is normally based on the current strategic planning literature and its knowledge base (the four blocks on the right). The business would normally consider the current environment and draw on the available knowledge (tools etc) to devise its strategic plan and implement it.

But, in family business, many would consider other complications. For example, family business is actually a part of a more complex family-business-system. This system comprises the family and its business. The two parts influence each other quite considerably. The influence comes from many sources such as emotions of family members, conflicts between them…etc. This influence, many argue, makes family business strategic planning very much different from non-family businesses. But how different? The literature does not tell us much. In fact, this is an acknowledged gap.

In non-family businesses, strategic planning of a business has a direct one to one relationship with the business. But in the case of family business, strategic planning of the business could also be related or influenced by the family and/or the family strategic plan. But how? How much? This is quite a vague area.

In summary, family business strategic planning processes and how they relate to the business, the family and the family-plans is considered a literature gap. This research therefore, aimed to contribute to the knowledge base by trying to understand aspects of strategic planning processes of the family businesses.

The limited research on family firms' strategic planning affirmed that family firms do some form of planning. They also listed potential benefits to family firms. But we still do not know how they actually approach strategic planning.

Figure 3.2 Family business literature review FW

Non-Family Business **Strategic Planning**

Non-Family Business

S. P. Knowledge
- LRP / SP / SM
- SP schools
- Scenarios/Forecast
- Formal planning
- Emergent/Indented
- S. P. Tools
- ... etc

(current) **Strategic planning** Literature and practices

Environmen

Family Business

Family Business System

Family-Business
- Emotions
- Conflicts
- Succession
- Governance
- Management
- HR
- ... etc

Influence

The family

Family Business Strategic planning

Strategic Planning Knowledge Gap

Family Strategic planning

Compiled from reviewed literature

67

3.7. Summary

Strategy is a very complex process. It is thought that everything is relative to strategy. It takes place in a very dynamic environment and as such is very dynamic. There are at least three approaches to strategy and there is no agreement on a single definition of strategy. Models are used to simplify the strategic planning process. There are many models for strategic planning. Strategic decision making is a problem area for scientific research and scientific methods cannot be applied to strategy. There is a need to find an understanding and terminology in order to have a logical discussion within senior management.

Strategic planning is critical to family firms. There is a noticeable gap in knowledge about strategic planning in family firms. There are calls to research Arab and Middle East areas including Saudi Arabia. Saudi Arabian family firms' strategic planning is an under researched area. This research aimed to increase our knowledge about this part of the world.

Chapter 4

Research Methodology

4. Research Methodology

This chapter explains the methodology that was used for this research. It also shows the methodology used in the literature to fulfil similar aims. Sampling techniques, data collection, and data analysis were reviewed. The selected methodology has been used successfully in a pilot study and thus was used in the main research.

4.1. General

Kolbl et al. (2008) followed the dictionary (Oxford University Press, 2006) to define methodology as:

> *a systematic classification or procedure with the use of suitable techniques for studying and analysing directions and implications of empirical **research**.*

In the Oxford dictionary, research is: "*.. the systematic investigation into and study of materials and sources in order to establish facts and reach new conclusion*"[49]

Fazakerley (2005)[50] adapted research as:

- o "*… a process of inquiry that adds knowledge of a phenomenon*"

- o "*...a systematic, careful inquiry or examination to discover new information or relationships and to expand/verify existing knowledge for some specified purpose*".

- o *Concerned with problem solving; investigating relationships and building on the body of knowledge*.

---

[49] http://oxforddictionaries.com/view/entry/m_en_gb0703100#m_en_gb0703100
[50] After (Smith and Dainty, 1991)

Organizational research has two basic perspectives: qualitative and quantitative. There is considerable debate in the literature on qualitative vs quantitative methods that dates back to the 19th century. The researcher must select the appropriate method that suits his research (Fazakerley, 2005). Flyvbjerg (2006, p.242) stated that: "*Good social science is problem driven and not methodology driven in the sense that it employs those methods that for a given problem, best help answer the research questions at hand*".

Denzin and Lincoln (2005, pp.3-4) defined qualitative research as: "*a situated activity that locates the observer in the world. It turns the world into a series of representations, including field notes, interviews, conversations, photographs, recordings, and memos to the self. It involves an interpretive, naturalistic approach to the world. This means that qualitative research studies things in their natural settings, attempting to make sense of, or interpret, phenomena in terms of the meaning people bring to them. It involves using case study; personal experience; introspection; life story; interview; artifacts; cultural texts and productions; observational; historical; interactional; and visual texts. It hopes to get a better understanding of the subject matter at hand*". Qualitative techniques are based on the interpretation of non-numerical data and can provide meaning to human behaviour (Fazakerley, 2005). Since this research was trying to study family firms' approach to strategic planning and interpret their actions/decisions, in this regard, qualitative techniques seemed a suitable method to answer the research question.

Case studies are preferred when answering "how" and "why" questions. They are used when the researcher has little or no control over events and the focus is on contemporary phenomenon (Yin, 2003). Yin (2003) argued "*the distinctive need for case studies arises out of the desire to understand complex social phenomena*". Studying managerial processes is one of the applications for case studies (Yin, 2003).

In Merriam-Webster's online dictionary[51], case study is defined as:

> "*an intensive analysis of an individual unit (as a person or community) stressing developmental factors in relation to environment*"

Yin (2003, p.11) saw case study as: "*An empirical inquiry that*

---

[51] http://www.merriam-webster.com/dictionary/case%20study (last accessed 23/04/2013)

- *Investigates a contemporary phenomenon within its real-life context, especially when*

- *The boundaries between phenomenon and context are not clearly evident."*

As usual, it has its advantages and disadvantages (Yin, 2003). In comparing case studies with statistical methods, Flyvbjerg (2011)[52] listed some of the strengths and weaknesses of case studies. The strengths included: depth, understanding of context and process and fostering new hypotheses and new research questions. The weaknesses included: statistical significance often unknown or unclear.

Table 4.1 was compiled to show that the characteristics and capabilities of case studies match the requirement of this research.

Table 4.1 Capabilities of case study methodology

Capability / characteristic	Case study capable	Required in this research
Addresses "how" question	Yes	Yes
Deep understanding	Yes	Yes
Applicable for studying managerial process	Yes	Yes
Used to understand a complex social phenomena	Yes	Yes
Focuses on contemporary phenomenon	Yes	Yes
fostering new hypotheses and new research questions	Yes	possible
seeks statistical significance	No	No

Compiled from Flyvbjerg (2011) and others

Therefore, case studies seemed the most appropriate method to address this research question.

The literature showed many attempts to study strategy and its process in family firms using case studies (Kassem, 1989; Ibrahim et al., 2004; Craig and Moores, 2005; Salman, 2005; Kreiser et al., 2006; Mazzola et al., 2008; O'Regan et al., 2010).

---

[52] Table 17.2 page 314

Therefore, case studies as a qualitative technique were used to address this research question. Further, it is thought that the Saudi culture is more open to verbal (qualitative) than written communication. This research pilot study showed very encouraging results and collected good data from verbal communication. As such, both practical aspects as well as previously used methodology called for using qualitative methods for such research. Therefore, this research opted for qualitative methods to achieve its objectives.

The following addresses the research sample, data collection and analysis of this research.

4.2. Research sample

Sampling for qualitative research can lead to considerable confusion. Probability sampling techniques used for quantitative studies are rarely appropriate when conducting qualitative research (Marshall, 1996). In qualitative research, the criteria of selecting the sample are more important than the number of samples. Characteristics of the sample are used as a base for their selection (Wilmot, 2005). In a qualitative approach, improved understanding of complex human issues is more important than generalizability of the results. This is why probability sampling is neither productive nor efficient for qualitative studies (Marshall, 1996).

There are many variations of qualitative sampling. Marshall (1996) stated that there are three broad categories of sampling: convenience, judgment and theoretical models. Convenience sample is the least rigorous technique. It selects the most accessible subjects. It is the least costly in terms of time, effort and money. But it may result in poor quality data and lacks intellectual credibility (Marshall, 1996). Judgment sample is also known as a purposeful sample. It is the most common sampling technique for qualitative researchers. The researcher actively selects the most productive sample to answer the research question (Marshall, 1996). Theoretical sampling selects a new sample in an iterative process. It is driven by the theory being developed (Marshall, 1996).

Marshall (1996, p.524) claimed that there is a considerable overlap between the three categories. He stated that *"The relative balance will depend upon the research question and the chosen style of data analysis and interpretation"*. Coyne (1997) argued that there is much confusion and overlapping of types of sampling, particularly in the case of purposeful and theoretical sampling. They are viewed synonymously and used interchangeably in the literature. Misinterpretation relates mostly to the disparate meaning and usage of the terminology. The terms selective, purposeful and theoretical seem to be viewed synonymously and used interchangeably in the literature. However, they carry different definitions in the dictionaries.

For Wilmot (2005), theoretical sampling is a type of purposive sampling. Theoretical sampling seems to have originated with the discovery of grounded theory[53] (Coyne, 1997). Therefore, the purpose of this research can only be fulfilled if the sample cases considered are family firms (in Saudi Arabia). One could argue this is a type of purposeful sampling.

But which companies? Reliable data on family firms is extremely difficult to obtain (Wortman, 1994). Lack of a priori data makes it difficult for researchers to collect primary data and/or to target selected groups of family-managed firms for study. As a result, researchers are forced to sample from a broad population and rely on self-reported data (Schulze et al., 2001). Schatzman and Strauss (1973, p.39) argued that *"Selective sampling is a practical necessity and is theoretically mandatory"*. It is forced upon the researcher by the time available for his research, his interests and *"restrictions placed upon his observations by his hosts"*. So, accessibility is a serious issue in studying family firms.

To overcome the accessibility issue, the researcher used his connections to some family firms in Saudi Arabia. A list of possible candidates for this research (i.e. Constructed frame) was constructed. From this list, six companies were selected. They were approached for verbal and/or written confirmation for inclusion in the study. They all agreed.

---

[53] Which is proposed by Glaser and Strauss in 1967 to develop theories from qualitative data (Coyne, 1997).

So, one could argue that the selected firms meet the ideal situation criteria of being family firms and in Saudi Arabia. At the same time, one could argue that this selection is, in part, convenience sampling too[54]. This overlap should not come as a surprise. It is well captured by the literature (Marshall, 1996; Coyne, 1997).

The selected sampling technique is very common in the literature. It is well supported too. Bird et al. (2002) discussed convenience sampling used in family firm research and noted that it was the overwhelming sampling method with 66%[55]. They also noted that while some research questions can be answered in smaller non-representative and convenience samples, other questions cannot.

Sample size is often small in qualitative studies. Phenomena only need appear once to be of value. No statistical significance is needed in qualitative studies. The main issue is a manageable amount of data. A large amount of data would simply be unmanageable. A researcher has a limited capability. So, qualitative data must be of a manageable size for the researcher to effectively analyze it (Wilmot, 2005). So, collected data should be large enough to produce meaningful results but at the same time must be manageable. The amount of data collected depends on the number of samples and the amount of data from each sample.

Kassem (1989) used a sample of 18 firms. Day (2008) used 11 companies to study family business in her Ph.D. research. Sekarbumi (2001) DBA studied succession in 10 family businesses in Indonesia. Hammond's (2003) Ph.D. research had five cases of family owned-businesses to obtain in-depth information about their management. Burke's (2007) doctorate research had 4 cases of family firm businesses to study their management teams. Hunt's (2006) Ph.D. research used two cases of family business to study factors affecting succession in them.

The literature presents examples of doctoral researchers who used less than 4 cases in their study. *one case* (Spilde, 1995; Latimer, 2001); *two cases*: (Valadez-Ortiz, 1994; Wattananimitkul, 2002; Hunt, 2006); *three cases:* (Hightower, 1992). So, a sample size of 4-5 is readily found in similar research.

---

[54] Because it selects the most accessible subjects.
[55] Recent research has seen decreased use of convenience sampling.

The amount of data from each sample company is determined by the purpose of the research and its questionnaire. It was thought that this research questionnaire and a sample size of 5-6 could collect enough data to produce meaningful results and at the same time manageable ones. This research pilot study confirmed this.

Interviews –as shown below– were used as a primary source of data for this research. The pilot study of this research showed that interviews were about 100 minutes long. This research conducted 16 interviews. The resulting amount of data was manageable and reasonable for the purpose of fulfilling the research objectives. These interviews were obtained from six family firms.

Kassem (1989) studied strategy formulation in the Arabian Gulf using case studies of convenience sampling. His sample included different fields (banks, airlines, hospitals, hotels, IT, schools and consulting firms). Rue and Ibrahim (1996) did not find significant differences in planning practices among the different industry categories (retail, wholesale, manufacturing and services) included in their research. However, Sharma et al. (1997) set out some points that must be kept in mind while researching family businesses. One relevant point is that family businesses are not a homogeneous group so what works for one does not necessarily work for others. As such it is important to clarify the type of families, business and business environment being studied. Therefore, the general characteristics for each sample company were mentioned.

It should be noted that interviews were carried out with only top management —who are thought to provide useful information that fulfil the purpose of this research.

To summarize:-

- Convenience sample is common among family business researchers

- The sample could contain different fields

- A sample size of 4-5 is readily found in similar research.

Thus, the researcher used his connections to access and study 6 firms in Saudi Arabia. The selected companies are all located in Jeddah (the same city as the researcher) for ease of accessibility. They are well established and have existed more than 20 years. They are either first or second generation and fully owned by the family. Another important criterion was a high confidence level where openness and data collection would not be an issue. Interviewees were also carefully selected. They were either the company head or second in command. In all cases, they were responsible for company strategies and direction.

4.3. Data collection

4.3.1. *Data collection method*

The most common qualitative methods employed are observations, in-depth interviews, and focus groups. Interview is one of the most important sources of information of a case study (Yin, 2003). In-depth interview is a dialogue between a skilled interviewer and an interviewee to elicit rich, detailed material that can be used in analysis. In-depth interviews are characterized by extensive probing and open-ended questions[56].

Smith (1998) used semi-structured face-to-face interviews as part of her data collection method to analyze the strategy processes. Sciulli (2008) used interviews with key participants and analysis of archival documentation to collect data and study his case. Simpson et al. (1998) used observations, interviews and discussions with employees for their study. Jacobson and Chio (2008) studied their case through conducting in-depth interviews with key individuals of the projects along with their own observations. Hannah (2008) used semi-structured interviews with officials along with attending conferences and presentations. Indridason and Wang (2008) utilized questionnaires and semi-structured interviews with managers.

---

[56] http://www.nsf.gov/pubs/1997/nsf97153/chap_3.htm (Last accessed 23/04/203)

Burke (2007) had semi-structured interviews to study management teams in family firms. Sekarbumi's (2001) study used interviews and mail questions to collect the data from family businesses in Indonesia. Troyer (2000) used semi-structured interviews to collect his data for studying succession in a family business. Handler's (1989a) research (family business succession) obtained data through in-depth interviews. Yusuf and Saffu (2005) used face-to-face interviews to collect data to study planning and performance of small and medium enterprises. Hammond (2003) utilized face-to-face and phone interviews with leaders of family owned-businesses to obtain in-depth information about their management. Lee (2000) collected his data by extensive personal interviews to study one family firm. Day (2008) used 12 interviews to study family business ties in her Ph.D. research. Kassem (1989) used semi-structured questionnaires to interview top management of family firms in the Arabian Gulf to study their strategy formulation. Meanwhile, audio recordings are excellent for making notes. "*It is considered the best way to record verbal interaction, especially interviews*" (Jorgensen, 1989, p.101).

To summarize:-

> In-depth interviews are a common data collection method for studying strategy. Many researchers have used in-depth semi-structured interviews to collect data from family business top executives. Documentation is also a source of data for researchers to study similar cases. The Arabian Gulf area is no exception to the above. Audio recording is an excellent note taking technique.

It is highly unlikely to find documentation in family firms that would enable collecting the data required for the purpose of this research. So, asking questions seems only logical. As this research is trying to understand an area with little information about it in the literature, open-ended questions are argued to be suitable for collecting as much information as possible. Interviews and recoding is the most suitable method for ensuring in-depth data and its full capture. This verbal communication was thought to be more suitable for the Saudi culture[57] and hence had the potential of pulling out the required data. The suitability of this method was confirmed in the pilot study of this

---

[57] Where verbal communication is preferred to written.

research. However, as information required is concentrated around strategic planning and its issues, pre-prepared questions are found to be a suitable data collection method for the purpose of this research. Thus, this research selected semi-structured interviews with open-ended questions as its data collection method. This goes in line with the used data collection methods in literature for similar research and is thought to be the best method for collecting data from the practical aspect of this research.

This research, therefore, utilized the commonly used data collection method of semi-structured interviews with the top management of six firms. Two members of senior management per firm were interviewed, where permissible. Mainly open ended questions were used in face-to-face interviews. The researcher used his relationship with the interviewee to open up the interview and break the ice. Personal information and relationship with the company and the family were normally used to open up the interview and trigger the flow of data. In the cases where there was no previous connection with the interviewee, the researcher used his connection with company owners to set up the interview and the interviewee was directed to answer all questions asked. Where accessible, documents (planning, financial.. etc) were used as a secondary data source.

4.3.2. Questionnaire design

It is out of the scope of this research to capture every detail of the strategic process used by family firms. This research attempted to produce observations on the process used by family businesses to approach strategic planning. Therefore, questions aimed to collect reasonable data for this purpose.

Sharma et al. (1997), talking about the strategic planning process, argued that there is much we do not know. We know little about how family firms scan their environment, assess their capabilities, or search for and evaluate alternative strategies; how the strategy formulation process is influenced by family considerations and interests; whether the alternatives considered are many or few, or better or worse than those generated by non-family firms; how the dynamics and politics of decision making are different in the family business; and which types of family influences are advantageous and which deleterious to the process.

Brock and Barry (2003)[58] presented some examples of interview questions. Further questions/areas for strategic planning analysis are found in several studies (Pavri and Ang, 1995; Upton et al., 2001; Lema and Durendez, 2007). McGovern's (2000) questionnaire had 26 items. Meanwhile, Hume (1999) used a 37-question instrument divided into four areas. The developed questionnaire had around 49 main questions.

Interview questions were developed from the above literature[59], buildings block of the EBS strategic planning process (augmented process model in table 8.4 (Scott, 2008) as well as questions used in other studies (Pavri and Ang, 1995; Upton et al., 2001; Lema and Durendez, 2007). In general, the essence of each item in each stage of the augmented process models was a subject for a question. In some cases several items were grouped into a single question.

The following are some notes about the questionnaire:-

- Some questions were not purely qualitative. For example questions 2.2 and 2.4 have lists to be selected from. This was considered part of analysis as it helped in categorizing the company as, for example, very small, small, medium or large.

- Questions were grouped. This grouping helped in classifying data (answers) right from the beginning and therefore, was considered part of the analysis.

- It was thought highly unlikely that all questions will have elaborated answers and hence, it was thought the questionnaire was manageable within an 60-90 minute time frame. The pilot study confirmed this.

- Some questions were only applicable to those companies who had a strategic plan (for example questions 3.01-3.0.8). It was mentioned when the company did not have a written strategic plan.

- Translation of questions to Arabic and translation of data collected in Arabic to English were done by the researcher. No other professional translator was involved.

---

[58] Page 557
[59] Questionnaire is attached as appendix 1.

Some could argue that this process could involve some reliability risk. However, this research aims to understand the essence of the strategic planning process rather than the actual wording of the language used. Therefore, the researcher felt that this risk was very low in qualitative research such as this.

4.4. Data analysis

Qualitative research is also known as clinical methods and it offers distinct advantages for research on family firms (McCollom, 1990). McCollom (1990) studied qualitative research for family firms and concluded that there is a convincing fit between the family business as a phenomenon and the qualitative (clinical) research method[60]. The prospects of developing theory on family firms using this method are bright if the challenges of the method (which must be taken seriously) can be met (McCollom, 1990). Every choice of research method has trade-offs (McCollom, 1990). The most important factor is how accurately the research methodology captures the phenomenon (McCollom, 1990).

Jacobson and Chio's (2008) study used qualitative methods to analyze the data collected through in-depth interviews. Smith (1998) used primarily qualitative data analysis to analyze the strategy processes. Sekarbumi (2001) analysed his research (succession in family firms) data largely qualitatively. Lee (2000) used qualitative data analysis to study one family firm. Handler's (1989a) research was largely based on qualitative analysis.

For Jorgensen (1989, p.107), analysis is:

> *... breaking up, separating, or disassembling of research material into pieces, parts, elements, or units. With facts broken down into manageable pieces, the researcher sorts and sifts them, searching for types, classes, sequences, processes, patterns or wholes. The aim of this process is to assemble or reconstruct the data in a meaningful or comprehensible fashion.*

---

[60] McCollom (1990) refers to Berg and Smith (1985) in comparing between Traditional vs Clinical Model of Field Research.

Miles and Huberman (1994) described the major phases of data analysis as: data reduction, data display, and conclusion drawing and verification.

Seidel (1998) explained that qualitative data analysis consists of three parts: Noticing, Collecting, and Thinking about interesting things. Seidel (1998) presented the process in Figure 4.1. below.

Figure 4.1 Qualitative data analysis model

Notice Things

Think About Things ⟷ Collect Things
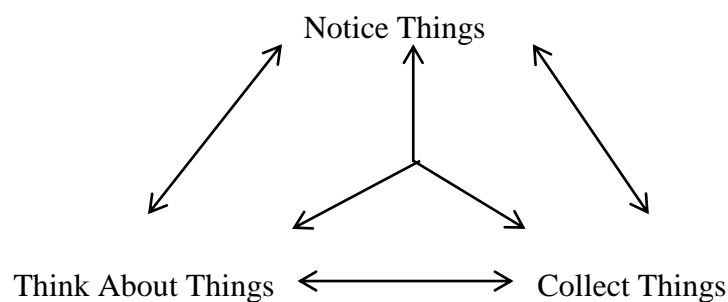
Adapted from Seidel (1998)

Seidel (1998) insisted that the process is not linear but rather iterative. So, you do not just notice, collect, then think about things and finish with writing them. The process, he argued, has the following characteristics:

- Iterative and progressive: when you think about something, you start noticing new things in the data, you then collect and think about these new things.

- Recursive: because each step of the process could call back to another step.

- Holographic: each step in the process contains the entire process. So, when you first notice things you are already mentally collecting and thinking about those things.

Noticing step involves two levels: recording things you have noticed and then coding them. Codes help the researcher summarize, synthesize, and sort his observations of the collected data. It is the fundamental means of developing the analysis. Researchers "*use*

codes to categorize discrete events, statements, and observations they see in the data" (Charmaz, 1983, p.112). Agar (1991, p.193) called for "*putting massive thinking in numerous cycles through a little bit of data*".

Collected data for this research can only be analyzed qualitatively. This methodology is well supported by the literature. Analysis used in the pilot study has made use of Miles and Huberman's (1994) techniques. Techniques described in the first few chapters were utilized briefly. The rest were relied upon as guidelines for the analysis of this research[61]. The intended method has been evaluated during the pilot study and found to serve the purpose of this research.

4.5. Causal networks

This section presents casual networks. It is one of the tools for data analysis

A causal network is an abstracted, inferential picture organizing field study data in a coherent way. Casual networks along with their accompanied text explain the case and its sub-parts. It summarizes the case in a single figure. Miles and Huberman (1994, p.153) described a causal network as "*a display of the most important independent and dependent variables in a field study (shown in boxes) and of the relationships among them (shown by arrows). The plot of these relationships is directional rather than solely correlational. X brings Y into being or makes Y larger or smaller*".

The inductive (constructive) approach was used to build causal networks for this study. A causal network was built for each company. They were constructed following the process outlined by Miles and Huberman (1994)[62]. The process started by listing important events, factors, outcomes and processes then turning them into variables that can be rated (for example, high/low). These variables were then rated. Lines were drawn between pairs of variables that seemed related or one of them affected the other. Directional arrows were added that could mean, for example, variable A influences variable B. Narration text was then added to explain the variables and their influences

---

[61] See section 6.3 for further details.
[62] Pages 151,156-157 and 228

on each other. Therefore causal networks were very important analysis tools and helped to summarize the case in a single diagram. It also showed the relationships between the different elements of the case and hence presented a better picture of understanding.

The process was iterative and many versions were produced before the final draft was arrived at. Boxes (in networks) were numbered to make it easy to correlate the networks with their narrations.

4.6. Special challenges of family firms research

McCollom's (1990) work on clinical research[63] on family business showed many useful observations. The following is a list of special challenges McCollom (1990) found with regards to clinical research in particular:

- Structure: all organizations have ownership structure, but only in family business are they tightly linked to the family system. This interdependence creates complexity for the researcher. It is very difficult, or may be impossible to isolate the two complex systems of family and business.

- Task: family firms are very much linked to a system (the family) that is radically different from it. Different goals and values. The primary task of the family is nurturance and continuity; the primary task of a business is usually production of services and products (Lansberg, 1983). These differences in tasks and values have profound implications for the researchers of family firms. While defining research tasks, the researcher could unknowingly take sides of either the family or the business. In either case, it is possible to miss the complexity that characterizes the family business system (McCollom, 1990).

- Culture: the emotional intensity of family relationships strongly affects the business system (Kepner, 1991). And this emotional power of the family culture creates a special challenge to the researcher because it is likely to pull him/her in. Researchers are vulnerable to the culture of the family firms and they are

---

[63] Qualitative field research technology for McCollom (1990)

likely to adapt the patterns of behaviour and belief in the culture if they spend time in the system. Thus, the researcher's judgement could be distorted as a result (McCollom, 1990).

- Role: family members are frequently hindered from effective role performance at work because they cannot separate themselves from family roles. Thus, researchers may miss key organizational data because of the multiple roles in the overlapping system (McCollom, 1990).

McCollom (1990) argued that the above fundamental differences family firms have from other organizational structures present a high level of complexity to the researchers. Clinical research methods, McCollom (1990) argued, offer distinct advantages over other research methods in dealing with these dilemmas. McCollom (1990) listed some of the issues faced in applying the clinical method to family business case studies:

- Lack of Control: the researcher must be content with the trade-offs of less structured research designs as system members are allowed to participate in the research. As a result, generalizability of the results may be sacrificed in the interest of responsiveness (McCollom, 1990).

- Over-involvement in the system: the researcher's immersion in the system can compromise the research. In qualitative data analysis, the researcher must step outside the system to find categories and themes; while doing this, the researcher must give up his insider's view of the system (McCollom, 1990).

- Emotional Intensity: there are emotional costs and risks to the researcher. Self-scrutinizing the data can be a source of stress and anxiety (McCollom, 1990).

- Role Confusion: maintaining the role of the researcher is not an easy task. Observer researchers are often pulled into participation. Also, researchers could be treated as therapists (McCollom, 1990).

McCollom (1990) offered three ways to address the above problems:

1. Develop an Explicit and Clear Contract: the purpose of the research must be articulated, written down, and agreed on by members of the system to ensure role clarity. The role of the researcher must be clear for the family, the business and the boundaries between them.

2. Conduct Research in Teams: some members could work on the business while others could work on the family.

3. Training in Clinical Method and Access to Family Therapy: this should help the researcher understand their own collusion in family dynamics and keep the boundaries of their role clear.

The purpose of this research and the role of the researcher were clearly communicated to the interviewees. Therefore, it is thought that the first point was well covered. However, it should be noted that the second point was not feasible due to the requirement of the degree pursued by this research. The third point was thought to be covered since the researcher has been managing a family business for a number of years.

4.7. Research paradigm and theoretical framework

'Paradigm' comes from the Greek word "paradeigma" meaning model, pattern or example (Barker, 1992)[64]. For Covey (1989), paradigm is the way we see the world in terms of perceiving, understanding and interpreting, a theory, explanation, model or map. To Guba (1990), a paradigm is a basic set of beliefs that guide action.

This research was an explorative qualitative one. Hence, the study was phenomenological. Data collected was analyzed using a phenomenological (qualitative) methodology. No hypotheses were presented.

4.8. Conclusion

It can be concluded from the above:

- It is common in the literature to use observations to investigate case studies (Spilde, 1995; Simpson et al., 1998; Latimer, 2001; Aumiller, 2008; Hannah, 2008; Jacobson and Chio, 2008).

- Many scholars make use of documentations of different types to study their cases (Hightower, 1992; Valadez-Ortiz, 1994; Wattananimitkul, 2002; Migliaccio, 2007; Sciulli, 2008; Cheung and Chan, 2009).

- Questionnaires filled through interviews (semi-structured and in-depth) are very popular in the literature (Simpson et al., 1998; Desa et al., 2004; Hannah, 2008; Jacobson and Chio, 2008; Sciulli, 2008; Toor and Ogunlana, 2009).

- Many doctoral researchers used a combination of questionnaires (filled mostly from semi-structured interviews) and documentations in their study (Hightower, 1992; Valadez-Ortiz, 1994; Wattananimitkul, 2002; Migliaccio, 2007).

---

[64] Has an extensive discussion on the subject

- In addition to interviews and documentation, some have added their own observations too (Spilde, 1995; Latimer, 2001; Aumiller, 2008).

- The literature presents examples of doctoral researchers who used less than 4 cases in their study. *One case* (Spilde, 1995; Latimer, 2001); *two cases*: (Valadez-Ortiz, 1994; Wattanimitkul, 2002; Hunt, 2006); *three cases:* (Hightower, 1992).

- Qualitative data gathering (including in-depth interviews and document content analysis) formed 32% of all research reviewed by (Bird et al., 2002).

- Many doctoral researchers used semi-structured interviews to collect their data (Handler, 1989a; Troyer, 2000; Sekarbumi, 2001; Burke, 2007).

- Convenience sampling is the overwhelming sampling method used in family firm research (Bird et al., 2002).

- It is thought that the purpose of this research would be best fulfilled by adapting a qualitative method. Data were collected from case studies by semi-structured interviews with top executives from a sample of family firms in Saudi Arabia. Cultural and practical suitability also supported the methodology selected.

To summarize:

Accessibility issues and lack of reliable data sets for family firms in Saudi Arabia leave this research with the only available (commonly used) option of a convenience[65] sample to fulfil its objectives. The sample comes from a constructed list of Saudi family firms that the researcher can access.

Thus,

---

[65] Even though it could be argued that the sample is actually a purposeful sample.

- This research used the commonly available option of a convenience sample to fulfil its objectives. Some companies have formally agreed to the interviews and a few others were pursued to reach 6 firms. Two members from senior management were interviewed, where permissible.

- This study used in-depth semi-structured interviews with open ended questions as a first data collection method. Where accessible, company documentations (planning, financial etc) were reviewed as a second data collection method.

- Interview questions were developed from the above literature[66]. They were tested during the pilot study.

- Data were analyzed quantitatively using the same method which had been successfully used in the pilot study.

Therefore, this research had the following phases:-

Phase 0: Family firms strategic planning practices

Review literature to establish current strategic planning practices in family firms and prepare for data collection and analysis. This was mainly to set the stage for the following phases.

Phase 1: Pilot study

A pilot study was used to test data collection method/questions and analysis for the main study by interviewing two candidates at different levels of a firm. It has the following highlights:-

- Two semi-structured interviews with two different management levels of the same firm.

---

[66] Questionnaire is attached as appendix 1.

- Used the same questions as proposed for the main study.

- Simulated the main research data collection and analysis

- Analyzed collected data qualitatively using the same method as the main research.

- Determined suitability of the selected method for the main research.

Phase 2 and 3: Data collection

Collected data by interviewing top executives and CEOs via (1-3 per firm) in-depth semi-structured interviews with mainly open ended questions. Interviews were carried out face to face. Where accessible (planning, financial etc) documents were reviewed. Data was collected from six family firms. Audio recordings were used as a note taking method. Data from two companies were collected and analyzed in phase 2. Data from more companies were collected and analyzed in phase 3. Individual company analyses were carried out in both phases. Results of phase 2 were used to re-confirm suitability of the methodology before proceeding to phase 3.

Phase 4: Finalizing observations

Collected data was analyzed to produce observations on the strategic planning process of family firms. Qualitative data was analyzed using the same method as in the pilot study and explained above.

Chapter 5

Pilot Study Report

5. Pilot Study Report

5.1. General

The purpose of this pilot study was to test the suitability of the data collection method, questions and analysis for the main research. The main research aimed to investigate and evaluate the strategic planning process in a sample of family firms in Saudi Arabia.

One of the family firms that formally agreed to the interviews was selected as a subject for this pilot study. Two seniors from this firm were interviewed.

Questions for this pilot study were to simulate the main research questions. The same was true for data analysis.

Results of this pilot study were used to fine tune and finalize data collection and analysis methods for the main research as needed.

A pilot study, as a term, refers to what is also called feasibility studies which are "*small scale version[s], or trial run[s], done in preparation for the major study*" (Teilingen and Hundley, 2001, pp1.). For Baker (1994), it is pre-testing.

One of the advantages of pilot studies is reducing risks. It could give advance warning about where the main research project could fail, where research protocols may not be followed, or whether proposed methods or instruments are inappropriate or too complicated.

Lancaster et al. (2004) stated that there is no formal methodological guidance as to what constitutes a pilot study. They list testing data collection methods/questionnaires as reasons for pilot studies. They also argue that a pilot study could be used to test acceptability of intervention. In other words, and for the purpose of this research, a pilot study could be used to test the degree of

transparency and how ready companies are to reveal their information in order to generate data that has the potential for producing valuable results.

Lancaster et al. (2004) stated that pilot study analysis should be mainly descriptive. Their recommendations also include:-

- pilot studies should have a well-defined set of aims and objectives;

- participants in the pilot study should not be included in the main study;

Thus, this pilot study was used to test data collection method/questions and analysis for the main study by interviewing two candidates at different levels of a firm. Namely this pilot study was used to:-

i.   Test the time to complete the interview;

ii.   Test clarity of the questions;

iii. Test for any ambiguity in the questions;

iv.   Test if the respondents refuse to answer any question;

v.   Test for any omissions;

vi.   Solicit any comments or suggestions from the respondent;

vii. Test amount of data generated and its potential to produce valuable conclusions;

viii. Test skills of the interviewer and ability to pull required data;

ix.   Test protocol and procedure of data collection (mainly the interview);

x.   Identify possible issues that could occur in the main study;

xi.   Assess data analysis methodology;

xii. Generate brief observations of strategic planning process of subject company;

xiii. Synthesise findings.

5.2. Issues of pilot study

Pilot studies are known to suffer from the following issues (Teilingen and Hundley, 2001, pp.3):-

- Possibility of making inaccurate predictions or assumptions on the basis of pilot data.

- Possible data contamination: inclusion of pilot study data or participants.

- Inclusion of pilot study participants in the main study could be positive since the participants gained experience in dealing with the study. However, it could also be negative since they would be the only ones who have had this previous experience compared to the rest of the sample which in turn could produce imbalanced results.

- *"Piloting provides the qualitative researcher with a clear definition of the focus of the study"*.

- Piloting is also helpful if the researcher is new to interviewing techniques.

5.3. Subject details

The subject of this pilot study was a trading company headquartered in Jeddah, Saudi Arabia. The company agreed formally to be included in the interview list. The company was 20 years old and considered a major player in auto spare parts in Saudi Arabia. It had around 100 outlets spread around the kingdom of Saudi Arabia. Its sales in 2009 were more than SR 400 Million (more than $100 Million) and it employed around 700 people. The company's main business focus was on Toyota genuine spare parts but it has its own private label. Recently the company has started expanding into Hyundai spare parts and went into auto service centers too. Their last addition was the launch of an internet website for sales through the net.

The company is owned by several members of a family but fully managed by its founder and the sole representative of the family. Two senior managers were interviewed in this pilot study. The first interviewee was Vice President for New Business and Development. The second was the General Manager for sales. Although the company website talked about several branches of the group, the interview and the research assessed only the spare part arm of the group. The two employees interviewed were from this part of the group.

5.4. Methodology

5.4.1. General

This section presents the pilot study sample and questionnaire design.

5.4.2. Pilot study sample

This pilot study used the commonly available option of a convenience sample to fulfil its objectives. One of the companies formally agreeing to the interviews was selected and two of its senior management were interviewed (see section 4.2 for details). Collected data was analyzed qualitatively using the same method intended for the main research. Results were used to fine tune and finalize data collection and analysis methods of the main research.

5.4.3. Questionnaire design

This pilot study used the same questionnaire designed for the main research (see Section 4.3.2 for details).

Therefore, this pilot study used in-depth semi-structured interviews with open ended questions as a first data collection method. Company documentations (planning, financial etc) where accessible, were used as a second data collection method.

5.5. Results

It was out of the scope of this pilot study to do a full analysis. The aim was to test the suitability of the data collection method, questions and analysis for the main research. This section covers general results of the pilot study, outlines sample company strategic planning process and presents brief analysis and findings. The pilot study synthesis and conclusion follows next.

5.5.1. General

Two in-depth semi-structured interviews were carried out with two different management levels of the same firm. The following were the main conclusions:-

- Interviews started by explaining their purpose, anticipated duration, getting permission to record and transcribe responses as well as encouraging the interviewee to ask if a question was not clear.

- In general, questions were clear and understood. However, unclear questions were explained as needed. This was mostly needed when a terminology unfamiliar to the interviewee was involved.

- None of the interviewees refused to answer any questions they knew the answers to.

- The questionnaire was reviewed after the first interview and slightly adjusted.

- Contact summary sheet and document summary forms were filled out for each interview.

- Both interviews were recorded with a high quality digital recorder. Some notes were also taken.

- It was preferred to rely on the recording to capture everything and concentrate on interviewee responses.

- Many further propping questions were raised on the spot when thought necessary.

- The first interview took 107 minutes (1:47) which was a bit longer than the upper limit anticipated of 90 minutes. That was an increase of about 18%.

- The second interview took 97 minutes. 10 minutes shorter than the first interview and 7 minutes (7.8%) longer than the anticipated upper limit (90 minutes).

- The first interviewee knew the answers to almost all the questions. The second answered fewer questions but in more detail.

- Company mission, vision, values, organizational structure and objectives were obtained in different kinds of format. Some were in English but most in Arabic. Also, the previous year's audited accounting report was received in Arabic.

- The second interview had to be carried out in Arabic. It was a good chance to test for Arabic speaking interviewees.

- There was some confusion about some terms and their meanings. At least one term was misunderstood and a few other terms were not familiar to the interviewee.

- All Arabic conversations in both interviews were translated. Both interviews were transcribed[67]. Mispronounced words were transcribed correctly as they were understood. Grammatical mistakes were corrected if the sentence was not understood as it was.

- Brief data analysis was carried out to confirm methodology and tools.

---

[67] using a free utility called F4

- Data analysis was mainly manual. It started with paying attention at the time of the interview and asking follow up questions as needed. Then, the researcher translated and transcribed the interview. That step was considered important in comprehending the data. A detailed document (Appendix 2) was then compiled from the data. This document has its sections' titles drawn from the reference model (augmented EBS SPM). Each section was filled as appropriate from the collected data. The result of this document was then summarized as a general observation on subject company strategic planning. Findings, figures and tables produced in the report have then emerged from that.

- Collectively, the data analysis which was carried out was seen to be appropriate for the main study and enables achievement of the research aim.

- There were a few missing bits of data about some points. They were not thought to be major.

- The amount of data and levels were thought to be sufficient to serve the aim of this research. Thus a sample size of six was found to be suitable for the purpose of this research.

- Interviewer skills were thought to be reasonable enough to pull the required data.

- In-depth semi-structured interviews proved a suitable method for obtaining the required data in spite of the missing data.

- For the main study, 1-3 interviews per company (for six companies) have the potential of producing large interview data. Apart from this, no major issues were seen to affect the main study.

- Interviewees were asked for comments and feedback. One has suggested a new question.

5.5.2. Subject company strategic planning process

The strategic planning processes of the subject company were compiled from the collected data. They are presented in Appendix 2. Headlines of Appendix 2 were taken from EBS SPPM. The appendix was used as a checklist to ensure that the collected data was enough to reveal subject company strategic planning processes and hence would produce sensible results. The following are brief observations on the strategic planning process of the subject company.

Who decides to do what?

The company had a written vision and mission statements. It also had a list of values written down on their website. It can be argued that their objectives were drawn from the company vision. For example, "employee development objective" was derived from a corresponding statement in the company vision. The same can be said about the objectives of "growing net profit percentage to be higher than industry standard" and "monthly positive cash flow" in that they could be derived from "provide.. attractive and prospering investment opportunities". However, neither company vision nor its objectives talk about "taking the company to the stock market" though it was a pursued objective as said plainly by one of the interviewees.

The company suffered (just as the rest of the market) from a serious shortage of market data and statistics. Getting detailed accurate current data about the market is not an easy task.

There was no indication that the selected expansion strategy was an outcome of serious strategy appraisal. This decision was largely attributed to the prospector attitude of the CEO. This could be a result of a cognitive process in the head of the CEO as a result of a confirmed growing market.

Since the company was run by its owner, the sole representative of the family (shareholders), it did not suffer from any principal-agent issue and its shareholders and management vision and objectives were aligned.

Even though the company said they did not do gap analysis, it could be argued that the way objectives were broken down to yearly objectives did involve some gap analysis. The five year objectives were broken down to yearly objectives in different areas. It could be argued that the achievement of these different areas and yearly objectives close the gap between the current situation and the desired outcome.

Achieving sales targets was very closely monitored. Even daily watchdog analysis was done sometimes. However, there was no indication that competitive position was anywhere near that much.

Analysis and diagnosis

Analysis and diagnosis about competitive position seemed to have started only recently. The company did a market search to explore its competitive position relative to its competitors. However, this had not been done before and no mechanism was seen to make it an ongoing process even though it was said they should do that.

There were no indications that the company kept assessing its strengths and weaknesses relative to the market opportunities and threats. The company did not do Porter's five forces. PLC was not seen very useful for its line of business.

The new internet site for selling spare parts and the new service centers seemed steps in the direction of products portfolio. However, it could be argued that these were results of expansion efforts rather than portfolio attitude. Finally, product diversification was used as a part of risk mitigation. Diversifying into Hyundai was used to reduce the risk associated with possible reduction of the Toyota spare part market share.

Choice

The company did have a match between its decided expansion strategy and the setout sales targets. Since sales target was their main tool to achieve the desired objectives, it seemed that their pursued choice of strategy was the same as the intended.

The company has a long term objective of doubling its sales by 2012. However, its sales in 2008 and 2009 were almost 12% and 26% (respectively) below projected targets. It was the company's feelings that this drop was due to world economic crises.

This period saw a hold on all expansion plans. So, this drop in sales growth could be attributed to world economic crises, holding expansion plans, a combination of both or even other reasons. However, the selection of a stable strategy for this period seemed to have been based on the CEO's gut feeling rather than on serious analysis. But even in this period, it seemed that the pursued choice of strategy was the same as intended.

Disturbance in sales achievements in 2008 and 2009 was not reflected in the received list of objectives nor in the outspoken objectives. It seemed that they were very encouraged by the strong growth they saw in the first quarter of 2010 and hence, they were still talking about doubling their sales volume by 2012. Whether it was possible to compensate for the drop in 2008 and 2009 or not, remains to be seen but the company was back to growth and back to its expansion strategy. How much of this growth could be attributed to the expansion strategy and how much to natural growth of the market did not seem to be part of their analysis. So, their selected (expansion) strategy may still be appropriate but there was no indication that it was based on serious analysis.

Implementation and feedback

It did not look like the company did much about competition except when it came to pricing. In particular, the amount of discount given to the customer (for genuine parts) depended on competition. Apart from this, there was no indication that competition or competitive conditions was given much attention.

In terms of aligning resources with the selected strategy, the company did that in several areas. For example, budgets were set according to the objectives and their priorities. Incentives were structured around sales targets and profit margins. So, there was alignment between financial resources and strategy and there was alignment between incentives and desired objectives. Actually, the company seemed to excel in their incentive programs.

5.5.3. *Findings*

- Sample company did not have a specific strategic planning document.

- Prior to 2006 the company did not do any planning at all. Not even sales targets to aim for. However, in 2006 the company hired a consultant (V.P. Development) who started the process of (strategic) planning. Since then, they have been setting the five year plan, objectives, sales and growth targets. Figure 5.1 shows the start of strategic planning with the hiring of VP development.

Figure 5.1 History of strategic planning.
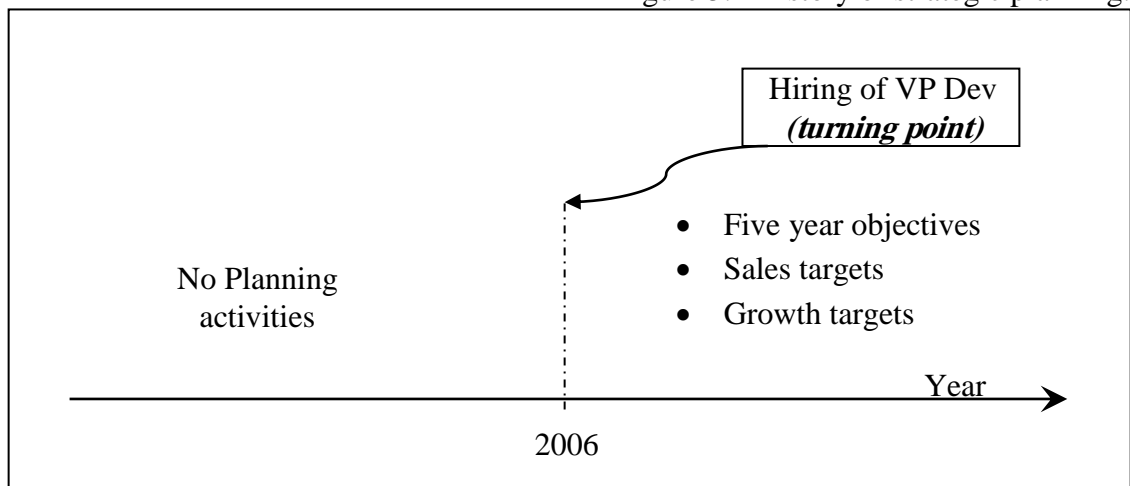
Compiled from collected data

- The company's strategic planning process seemed to be the usual step for such activities. It started by first setting their vision, mission and values. Then they set their objectives. They then set measurement techniques to monitor implementations of these objectives and feedback to the objective settings (see Figure 5.2).

Figure 5.2 Strategic planning process of sample company

| Set:
Vision
Mission
Values | → | Set dynamic
objectives
Short, medium
and long term | → | Set
measurement
techniques

Implement |

Feedback
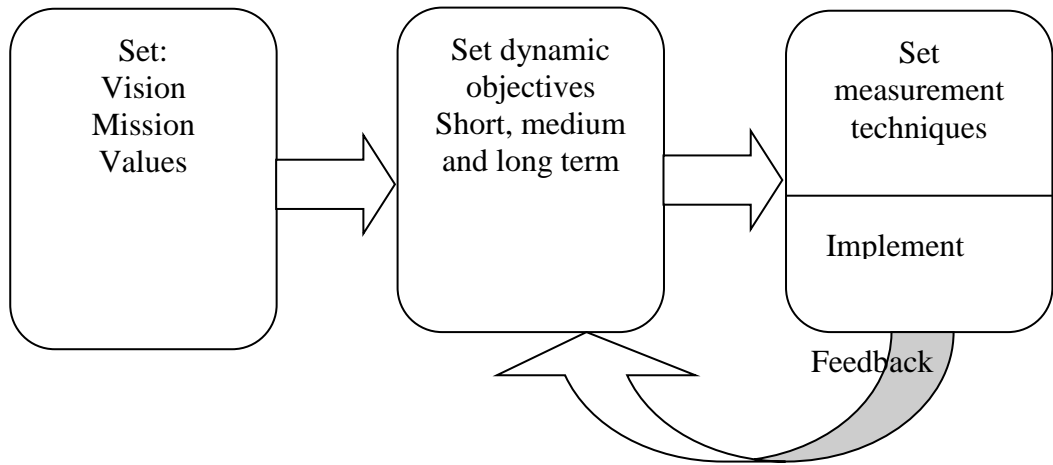
Compiled from collected data

- Company vision, mission and values were developed by a committee (see Figure 5.3). This shows that the development of vision, mission and values were internal.

Figure 5.3 Development process of: Vision, Mission and Values (of sample company)

Owner input →

History of org →

Dev. Committee:
- V.P. Dev.
- Sales GM
- IT Head
- Finance Head

→ Vision

→ Mission

→ Core Values
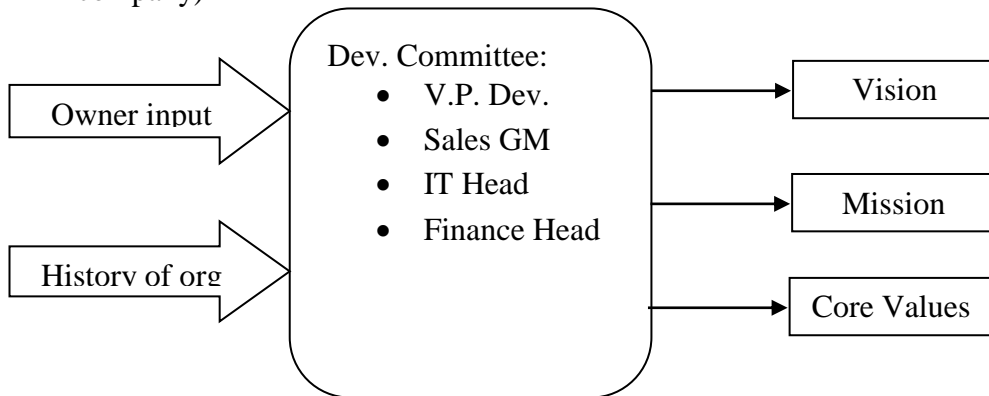
Compiled from collected data

- Company objectives were derived from different levels of management. Shareholders (owners) and upper management contributed to building objectives (see Figure 5.4). The process seemed logical and systematic.

Figure 5.4 Setting of objectives
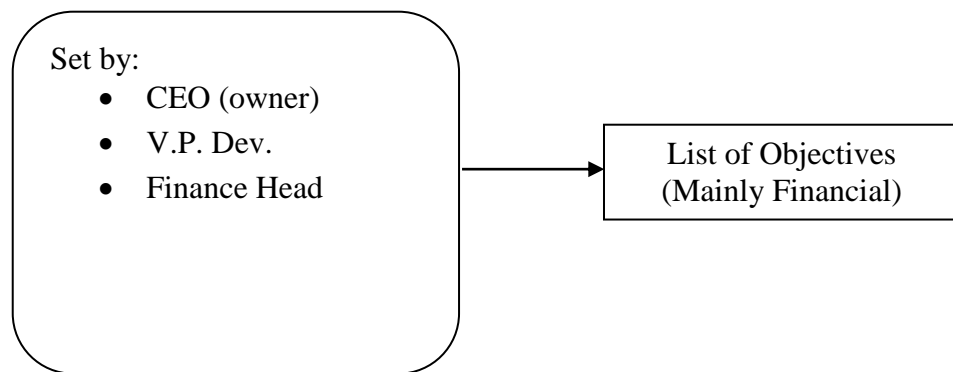
Compiled from collected data

- The objectives were then broken down to the responsible departments as measurable targets. Mainly being sales targets.

- Upper, middle and lower management contributed to setting sales targets (see Figure 5.5).

- Implementation of company strategic planning was mainly set out as sales target achievements. They were downward assigned all the way to salesmen in each outlet. Figure 5.5 depicts the sales targets cycle. The following two bullets run through the cycle.

- Outlet performance was monitored and controlled by its managers, then by regional supervisors all the way to the top management through sales general manager who was responsible for achieving overall sales targets. Monitoring was well in place through an established IT system.

- Sales feedback and control were achieved through informal and formal means. Phone calls, emails could be exchanged on a daily basis if needed. Monthly reports were distributed on a regular basis. Annual and semi-annual meetings gather all those concerned to discuss last period achievements and set forthcoming (of mainly sales) targets and objectives (see Figure 5.5).

Figure 5.5 Sales targets cycle

```
                                                   ┌──────────────┐
 ┌──────────┐      ┌──────────────┐   Sales        │  Review and  │
 │Last year │───▶  │ Setting of   │   targets      │ approvals by │
 │  data    │      │ sales        │───────────────▶│    Upper     │
 └──────────┘      │ targets by   │                │ managements  │
                   │ Sales GM     │                └──────────────┘
 ┌──────────┐      │              │                       │
 │  New     │───▶  │              │                       │ Assignments
 └──────────┘      └──────────────┘                       │ of targets
                                                          │ to areas
                                                          ▼
 ┌──────────────┐   ┌──────────────┐            ┌──────────────────┐
 │Implementation│   │Final         │            │Review and        │
 │Reviews:      │◀──│assignments of│◀───────────│acceptance by Area│
 │ • Daily      │   │sales targets │            │sales managers    │
 │ • Weekly     │   │to outlets and│            └──────────────────┘
 │ • Monthly    │   │individuals   │                     ▲
 │ • quarterly  │   └──────────────┘                     │
 └──────────────┘                                        │
        │                                                │
        │ GM Sales                                       │
        ▼                                                │
 ┌──────────────┐                                        │
 │Feedback to   │   Minor revision to targets            │
 │area sales    │────────────────────────────────────────┘
 │managers      │
 └──────────────┘
```

Compiled from collected data

- In setting company objectives and targets, different management levels were responsible for different strategic activities (see Table 5.1).

Table 5.1 Responsibilities of strategic activities

Item	Set By	Reviewed by	Approved by	Implemented by
Vision	Dev com[68]	CEO	CEO	Division HDs
Mission	Dev com	CEO	CEO	Division HDs
Core values	Dev com	CEO	CEO	Division HDs
Objectives	CEO VP Dev Finance Head	CEO	CEO	Division HDs
Sales targets	GM Sales	VP Dev	CEO	GM sales Area sales MGRs Outlets

Compiled from collected data

- There seemed to be a structured way of thinking toward strategy but not in all its aspects. For example, there was no indication that the selected strategy was an outcome of strategy analysis. Rather, it was attributed to the aggressive nature of the CEO. Also, the company did not show they have done a thorough SWOT analysis to match their strengths with the opportunities presented by the market. However, the company expansion strategy seemed to match the growing market trend.

- In breaking down objectives into measureable targets the company seemed to have approached this reasonably well.

- Though their incentive program was highly concentrated around achieving sales targets that seem to be aligned with the set out objectives, that was primarily

---

[68] Dev Com: Development committee (VP Dev., Finance Head, IT Head, GM sales, VP personnel)

because the company believes that sales target was the most important objective the company seeks.

- Also budget allocations looked to be based on and aligned with the set out objectives and their priorities.

- The company seemed to be strong in their IT system. They were using that to fully monitor their progress in achieving their sales targets even on a daily basis.

- Sales figures were heavily relied on to plan success and execute and monitor objectives. It can be argued that this makes sense as this was a trading company.

5.6. Pilot study synthesis

A few issues/observations have emerged and seemed to be of interest for further exploration in the main study. They are listed below.

1. Not much analysis seemed to be done during the process of strategic planning. The same can be said about the choice stage. The model followed jumped from objectives to implementation stage (see Figure 5.2).

   Issue to investigate:

   Do family firms in general largely ignore analysis and choice stages and jump to the implementation stage?

2. The main theme of company planning was through sales targets.

   Issue to investigate:

   Are sales targets the main theme of family firms' planning?

3. The hiring of a consultant was a major turning point which triggered the start of planning activities.

   Issue to investigate:

   Do all family firms have such a turning point before the start of strategic planning process/activities?

4. Carlock and Ward (2001) proposed parallel planning as one of the strategic planning processes for family firms. No match was found between the subject company strategic planning process and what Carlock and Ward (2001) proposed.

   Issue to investigate:

   Do family firms in general follow the same strategic planning process model (Figure 5.2) followed by the sample company?

5.7. Conclusions

The research methodology of in depth semi-structured interviews seemed suitable for the purpose of this research. No issues (such as questionnaire, questions, interviewer etc) were seen to hinder the main research. The planned data analysis methodology was found suitable and should enable achievement of research aims and objectives. There were four points to be considered for further exploration/follow ups in the family business strategic planning process.

5.8. Summary

The purpose of this pilot study was to test the suitability of the data collection method, questions and analysis for the main research. A sample (trading) company was selected to be the subject for this pilot study. Two of its senior managers were interviewed in semi-structured interviews. A questionnaire for the pilot study was developed from the literature. Each interview lasted around 100 minutes and was recorded and transcribed. One interview was in Arabic. All transcripts were translated to English.

Only minor issues were faced by the pilot study. Therefore, it was thought that the selected methodology was suitable for the purpose intended. It was recommended to proceed with the questionnaire and methodology tried for the main research but after considering the minor issues faced. The pilot study synthesis showed four areas/questions that were explored further in the following interviews/cases of this research.

Chapter 6

Data Collection and Analysis

6. Data Collection and Analysis

6.1. Introduction

Data collection and analysis were carried out in four phases. Figure 6.1 shows the process. As it can be seen data collection as well as data analysis span the four phases of the study. The process of data collection and analysis was more iterative than unidirectional[69].

The first phase was a pilot study. Data was collected and analyzed for one company in May 2010. Results were found to be satisfactory. Therefore, phase two was commissioned in October 2011. Data for two more companies were collected. Their data were analyzed. Results confirmed the previous directions and there was no need to change anything in data collection. Phase three was then initiated to collect data from three more companies in the same way. Phase three included analysis of these three companies and all companies together. Phase four produced preliminary results as a first step. These results included a final draft of a causal network for each company. The second step confirmed individual companies' causal networks with each informant. The last step in phase four produced the final results.

---

[69] One could argue that the process was a grounded theory process.

Figure 6.1 Data collection and analysis phases

Phase one	Co1 Data collection	
	Data analysis (Co1)	Pilot Study
	Pilot Study Report	
Phase two	Company2 +3 Data collection	
	Data analysis (individual)	
Phase three	Company4+5+6 Data collection	
	Data analysis (individual)	
	Data analysis (All companies)	Field Study
Phase four	Preliminary Results	
	CN confirmation by informants	
	Final results	
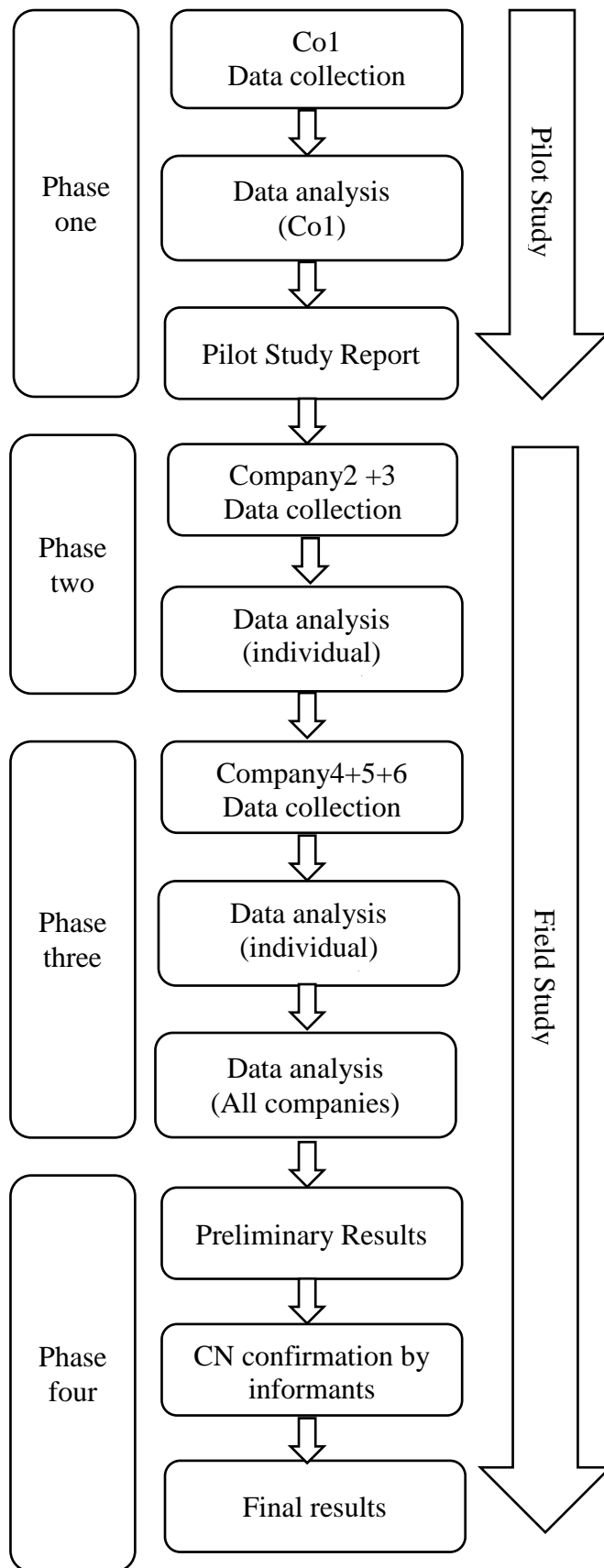
Compiled from this research process

6.2. Data collection

6.2.1. General

Semi-structured interviews were used to collect first hand data. Relative documents were obtained where possible. Table 6.1 shows data collection details.

Table 6.1 Phase 1, 2 and 3 data collection details

Ph.	Co	1st Interview with?	2nd Interview with?	Documents?
1	Co1	VP Dev. (Non-family non-shareholder)	GM sales (Non-family non-shareholder)	Accounting 2009, strategies Org structure website
2	Co2	MD (Family member shareholder)	None	Photograph of their vision, mission Website Internet info.
2	Co3	President (Non-family Non-shareholder)	VP Retail. (Non-family non-shareholder)	Photograph of their vision, mission
3	Co4	MD (Family member Shareholder)	Family member (shareholder)	Company (and other) websites
3	Co5	MD (Family member shareholder)	None	Detailed IPO document Audited accounting reports (2006-2010) Website Pictures of posters in corridors and MD office
3	Co6	Founder	Founder's son	No

Compiled

6.2.2. Data quality and triangulation

Primary data was collected by semi-structured interviews. Interviews were made face to face with the head of the company in five companies. In Co1, it was with the second person in the company. However, he was responsible for all strategies in the company. Hence, data collected is considered of high quality from two aspects: source and method. To further enhance data quality, other sources and methods were utilized where possible. These sources and methods include interviewing a second informant, company website, company public data, handed hardcopy data, visiting company site, observation and taking photos during visits.

Two informants were interviewed from four companies. The second informants were used to confirm data collected from the first informant. In some cases, second informants helped also in filling in some minor data gaps. For those companies with only one informant (Co2 and 5), company documents were used to confirm and enhance understanding. Therefore, data were collected from more than one source (primary and secondary).

Verification of understanding and correct interpretation of data collected was ensured by a further face to face interview. One informant from each company was interviewed to confirm his company draft causal network.

To summarize, primary data was collected from primary sources, collected data was confirmed by another primary source[70] and then understanding and interpretation of data was concurred by a primary source. Further, secondary sources were also used (such as company documents and websites). Figure 6.2 shows the process. Therefore, it can be argued that the data collected and its interpretation is considered of high quality and triangulated[71].
.

---

[70] Except for Co2 and 5
[71] Triangulation involves collecting data from more than one source (ex., primary and secondary sources) and analyzing data using more than one method (ex. Qualitative and quantitative). Both were satisfied in this research.

Figure 6.2 Data collection, triangulation and verification

```
┌─────────────────────────────────┐
│   Primary data collection       │
│                                 │
│                                 │
│   Face to face interview with a │
│        primary source           │
└─────────────────────────────────┘
                 │
                 ▼
┌─────────────────────────────────┐
│  Triangulation of data collected│
│                                 │
│  2nd face to face interview with a│
│        primary source           │
│   Website, handed hardcopies    │
│    Visits to company sites      │
│         observation             │
└─────────────────────────────────┘
                 │
                 ▼
┌─────────────────────────────────┐
│  Verification of interpretation of│
│        data collected           │
│                                 │
│  3rd face to face interview with a│
│        primary source           │
└─────────────────────────────────┘
```
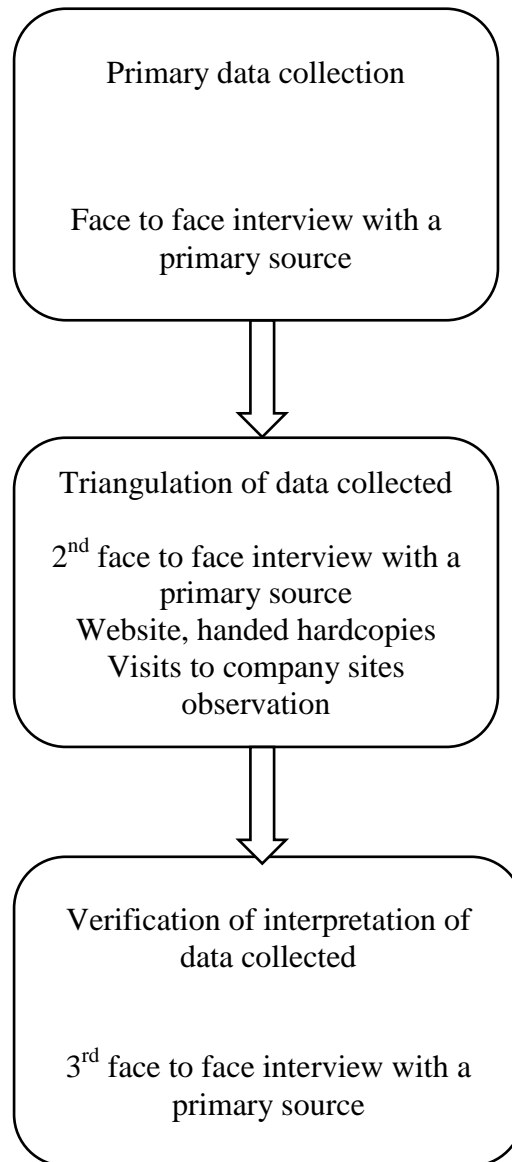
Compiled from this research process

6.2.3. Interviews

Interviews began by explaining the purpose, anticipated duration, getting permission to record and transcribe responses as well as encouraging the interviewee to ask if a question was not clear.

The interviewee was always given enough room to elaborate especially at the beginning of the interview. Follow up questions were raised whenever appropriate. Once the point pursued was thought to have been covered, the next question was raised. Many questions were found to have been answered before their turn. So, the next one was asked. A few times confidential data was not given. That was not a major issue as they mainly concern specific numbers of sales/profit.

Contact summary sheets were filled in for each interviewee. Interviews were recorded with a high quality digital recorder. Very few handwritten notes were taken. The preferred choice was to rely on recording to capture everything. The researcher therefore had the chance to concentrate on interviewee responses and raise many further prompting questions on the spot when necessary. This proved to be a good strategy from two aspects. It first freed the researcher to concentrate on what was being said rather than getting busy taking notes. The second was the recording and capturing of data that was not fully realized during the interview. Interviews were mainly in Arabic. Few interviewees spoke English.

6.2.4. Interview questions

The first question of the questionnaire was normally the first one to be raised. However, on two occasions, it was found appropriate to just follow the flow of the introductory conversation and anticipation of the interviewee. Therefore, they were asked how the company was started. That proved to open up the flow of data very well. In general, questions were clear and understood. Unclear questions were explained as needed. This was mostly needed when terminology unfamiliar to the interviewee was involved.

The following explains the process of the four phases.

6.2.5.   Phase one

Phase one was a pilot study. Data was collected from Co1. First hand data was obtained from two consecutive interviews with two of the Co1 senior management. Also some documents were collected (see pilot study report above for details).

6.2.6.   Phase two

Data was collected from two more companies (Co2 and 3). Co2 data was collected by interviewing the company MD who was also a shareholder. Further data was obtained from internet websites and by taking pictures from their company headquarters. Data from Co3 was obtained through two interviews. One with the company president and the second was with VP retail. None of them were shareholders or family members. Some pictures also were taken from the company headquarters' walls.

6.2.7.   Phase three

Three companies were interviewed in phase three. Co4 data was collected from two interviews. The first was with Co4 MD. The second was with another shareholder and a family member who worked in the company sometimes. Co5 data was collected by interviewing its MD. Also, data was collected from their IPO document and internet sites. The IPO document contains a few years of audited financial statements. This document was referred to as a strategic plan. Co6 data was collected from two interviews. The first was with one of the company founders and the second with his son who is very close to him.

6.2.8.   Phase four

The final draft of causal networks for individual companies was produced in phase four. Then, one informant from each company was interviewed. Causal networks were shown and explained. The purpose of these interviews was to confirm[72] individual company causal networks. Three informants concurred their causal network as is. The other three had minor additions[73]. Table 6.2 shows the details.

Table 6.2 Data collection for phase four

Ph.	Co	confirmation Interview	Comments
4	Co1	VP Dev.	Minor addition to CN
4	Co2	MD	Concurred CN as is
4	Co3	President	Concurred CN as is
4	Co4	MD	Concurred CN as is
4	Co5	MD	Minor addition to CN
4	Co6	Founder's son	Minor addition to CN

Compiled from data collected

The following section discusses data analysis.

---

[72] Co2 was asked one propping question.
[73] In Co5, an arrow was added from box (22) to box (31). In Co6, boxes (5), (6) and (7) were added as inputs to box (13). In Co1, boxes (31) and (43) were added and box (54) was revised.

6.3. Data analysis

Data analysis was mainly manual. It started by analyzing data for each company individually. The process involved several steps. Figure 6.3 shows the steps followed.

The first step was to translate and transcribe the interview. Translation was done on the fly while transcribing. Free software[74] was used for transcription. The second step was to prepare a document of an itemized strategy process for that company. This document used the items listed in the EBS augmented model as headlines for its sections. Each section was then filled by extracting its relevant information from the data collected (see Appendix 2 A list of itemized findings for Co1) for a sample. This document can be considered the coding steps used in qualitative data analysis. From this document, the strategic planning process for the subject company was extracted in the third step. From all the above, the fourth step extracted findings and observation for each company. The final step was to start drafting the causal network[75].

Once all companies were individually analyzed, results from individual companies were compared and contrasted with each other. Similarities and differences were noted and investigated. Common issues, processes and observations were extracted. Drawing results mostly followed the guidelines of Miles and Huberman (1994). Chapter 10 was summarized in an itemized format. Items that were not relevant to this study were removed. The resulting list was used as a checklist for chapters 7 and 8 of this research.

It was thought that by carefully listening to the interviewee, the researcher was able to first comprehend and then spot any missing details. Follow up questions were then raised as necessary. Therefore, the researcher believes that data analysis started at the interview.

---

[74] Called F4
[75] See section 7.3 for details on how causal networks were built.

Figure 6.3 Individual company data collection and analysis
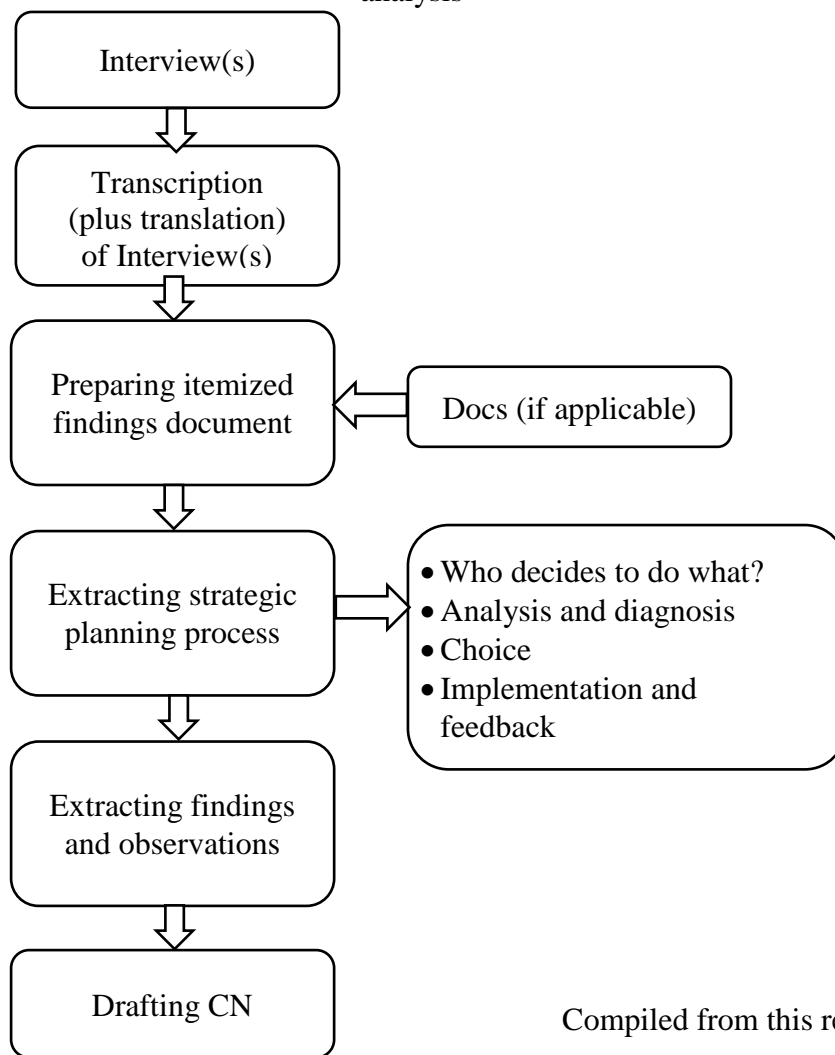
It was believed that a high degree of comprehension of the data collected was achieved during the process of translation and transcription. They were both done by the researcher and hence it was believed that they facilitated in-depth understanding of the data and hence, helped with analyzing and extracting sensible knowledge from the collected data.

During the process, it was noted that the core business of the first few companies interviewed was trading. It was thought that continuing along the same line of business could enrich the study and its results. Therefore, companies with trading as a core business were pursued. It was fortunate to have found more companies willing to do the interview and from the trading sector.

While doing individual company analysis–especially for the last two–many ideas and thoughts emerged. They were listed and further investigated in other companies.

One problem seen in relying on data recorders was that it did not capture data revealed through body language. To cater for this issue, the researcher phrased the data received through body language in a question format. Informants' verbal comments were then captured and recorded. On a few occasions, body language information was noted during transcription. Transcription of interviews was started the same day by the researcher. So, recalling the instance was not seen as a problem.

This chapter presented methodology and phases used by this research to collect data. It also presented an outline of the data analysis process. The following chapter reports on the results of data analysis.

Chapter 7

Results

7. Results

7.1. General

A total of sixteen interviews were made for the six companies. Phases 1, 2 and 3 had ten interviews while phase 4 had six interviews. The total time for all interviews was 816 minutes (13:36). The first three phases' average interview time was 72.4 minutes which was well within the anticipated range of 60-90 minutes. The longest interview was 107 minutes and the shortest was 43 minutes. Several documents were obtained from different companies. One company handed a hardcopy of a publicly available document for their IPO offering. In general, there was a reluctance to give away documents. This privacy was well respected. Phase four had a total of 92 minutes recorded with an average of 15 minutes per interview.

No conflict worth mentioning was found between informants from the same company. However, in one company, the document did not totally coincide with data from the interview. It was felt that first hand data was more appropriate and more credible as it came naturally. Documents (website info) are seen to take less precedence to first hand data as they normally tend to paint a glossier picture. Appendix 3 presents Excerpt from Interview Transcript Exemplar for Co2.

Table 7.1 presents general information about subject companies. The oldest company was 58 years old and the youngest was 24 years old. So, they are well established. The average age was 41.3 years and the total accumulated experience was 248 years. Figure 7.1 shows the age distribution of subject companies.

Table 7.1 General overview of sample companies

Company	Age	Generation	Revenue (SR) Million	No. of employees	Type of business
Co1	24	First	>100	501-1000	Trading (wholesale + retail)
Co2	56	Second	11-100	100-500	Trading (wholesale + retail)
Co3	25	First	>100	>1000	Trading (retail)
Co4	50	Second	11-100	<100	Trading (wholesale)
Co5	58	Second	>100	>1000	Trading (+ manufacturing)
Co6	35	First	11-100	<100	Trading (wholesale + retail)

Compiled from collected data

Figure 7.1 Age distribution of subject
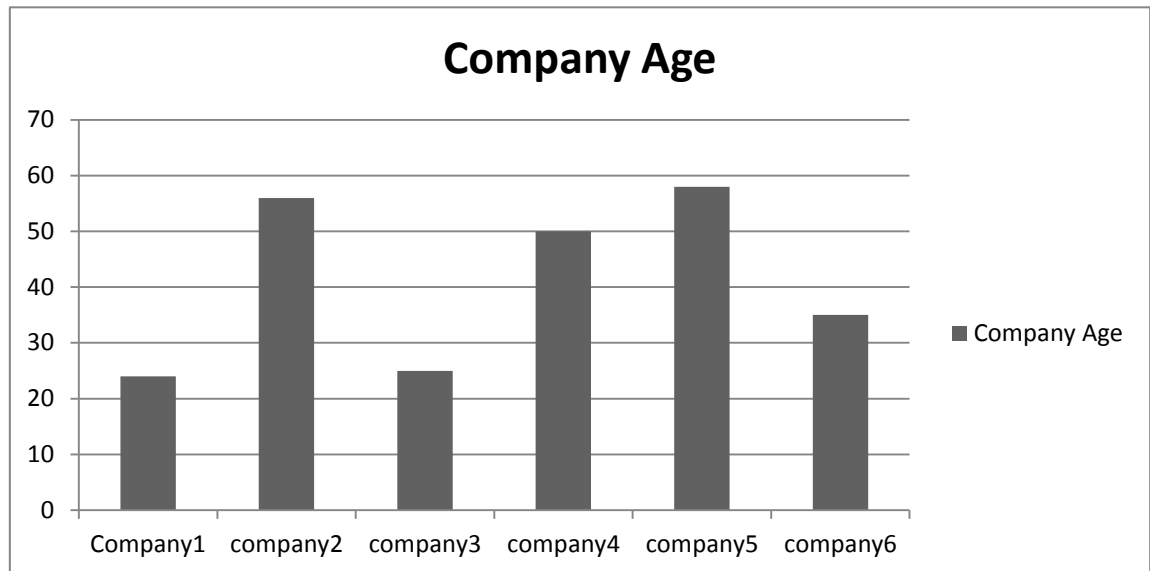
Compiled from collected data

Table 7.2 and Table 7.3 show some characteristics of subject companies. Table 7.2 covers the "who decides to do what?" and "analysis and diagnosis" stages. Table 7.3 covers the "strategy choice" and "implementation and feedback" stages.

Table 7.2 Strategic characteristics of subject companies.

Issue		Count	percentage	comments
Family generation	First	3	50%	
	Second	3	50%	
	Others	0	0%	
Written vision[76]	Yes	4	67%	
	No	2	33%	
Written mission	Yes	4	67%	
	No	2	33%	
Written values[77]	Yes	2	33%	
	No	4	67%	
Five year objectives	Yes	3	50%	
	No	3	50%	
One year targets	Yes	4	67%	
	No	2	33%	
Five year targets	Yes	2	33%	
	No	4	67%	
Five year plan	Yes	3	50%	
	No	3	50%	
Prepared for succession	Yes	2	33%	
	No	4	67%	
Managed by fam. member	Yes	5	83%	
	No	1	17%	Co3 founder still overseas.
Developed mission/vision	Internally	2	33%	
	External help	2	33%	
Analysis and diagnosis	Systematic and continuous	0	0%	
	Ad hoc	3	50%	
	Cognitive (market)	2	33%	
	Cognitive (MKTand Ind.)	1	17%	

Compiled from collected data

---

[76] Co4 MD never referred to the vision but it was on their walls and website.
[77] Co4 values were only found on their website

Table 7.3 Strategic characteristics of subject companies (cont'd).

Issue		count	percentage	comments
Generic strategy	Expanding	4	66.6%	
	Stable	1	16.6%	
	Retrenching	1	16.6%	
Expansion through	Only horizontal	2	33%	
	Only vertical	0	0%	
	Horizontal + Vertical (Down)	1	16.6	
	Horizontal + Vertical (Up+Down)	1	16.6	
Structure	Functional	5	83%	
	Regional/Div.	1	17%	
Resource allocation	Ad hoc	3	50%	
	Systematic	3	50%	
Incentive scheme	Sales	3	50	
	Profit	1	16.6	
	Sales + others	1	16.6	
	None	1	16.6	

Compiled from collected data

First generation counts for 50% of the companies studied while second generation companies count for the other 50%. No other generation was found. Figure 7.2 shows the distribution.

Figure 7.2 Generations distribution

Generation

- First
- Second
- Others
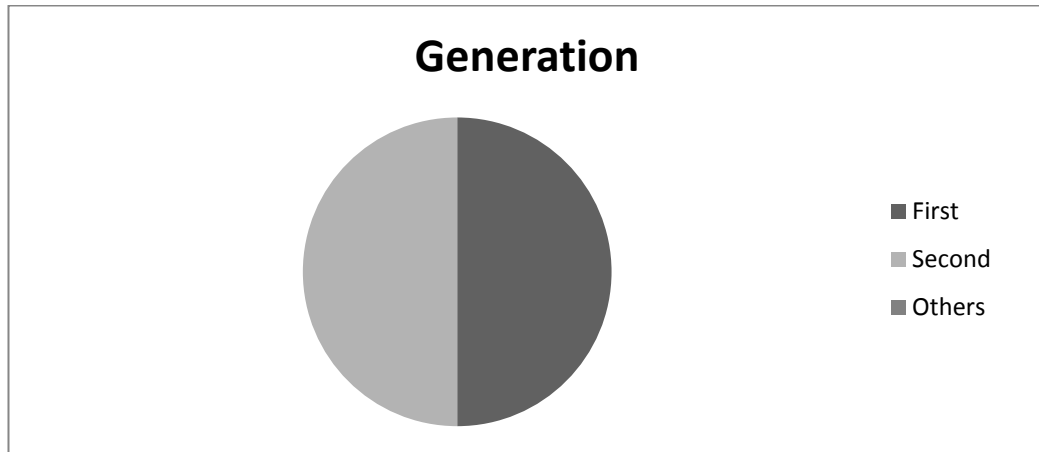
Revenue of subject companies was found to fall into two segments only. No company was found in the small[78] category with respect to the revenue. They all can be classified as either medium or large companies. Figure 7.3 shows the distribution.

Figure 7.3 Revenue distribution of subject companies

Revenue (SR Millions)

- 11-100
- >100
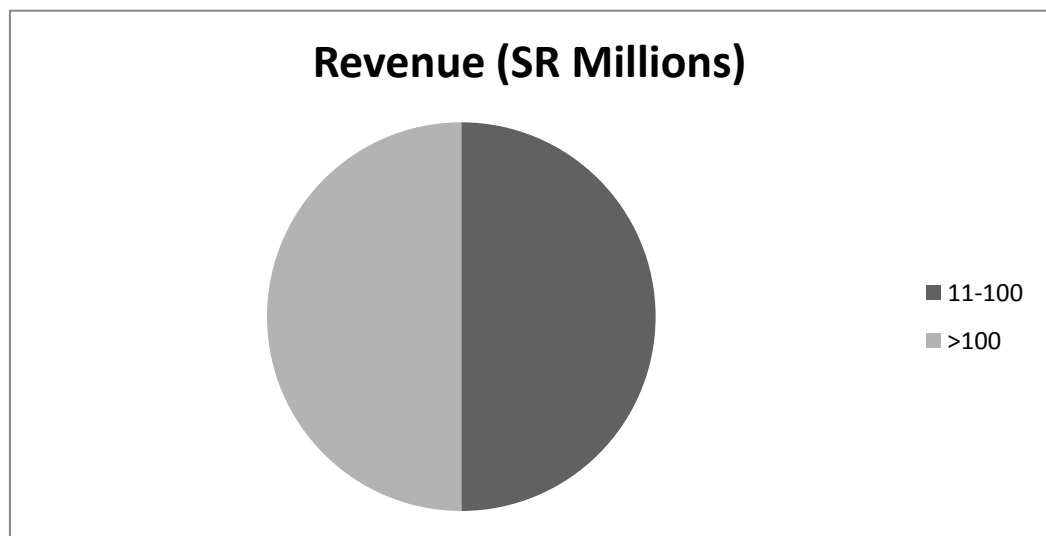
From number of employees, two companies can be classified as small. They have less than 100 employees (actually around 40-50). Two companies have more than 1000 employees. Only one company falls in the range of 100-500 and the same for 501-1000. Figure 7.4 shows the distribution.

---

[78] Less than SR 10 Million revenue

Figure 7.4 Distribution of no. of employees

No. of Employees

■ <100
■ 100-500
■ 501-1000
■ >1000
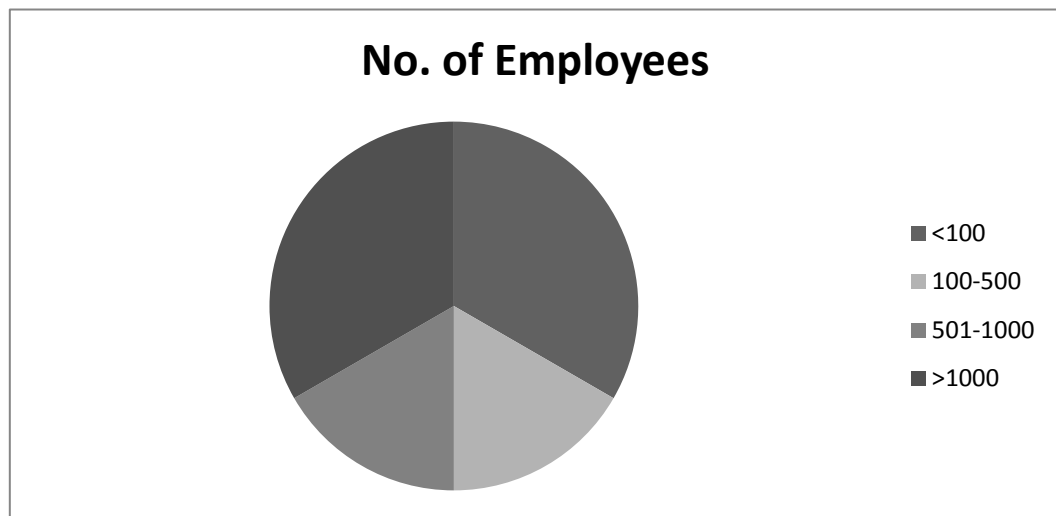
Compiled from collected data

The following sections present more detailed results in addition to a sample of causal networks. Quotations from interviews are followed by source between two brackets. For example: (Co3/1) would mean first interviewee in Co3 and (Co2) would mean the only interviewee in Co2.

7.2. Strategic planning process

7.2.1. Who decides to do what?

This section summarizes the findings of this research that are related to the first stage of the strategic planning process model. Table 7.4 presents an overview of its different components for subject companies. The rest of the section presents more details.

Table 7.4 Attributes of subject companies strategic planning

Co.	Vision	Mission	Objectives	Values	Targets	S. P. 5Y	Written SP	Its purpose
Co1	written	written	Written: 1+5 year	Written	1+5 year	Yes [79]	No	growth
Co2	written	Written	Non-written	Yes (website only)	Yearly sales	NO	No	
Co3	Written	Written	Written:1+ 5 year	Written	detailed	Yes [80]	Yes	Internal process
Co4	No	No	No	Yes but not written	No	No	No	
Co5	Written	Written	written[81]	Yes but not written	yearly	Yes [82]	yes	IPO
Co6	No	No	No	Yes but not written	No	no	No	

Compiled from collected data

---

[79] Co1 does have a five year plan but there is no compiled document for that.

[80] Co3 says they do have a written detailed document for SP. It was not possible to get a copy.

[81] Co5 has in their IPO document a list of what they call strategies. They could be classified as objectives. However, they are not put in a measureable format.

[82] Co5 refers to their IPO offering document as their strategic plan.

Written strategic planning document

Only Co3 and Co5 say they have a written strategic planning document. Co1 has a written 5-year objective but has no strategic planning document. Co2, 4 and 6 do not have any written planning document.

Strategic planning approach

Strategic planning was not approached in the same way by subject companies. Co1 looked at their history of sales and projected a five-year objective and then broke it down to yearly objectives. This was mainly crafted by their VP development and then finalized by company leaders.

> "..Actually for the long term we take 5-year as a long term…objectives setting by me and [the founder] we do it together with the finance manager…. We need to grow within the next five years with double of our existing sales. …improve our net profit" (Co1/1).

Co3 compiled their strategic planning document internally by taking the inputs of several projects done by consultants. However, the main contribution seems to come from the internal analysis of the company.

> "We have a strategic plan. Five year plan.. They came and looked at every aspect of the company…they came out with 1425 disconnects in the company. From 1425 disconnects, they started to consolidate and we came up with 25 projects to address these disconnects.... then we phased them into a five year period. That is what produced the five year plan." (Co3/1)

Co5 refers to their IPO document as their strategic plan. The IPO document was prepared by what they call a "Steering Committee" which was tasked to take the company to the public market.

"…yes. There is a strategic plan. If you go to our site you would find this…[company IPO document was handed over].. Steering committee has done all the necessary to go public." (Co5)

So, this research did not find a common approach to strategic planning by subject companies. To the contrary, each company has its own way of approaching and developing their plan.

Strategic planning purpose

Co1 started their five-year objective because they were interested in growing their sales (and net profit). Co3 focused on its internal process development (fixing the 1425 disconnects they found) and Co5 was heading to public offering. Therefore, subject family firms developed strategic planning for different purposes.

Development of vision and mission

Four companies (about 67%) have written vision and mission statements. They developed them through committees. Two companies (Co1 and 2) used their internal resources to develop them.

"We [made] a committee, it is something like strategic planning committee but we are not calling it that.. We call it for example [developing committee]. From the input from the organization owners, from our history of the organization, what happens in the last five years and we look [at] the future, we developed the vision and mission statement plus the core values." (Co1/1)

"I have taken some courses and I learnt that the mission should not be crafted by the leader only. It should be developed by his working team. So, we met, myself with the people I think would understand what the mission is.." (Co2)

Two companies (3 and 5) made use of outside expertise.

".. We came in 2007 and gathered the most I could gather from inside the company, I also brought in board members and we brought in some speakers like assistance governor SAGIA[83].." (Co3/1)

"Yes the committee, we all worked it out, mission, vision, values. We even called in other heads... head of manufacturing... he would come and have his input. Head of trade…we brought in a financial advisor.. And so on." (Co5)

Therefore, two subject companies used internal resources while two have made use of external expertise to develop their vision and mission statements. In all four companies, development was through committees.

Objectives and their development

Three companies developed objectives. Co1 VP-development drafted their five year objectives then it was finalized by a committee.

"We start with one year and medium within 2-3 years. And actually for the long term we take 5-year as a long term…objectives setting by me and [the founder] we do it together with the finance manager." (Co1/1).

Co3 hired a consultant to study their company's different attributes. They found more than 1400 disconnects and that was transformed into 25 projects. These projects were classified based on their importance and impact then they became the five year plan.

"They came and looked at every aspect of the company…they came out with 1425 disconnects in the company. From 1425 disconnects, they started to consolidate and we came up with 25 projects to address these disconnects. Then we classified these projects on two scale graphs, easiness to implement and impact to look at the priorities. Where are they?... then we phased them into a five year period. That is what produced the five year plan." (Co3/1)

---

[83] Saudi Arabian General Investment Authority

Co5 had a steering committee tasked to take the company to the public stock market. This committee produced an IPO document. There is a section in their IPO document that seems like objectives but is called strategies.

"... Steering committee has done all the necessary to go public." (Co5)

Therefore, objectives were developed in different ways. However, committees seem to be instrumental in the development of objectives in subject family firms.

Values and ethics and their development

All subject companies seem to give values and ethical considerations high importance. Some of them have them written down. But they all seem to have communicated them well. Co1and 3 communicated them in written format but the rest through company culture. Those who developed them in writing have done so through a committee[84].

"There are two or three people who were fired because of ethical issues. We found out that they do immoral things outside the work. We got confirmed reports that their behaviour is not proper and as our company culture says that when they collide with company culture, we do not have something like this, it is outside of work behaviour, we do not have that. Behaviour outside of work is part of the system, so, you have to carry the identity of this company. If you do not carry its identity and culture, then you cannot work with us. So, he is out of the company. (Co2)

"There are so many people who worked and they went high up but if not done ethically, you are in danger. Maybe our founders were very keen on these values. (Co4)

"Ethical comes from the core values that we set. We put certain values we need to follow.. Honesty, transparency, etc…. the majority of the people [know] that.

---

[84] See their quotation below.

They are available and published on the website… and our religion is Islam which is enough." (Co1/1).

Therefore, values are given high importance in subject family firms. However, most of them did not develop them in writing. Those who did develop written values did so by a committee. Values and ethics seem to be well practiced in all companies.

Targets

Apart from Co 4 and 6, other companies prepared some targets (See Table 7.5). In two of these companies (Co1 and Co5), sales targets are the only targets. In Co2, a credit collection target was set for their credit collectors. Co3 has recently introduced new targets per employee.

Table 7.5 Targets in subject companies

Company	Sales targets	Other targets
Co1	Yes	No
Co2	Yes	Credit Collection
Co3	Yes	Yes (newly introduced)
Co4	No	No
Co5	Yes	No
Co6	No	No

Compiled from collected data

Co3 has recently added detailed targets. They are set for each employee or employee level. That was a recent introduction to the company.

"W: so, the objectives go right into the employee level?

B: yes, yes. But being precise, the labor would have one set for them, general for all of them. The [outlet sales personnel] would have another general set for all of them. But if we talk about manager of HR or manager of warehouse, internal auditor, all of these would have their own specific set." (Co3/1)

So, sales targets are common between the four companies. Other targets are either sales related (credit collection in Co2) or newly introduced (as in Co3). Therefore, it can be argued that sales is the main target for subject companies who initiated planning.

Principal-agent issue

Principal-agent issue/problem deals with the alignment of an agent (for example, a company MD) with his principal (company shareholder). It is also called Agency theory in the literature.

Only Co3 is run by a non-family member and they seem to be the only one who has concerns about principal-agent issues. The rest are run by a family member who is either a founder or a shareholder. They all seem to enjoy a high degree of trust and respect.

"You would find one of our targets this year is zero violation of authority matrix. There should be no crossing my list of authorities as set by the board. This is one of the measures we have this year" (Co3/1)

So, most subject family firms are managed by a well-respected and trusted family member and therefore, have no issue of principal-agent. Table 7.6 shows a summary of who is managing subject companies.

Table 7.6 Who is managing subject companies?

Company	Generation	Managed by	Governing body?	Notes
Co1	First	FM[85] /Founder	NO	
Co2	Second	FM / Partner	Yes	Well respected cousin
Co3	First	NFM[86]	Yes	The founder's physical presence enables overseeing everything
Co4	Second	FM / Partner	NO	Well respected cousin
Co5	Second	FM / Partner	Yes	Well respected cousin
Co6	First	FM / Founding Partner	NO	

Compiled from collected data

External knowledge and strategic planning

It can be seen from Table 7.7 that none of the subject companies started planning at their inception. It took Co1 seventeen years before they initiated any planning activity[87]. Bringing in external knowledge seems to be related to the initiation of planning. Table 7.7 shows how subject companies were affected by external knowledge. Strategic planning process in Co1, 3 and 5 seems to have been initiated just after new hiring which brought in external knowledge to the company. On the opposite side, there was no indication that Co4 and 6 (who did not initiate any planning activity) brought in any external knowledge. In between these two extremes, Co2 seems to have relied on its MD exposure to external knowledge to initiate succession and target planning in the company.

---

[85] Co1 is managed by a family member but the interview was made with VP Dev.
[86] Non-family member
[87] It took the rest of the companies longer

Table 7.7 Effect of external knowledge on strategic planning

Company	External knowledge	Effect on SP	Company age when initiated planning
Co1	Hiring of VP development	Initiated	17/24
Co2	MD attended training, seminars and reading books	Initiated yearly objective + succession	52/56
Co3	Hiring of new president	Initiated	20/25
Co4	None	Not initiated	-
Co5	Hiring of consultant for steering committee + consulting houses	Initiated	51/58
Co6	None	Not initiated	-

Compiled from collected data

There was no relationship found between generation change and the initiation of planning in any of the subject companies. Therefore, it can be argued that strategic planning has been initiated in subject companies after they brought in external knowledge.

Strategic and succession planning

The above indicates that family firms who do strategic planning would do them in different ways. To the contrary, succession planning (when done) is approached in a similar way. But is succession part of strategic planning? One could argue. However, Co2 and 5 plan for succession but never consider it strategic planning or part of it.

Those who plan for succession (Co2 and 5) involve the following generation early on. They train and prepare them for leadership succession. Further discussion about succession planning is found in section 8.1.2.

In summary, two companies have written strategic planning documents, one has a five year objective in writing and one sets yearly sales targets. Those who plan, did it their own way and for different purposes. External knowledge played an important role in initiating planning. Committees were used to develop strategic components in all subject companies. Sales targets are the main (if not the only) target in subject companies. Finally, succession planning is not seen as part of strategic planning even though it is being practiced.

7.2.2. *Analysis and diagnosis*

This section summarizes findings of this research that are related to the second stage (Analysis and diagnosis) of the strategic planning process model. Table 7.8 shows an overview of subject family firms' 'Analysis and Diagnosis' characteristics. The rest of the section presents more details for this stage.

Table 7.8 Analysis and diagnosis in subject companies

	General environment	industry	internal	Competitive
Co1	outlined by VP dev.	outlined by VP dev.	outlined by VP dev.	One time Field study
Co2	Cognitive in the head of MD to set direction Gap analysis	Cognitive in the head of MD (supply chain capacity)		Systematic price analysis when needed
Co3	Risk analysis by consultant	Consulting houses (ad hoc)	Internal analysis by consultant	
Co4	Cognitive in the head of the MD	Cognitive market analysis by being in touch with all.	cognitive	Manual but systematic price analysis when needed.
Co5	Done by consultant for their IPO. government budget	industry reports (ad hoc)	Done by consultant for their IPO	Done by consultant for their IPO
Co6	Watching government budget	Reading related websites Cognitive by being in touch		Market price analysis

Compiled from collected data

General environment direction seems to be constructed cognitively. No specific tool or analysis was found. Government spending was found to be the primary indicator in all companies. It is used to set the general environment perception. Co2 MD said:

> "The most important factor I consider is the country budget. In other words, what and how much the government is spending." (Co2).

Co6 founder confirmed the utilization of this indicator:

> "W: what are the most important things you see in your opinion that make you make this order and with this much? Is government spending an important pointer?

> M: very much. The second thing is the international market. Is it stable?" (Co6/1)

Other companies have similar statements too. The phrase "government budget/figures/spending" was mentioned at least once in four companies.

Figure 7.5 shows how company leaders construct the perceived general direction of the economy. It is a cognitive process. This process was confirmed from individual companies' causal networks.

Figure 7.5 Typical general environment direction process
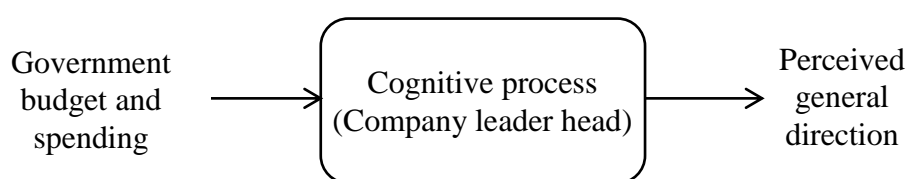
Compiled from collected data

Therefore, the main contribution for setting general environment direction seems to come from government budget and figures. It can be argued that this is reasonable. The Saudi economy is primarily based on oil. Its revenue highly affects government spending. And that, of course, affects the economic situation in the country.

Industry analysis

Lack of reliable information on the industry seems to be a common issue for Co1 and 4. It is hindering their industry analysis.

".. The difficulty is the industry analysis… there is [a] difficulty in Saudi Arabia when it comes to the information availability." (Co1/1)

"I do not know where the information [for market share] would come from. For example, photocopy paper, would you be able to tell how much was imported in the country?" (Co4/1)

For Co2, supply chain seems to be an issue:

"Whatever plan I put for myself, I would still be held down or limited by the supply chain... the supplier does control me. (Co2)

Co5 seem to rely on industry reports and consulting houses. But they seem to do this on an ad hoc basis rather than systematic.

"Either you take a specialized company to do a market study which I do not recommend... we know the demand. We have scientific people. .. We get all the information and we calculate all… something like this [industry report is shown] you take international studies. What is the product ability of these people, this information costs money." (Co5)

Industry analysis seems to be guessed in Co6 and it could be argued it is being confused in Co3:

"We used to be one of the biggest five in this field. This was old but now we might be no. 50 or so" (Co6/1)

"Yes.. We look at these things [ETOP and Business cycles]. We look at it. These things will come up in the micro-environment, the external environment, usually. If it has no internal reason, it would be usually external." (Co3/1)

Therefore, industry analysis does not seem to be common in subject companies. It is unfeasible to some (Co1 and 4) and guessing for others (Co6). When it is used (in Co2 and 6), it seems to be rather limited or on an ad hoc basis.

Internal analysis

No indication was found that internal analysis was used in Co2, 4 and 6. While Co1 seemed to see it as SWOT:

"You are talking about SWOT analysis or?" (Co1/1)

On the other hand, Co3[88] and 5[89] hired consultants to do their internal analysis. Therefore, internal analysis does not seem to be utilized in 67% of subject companies while 33% of them have hired consultants to carry out their internal analysis for a specific goal.

Strategic tools: Gap and SWOT analysis only

Gap analysis came up 16 times in the interviews. It seems to be used at least in Co2, 3 and 5.

---

[88] See Objectives and their development in the above section
[89] See Development of strategy components

"This [gap analysis] is what we do[90]. To a great extent." (Co2)

"We carried out several projects. One project was …for putting or doing a gap analysis for the supply chain. (Co3/1)

"W: Was there any gap analysis?

S: yes. We sat down to determine what are the things we need, what are the processes, what are the issues.." (Co5)

SWOT seems to be used occasionally in Co1, 2 and 3. It was mentioned 9 times in Co1, 8 times in Co3 and once in Co2

"SWOT analyses, I did several times." (Co1/1)

"I used it [SWOT] years back. And I still use it. From time to time, we have it. But we mostly know it implicitly." (Co2)

"We did the SWOT analysis.. [an] Australian company.. came and did this process for us." (Co3/1)

So, Gap and SWOT analysis seem to be utilized in 50% of the companies. However, SWOT seemed to be used less frequently. There is no indication that other tools are being used normally.

Competitive analysis

Except for pricing strategy, no indication was found that competitive analysis is being monitored in a regular or systematic way.

---

[90] After explaining the term Gap analysis.

The above argues that no systematic approach was found in subject companies when carrying out any analysis. Also strategic tools used are limited to Gap and occasional SWOT analysis. Competitive analysis is centered around pricing.

7.2.3. *Choice*

This section summarizes the findings of this research that are related to the third stage (strategy choice) of the strategic planning process model. Table 7.9 shows subject family firms' strategy choice characteristics. The rest of the section presents more details for this stage.

Table 7.9 Strategy choice in subject companies

Co	Generic	Variation	Choice
Co1	Expanding	Vertical, horizontal, joint ventures	Matches a growing market and prospector founder
Co2	Slow expansion	Vertical integration	Matches defender/reactor MD91
Co3	Expanding	focused	Matches a growing market and prospector founder
Co4	Stable	Focused	Against MD intended strategy
Co5	Expanding	Vertical, horizontal, joint venture, manufacturing, trading (several business models), local, export	Seems to be company tradition rather than serious analysis
Co6	Marginally retrenching	None	Against the desired

Compiled from collected data

---

[91] At certain stages of company life the MD was defending the company existence. Then the family was squeezed to prosper the business. In recent years he is more a defender/reactor.

Generic strategies

Generically, four companies are expanding. One is stable and one is retrenching. Co1 and 3 seem to be experiencing rapid expansion.

"We have 600 outlets and we are heading for 1000 outlets." (Co3/1)

"We consider our size as medium; we aim to reach the level of the dealer, the biggest competitor in the market." (Co1/2)

Co2 and 5 are expanding but at a slower pace.

"We opened this year two outlets." (Co2)

"We are expanding...for example; we have started with "[Brand1][92]" retail [outlet]… a Mega-market [like Ikea]." (Co5)

Co4 is mostly stable (has a one digit growth in sales) and Co6 is marginally retrenching[93].

"W: I mean in the last two years for example, you have had no expansion?
A: no.. you know …" (Co4/1)

So, subject family firms are mostly expanding. Figure 7.6 shows the ratios of generic strategy between sample companies.

---

[92] New brand name for the company hidden for company privacy.
[93] Dropped from one of the biggest 5 to one of the biggest 50 as perceived by one of its founders. See above.

Figure 7.6 Generic strategy ratios

Generic Strategy

- ■ expanding
- ■ stable
- ■ retrenching

Compiled from collected data
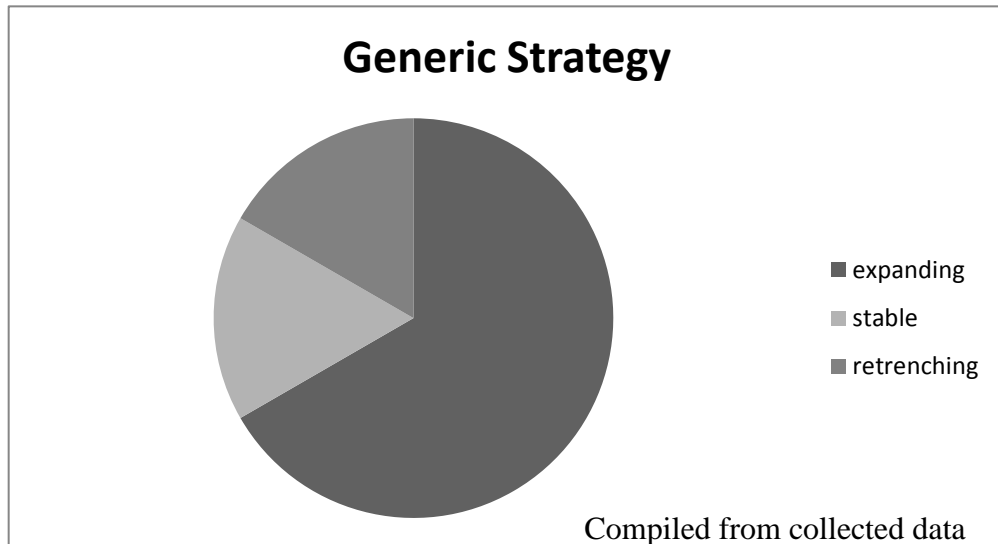
Horizontal and vertical expansion

Co3 is expanding horizontally[94] by opening new outlets. Co1 and 2 are expanding horizontally by opening new outlets and vertically (downstream) by opening service outlets.

"We have around 8 service centers, running service centers, but itself the business of service centers is something like that of retailer". (Co1/1)

"[for] service centers and retailers, I will be looking for places I will be closer to the end user." (Co2).

Co5 is expanding horizontally and vertically up and downstream.

"We have manufacturing, from the manufacturing we export some, [some to] local, key accounts, wholesale, retail, contract and export." (Co5)

Table 7.10 shows expansion strategy for subject companies. Therefore, horizontal expansion (opening new sales outlets) is found in all four expanding companies.

---

[94] See above quotations for co3.

.

Table 7.10 Expansion strategy

Company	Horizontal	Vertical up	Vertical down
Co1	New outlets	Not yet	Service centers
Co2	New outlets	No	Service centers
Co3	New outlets	No	No
Co4	No	No	No
Co5	New outlets	manufacturing	New retailer brand
Co6	No	No	No

Compiled from collected data

Error! Not a valid bookmark self-reference. shows ratios and how sample family firms expanded

Figure 7.7 Expansion method

Compiled from collected data
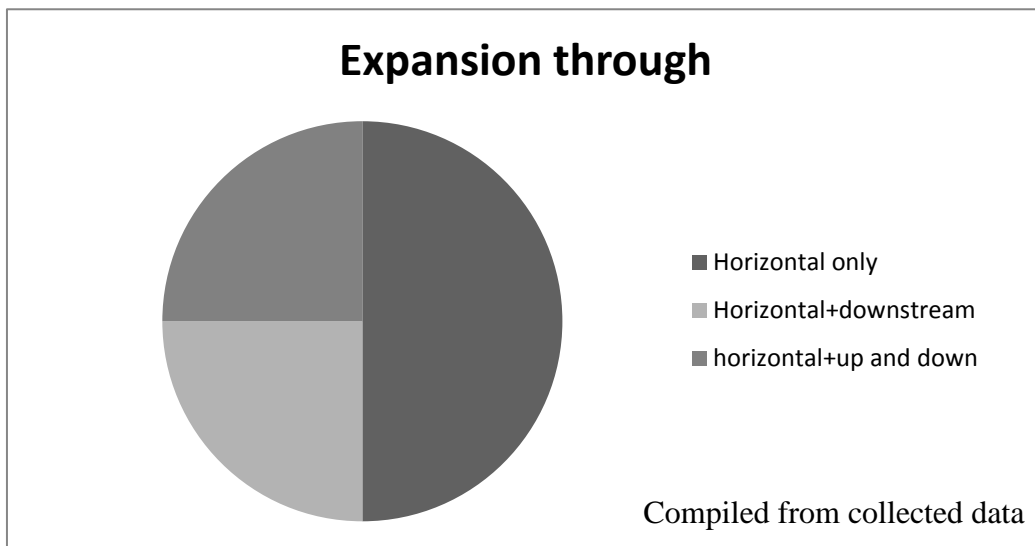
In general, subject companies' general strategy is expanding. They mostly use horizontal duplicate expansion to grow.

7.2.4. Implementation

This section summarizes the findings of this research that are related to the fourth stage (Implementation) of the strategic planning process model. Table 7.11 shows characteristics of the strategy implementation phase of subject family firms. The rest of the section presents more details for this stage.

Table 7.11 Implementation and feedback in subject companies

	Resources and structure	Resource allocation	Evaluation and control	Feedback
Co1	• Functional • Structured sales incentives	Ad-hoc basis	• Five/one year Sales target • Daily monitor	• Quarterly meetings • Adaptable and learning mgmt
Co2	• Functional • Structured sales incentives	Drawn from yearly sales targets	• Yearly Sales target • Monthly monitor	• Open-door MD • Always in touch
Co3	• Functional • Structured sales incentives	Drawn from yearly targets	• Yearly Sales and other target • Real-time sales monitor	• Road-show • Adaptive mgmt. style
Co4	• One man show • Profit incentive for MD		Read at closing of the account at year end	MD always in touch with market
Co5	• Functional • Structured sales incentives	Drawn from yearly objectives	• Yearly Sales and other target Real-time sales monitor	• Weekly • Adapted to IPO
Co6	• One man show per region • regional division		Read at closing of the account at year end	• Authoritative • Rigid style

Compiled from collected data

The most common structure found is functional. It is found in five companies. Only Co6 has a regional structure. Figure 7.8 shows ratios of different structures used in sample companies.

Figure 7.8 Structure in sample companies
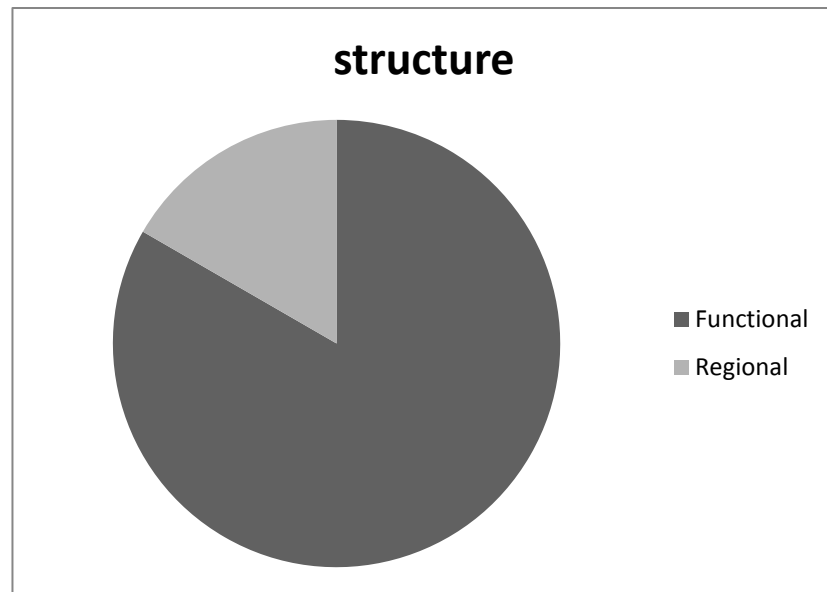
Compiled from collected data

Resource allocation

Resource allocation was found to be on an ad hoc basis in Co4 and 6. The same thing could be argued for Co1. They say they allocate resources according to their objectives. The word "resource" came up 18 times (in their interview). However, no mechanism was pronounced to allocate them.

"We set the resources according to our objectives priorities." (Co1/1)

The other three (Co2, 3 and 5) seem to allocate their resources (primarily) on sales targets and are arguably systematic. The process is discussed in a later section.

"..For example, to open two new outlets we need 1 million…. from our experience we came to know that an outlet within this area would need this much money plus minus 10% …we have this and that equipment and their cost is known…. [then] Managers' council would decide." (Co2)

"Once you define the objectives, you define their resources that achieve these objectives. Going through the how, you define the resources you need to execute. Based on how you do this, you define what kind of resources you need to make it happen…. usually it comes like a proposal from each head of function. We touch base on resources on this [strategy] meeting.." (Co3/2)

"I normally do a budget. For example I ask for 1 million, I would say I need this. Normally I keep them [the board] involved whenever needed… if someone on the board is strong in finance, before I present it to the board, if I have some concern, I will set up a meeting with him before that to discuss the issue." (Co5)

Co3 seems to be checking for any resource conflicts.

"We make sure that all are on the same wavelength. There are no conflicts between the resources." (Co3/1)

Figure 7.9 Resource allocation process

Resource Allocation
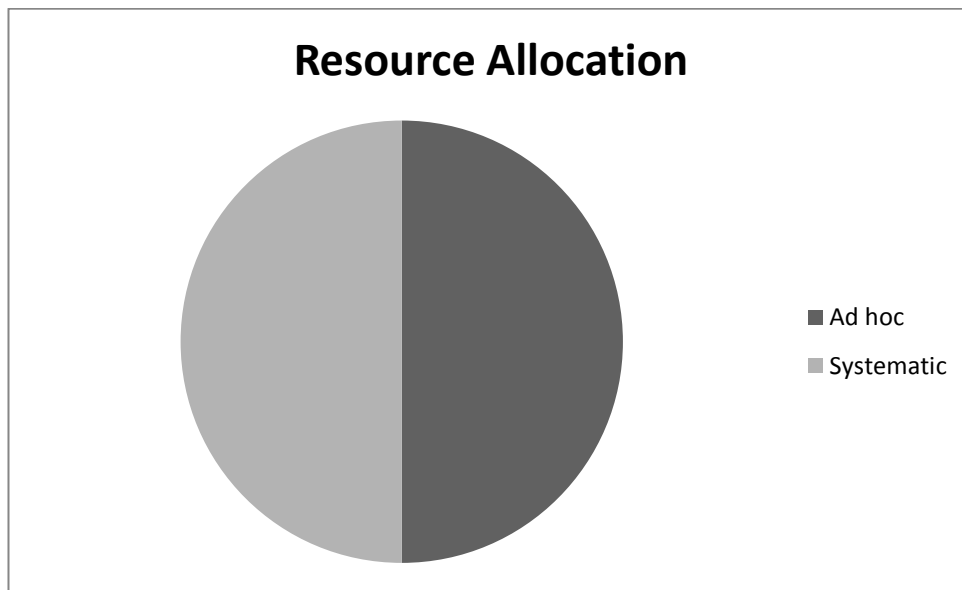
- Ad hoc
- Systematic

Compiled from collected data

Therefore, in three of the sample family firms, resource allocation seems to be systematic. However, in the other three, the process seems to be rather reactive and on an ad hoc basis. Figure 7.9 shows the distribution.

Incentives

Four companies (1, 2, 3 and 5) use sales incentives. Co1 says they give incentives other than sales but the main focus seems to be sales figures.

".. Incentive is also part of the objectives themselves. If priority this year is profit, then we will give you based on profit. If our objectives are mainly for the sales, you get part of the sales." (Co1/1)

".. If you achieve target, you have a certain bonus. If you grew 10% more than the target, you get an additional bonus…I do incentivize him to make profit… Salesman is accountable for the sales.. I want him to sell." (Co1/2)

Co2 seems to put a lot of emphasis on incentives for their sales staff.

> "All salesmen are very much dependent on bonuses …his salary is low and most of what he gets are bonuses.. [credit collector] is attached to collection. So he does not get his bonus on sales, he gets it on collection.. Outlet manager has a bonus quarterly-based fixed-amount if he achieves the [sales] target." (Co2)

In spite of saying they have their incentives based on objectives, the importance of sales to Co3 is shown by running sales competition between regions.

> "we started to tie the bonus and the incentives with the objectives....run competitions on team levels…it [an email] could say that Makkah region is ahead... and so on." (Co3/1)

Co3 has also some confidentiality issues around profit. Their MD says plainly that his people do not see profit or gross margins of items.

> "Of course there is confidentiality. For example, they do not see company profits or item gross margin, they only see what they are supposed to see." (Co3/1)

So, it can be argued that sales are the prime issue for Co3.

Co5 was clear in putting incentives on sales.

> ".. Percentage of achieved targets…his turnover…the incentive scheme is based on these numbers. If you do not achieve 90% and above you do not take anything. and so on." (Co5)

Co4 uses profit incentive (for its MD only) and Co6 does not seem to use any incentives.

> "[I get] Salary and a percentage of the profit." (Co4/1)

So, sales incentive seems to be a common theme between most subject companies. It counts for 67%. Figure 7.10 shows the distribution of different schemes and Table 7.12 shows the use of incentive in each company. Therefore, fifty percent of subject companies approach resource allocation systematically. Incentive is very effectively used to achieve sales targets.

Table 7.12 Incentives in subject companies

Company	Sales	Profit	Others
Co1	Yes	Yes	No
Co2	Yes	No	Credit Collection
Co3	Yes	No	Yes
Co4	No	Yes for MD	No
Co5	Yes	No	no
Co6	No	No	No

Compiled from collected data

Figure 7.10 Incentive schemes
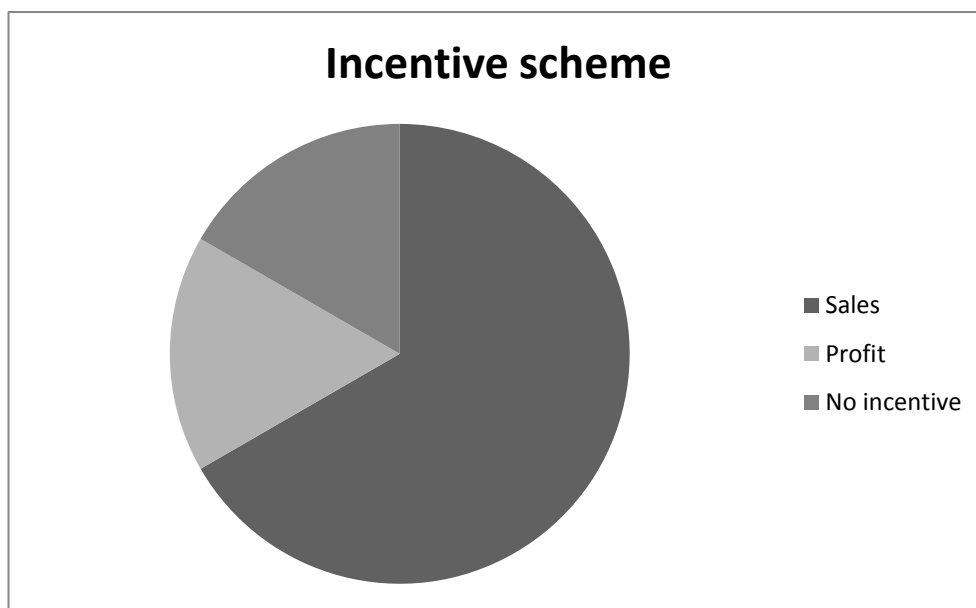
Compiled from collected data

7.2.5. Feedback

This section looks at feedback in subject companies.

Strategic feedback

Co1 seems to look at their long term issues on a yearly basis. Short term issues get reviewed quarterly.

> "The corrections to the long term… done every year... for the yearly, actually every three months in the quarter review, we can update and change our objectives. " (Co1/1)

Co3 looks at their strategic numbers and projections every year. Their yearly targets get reviewed every month.

> "The five years strategy, numbers and projections, this is on yearly basis and reviewed every year. Once we have a set budget or target, it gets reviewed monthly…this year targets get reviewed monthly." (Co3/1)

However, Co3 seems to have not reviewed their strategic direction since it was formulated close to five years ago.

> "This was done in 2007. When I look back, there are many things that have evolved…I think we are now in a stage to review this for the future. In Dec., we will come up with a new mission. The vision would not change probably. But the mission, no. It is a clear picture now: What we are going to do in the next five years.
>
> W: it has been set in 2007, ... there was no other opportunity to look at it or re-evaluate or.. revise in between?
> B: no…" (Co3/1)

The Co5 board reviews their numbers quarterly. There was no indication that they review any long term objectives on a regular basis

"W: okay. once you get the approval for that budget, that's it?

s: that's it.

w: then you come back next year?

s: no we have quarterly.

w: The board will review all these numbers compared to the target?

s: yes. you see the board is strategic more than operational…they are strategic. They would go deep if results are not good." (Co5)

Table 7.13 summarizes revisions of long term and short term objectives for subject companies. It can be seen that short term issues get reviewed quarterly in Co1 and 5 and monthly in Co3. Long term issues seem to be reviewed yearly in Co1 and 3 with no indication that they get reviewed in Co5.

Table 7.13 Review of short and long term objectives

Company	Long term objectives	Short term
Co1	Yearly	Quarterly
Co2	None	Monthly
Co3	Not reviewed	Monthly
Co4	None	None
Co5	Not reviewed	Quarterly
Co6	None	None

Compiled from collected data

Sales monitoring

Sales figures are reviewed by all subject companies but in different ways. Three companies (1, 3 and 5) have daily monitoring capability through their sophisticated IT setup.

> "I have in my system, I can see sales of every region daily… and how much target was achieved." (Co1/2)

> "W: sales targets, how are they monitored?
> A: on a monthly basis. But we have a daily dashboard for our performance." (Co3/2)

> "The system does that. I get it every morning by an SMS[95]. How much previous month target, this month target, total achievement, total to date." (Co5)

Co2 has monthly reports.

> "We have the monthly sales report which reports monthly sales compared to the previous month with analysis." (Co2)

Co4 and 6 review figures at the end of the year when preparing accounting reports.

> "W: do close accounts yearly?

> A: yes.. we do that" (Co4/1)

> "W: do you close accounts every year?

> M: yes.." (Co6/1)

---

[95] Mobile phone message (from Short Message System).

So, three companies have daily monitoring of sales. They are the biggest companies in terms of sales. The fourth company looks at sales monthly while the last two on a yearly basis. Table 7.14 shows sales monitoring capabilities of subject companies and Figure 7.11 **Sales monitoring frequency**shows this distribution. Therefore, sales monitoring seems to be the main monitoring theme in those companies who did planning.

Figure 7.11 Sales monitoring frequency
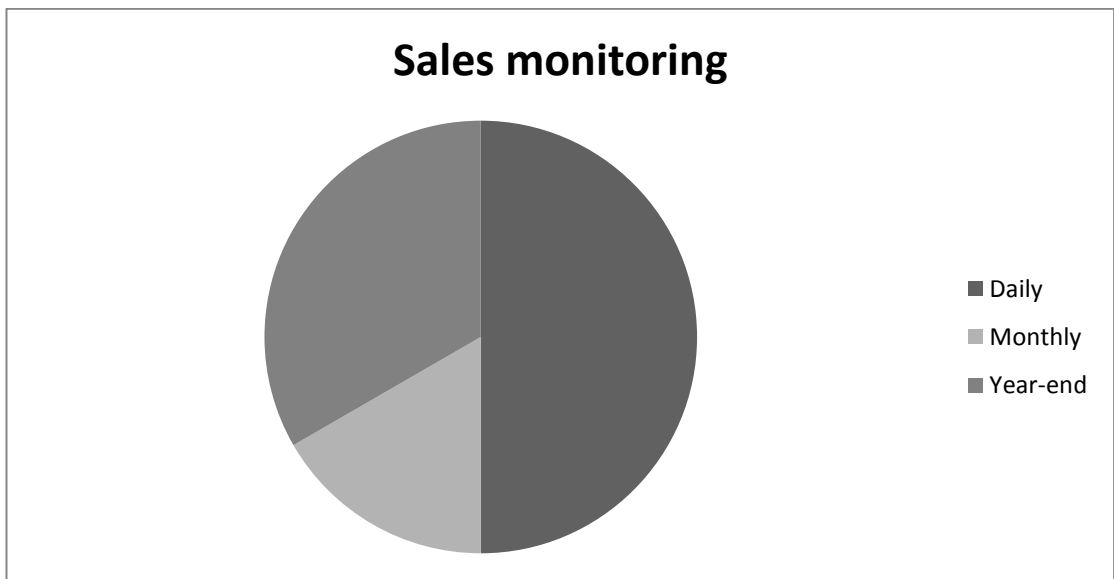
Compiled from collected data

Table 7.14 Sales monitoring

Company	Daily	Monthly	Quarterly	Yearly
Co1	Yes	Yes	Yes	Yes
Co2	No	Yes	Yes	
Co3	Yes	Yes	Yes	Yes
Co4	No	No	No	Yes
Co5	Yes	Yes	Yes	Yes
Co6	No	No	No	Yes

Compiled from collected data

Sales feedback seems to be the main and most of the time the only issue.

7.3. Causal networks

This section presents a sample causal network and its narration. Causal networks were built for all companies using the process outlined in section 4.5. Due to space limitation, only the Co2 causal network and its narration was shown as a sample.

The process was iterative and many versions were produced before the final draft was arrived at. Boxes (in networks) were numbered to make it easy to correlate networks with their narrations. The causal network for Co2 is presented in Figure 7.12. The narration for the same follows.

Co2 causal network narration

A strong desire for continuity (1) has characterized Co2 since its inception. It was translated into early involvement of 2nd generation (2). The success of this move (3) triggered the current involvement of 3rd generation (4). In addition, the company has embarked on risk mitigation (5) in the form of other investments (6) and milking the trading business into real-estate investments (7). Also for the purpose of continuity, the company has reinvested close to 90% of its profit for a number of years. Recently, Co2 has restructured its legal ownership (12) and created what they called managers' counsel (22) which separated the family from the business (32) and overlooked Co2 strategic issues. Also, its MD has made use of his training and knowledge (11) to create Co2 mission, vision and values (20) through an internal committee (21).

The desire of good performance (14) has also emerged from the desire for continuity (1). It manifested itself in: systematic pricing strategy (15), moderate monitoring capabilities (23) and a moderate desire for a continuous growth (42).

Pricing strategy (15) uses cost (26), competitor prices (27), inventory levels (28) and supply forecast (29) to set product prices (37).

Monitoring capabilities (23) rely on feedback promptness (24) which is based on monthly, quarterly and yearly (35) monitoring frequencies (34). The MD normally reacts to monthly reports (25).

Owner personality (56) coupled with government spending (36) and industry reports (45) mentally (44) produces an environment perception (43). This perception (43) feeds the desire for growth (42) which is articulated by horizontal (duplicate) expansion (41) and increasing sales targets (52). Sales targets (52) are set using historical data (62), consulting with regional admin (61) but limited by suppliers' promises (51). Incentives to sales targets (33) are used to satisfy desire for continuous growth (42).

Finally, resources are allocated (55) for departments (54) through gap analysis (53) to satisfy sales targets (52).

This chapter presented the results of this research. It first presented general results and then outlined strategic planning process for subject companies. The last section in this chapter presented a causal network for a sample company. The following chapter discusses these results and produces conclusions and observations.

Figure 7.12 Co2 causal network

Compiled from collected data
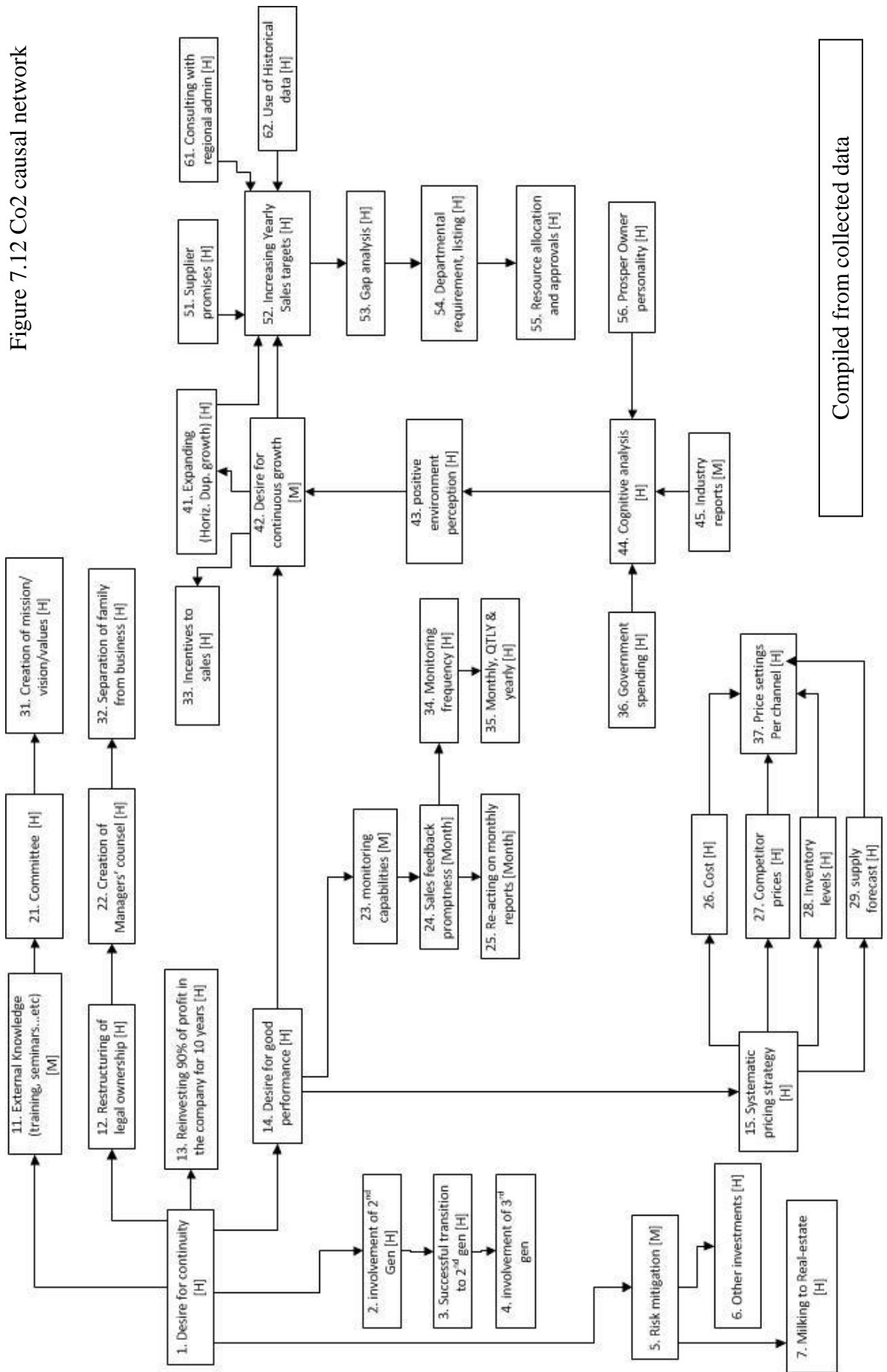
Chapter 8

Discussion and Conclusions

8. Discussion and Conclusions

8.1. Patterns, categories and processes

This section presents identified categories, patterns and processes in subject companies. It starts by categories then patterns followed by processes.

8.1.1. Categories

Figure 8.1 shows planning categories found in subject companies. They are first categorized as planners vs. non-planners. Planners are then further categorized per planning horizon, planning driver and planning purpose.

Figure 8.1 Planning categories in subject companies
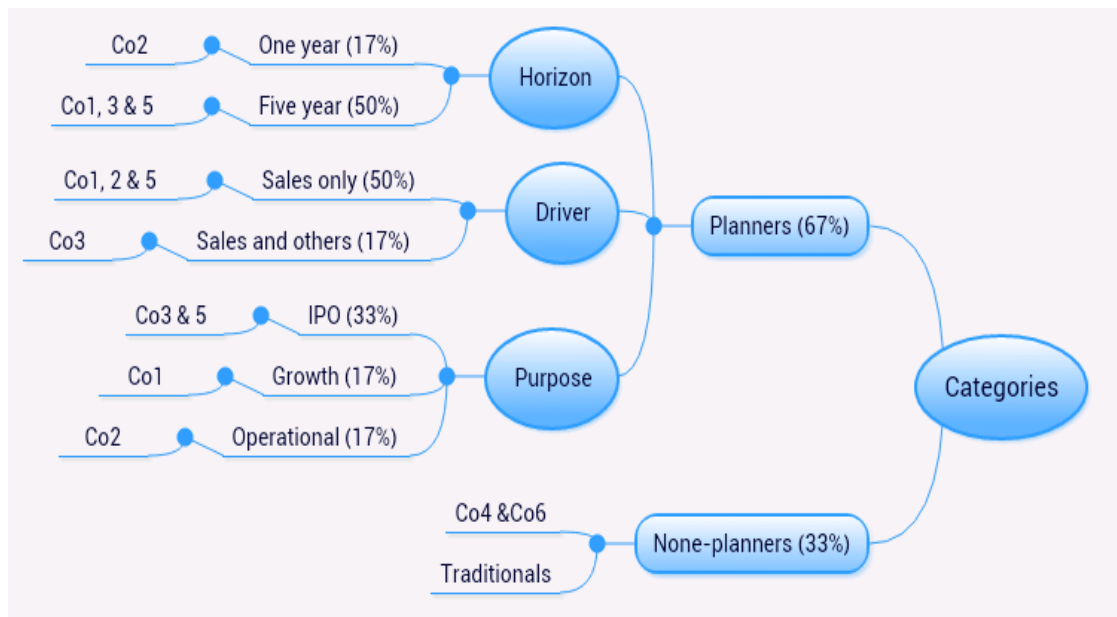
Compiled from collected data

This section discusses patterns identified in subject companies.

"Sales is King"

In the pilot study of this research, it was noted that sales targets were used as a planning theme. This section investigates this theme in all companies.

Section 7.2.1 concluded that sales targets are the main (if not the only) target found in subject companies. Table 7.11 shows that evaluation and control in the four planning companies are mostly built around sales. Section 7.2.4 "incentives" concluded that incentives are built around sales in all four companies who do planning. Section 7.2.5 "*sales monitoring*" concluded that sales monitoring seems to be the main theme for monitoring in those companies who did planning.

Figure 8.2 shows an extract of a causal network for Co1, 2, 3 and 5. The desire for growth is expressed by increasing sales targets (52). Two actions are directly related to satisfying this desire: horizontal (new outlets) expansion (41) and sales incentives (33). Sales are normally monitored by a strong IT (22) which enabled prompt feedback (23) and a high monitoring frequency (28) of up to daily reporting (29) and reacting to these daily reports (24). No other target was found to enjoy this planning cycle.

Figure 8.2 Causal network for setting targets in Co1, 2, 3 and 5

compiled from collected data
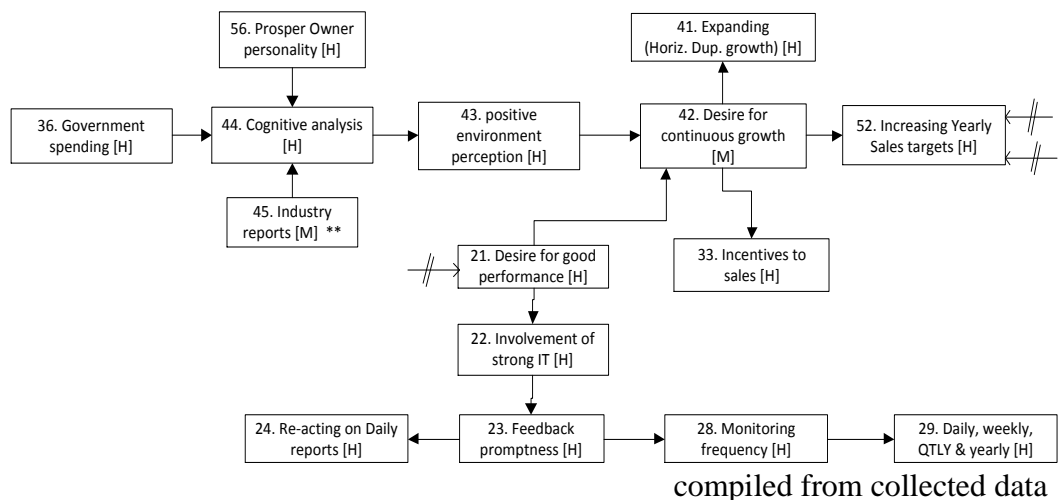
Figure 8.3 is a four quadrant sales vs. other planning targets. It shows all companies whose plan falls in the upper two quadrants where sales targets are pursued. It can be seen that none of the planning companies have used other targets only (without sales targets). Therefore, all those who plan use sales targets.

Table 8.1 shows planning objectives in subject companies. It can be seen that Co2 and 3 have non-sales targets. It is true some companies do have other targets but they are either sales related (credit collection in Co2) or newly introduced (as in Co3). The newly introduced targets in Co3 are hardly talked about. It is sales they talk about.

Table 8.1 Planning objectives

Company	Sales objectives	Other monitored and incentivized objectives
Co1	Yes	No
Co2	Yes	Credit Collection
Co3	Yes	Yes (newly introduced)
Co4	No	No
Co5	Yes	No
Co6	No	No

Compiled from collected data

Figure 8.3 Sales vs. other planning objectives

	No other targets	Other targets
Sales targets	Sales targets only (Co1, 2 and 5)	Sales and others targets (Co3)
No sales targets	No planning targets (Co4 and 6)	Other targets only (None)

Compiled from collected data

If we consider that i) the desire for growth is expressed in sales increase; ii) sales is the main (if not the only) target; iii) no planning company was found to use non-sales targets only; iv) evaluation and control is mostly built around sales; v) incentives are almost exclusively to satisfy sales; vi) daily monitoring and feedback is for and around sales, vii) the word sale(s) came up 316 times in these companies' interviews; and viii) no other target enjoys these attributes; it is reasonable then to conclude that sales is the main theme for planning in the subject companies.

Therefore, it can be argued that "Sales is King" and is the main theme of subject family firms' planning.

"Let's Do It" limited or ignored analysis

This section argues that most companies have largely ignored the analysis phase.

In Table 7.8 it can be seen that analysis and diagnosis are mainly cognitive or on an ad hoc basis. There was no systematic approach feasible in any of the companies.

The use of strategic tools is mainly limited to gap analysis (in 50% of the companies) and some occasional SWOT analysis. Table 8.2 lists the tools used by different companies.

Table 8.2 Strategic tools and their utilization in subject companies

Tool / Company	Co1	Co2	Co3	Co4	Co5	Co6
Gap	No	Yes	Yes	No	Yes	No
SWOT (occasionally)	Yes	Yes	Yes	No	No	No
Other tools	No evidence found					

Compiled from collected data

In coming to the decision to expand or grow, all subject companies have relied primarily on one environmental variable: government spending. Figure 8.4 presents an extract of a causal network that shows the expansion decision in subject companies. It can be seen that government spending (36) is cognitively (44) combined with owner prosperous personality (56) to produce environment perception (43) which normally leads to a desire to grow (42) and increase sales targets (52). Occasionally, industry reports (45) are considered. So, not much analysis was done once government spending figures were announced; and therefore, the decision to expand preceded any further analysis.

Figure 8.4 Causal network for expansion decision
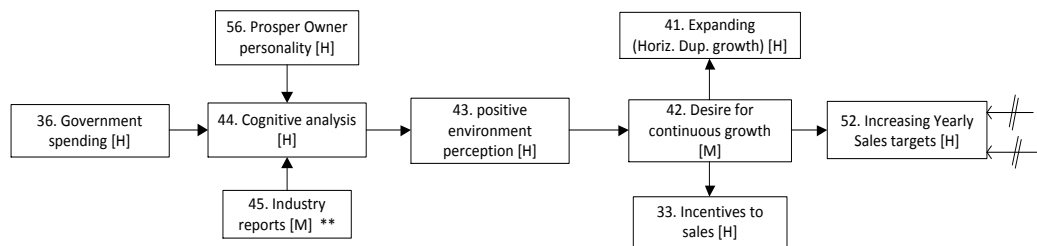
Compiled from collected data

Also, in deciding how to grow, subject companies have used their usual way of doing business: "sales growth" and "horizontal expansion". And in deciding how much to grow, subject companies considered their history data. Sales targets are normally set based on the previous year's targets more than any other environmental indicator.

Co5 did carry out some analysis. However, the primary purpose seems to fulfil the requirement for going with IPO. Co3 shared the same motive.

The above argues that i) no systematic approach was found in subject companies when carrying out any analysis (general environment, industry, internal or competitive); ii) strategic tools used are limited to Gap and occasional SWOT; iii) the decision to expand is primarily based on government spending; and iv) how and how much to expand was not based on analysis but rather on the usual way of doing business and historical data.

Therefore, it can be concluded that the theme in subject companies is "*Let's Do It*" and analysis and diagnosis are largely ignored[96].

Generic strategy choice: "Just Grow"

It was shown above that analysis seems to be limited in Co1. It was also shown that Co1 is expanding. As such, its expansion strategy does not seem to have emerged from serious strategy analysis but could be attributed to the aggressive character of its founder.

"If I consider [the founder], he is aggressive… yeah, prospector." (Co1/1)

The same can be argued for Co2.

Co3's current president (since 2007) says that their internal analysis has led to their five year plan:

"We came up with 25 projects. Then we phased them into a five year period. That is what produced the five year plan." (Co3/1)

But Co3 has been opening new outlets since its inception 25 years ago. They have now 600 outlets. That makes an average of 2 outlets per month. They are heading for 1000 outlets. Co3 seems to have formed a company culture inherited from its founder's personality:

"We have a spirit, which could be harmful: which is 'can-do-spirit'.. Yes, Okay, I will do.... till we drawn….

W: I would say this is a descendent from [the founder]?

---

[96] Co3 did several analyses. But it was one time (in about 20+ years) and mainly internal. That produced their five year plan. However, their expansion decision was already in place and being implemented. The same can be said about Co5. Their decision to go public was the initiator for the analysis process.

B: yes,... he is a hard worker." (Co3/1)

So, there seems to be no relation between the analysis that was done recently and the traditional expansion strategy ever since. In fact, this seems to be a Co3 culture more than anything else. Some analysis was found in the Co5 IPO document −which was produced by a steering committee. However, this work is only recent and was for the purpose of satisfying the IPO requirement:

"…we agreed to move into a public company .. July 2005…Steering committee has done all the necessary to go public." (Co5)

Looking at the history of Co5[97], one could see that expansion is their norm. For example, they established new factories in 1985 and 1989. They have increased their capital several times, 1990, 2004, 2006 and 2008.

"We are expanding..." (Co5).

But there appears to be no relation between the −ever since− prevailing expansion strategy and the −only− recent analysis found in their IPO document.

Therefore, there was no indication that expanding companies have chosen to expand as a result of a serious analysis. Rather it seems to be largely affected by either company culture or the prospector personality of its leader. Hence, it can be argued that the theme in Co1, 2, 3 and 5 is "*Just Grow*". It was a default rather than a choice.

---

[97] In their IPO document.

Succession planning

This section presents the three patterns found in subject companies concerning succession planning.

Co1 and Co3[98] are the youngest and seem to have no plan for (leadership) succession.

> "W: leadership succession for the company, is it planned?
> M: no." (Co1/1)

> ".. Succession planning, we are working on right now… to the key levels.... we could have someone who is an important real-estate evaluator... who will be the vice president in three years from now?.." (Co3/1)

Co6 is 35 years old and very much needs new leadership. However, no successor seems to be on the horizon.

> "W: did you try to bring the following generation into the business?
> M: we, unfortunately, did not do that…if they did not start with you [the following generation] right from the beginning, it's gone..." (Co6/1)

Co2 and 5 are the oldest and they seem to be well prepared for succession. Co5 is a public company. So, its leadership is decided by its board.

> "So far we put the policies for transferring to the third generation and we employed six of them.." (Co2)

> "…let's start with why we moved it to a public company. Continuation of family businesses must be built on institutionalized systems. This system must separate the ownership from management… yes for the purpose of continuity." (Co5)

---

[98] Comapny3 seems to have started succession planning for key management positions.

Co4 is one of the oldest but does not seem to be prepared for any succession.

 "It is a pity you waste all of that [the effort of the founders]... maybe we will find some of the new generation willing to join.." (Co4/1)

In Table 8.3 we can see that no subject first generation companies have a plan for their leadership succession. Two of the second generation do while the third does not. Those who did succession planning seem to have approached the process systematically with reasonable similarities. Co2 created a governing body called "managers' council". Co5 became a public company and created a board of directors as their governing body. Both companies have hired and involved the following generation.

Table 8.3 Succession planning

Co.	generation	Succession planned?	Following generation involved?	Governing body?	Leadership years to retirement? (estimates)	Co Age
Co1	First	No	No	No	10+	24
Co2	Second	Yes	Yes	Managers' counsel	5-10	56
Co3	First	No	No	Board	10+	25
Co4	Second	No	No	No	5-10	50
Co5	Second	Yes	Yes	Board	5-10	58
Co6	First	No	No	No	Immediate	35

Compiled from collected data

In general, three patterns were found among subject companies as far as succession readiness is concerned. They are presented in Figure 8.5. In the upper right hand quadrant, we find "*Succession Equipped*". Only Co3 fits this category. It is equipped to handle a change in leadership through its board. In fact, the company has been run by a non-family member for the last six years or so. He was assigned by the board. However, there was no evidence that they are planning or preparing for any succession any time soon.

The other five companies are found in two extremes. At one end we find Co1, 4 and 6: "*Succession Risked*". They are not planning for any succession nor are they equipped to handle succession since they do not have any governing body. At the other end we find Co2 and 5: "*Succession Ready*". They are equipped to handle a change in leadership through their active governing body. Also, both are actively involving the third generation in managing the business and preparing them for succession.

Figure 8.5 Succession readiness in subject companies

	Planning succession	Not planning
Equipped (Through a governing body)	"*Succession Ready*" Co2,5	"*Succession Equipped*" Co3
Not equipped (No governing body)	"*Succession Planned*"	"*Succession Risked*" Co1,4,6

Compiled from collected data

So, not all subject family firms are planning or are ready for succession. In fact, 50% of them face succession risk. Three patterns were identified in subject companies: "*Succession Ready*", "*Succession Equipped*" and "*Succession Risked*". No company was found to fall into a "*Succession Planned*" pattern. However, no formal or written plan was found in any company.

It was found that Co1 started its planning after hiring a VP-Development. His hire was a stimulus for initiating planning. This section argues that other companies initiated planning after some kind of a stimulus.

Four companies were found to have planning activities. They operated for years without any planning or target settings. They only started their planning activities recently[99]. A "planning stimulus" seems to be the reason for starting these planning activities. Table 8.4 shows the age of the company when they started planning, number of years in planning and their stimulus.

Section 7.2.1 showed that Co3 started its planning when it hired its current president. The steering committee of Co5 initiated a planning process to take the company into the public stock market.

Table 8.4 Planning stimulus in subject companies

Co	Planning since the start?	Recently introduced planning?	Company age when initiated planning	Years in planning	stimulus for introducing planning
Co1	No	Yes	17/24	7	Hiring of VP dev.
Co2	No	Yes	52/56	4	Desire for continuity/ approaching retirement
Co3	No	Yes	20/25	5	Hiring of new president
Co4	No	No	-	0	No Planning stimulus
Co5	No	Yes	51/58	7	Going IPO (introduction of Steering committee)
Co6	No	No	-	0	No Planning stimulus

Compiled from collected data

---

[99] average of 5.75 years ago, range 4-7 years, average age when planning 35 years

Co2 did not have any outside involvement. It seems that the high ambitions of its MD have led to developing the statements for the company, restructuring company legal form, introducing third generation to the management and establishing managers' counsel. But the timing of this process seems to be related to the feeling of the MD and his generation of their approaching retirement. Therefore, that seems to be a stimulus for their planning.

"I did attend conferences on family businesses and I read a lot... I am very much interested in this subject. I read a lot of books on family business, translated and otherwise. And I like to attend conferences and I am a member in the commercial committee of the chamber of commerce... our main goal is not-to-make wrong decisions in the company and we become the reason for this organization to vanish. This [the company] was established by people according to values, tradition, moral.. So, we do not want to be the reason for failing this organization. So, we have to work selflessly and our entire target is for this organization to continue prospering. We do not want it to be dependent on me or Managers' council or indeed anyone else... the third generation, they are coming...all Managers' council are above 50, some have reached their 60s. So, either age or health factor would be in effect soon. But the most important thing is to make a policy and build the base." (Co2)

Co4 and 6 had not started any planning activities yet. And there was no indication that they had a triggering stimulus or brought in any external knowledge.

Therefore, it can be argued that subject companies who have initiated planning, have had a stimulus of some kind. In 50% of the cases, it was the hire of a new executive. The causal network for individual companies confirmed this too. In all companies, initiation of planning seemed to be a reaction to environmental conditions rather than a systemized procedure.

"Joint development"

Committees are found to be the common method of developing different strategic components. Co1 developed their vision using an internal committee. The same thing was noted in companies 2, 3 and 5. In fact, wherever a strategic component (such as vision, mission, objectives, values, targets and a five-year strategic plan) was developed, it was done through committees. Table 8.5 shows the different components developed by committees in subject companies. No other mean was found in any of the subject companies to develop any of these components.

Table 8.5 Committees developing strategic components

Co	Vision	Mission	Objectives	Values	Targets	S. P. 5Y
Co1	committee	committee	committee	committee	committee	committee
Co2	committee	committee	-	-	committee	-
Co3	committee	committee	committee	committee	committee	committee
Co4	-	-	-	-	-	-
Co5	committee	committee	committee	-	committee	committee
Co6	-	-	-	-	-	-

Compiled from collected data

Therefore, this research found that "Joint development" through committees is the predominant way of developing strategic components in subject companies.

"My Own Way" planning

There was no indication that the Co1 planning model was used or replicated in any other subject company. In fact, those who planned did so in their own way. Causal networks for individual companies show that strategic plans (five year objectives in the case of Co1) were produced in different ways and for different purposes. Further, there was no indication that Carlock and Ward's (2001) model was used in any company.

The research, however, found a clear pattern of attempts to separate family from the business. This can be seen in Co1, Co2, Co3 and Co5. These attempts are reflected in the individual company's causal networks; for example, we see that for Co1 in Figure 8.6. Founder's personality (23) has resulted in separation between family and business (12). As a result succession (12) activities are almost non-existent. In Figure 8.7 for Co2, we see the high desire for continuity (1) has led to restructuring the legal ownership of the company (12) and the creation of managers' counsel (22) which resulted in separating the family from the business. In Figure 8.8 for Co5, founders have gone a step further to separate the family from the business. They distributed their wealth before they died (17) and (31)

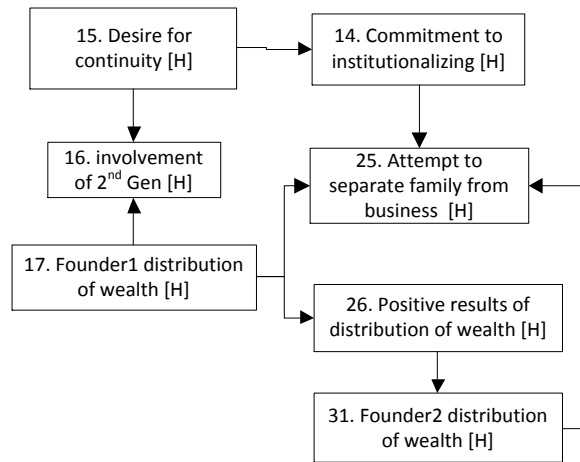Figure 8.6 Co1 causal network (Extract) family planning
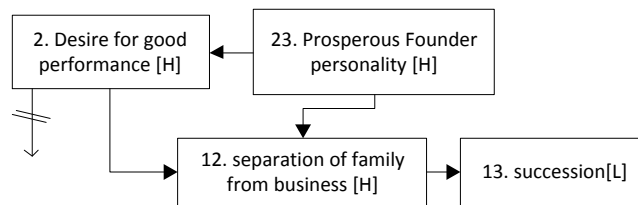
Compiled from collected data

Figure 8.7 Co2 causal network (Extract) family planning
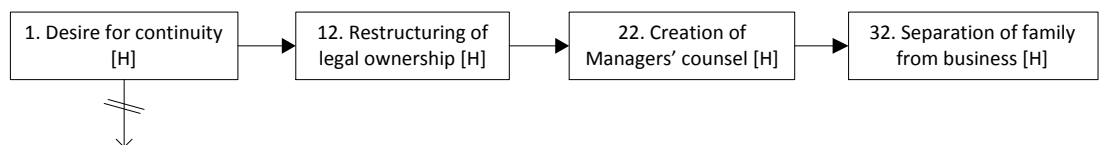
Compiled from collected data

Figure 8.8 Co5 causal network (extract) family planning

Compiled from collected data

Therefore, when planning was done, it was done "My own way" for each company. Carlock and Ward's (2001) model was not seen in any of the companies. A clear pattern to separate the business from the family was found in four out of the six companies.

"Traditionalist"

In spite of the fact that Co4 and 6 only look at their figures at the end of the year, it should be noted that their business is run in a very traditional way. Co4's MD and Co6 founders are in very close proximity to their daily operations. It seems that they rely largely on their high cognitive skills to monitor their business health.

"You know our traditional way of doing business. We are here all the time. Very reachable to all our people. When I go out, I will get my mobile on. Any customer inquiry or one of your employees could call for anything. And I know mostly all the numbers and percentages as [what are the] minimum…when you meet the client directly, you sit with him, chat with him, get info from him.. You get from them valuable information… when you talk to them, how are you, how is business, customers.. Payments. Some customers maybe we contact them

177

once or twice daily. They would tell you.. things like.. this company [competitor] did bring in so and so with so much price." (Co4/1)

".. You are in the market.. you can smell the market and can decide. An item could be requested four or five times per day while other times only twice. So, if you are following the movement and demand of the market, you could make a right decision for buying..... it was mental.. and being honest, till now it is so up to 90%. .... now there are cards, there are computers and these useless things... there are accountants. Things have changed, there are warehouse people but still it is mental. Sometimes you ask the accountant, you ask warehouse people they tell you hang on I will check... I would tell him to just look right in the warehouse -I am here and he is in our warehouse at [so and so place]- that stack is so and so…if he says I have a hundred packs, I will tell him you are wrong. yes you have a 100 but hidden behind it are some not visible, check them how many.… but it was then when one was in good health and I could be visiting the warehouse maybe twice a day. One would go [branch1 to branch2 to warehouse]... he goes around to see his business.." (Co6/1).

So, the leaders are physically there almost all the time. They are on top of their business and receive inputs from all directions. They, then, process these inputs and make, arguably, very informed decisions in all aspects of their business. Figure 8.9 depicts this process. This traditional method of running the business was found in Co4 and found replicated in Co6. It has been reflected in their causal networks (see causal networks for Co4 and 6).

Figure 8.9 Typical cognitive process (company4 and 6)

Stock
Sales staff input
Market prices
Supply chain intelligence
Client feedback and intelligence
Int'l trips and suppliers' reps

Real time
Cognitive process

Physical presence

Prices
Re-orders
New products

Compiled from collected data

Therefore, some founders are in very close proximity to their daily operations. They seem to rely largely on their high cognitive skills to plan, run and monitor their business health.
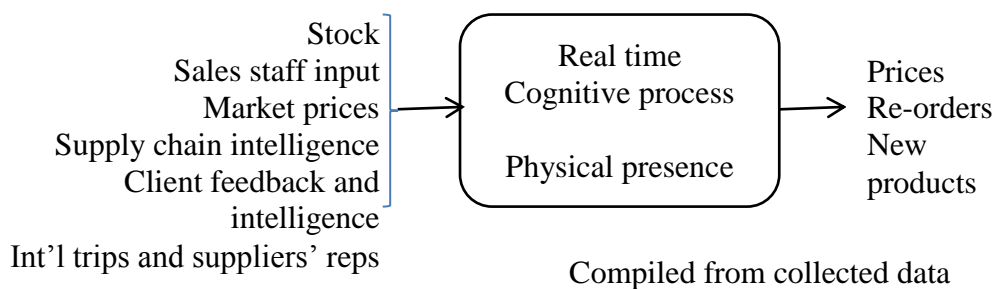
8.1.3. Strategy processes

This section explores the identified processes in subject companies. It covers the process of: setting targets; developing strategic components; generic strategy choice; and resource allocation.

"Settled gradual" targeting

This section presents the process of setting targets in subject companies.

To develop sales targets, it was found that Co1's upper management outlined guidelines for their annual sales targets. To arrive at these guidelines, upper management considered some typical inputs such as historical data. Then, its sales departments/forces worked on proposing sales targets based on the guidelines given. Targets were then jointly reviewed and finalized. Figure 8.10 shows the process. The same process was found in Co2, Co3 and Co5.

> "Every year we say we want to achieve this much. Outlet supervisors could come and say, this year we would put higher percentage because we have higher stock or there are better opportunities for sale." (Co2)

In Co5 board approval was obtained.

> "We do it but more scientific, by SKU [per product item], and we include the region. We tell them for example, we have growth of 15% you have the historical data, distribute it as such. …. sell from that 10 % from the other 30%.

So, he reviews and might come back and say, no this would be 20% and the other would be 17% and so on." (Co5)

Figure 8.10 Typical sales targets setting (company 1, 2, 3 and 5)
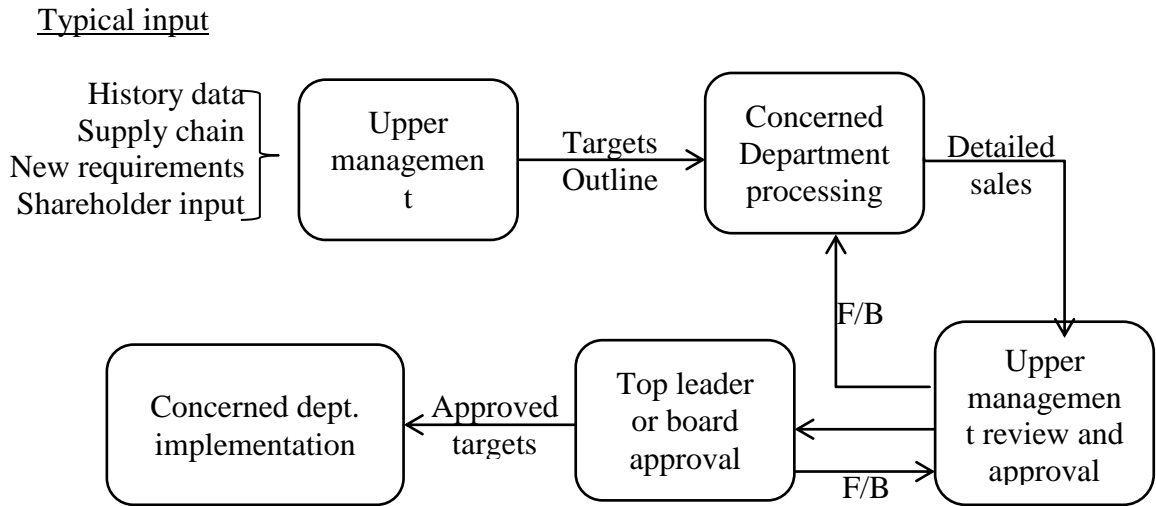
Typical input

Compiled from collected data

Co3 has recently added detailed targets. They are set for each employee or employee level. This is a recent introduction to the company.

"W: so, the objectives go right into the employee level?

B: yes, yes. But being precise, the labor would have one set for them, general for all of them. The [outlet sales personnel] would have another general set for all of them. But if we talk about manager of HR or manager of warehouse, internal auditor, all of these would have their own specific set." (Co3/1)

So, setting targets for subject companies (1, 2, 3 and 5) was found to be mainly concerned with sales targets. All companies were found to follow the process shown in

Figure 8.10 to set their sales targets. Only Co3 has recently added other targets to sales. These other targets were found to be developed the same way.

Generic strategy choice process

This section describes the process found in the subject companies to select their general strategy.

The process of choosing the strategy starts by considering the general environment – mainly government budget – to set a general direction (see Figure 8.11). That general direction is combined with other issues such as the political situation (occasionally), leader personality and company culture. These issues get processed normally by the leader to decide on the general strategy.

"In 2009... World crises... We do not invest too much in opening new show rooms… we controlled inventory itself, we controlled account receivable.." (Co1/1)

Figure 8.11 Typical strategy choice process
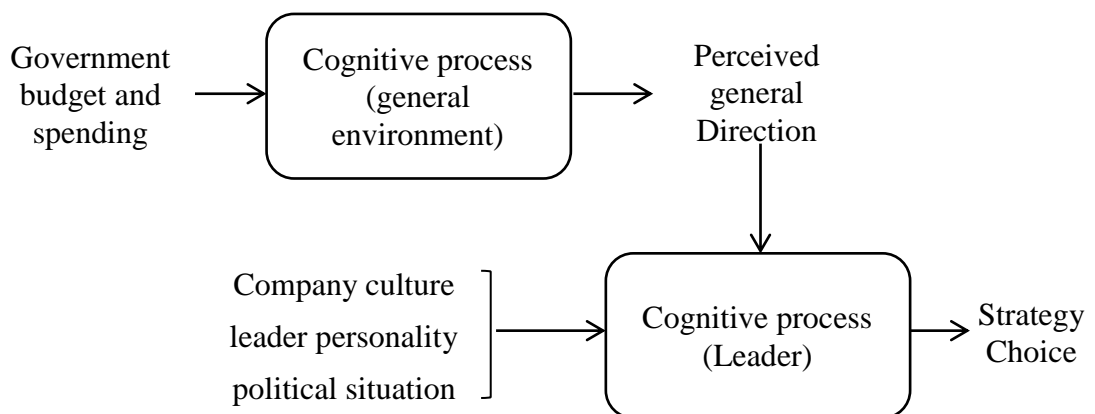
Compiled from collected data

Figure 8.11 shows the process of choosing the generic strategy in subject companies. The process is rather cognitive.

Resource allocation process

When Co2 attempts to locate resources for say a sales target, that target would be assigned to a department or a committee. They would list the required resources. The list is normally drawn from experience, brainstorming or cognitive process. Management then reviews and approves before implementation. This process was found replicated in Co3 and Co5. Figure 8.12 shows the process.

Therefore, in three of the sample family firms, resource allocation seems to be systematic and follows almost the same process as shown in Figure 8.12. However, in the other three, the process was found to be reactive and on an ad hoc basis.

Figure 8.12 Typical resource allocation (company 2, 3 and 5)
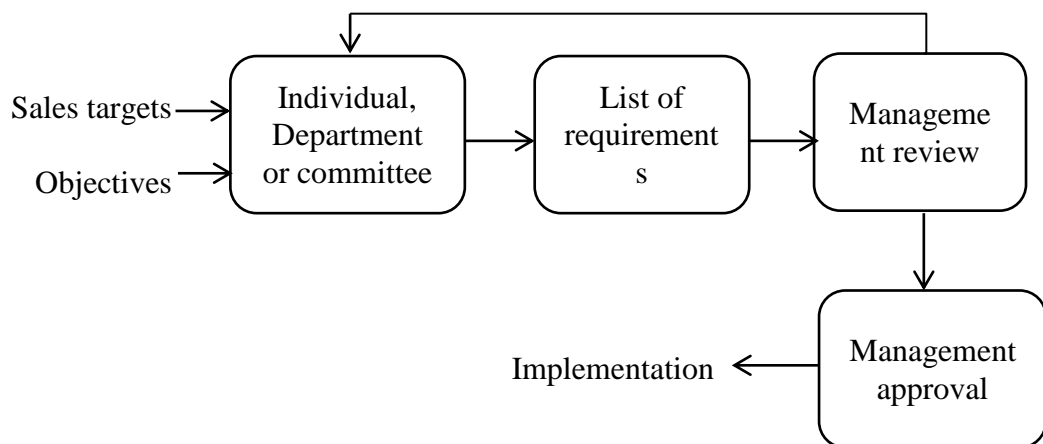
Compiled from collected data

"Joint development" process

It was argued above that joint development was used to develop strategic components. The process by which these components were developed was found to be replicated in all four companies. It normally starts with inputs from different directions. A committee would then meet several times before they end up with a vision, mission, objectives,

values etc. Figure 8.13 shows this process. Causal networks for individual companies confirm this process.
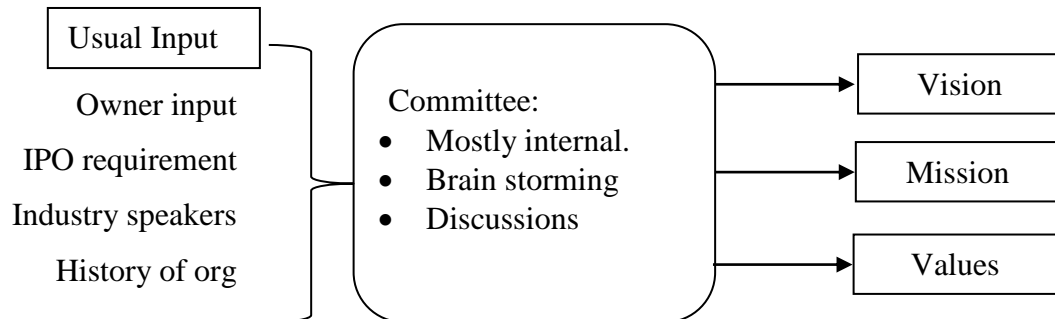
Figure 8.13 Typical development process of: Vision, Mission and Values

Compiled from collected data

8.2. Observations on strategy process

8.2.1. *Observation on who decides to do what?*

Most subject family firms are managed by a well-respected and trusted family member and therefore have no issue of principal-agent. This agrees with Moores and Mula (2000) who found lower agency costs in family firms.

Two thirds of the companies studied have a written vision and mission. This seems to agree with Glaister et al. (2009)[100] and Glaister and Falshaw (1999)[101] who came up with similar percentages (70% and 65%). One third of the companies say they have a written plan which seems to agree with Buchholz et al's (1999) figures.

All companies who developed vision, mission and values, seem to have done so through a committee. The development process is captured in Figure 8.13. So, committees are the shared way of developing a vision, mission and values in subject family firms.

---

[100] Non-family firms sample
[101] Non-family firms

Strategic planning in Co1, 3 and 5 were not developed the same way. All three companies who did some planning seem to have been stimulated by a change. But their stimuli were not the same. This seems to agree with Gibson and Cassar's (2002, p.181) findings "*that firms use business planning for specific purposes that change over time.*"

Even in those companies who did not seem to be doing any planning, it was found that they occasionally did some actions that had long term effects on their business. All these seem to be reactionary types to some events or environmental changes (i.e. stimulated by a change). The fact that all six companies seemed to have been stimulated to plan agrees with the conclusions of De Geus (1997)[102] and Gibson and Cassar (2002)[103].

Initiation of planning was a reaction to environmental conditions rather than a systemized procedure. In fifty percent of the cases it was stimulated by a new hire. All companies who have started strategic planning have used external knowledge and capabilities. Thus, it is very possible that lack of knowledge is a reason for not initiating planning before this stimulus. This might be consistent with the findings of Gibbons and O'Connor (2005)[104] who confirmed the previous finding of Wood and Joyce (2003) that owner managers are less knowledgeable about strategic management and use its tools less than professional ones. On the other hand, Harris and Ogbonna (2005)[105] indicated that no evidence supports the view that executives' planning skill is directly related to planning initiations. However, this research found that two companies (33%) initiated strategic planning after hiring a new management member which could be seen to indicate the contrary.

There are what Mintzberg and Waters (1982) call classic stages of development cycles. Moores and Mula (2000) talk about stages in the 'four-stage life-cycle model'. Gibson and Cassar's (2002) results indicate that a significant number of firms change planning behavior states over time. In this regard, the results of this research confirm the change of some companies from no planning to planning after years of existence. The other point worth mentioning is the burst of planning activities or actions some of the subject

---

[102] His research talks about non-family businesses
[103] Their research looked at small firms.
104 SMEs sample
105 Non-family firms.

companies have taken from time to time. None of the four phases postulated by Gluck et al. (1980) were seen in subject companies.

The perception given in much research (Sharma et al., 1997) is that family firms' objectives should be different from non-family firms. Tagiuri and Davis (1992) listed what they called normal objectives of successful family firms. Some of these objectives were mentioned and talked about in subject companies. However, none were seen to be pursued quantitatively. This research found that "Sales is King" and seemed to be the main planning tool used by all subject planning companies. This result partially agrees with Rue and Ibrahim (1996) who found 18 out of their 19 (retail and wholesale Australian family firms) sample have sales in their written plan. It could also be seen to agree with them that planning in family firms is limited in its scope and activities.

This could be seen to make sense. First, all subject companies are traders and in the trading business, sales is a primary indicator. Therefore, using sales as a planning tool could be seen to agree with O'Regan et al.'s (2010) findings that family firms do tend to plan for the future in terms of key performance objectives. Also, we have seen above that all subject planning companies have started planning recently[106]. The literature argues (see above) that planning companies change behavior over time. So, it is possible that "Sales is King" is only the beginning stage and further planning tools will follow. Co2's MD was very proud to show the researcher[107] a very sophisticated big poster for an under-development strategic plan (which involves much more than sales). Also, we have seen that Co3 has[108] recently introduced non-sales targets. This could be seen to confirm the above explanation. So, "Sales is king" could be seen as the inception and early strategic period described by Kreiser et al. (2006).

The setting of sales targets seems to follow a systematic process. It is almost common between those companies who used sales targets. Figure 8.10 shows the typical process of setting targets found in the studied companies.

Four companies (67%) seem to be anticipating succession. This is more than Ward (2004) estimates of 40%. In spite of this, no (formal or written) succession plan was

---

[106] Average of 5.75 years ago, range 4-7 years, average age when planning 35 years
[107] During causal network confirmation interview (a year later from the first interview)
[108] After using only sales for a few years.

found in any company. Only informal preparation of the following generation was found in two companies (33%). This largely agrees with Buchholz et al's. (1999) findings. However, this research found that three companies (50%) are equipped to handle succession through their established governance bodies. Hence, they could be heading towards what Fleming (2000) describes as "evolutionary succession" while the other 50% face succession risk and could be heading towards what Fleming (2000) calls " revolutionary succession".

In general, three patterns were found: "*Succession Ready*", "*Succession Equipped*" and "*Succession Risked*". Many reasons could be behind the absence of succession readiness. But a strong desire for continuity was common between those who were engaged in the succession process. However, it was never called strategic planning nor were specific objectives spelled out for their succession planning.

The involvement of the following generation (in two companies) was aimed at building their capabilities. While none of them call this a strategic planning, it could be seen to agree with Mazzola et al's. (2008) argument that strategic planning could play a critical role in building next generation capabilities.

Family conflict was not found to be a major issue in the subject companies. But (other) families' conflicts have affected (at least) the strategic ownership structure of Co5. It was one of the contributing factors for founder1's decision to distribute his wealth. Co5's ownership structure could be seen to agree with the first three stages of Ward's (2004) model.

8.2.2. *Analysis and diagnoses observation*

General environment analysis seems to be mostly cognitive in the studied companies. The main contribution comes from government budget and spending figures. This was the case for all companies studied. The process is presented in Figure 7.5.

There was no indication that industry and internal analyses were systematic or on a continuous basis. When they were done, they were either cognitive or on an ad hoc basis.

Competitive analysis did not seem to have been sophisticated either. Those who did them seemed to be mostly concerned about price setting. This was done when the market dictates pricing.

From a strategic tools list, gap analysis seems to be in effect in four of the sample companies (67%). No other tools seemed to be worth mentioning in spite of the casual mention of SWOT analysis. This could be seen to contradict with Glaister et al.'s (2009) finding about SWOT analysis but agrees with the low popularity of PEST and Porter's five forces.

A major theme in subject companies was "*Let's Do It*" where analysis and diagnosis are largely ignored. This seems to agree —-at least partially— with O'Regan et al. (2010) where they did not find any of their sample family businesses referring to "*the scanning of the operating environment*". In subject companies, only limited environment scanning was found. This finding could also been seen to agree with Rue and Ibrahim (1996) who stated that planning in family firms is limited in its scope and activities. One reason for this could be the informal planning process which was mostly utilized in subject companies.

8.2.3. Strategy choice observation

In all companies studied, strategy selected did not seem to have emerged from a serious systematic analysis process. Rather, it could be attributed primarily to the company culture or its leader's personality. The process seems to be rather cognitive in the head of the company leader. So, the theme there was "*Just Grow*". It was a default rather than an informed choice. It could well be a result of the founder's entrepreneurial behavior. The process is shown in Figure 8.11.

For all companies studied, expansion was predominantly horizontal. Some have expanded vertically up and down but the prevailing expansion method seems to be horizontal replication by opening new outlets.

8.2.4. *Implementation observation*

Most of the companies studied seem to be functionally structured. Only one was regionally structured where each region was almost independent and run by one of the founders.

Resource allocation seemed to be in two extremes with half of the companies in each extreme. It was either done on an ad hoc basis or in a systematic way. It is interesting to note that one company (Co1) who did planning was not approaching resource allocation systematically while one other company (Co2) –who was doing mainly yearly sales planning– was approaching resource allocation in a systematic way. Figure 7.9 shows the process of the systematic approach to resource allocation in some of the subject companies.

 "Joint development" through committees was the predominant way of developing strategic components in subject companies. This could be seen as a reflection of the predominant tribal culture which adapts mostly a consultative management style and decision making process. This agrees with Ali (1989) which confirmed previous findings too. Welsh and Raven (2006) argued the same but for non-large organizations.

In the two companies setting prices, reordering and introduction of new products seem to be decided cognitively in the head of their MD. These two companies seem to have a very high sense of the market. The MD achieves this by his continuous presence in his business. Figure 8.9 depicts this cognitive process.

Incentive was used in most of the studied companies. Four of them did incentives on sales. One was on profit. There were other incentive schemes but they seem to be very negligible compared to sales. So, sales incentive seems to be the predominant incentive scheme.

8.2.5. Feedback observation

Short term issues get reviewed quarterly or monthly. Long term issues seem to be reviewed yearly in some companies.

Monitoring sales seemed to be the prime concern of most of the studied companies. Half of the companies have real time monitoring for their sales with sophisticated reporting capabilities through their strong IT system. These are the biggest companies in terms of sales and number of branches. One company has monthly and quarterly reports. The other two used year-end accounting reports.

Some companies (4 and 6) run their business in a traditional way. Co4's MD and Co6's founder are in very close contact with their daily operation. It seems that they rely on their high cognitive skills to monitor their business health. They receive inputs from all directions. They then process these inputs and make, arguably, very informed decisions in all aspects of their business.

8.2.6. General observation

In general, this research found that some family businesses do plan. They use a key performance indicator to plan. They are more affected by their culture and leader personality than systematic analysis and diagnosis. Systematic approaches were found in limited areas such as implementation (sales target setting, incentives and some in resource allocations). The rest have more of a "Let's just do it" attitude than systematic informed decisions.

The research also found some family businesses who are still run in their own traditional way. They rely more on their leaders' cognitive and entrepreneurial skills than on planning. One could have thought that lack of formal management education could be a reason for this. But it was not common between those traditionalists.

When planning was done, it was done "My own way" for each company. This should not come as a surprise as the strategic planning literature never agreed on one single approach. Rather, it proposes many different approaches.

Literature synthesis of this research argued that family business strategies are very much interrelated to its families. This research found clear efforts to separate family from its business. However, Co2's decision to reinvest in the business for 10 years while the immediate interest of its family was put on hold could be seen as an interrelation between the family's long term interest and business's medium and long term interest. The same can be argued in the case of Co5's ownership restructure. These actions are – no doubt– business strategic actions that are related to family issues. So, in spite of the efforts to separate family from business, the two entities do affect each other.

Carlock and Ward (2001) called for parallel planning for both family and business. This was not seen in any company. Only informal preparation of the following generation was found in two companies. One could argue that the absence of planning for the family could result in issues such as lack of qualified successors.

A committee was found to follow the process shown in Figure 8.13 to develop most strategic components. Again this could be routed to the culture and consultative management style and decision making process mentioned above.

Some of the behaviours of Saudi family firms observed in this research seem to agree with findings of existing literature in other parts of the world. For example, "Sales-is-king" seems to agree with the findings of Rue and Ibrahim (1996) about Australian family firms. Few other behaviours differ. The following table (Table 8.6) relates some findings of this research to the existing literature.

Two of this research sample were classified small in terms of number of employees. None of them did any form of planning. This result could be seen to disagree with previous findings in other parts of the world for both family and non-family firms. Rue and Ibrahim (1996) found 59% of small U. S. family firms do plan and Gibson and Cassar's (2002)[109] found 49% of Australian small non-family firms do plan. But this

---

[109] It should be noted that their sample could include family firms as they were not excluded.

result should be considered with caution. This research sample is both selective and small. Therefore, it is not representative of the entire population. It is possible for this finding to be a true representation of the entire Saudi small family firms but that has to be investigated and confirmed.

This chapter presented and discussed many contributions of this research. Patterns, categories and processes were extracted from the data collected. They were contrasted to the literature and other parts of the world and non-family businesses. Observations on the different stages of the strategic planning process were also presented and contrasted to the literature. The final section of this chapter presented general observations on the entire process of strategic planning for family businesses. The following chapter summarizes these findings and observations.

Table 8.6 Some findings related to existing literature.

Finding	Seems to agree/disagree with	Notes/sample
Principal-agent issue	Agrees with Moores and Mula (2000)	Australian Family firm
Changing planning behaviour	Could be seen to agree with Moores and Mula (2000) Gibson and Cassar's (2002)	Australian FF Australian non-FF
Sales is king	Agrees with Rue and Ibrahim (1996)	Australian family firms
Planning using key performance objective	Agrees with O'Regan et al. (2010)	UK Family firms
Witten plan	Agrees with Buchholz et al. (1999)	Family firms
Largely ignored analysis	Agrees with O'Regan et al. (2010) of no scanning of operating environment and agrees with Rue and Ibrahim (1996) of planning in family firms is limited in its scope and activities	UK Family firms U.S. small family firms
Written mission and vision	Agrees with Glaister et al. (2009) and Glaister and Falshaw (1999)	Non-family firms
Stimulated to plan by a change	Agrees with Gibson and Cassar's (2002)	Australian non-family firms
Joint development	Agrees with Ali (1989) of tribal consultative culture	Saudi, Kuwait and Qatar (General population)
External knowledge (new hire) initiate planning	Supports Gibbons and O'Connor (2005) (SME sample) But opposes Harris and Ogbonna (2005)	Supports Irish SMEs but not non-family businesses
Analysis tools: GAP, SWOT.. etc	Seems to contradict with Glaister et al.'s (2009) on SWOT but agree on low popularity of PEST and Porter's five forces	Non-family firms

Compiled from results and shown references

Chapter 9

Summary and Recommendations

9. Summary and Recommendations

9.1. Introduction

This research aimed to investigate the strategic planning process of a sample of Saudi family firms. It evaluated the process and how systematic it was. To answer its question and achieve its objective, the study looked into the current literature of family businesses, strategic planning and the relationship between them. Then, it investigated current practices of Saudi family firms with regards to strategic planning and produced observations. The last step was to relate these observations to current literature and to produce some recommendations to all concerned. Therefore, it is thought that this research has achieved its objectives and contributed to the knowledge base.

This chapter presents a summary of the research findings, observations, recommendations and limitations. It also shows how this research contributed to the knowledge base.

9.2. Summary of major findings

9.2.1. *Strategic planning process*

In general, subject companies who approached strategic planning do not seem to have done that very systematically. The selected general strategy was normally decided beforehand. Analyses are not normally very sophisticated and largely ignored. Implementation does seem to be reasonably approached in some areas. Resource allocation, sale targets setting, monitoring and incentives scheme seem to be approached largely systematically.

For those who do not seem to be doing any planning, it was found that all of them have had at some point in their life some strategic actions or decisions that had a long term effect on their company. They seem to be cognitive burst decisions or actions in

response to something. However, they certainly have a long term effect on their company.

9.2.2. Categories

Few categories related to planning were found in subject companies. They are shown in Figure 8.1.

9.2.3. Patterns

Some patterns were found in subject companies. The following is a summary of those patterns.

- "Sales is King" is the main theme of subject family firms' planning.

- Another theme in the subject companies was "Let's Do It" where analysis and diagnosis are largely ignored.

- "Just Grow" was the expansion strategy[110]. It was a default rather than an informed choice

- No formal or written plan for succession was found in any company. Fifty percent of subject companies faced succession risk. Three patterns were found: "Succession Ready", "Succession Equipped" and "Succession Risked".

- Initiation of planning was a reaction to environmental conditions rather than a systemized procedure. In fifty percent of the cases it was stimulated by a new hire.

- "Joint Development" through committees was the predominant way of developing strategic components in subject companies.

---

[110] Found in 50% of the companies

- Planning was done "My own way" for each planning company.

- Carlock and Ward's (2001) model was not seen in any company.

- "The traditionalists" rely largely on their high cognitive skills to plan, run and monitor their business health.

9.2.4. Processes

Some processes related to strategic planning were identified in subject companies. The following is a summary of those processes.

- All planning companies were found to follow the consultative process shown in Figure 8.10 to set their sales targets.

- The choice of strategy in subject companies is rather cognitive. The process is shown in Figure 8.11.

- In three of the sample family firms, resource allocation was found to be systematic and follows almost the same process. It is shown in Figure 8.12.

- A committee was found to follow the process shown in Figure 8.13 to develop most strategic components.

9.3. Summary of observations

The following is a summary of the research observations. They should be interpreted only in light of the limitations mentioned below.

Who decides to do what?

Strategic planning was approached differently in each company. It was stimulated by a change in environmental condition. But no common stimulus was shared. Companies who did not do planning, had incidents of actions/decisions that had a long term effect on the company. So, strategic actions were there but not in a systematic way. They are burst decisions/actions. Development of vision, mission and values in family firms was done by committees. A model for the process has been extracted. Using external knowledge seems to be a common factor between all companies who did planning. This was in the form of either hiring a new executive, consultants or both. There was no indication that Carlock and Ward's (2001) model was used in any company. "Sales is King" was the planning theme in planning companies.

Analysis and diagnosis

Subject companies seem to have largely ignored the analysis stage. General environment analysis was mostly cognitive. This process was depicted in a diagram. Industry and internal analysis was non-systematic and not on a continuous basis. They are mostly cognitive when they are done. Competitive analysis was basic and mostly concerned with pricing. Gap analysis was in effect. Apart from the occasional SWOT analysis, no other tool seems to be used. The theme was "Let's Do It"

Strategy choice

General strategy was not coming from serious systematic analysis. It is attributed to either company culture or its leader's personality. The theme was "Just Grow". Horizontal expansion (duplicate) was the predominant strategy.

Implementation

Functional structure was the prevalent structure. Resource allocation was in two extremes. It was either on an ad hoc basis or in a systematic way. The systematic process of allocating resources used by some companies was depicted in a diagram. Systematic resource allocation was not related to the strategic planning activity of the

company. That is, companies who were doing strategic planning did not necessarily have a systematic approach to resource allocation. To the contrary, one company who did not do long term planning had a systematic resource allocation process. Sales figures were the primary planning tool for subject family firms. This was similar to non-family firms. Setting sales targets was a sophisticated process. The process was shared by all companies who set them. The process was presented in a diagram. It was mostly "Settled Gradual" targeting. Incentive was widely used and primarily based on sales.

Feedback

High sales volume companies had a sophisticated IT system enabling them to carry out daily sales monitoring. Non-planning companies were dependent on the continuous presence of their MDs. They cognitively carry out market analysis and run their business accordingly. The process was shown in a diagram.

General

Generally, some of the behaviours of Saudi family firms observed in this research seem to agree with findings of existing literature in other parts of the world but other behaviours differ. Table 8.6 relates some findings of this research to the existing literature.

For small businesses, some of the observed behaviour seems to be different than other parts of the world. However, that has to be investigated and confirmed.

In two companies, this research found some business strategic actions that are related to family issues. So, in spite of the (apparent) efforts to separate family from its business, the two entities do affect each other.

The research found some family businesses that are still run in their own traditional way. They rely more on their leaders' cognitive and entrepreneurial skills than on planning.

9.4. Contribution to the knowledge base

This research was directed towards finding how family firms approach strategic planning and thus served to address this knowledge gap.

This research is amongst the first empirical studies in Saudi Arabia in this important field to the economy. The literature review of this research and its discussion and coverage of Saudi Arabia is considered a contribution to the knowledge base. Also, doing research such as this in Saudi Arabia is considered a contribution as it uncovers largely untouched parts of the world. Doing research in Arabic and listening to the audience and collecting data in their own native language and producing results in English is another important contribution as a language barrier was overcome.

The subject of family business and "how" they approach strategic planning is a major contribution of this research. Further, access to the data of Saudi family firms is considered an advantage of this research and a contribution. The study provided detailed insight into a highly secretive area and presented what is seen to be sensitive data. For example, it presented statistics, many processes, patterns, observations, categories and diagrams.

The research also contributed through its practical implications to family business in SA (and elsewhere), policy makers, practitioners and researchers. It presented invaluable insight for researchers and practitioners to help them see some of their strengths and weaknesses.

The research offered some advice to families and their businesses, to policy makers as well as to practitioners. The research also contributed by offering researchers a step towards understanding this important segment and serves as a starting point that opened up many research avenues to explore.

9.5. Limitation of the research

One limitation of the research is its small sample size. The other is the geographical limitation of the sample and its business. The sample was six Saudi family firms who have their headquarters in Jeddah, Saudi Arabia. Their main business was trading. Results should be interpreted with this in mind and limited to the sample studied.

It is reasonable to argue for the validity of results for subject companies. Further, it might be possible to discuss generalizability of results to other trading Saudi family firms. But that is yet to be confirmed. Further generalization would have to be investigated.

A qualitative data analysis is a mentally demanding process. The researcher feels the possibility of missing some points as the work was dependent on a single researcher.

9.6. Recommendations for families, practitioners, policy maker and researcher

In spite of the contribution made by this research, it only serves as a starting point. There are big opportunities to investigate this research's results for possible generalization. Therefore, it is this research's recommendation to further research its results for a deeper understanding of family firms and investigate any possible generalization; in particular: are the processes and patterns observed in this research found in:-

-   Other Saudi trading family firms?
-   Other Saudi non-trading family firms?
-   Other Saudi non-family (trading and non-trading) firms?
-   Other family and non-family firms in the region (Middle East countries)
-   Other family and non-family firms in similar cultures (Arab, tribal… etc)?
-   Other family and non-family firms in different cultures and countries around the world?

For example, is "Sales is king" common between all trading family firms in Saudi Arabia and elsewhere? Could it be generalized to other non-trading family firms? Is it the first stage in family firm planning, with other stages and more sophisticated tools to follow? The same can be said about "Let's do it" and other patterns and processes.

Other areas that could be investigated include questions such as: How do the behaviours observed in this research compare to the other Saudi family and non-family firms? How do they compare to other countries in the region? To other cultures and the rest of the world? For the small business behaviour that differs from other parts of the world, is that a true representation of the entire Saudi family firms?

From a practical point of view, this research offers the following recommendations. The first three are for families. The fourth is for policy makers and the last one is for practitioners.

I. Family firms should work on reducing the risk facing their business continuity by preparing the next generation of leaders. The process should be started early to enhance success rate. This could be the first step (for those who do not do any business or family planning) towards a very much needed strategic planning.

II. Family firms should give more attention to analysis (internal and external) before engaging in tactical or strategic actions. Analysis tools should be learned and utilized as much as possible. Failure to do so leads, normally, to unexpected results.

III. Family firms who use limited planning tools should introducing more control variables (other than sales) to direct the company's future. For example, profit, cash flow… etc. These new control (and planning) variables could easily evolve to a very sophisticated business planning.

IV. Policy makers must realize the importance of family businesses and the critical issues facing them. They should also be proactive in dealing with them and their issues, for example, by introducing new education efforts, new legal entities, new rules and regulations especially crafted for them.

V.   Families are unique. They have their own attributes and so do their businesses. Further, these attributes are very dynamic. So, what works for one family and its business (at certain times and circumstances) does not guarantee the success for all others. So, policy makers, practitioners and families should have this in mind before offering advice to family businesses.

10. List of References

Ackoff, R.L., 1983. Beyond prediction and preparation. *Journal of Managment Studies*, 20(1), pp.59-69.

Agar, M., 1991. The right brain strikes back. In Fielding, N.a.L.R. *Using computers in qualitative Resaeh*. Newbury Park: Sage Publications. pp.181-94.

Ahn, H., 2001. Applying the Balance Scorecard Concept: An Experience Report. *Long Range Planning*, 34, pp.441-61.

Akhter, S.H., 2003. Strategic planning, hypercompetition, and knowledge management. *Business Horizons*, Jan-Feb, pp.19-24.

Ali, A.J., 1989. Decision Style and Work Satisfaction of Arab Gulf Executives: A Cross-national Study. *Int. Studies of Mgt. & Org.*, 19(2), pp.22-37.

Ali, A.J., 1990. Management Theory in a transitional Society: the Arab's Experience. *Int. Studies of Mgt & Org.*, 20(3), pp.7-35.

Ali, A.J., 1995. Cultural Discontinuity and Arab Management Tought. *Int. Studies of Mgt and Org*, 25(3), pp.7-30.

Allaire, Y. & Firsirotu, M.E., 1989. Coping with Strategic Uncertainity. *Sloan Management Review*, 30(3), pp.7-16.

Al-Mahdi, H.K., 2009. Supporting SMEs by universities: An Empirical Study in Saudi Arabia twords Building a Conceptual Model for Best Practices. *BBS Doctoral Symposium*, 23-24 March.

Andersen, T.J., 2000. Strategic Planning, Autonomous Actions andCorporate Performance. *Long Range Planning*, 33, pp.184-200.

Andersen, T.J., 2004. Intergating the strategy formatio process: An international Perspective. *European Management Journal*, 22(3), pp.263-72.

Anderson, R.C. & Reeb, D.M., 2003. Founding-Family Ownership and Firm Performance: Evidence from the S&P 500. *The Journal of Finance*, LVIII(3), pp.1301-28.

Andrews, K.R., 1987. *The concept o Corporate Strategy*. Homewood, IL: Irwin.

Ansoff, H.I., 1965. *Corporate Strategy*. Maidenhead: McGraw-Hill.

Ansoff, H.I., 1980. Strategic Issue Management. *Strategic Management Journal*, 1(2), pp.131-48.

Ansoff, H.I., 1994. Comment on Henry Mintzberg's Rethinking Strategic Planning. *Long Range Planning*, 27(3), pp.31-32.

Anthony, W.P., 1985. *Practical Strategic Planning*. Westport, CT: Quorum.

Armstrong, J.S., 1982. The value of formal planning for strategic decisions: Review of empirical research. *Strategic Managment Journal*, 3(3), pp.197-211.

Aronoff, C.E. & Ward, J.L., 1994. Defining your family business. *Nation's Business*, 82(5).

Aronoff, C.E. & Ward, J.L., 1995. Family-Owned Businesses: A Thing of the Past or a Model for the Future? *Family Business Review*, 8(2), pp.121-30.

Astrachan, J.H., Klein, S.B. & Smyrnios, K.X., 2002. The F-PEC Scale of Family Influence: A proposal for solving the Family Business Definition Problem. *Family Business Review*, 15(1), pp.45-58.

Astrachan, J.H. & Shanker, M.C., 2003. Family Businesses' Contribution to the U.S. Economy: A Closer Look. *Family Business Review*, 16(3), pp.211-19.

Aumiller, B., 2008. *Implementation of the Baldrige education framework for performance excellence: A case study of one midwestern school district leadership team's continiuous importvement efforts.* Ed. D. dissertation, University of Illinois at Urbana-Champaign: Proquest pub. No. AAT 3314727.

Baker, T.L., 1994. *Doing Social Research*. 2nd ed. singapore: McGrow-Hill.

Barker, J.A., 1992. *Future Edge: Discovering the New Paradigms of success*. New York: William Morrow and Comapany, Inc.

Barnes, L. & Hershon, S., 1976. Transferring power in the family business. *Harvard Business Review*, july-August, pp.105-14.

Barry, B.W., 1986. *Strategic Planning Workbbok for NonProfit Orgnizations*. St. Paul, MN: Amherst H. Wilder Foundation.

Barry, B., 1989. The Development of Organization Sturcture in the Family Firm. *Family Business Review*, 2(3), pp.293-315.

Bar-Zakay, S.N., 1981. A National Strategic Planning Model. *Long Range Planning*, 14(4), pp.76-89.

Beckhard, R. & Dyer, W.G.J., 1983. Managing Continuity in the family-Owned Business. *Organizational Dynamics*, (summer), pp.5-12.

Berg, D. & Smith, K., 1985. The Clinical Demand of Research Methods. In Berg, D.a.S.K. *The Self in Social Inquiry*. Newbury Park, CA: Sage.

Bird, B., Welsch, H., Astrachan, J.H. & Pistrui, D., 2002. Family Business Research: The evolution of an Academic Field. *Family Business Review*, 15(4), pp.337-50.

Black, J.S. & Porter, L.W., 2000. *Management: Meeting New Challenges*. Upper Saddle River, NJ: Prentice-Hall.

Blumentritt, T., 2006. The Relationship between Board and Planning in Family Businesses. *Family Business Review*, 19(1), pp.65-72.

Bonn, I. & Christodoulou, C., 1996. From Strategic Planning to Strategic Management. *Long Range Planning*, 29(4), pp.543-51.

Boyd, B.K., 1991. Strategic Planning and financial performance: A meta analytic review. *Journal of Management Studies*, 28(4), pp.353-74.

Boyd, B. & Reuning-Elliott, E., 1998. A Measurement Model of Stategic Planning. *Strategic Managment Journal*, 19(2), pp.181-92.

Bracker, J.S. & Pearson, J.N., 1986. Planning and Financial Performance of Small, Mature Firms. *Strategic Managment Journal*, 7(6), pp.503-22.

Brock, D. & Barry, D., 2003. What if planning were really strategic? Exploring the strategy-planning relationship in multinationals. *International Business Review*, 12, pp.543-61.

Brockhaus, R.H., 1994. Entrepreneurship and Family Business Research: Comparisons, Critique and Lessons. *ENTREPRENEURSHIP THEORY and PRACTICE*, Fall, pp.25-38.

Bryson, J.M., 2004. *Strategic planning for Public and Nonprofit Organizations*. 3rd ed. Jossy-Bass.

Bryson, J.M. & Alston, F.K., 1996. *Creating and Implementing Your Strategic Plan: A Workbook for Public and Nonprofit Organizations*. San Francisco: Jossey-Bass Publishers.

Buchholz, B., Crane, M. & Nager, R., 1999. *The family business answer book*. Prentice Hall Press.

Burke, B., 2007. *Working for the family: A study of the family and non-family manager subgroups in family business management team*. Psy.D. dissertation - New Jersey: The state University of New Jersy: Proquest pub. no. AAT 3283314.

Bushnell, D.S. & Halus, M.B., 1992. TQM in the public sector strategies for quality service. *National procuctivity review*, 11(3), pp.355-70.

Carlock, R.S. & Ward, J.L., 2001. *Strategic Planning for Family Business: Parallel Planning to Unify the Family and Business*. New York: Palgrave.

Carr, C., 2005. Are German, Japanese and Anglo-Saxon strategic decison styles still divergent in the context of globalization. *Journal of Managment Studies*, 24(6), pp.1155-88.

Chaharbaghi, K. & Willis, R., 1998. Strategy: the missing link between continuous revolution and constant evolution. *International Journal of Operation & Production Managment*, 18(9/10), pp.1017-27.

Charmaz, K., 1983. The grounding theory method: an explication and interpretation. In Emerson, R.M. *Contemporary field Research: A Collection of readings*. Boston: Little, Brown and company. pp.109-28.

Cheung, E. & Chan, A.P.C., 2009. Is BOT the best financing model to procure infrastructure projects? A case study of Hong Kong-Zhuhai-Macau Bridge. *Journal of Property Investment & Finance*, 27(3), pp.290-302.

Child, J., Faulkner, D. & Pitkethly, R., 2000. Foreign direct investment in the UK 1985-1994: The impact on domestic managment practices. *Journal of Managment Studies*, 37(1), pp.141-66.

Chrismana, J.J., Chua, J.H. & Litz, R., 2003. A unified systems perspective of family firm performance: an extension and integration. *James J. Chrismana, Jess H. Chuab, Reginald Litz A unified systems perspective of faJournal of Business Venturing*, 18, pp.467-72.

Chrisman, J.J., Chua, J.H. & Sharma, P., 2003. *Current trends and future directions in family business management studies: Toward a theory of the family firm*. [Online] Available at: http://www.usasbe.org/knowledge/whitepapers/index.asp [Accessed 01 June 2011].

Chua, J.H., Chrisman, J.J. & Chang, E., 2004. Are family firms born or made? An exploratory investigation. *Family Business Review*, 17(1), pp.37-55.

Chua, J.H., Chrisman, J.J. & sharma, P., 1999. Defininig the Family Business by Behavior. *Entrepreneurship Theory and Practice*, Summer, pp.19-39.

Churchill, N.C. & Hatten, K.J., 1987. Non-Market-Based Transfers of Wealth and Power: A Research Framework for Family Buinesses. *American Journal of Small Business*, (Fall), pp.53-66.

Colin, L. & Colin, L., 2008. *Family, Inc.* The creer press.

Connolly, G. & Jay, C., 1996. *The Private world of Family Busienss*. Melbourne: Pitman.

Covey, S.R., 1989. *The 7 habits of highly effective people*. Melbourne: The business Library.

Coyne, I.T., 1997. Sampling in qualitative research. Purposeful and theoritical sampling; merging or clear boundries? *Journal of Advanced Nursing*, 26, pp.623-30.

Craig, J. & Moores, K., 2005. Balance Scorecards to derive the strategic planning of family firms. *Family Business Review*, 18(2), pp.105-22.

Craig, J.B.L. & Moores, K., 2006. A 10-Year Longitudinal Investigation of Strategy, Systems, and Environment on Innovation in Family Firms. *Family Business Review*, 19(1), pp.1-10.

Cromie, S., Stephenson, B. & Montieth, D., 1995. The management of family firms: an empirical investigation. *International Small Business Journal*, 13, pp.11-34.

Cummings, S. & Daellenbach, U., 2009. A Guide to the Future of Strategy? The History of Long Range Planning. *Long Range Planning*, 42, pp.234-63.

Daily, C.M. & Dollinger, M.J., 1992. An Empirical Examination of Ownership Structure in Family and Professionally Managed Firms. *Family Business Review*, 5(2), pp.117-36.

Daily, C.M. & Dollinger, M.J., 1993. Alternative methodologies for identifying family vs non-family managed business. *Journal of Small Business Management*, 31, pp.70-90.

Daily, C.. & Thompson, S., 1994. Ownership structure, strategic posture, and firm growth: An empirical examination. *Family Business Review*, 7(3), pp.237-49.

Davis, P., 1983. Realizing the potential of he family business. *Organizational Dynamics*, 12(1), pp.47-56.

Davis, P.S. & Harveston, P.D., 1999. In the Founder's Shadow: Conflict in the Family Firm. *Family Business Review*, 12(4), pp.311-23.

Davis, J.A., Pitts, E.L. & Cormier, K., 2000. Challenges Facing Family Companiees in the Gulf Region. *Family Business Review*, 13(3), pp.217-38.

Davis, J.a. & Tagiuri, R., 1985. *Bivalent attitudes of the family firms*. March, 29: paper presened a he Western Academy of Management Meeting.

Day, A., 2008. *Family Business daughters: The ties that bind and divide*. PhD dissertation - University of South Florida: Proquest pub no. AAT 3347324.

De Geus, A., 1988. Planning as Learning. *Harvard Business Review*, March-April, pp.70-74.

De Geus, A., 1997. The living company. *Harvard Business Review*, March-April (75-2), pp.51-59.

Denzin, N. & Lincoln, Y.S., 2005. The Discipline and Practice of Qualitative Research. In N. Denzin & Y.S. Lincoln, eds. *The Sage Handbook of Qualitative Research*. 3rd ed. Thousand Oaks: Sage Publications Inc. pp.1-31.

Desa, M.S., Desai, K.J. & Ojode, L., 2004. A global information technology model: business applications in developing economies (case studies). *Information Management & Computer Security*, 12(5), pp.401-10.

Donckels, R. & Frohlich, E., 1991. Are Family Businesses Really Different? European Experiences from STRATOS. *Family Business Review*, 4(2), pp.149-60.

Dreux, D.R.I., 1990. Financing family business: Alternatives to selling out or going public. *Family Business Review*, 3(3), pp.225-43.

Drohan, W., 1997. Principles of Strategic Planning. *Association Management*, (Jan.), pp.85-87.

Dyer, W.G.J., 1986. *Cultural Change in Family Firms: Anticipating and Managing Business and Family Transitions.* San Francisco: Jossey-Bass.

Dyer, W.G.J., 2006. Examining the "Family Effect" on Firm Performance. *Family Business Review*, 19(4), pp.253-73.

Dyer, W.G. & Sanchez, M., 1998. Current state of family busienss: theory and practice as reflected in Family Business Review 1988-1997. *Family Business Review*, 11(4), pp.287-96.

Entrialgo, M., 2002. The impact of the alignment of strategy and managerial characteristics on Spanish SMEs. *Journal of Small Business Management*, 40(3), pp.260-70.

Faccio, M., Lang, L.P.H. & Young, L., 2001. Dividends and expropriation. *American Economic Review*, 91, pp.54-78.

Farjoun, M., 2002. TOWARDS AN ORGANIC PERSPECTIVE ON STRATEGY. *Strategic Managment Journal*, 23, pp.561-94.

Fayol, H., 1949. *General and industrial management*. London: Pitman Publishing.

Fazakerley, V.W., 2005. *Critical issues for the future of the Australian urban water supply industry*. DBA thesis at Curtin Unversity of Technology.

Feltham, T.S., Feltham, G. & Barnett, J.J., 2005. The dependence of family business on a single decision-maker. *Journal of Small Business Management*, 43(1), pp.1-15.

Fenn, D., 1996. CREATING FAMILY POLICIES. *Inc*, 18(3).

Fiegener, M., Brown, B., Prince, R. & File, M., 1996. Passing on strategic vision: preferred modes of successor preparation by CEOs of family and non-family businesses. *Journal of Small Business Management*, 34(3), pp.15-26.

Fleming, Q.J., 2000. *Keep the family baggage out of the family business*. New York: Simon & Schuster.

Fletcher, D., 2004. "Interpreneurship" Organizational (re)emergence and entrepreneurial development in second-generation family firms. *International Journal of Entrepreneurial Behaviour & Research*, 10(1/2), pp.34-48.

Flyvbjerg, B., 2006. Five Misunderstandings About Case-Study Research. *Qualitative Inquiry*, 12(2), pp.219-45.

Flyvbjerg, B., 2011. Case Study. In N.&.L.Y. Denzin, ed. *The Sage Handbook of Qualitative Research*. 4th ed. Thousand Oaks, CA.: Sage. pp.301-16.

Fudmundson, D., Hartman, E.A. & Tower, C.B., 1999. Stategic Orientation: Differences between Family and non-family firms. *Family Business Review*, 12(1), pp.27-39.

Gallo, M.A. & Sveen, J., 1991. Internationalizing the Family Business: Facilitating and Restraining Factors. *Family Business Review*, 4(2), pp.181-90.

Gersick, K.E., Davis, J.A., McCollom-Hampton, M. & Lansberg, I., 1997. *Generation to Generation*. Boston: Harvard Business School press.

Gersick, K.E., Lansberg, I., Desjardins, M. & Dunn, B., 1999. Stages and Transitions: Managing Change in The Family Buisness. *Family Business Review*, 12(4), pp.287-97.

Ghoshal, S. & Westnry, D.E., 1991. Organizing Competitor Analysis Systems. *Strategic Management Journal*, 12(1), pp.17-31.

Gibbons, P.T. & O'Connor, T., 2005. Influences on Strategic Planning Processes among Irish SMEs. *Journal of Small Business Management*, 43(2), pp.170-86.

Gibson, B. & Cassar, G., 2002. Planning Behavior variables in Small Firms. *Journal of Small Business Management*, 40(3), pp.171-86.

Gilding, M., 2000. Family Business and Family Change: Individual Autonomy, Democratization, and the New Family Business Institutions. *Family Business Review*, 13(3), pp.239-50.

Glaister, K.W., Dincer, O., Tatoglu, E. & Demirbag, M., 2009. A Comparison of strategic planning practices in companies from the UK and Turkey. *Journal of Management Development*, 28(4), pp.361-79.

Glaister, K.W. & Falshaw, J.R., 1999. Strategic Planning: Still going Strong? *Long Range Planning*, 32(1), pp.107-16.

Gluck, F.W., Kaufman, S.P. & Walleck, S., 1980. Strategic Management for Competitive Advantage. *Havard Business Review*, July-August, pp.154-61.

Godet, M., 2000. The Art of Scenarios and Strategic Planning: Tools and Pitfalls. *Technological Forecasting and Social Change*, 65, pp.3-22.

Goffee, R. & Scase, R., 1985. Proprietorial control in family firms: some functions of Quasi-Organic management system. *Journal of Management Studies*, 22(1), pp.53-68.

Goldberg, S.D., 1991. *Facors which impact effective succession in samll family-owned business: An empirical study*. Proquest Dissertations and Theses.

Grant, R.M., 2003. Strategic Planning in turbulent environment: Evidence from the oil majors. *Strategic Management Journal*, 24, pp.491-517.

Guba, E.G., 1990. The alternative paradigm dialog. In Guba, E.G. *The paradigm dialog*. Newbury Park, CA: Sage. pp.17-30.

Guba, E.G. & Lincoln, Y.S., 1994. Competing paradigms in qualitative research. In Denzin, N.K.a.L.Y.S. *Handbook of Qualitative Research*. Thousand Oaks, CA: Sage Publ. Inc. pp.105-17.

Gudmundson, D., Hartman, E.A. & Tower, C.B., 1999. Strategic Orientation: Differences between Family and Nonfamily Firms. *Family Business Review*, 12, pp.27-39.

Gumbus, A. & Lussier, R.N., 2006. Entrepreneurs Use a Balanced Scorecard to Translate Strategy into Performance Measures. *Journal of Small Business Management*, 44(3), pp.407-25.

Guttman, L., 1947. The Cornell technique for scale and intensity analysis. *Educational Psychology Measurement*, 7, p.247=279.

Habbershon, T.G., Willams, M. & MacMillan, I.C., 2003. A Unified Systems Theory of Family Firm Performance. *Journal of Business Venturing*, 18, pp.451-65.

Habbershon, T.G. & Williams, M.L., 1999. A Resource-Based Framework for Assessing the Strategic Advantages of Family Firms. *Family Business Review*, XII(1), pp.1-26.

Hamel, G., 1996. Strategy as a revolution. *Harvard Business Review*, July-Augest, pp.69-82.

Hamel, G. & Prahalad, C.K., 1989. Strategic Intent. *Harvard Business Review*, May-June, pp.63-76.

Hamel, G. & Prahalad, C.K., 1993. Strategy as Stretch and Leverage. *Harvard Business Review*, March-April, pp.75-84.

Hammond, C.H., 2003. *Response of family buinesses to a natural disaster: A case study approach*. Ph.D. dissertation - Oregon, Oregon State University: Proquest Pub. No. AAT3098425.

Handler, W.C., 1989a. *Managing the family firm succession process: The next-generation family memeber's experience*. D.B.A. dissertaion, Boston, Boston Univerisity: Proquest Pub. No. AAT 8916378.

Handler, W.C., 1989b. Methodological Issues and Considerations in Studying Family Businesses. *Family business Review*, 2(3), pp.257-76.

Hannah, G., 2008. Developments in the Public-private partenership funding of Scottish Schools. *Journal of Applied Accounting Research*, 9(2), pp.112-25.

Harris, D., Martinez, J.I. & Ward, J., 1994. Is Strategy Different for the Family-Owned Business? *Family Business Review*, 7(2), pp.159-74.

Harris, L.C. & Ogbonna, E., 2005. Initiating strategic planning. *Journal of Business Research*, 06080, pp.1-12.

Harvey, M. & Evans, R., 1995. Life after succession in the Family Business: Is It Really the End of Problems? *Family Business Review*, 8(1), pp.3-16.

Hashim, M.K., 2008. *Strategic Management Text & Cases*. 2nd ed. singapore: Thomson Learning.

Haynes, J.M. et al., 1997. Resolving Family Business Disputes Through Mediation. *Family Business Review*, 10(2), p.115134.

Hay, M. & Williamson, P., 1997. Good Strategy: the View from Below. *Long Range Planning*, 30(5), pp.651-64.

Heene, A., 1997. The Nature of Strategic Managment. *Long Range Planning*, 30(6), pp.933-38.

Henderson, B.D., 1989. The Origin of Strategy. *Harvard Business Review*, Nov-Dec., pp.139-43.

Heracleous, L., 1998. Strategic Thinking or Strategic Planning? *Long Range Planning*, 31(3), pp.481-87.

Hewlett, C., 1999. Strategic Planning for Real Estate companies. *Journal of property management*, Jan-Feb, pp.26-29.

Hightower, L., 1992. *An analysis of the strategic planning literature and its relationship to planning practices at small independent colleges and universities*. Ph.D. dissertation, The Claremount Graduate University: Proquest Pub. No. AAT 9207263.

Hillburt-Davis, J. & Dyer, W.G.J., 2003. *Consulting to Family Business*. San Francisco: Jossey-Bass/Pfeiffer.

Hoffman, J., Hoelsher, M. & Sorenson, R., 2006. Achieving Sustained Competitive Advantage: A family Capital Theory. *Family Business Review*, 19(2), pp.135-45.

Hofstede, G., 1993. Cultural Constrains in managment theories. *The Executive*, VII(1), pp.81-94.

Hofstede, G., 1994. *Cultures and Organizations*. London: Harper Collins.

Holland, P.J.G., 1981. *Strategic Management in family business: an exploratory study of the development and strategic effects of the family-business relationship*. Ph. D. dissertation, Georgia: university of Georgia ed. Proquest Dissertations and Theses. Ph. D. dissertation, Georgia: university of Georgia.

Holland, P.G. & Oliver, J.E., 1992. An empirical examination of stages of development of family buinsess. *Journcal of Business & Entrepreneurship*, 4(3), pp.27-38.

Houben, G., Lenie, K. & Vanhoof, K., 1999. A knowledge-based SWOT-analysis system as an instrument for strategic planning in small and medium sized enterprises. *Decision Support Systems*, 26, pp.125-35.

Hubler, T., 1999. Ten Most Prevalent Obstacles to family business succession planning. *Family Business Review*, 12(2), pp.117-21.

Hume, S.A., 1999. *An assessment of the risk of family business failure*. Psy.D. dissertation, New Hampshire, Antioch University: Proquest Pub. No. AAT 9928484.

Hunt, C.W., 2006. *Factors that affect succession in African American family-owned business: A case study*. Ph.D. dissertation - Texas: University of the Incarnate Word: Proquest Pub. No. AAT 3238262.

Hunt, C.M. et al., 1997. *Strategic planning for private higher education*. New York: Haworth.

Hurst, D.K., 1986. Why strategic management is bankrupt. Organizational Dynamics, 15(Autumn), 4–. *Organizational Dynamics*, 15(Autumn), pp.4-27.

Hussey, D.E., 1984. Strategic Management: Lessons from Success and Failure. *Long Range Planning*, 17(1), pp.43-53.

Ibrahim, A.B., McGuire, J., Soufani, K. & Poutziouris, P., 2004. Patterns in Strategy formation in a Family Firm. *International Journal of Entrepeneurial Behaviour and Research*, 10(1/2), pp.127-40.

Indridason, T. & Wang, C.L., 2008. Commitment or cotract: what drives performance in public private partnerships? *Business Strategy Series*, 9(2), pp.78-90.

Jacobson, C. & Chio, S.O., 2008. Success factors: Public works and Public-private partnerships. *International Journal of Public Sector Managment*, 9(2), pp.637-57.

Johnson, G., Scholes, K. & Whittington, R., 2005. *Exploring Corporate Strategy Text and cases*. 7th ed. Harlow, England: Pearson Education Limited.

Jorgensen, D., 1989. *Participnat Observation: A Methodology for Human studies*. Newbury Park, CA: Sage Publications.

Jorissen, A., Laveren, E., Martens, R. & Reheul, A., 2005. Real Versus Sample-Based Differences in Comparative Family Business Research. *Family Business Review*, 18(3), pp.229-46.

Joyce, P., 2000. *Strategy in the public sector, A guide to effective change management.* Jhon Wiley & Sons Ltd.

Kaplan, R.S. & Norton, D.P., 1992. The balanced scorecard: Measures that drive performance. *Harvard Business Review*, Jan-Feb, pp.71-79.

Kaplan, R.S. & Norton, d.P., 1996. Using the balanced scroecard as a strategic managment system. *Harvard Business Review*, Jan-Feb, pp.75-85.

Kassem, M.S., 1989. Strategy Formulation: Arabian Gulf Style. *Int. Studies of Mgt. & org.*, 19(2), pp.6-21.

Kepner, E., 1991. The Family and the Firm: A Coevolutionary perspective. *Family Business Review*, 4(4), pp.445-61.

Kets de Vries, M.F.R., 1993. The dynamics of family controlled firms: the good news and the bad news. *Organizational Dynamics*, Winter, pp.59-71.

Killen, C.P., Walker, M. & Hunt, R.A., 2005. Strategic planning using QFD. *International Journal of Quality & Reliability Management*, 22(1), pp.17-29.

Koch, S.L., 1976. Nondemocratic nonplanning: The French experience. *Polich Sciences*, 7, pp.371-85.

Kok, J.M., Uhlaner, L.M. & Thurik, A.R., 2006. professional HRM Practices in Family Owned-Managed Enterprises. *Journal of Small Business Management*, 44(3), pp.441-60.

Kolbl, R., Niegl, M. & Knoflacher, H., 2008. A Strategic planning Methodology. *Transport Policy*, 15, pp.273-82.

Kotey, B., 2005. Are performacne differences between family and non-family SMEs uniform across all firm sizes? *International Journal of Entrereunrial Behaviour & Research*, 11(6), pp.394-421.

Kreiser, P.M., Ojala, J., Lamberg, J. & Melander, A., 2006. A historical investigation of the strategic process within family firms. *Journal of Management History*, 12(1), pp.100-11.

Lancaster, G., Dodd, S. & Williamson, P.R., 2004. Design and analysis of pilot studies: recommendations for good practice. *Journal of Evaluation in Clinical Practice*, 10(2), pp.307-12.

Langley, A., 1988. The Roles of Formal Strategic Planning. *Long Range Planning*, 21(3), pp.40-50.

Lansberg, I., 1983. Managing Human Resources in Family Firms: The Problem of Institutional Overlap. *Organizational Dynamics*, Summer, pp.39-46.

Latimer, D.A., 2001. *A case study of the twenty-year history of performance funding at the university of Memphis*. Ph.D. Dissertation, University of Tennessee: Proquest Pub. No. AAT 3010332.

Learned, E.P., Christensen, C.R., Andrews, K.R. & Guth, W.D., 1965. *Business Policy: Text and Cases*. Chicago, IL: Irwin.

Lee, S., 2000. *A historical case study of the survival of a fourth-generation family business*. Ph. D. dissertation, Minnesota- Capella University: Proquest Pub. No. AAT9985696.

Lema, D. & Durendez, A., 2007. Managerial behavior of small and medium-sized family businesses: an empirical study. *International Journal of Entrepreneurial Behaviour & Research*, 13(3), pp.151-72.

Levinson, H., 1983. Consulting with Family Businesses: What to Look For, What to Look Out For. *Organizational Dynamics*, Summer, pp.71-80.

Liedtka, J., 1998. Strategic Thinking: Can it be Taught? *Long Range Planning*, 31(1), pp.120-29.

Liedtka, J., 2000. Strategic Planning as a Contributor to Strategic Change: A Generative Model. *European Managment Journal*, 18(2), pp.195-206.

Liff, A., 1997. Avoiding Eight Pitfalls of Strategic Planning. *Association Management*, Jan, pp.120-23.

Linneman, R.E. & Kennel, J.D., 1977. Shirt-Sleeve approach to long range plans. *Harvard Business Review*, March/April, pp.141-50.

Litz, R.A., 1995. The Family Business: Toward Deffinitional Clarity. *Family Business Review*, 8(2), pp.71-81.

Loasby, B., 1967. Long Range formal planning in perspective. *The Journal of Management Studies*, Oct., pp.300-08.

Lu, H., 2002. *A strategic planning model for the performacne workship (Taiwan): An internship Report*. Dissertation of Doctor of Philosophy: Texas Tech University.

Lussier, R.N. & Sonfield, M.C., 2004. Family Business Management Activities, Styles and Characterstics: A Correlational Study. *Mid_American Journal of Business*, 19(1), pp.47-53.

Lyles, M.A., Baird, I.S., Orris, J.B. & Kuratko, D.F., 1993. Formalized Planning in Small business: Increasing strategic choices. *Journal of Small Business Management*, April, pp.38-50.

Lyman, A.R., 1991. Customer service: Does family ownership make a difference? *Family Business Review*, 4(3), p.303–324.

Malmlow, E.G., 1972. Corporate strategic planning. *Long Range Planning*, Sep., pp.2-9.

Marshall, M.N., 1996. Sampling for qualitative research. *Family Practice*, 13(6), pp.522-25.

Mazzola, P., Marchisio, G. & Astrachan, J., 2008. Strategic Planning in Family Business: A Powerful Developmental Tool for the Next Generation. *Family Business Review*, 21(3), pp.239-58.

McCann, J.E., Leon-Guerreo, A. & Haley, J.D.J., 2001. Strategic Goals and Prctices of Innovative Family Businesses. *Journal of Small Business Managment*, 39(1), pp.50-59.

McCollom, M.E., 1988. Integration in the Family Firm: When the Family System Replaces Controls and Culture. *Family Business Review*, 1(4), pp.399-417.

McCollom, M.E., 1990. Problems and prospects in Clinical Research on Family Firms. *Family Business Review*, 3(3), pp.245-62.

McDonald, M., 1996. Strategic Marketing Planning: Theory, Practice and Research Agendas. *Journal of Marketing Management*, 12, pp.5-27.

McDonald, T., 1998. Stop Strategic planning. and creat shareholder value! *Management Decisions*, 36(7), pp.456-59.

McGovern, M.T., 2000. *The impact of mentoring on stakeholder confidence in family-owned buinesses*. Ph.D. dissertation, Los Angles, California School of Professional Psycology: Proquest Pub. No. AAT 9964385.

McKiernan, P., 1997. Strategy Past: Strategy Futures. *Long Range Planning*, 30(5), pp.790-98.

McMahon, R.G.P., 1986. *Financial Managmentfor Small Business*. North Ryde: CCH Australia.

Migliaccio, G., 2007. *Planning for strategic change in the project delivery strategy*. Ph. D. dessirtation, University of Texas, Austin: Proquest Pub. No. AAT 3277599.

Miles, M.B. & Huberman, A.M., 1994. *Qualitiative Data Analysis*. 2nd ed. Newbury Park, CA: Sage.

Miles, R.E. & Snow, C.C., 1978. *Organizational Strategy: Structure and process*. New York: McGraw-Hill.

Miller, E.J. & Rice, A.K., 1967. *Systems of organizations*. London: Tavistock.

Miller, E.J. & Rice, A.K., 1988. The Family business in Contemporary Society. *Family Business Review*, 1(2), pp.193-210.

Miller, D., Steier, L. & Le Breton-Miller, I., 2003. Lost in Time: Intergenerational succession, change, and failure in family business. *Journal of Business Veturing*, 18, pp.513-31.

Mintzberg, H., 1993. The pitfalls of strategic planning. *California Management Review*, 36(1), pp.32-47.

Mintzberg, H., 1994a. Rethinking Strategic Planning, Part I and Part II. *Long Range Planning*, 27(3), pp.12-21 and 22-30.

Mintzberg, H., 1994b. *The Rise and Fall of Strategic Planning*. Printice Hall.

Mintzberg, H., 1994c. The Fall and Rise of Strategic Planning. *Harvard Business Review*, Jan-Feb, pp.107-14.

Mintzberg, H., Ahlstrand, B. & Lampel, J., 1998. *Strategy Safari*. Prentice Hall.

Mintzberg, H., Ahlstrand, B. & Lampel, J., 2004. *Strategy bits back*. Financial Times: Printice-Hall.

Mintzberg, H. & Lampel, J., 1999. Reflectiong on the strategy process. *Sloan Management Review*, 40(3), pp.21-30.

Mintzberg, H. & Water, J., 1985. Of strategies, deliberaate and emergent. *Straegic Management Journal*, 6(3), pp.257-72.

Mintzberg, H. & Waters, J.A., 1982. Tracking Strategy in an Entrepreneurial Firm. *The Academy of Management Journal*, 25(3), pp.465-99.

Mooraj, S., Oyon, D. & Hostettler, D., 1999. The Balanced Scorecard- a necessary good or an unnecessary evil? *European Managment Journal*, 17(5), pp.481-91.

Moores, K. & Craig, J.B., 2008. *Agency Differences in Professional Family Businesses: The Known and the Unknown*. [Online] Available at: www.isb.edu/FamilyBusinessConference/AgencyIssuesinProfessionalFamilyBusinesses.pdf [Accessed 25 May 2011].

Moores, K. & Mula, J., 2000. The Salience of Market, Bureaucratic, and Clan controls in the Managment of Family Firm transition: some tentatice Australian Evidence. *Family Business Review*, 13(2), pp.91-106.

Morris, M., Williams, R., Allen, J. & Avila, R., 1997. Correlates of success in family business transitions. *Journal of Business Venturing*, 12, pp.385-401.

Moyer, R., 1982. Strategic planning for the small firm. *Journal of Small Business Management*, 20, pp.8-14.

Murphy, R., 2011. *Strategic Planning in Irish Quantity Surveying Practices*. Unpublished DBA Thesis, Edinburgh Business School: Heriot-Watt University.

Muske, G. & Fitzgerald, M.A., 2006. A panel Study of Copreneurs in Business: Who Enters, Continues, and Exits? *Family Business Review*, 19(3), pp.193-205.

Mustakallio, M., Autio, E. & Zahra, S.A., 2002. Relational and Conrtactual Gocernance in family firms: Effects on Strategic Decsion Making. *Family Business Review*, 15(3), pp.205-22.

Naldi, L., Nordqvist, M., Sjober, K. & Wiklund, J., 2007. Entrepreneurial Orientation, Risk Taking, and Performance in Family Firms. *Family Business Review*, 20(1), pp.33-47.

Negandhi, A.R., 1983a. Cross cultural managment research: trend and future directions. *Journal of Internationa business studies*, 14(Fall), pp.17-28.

Negandhi, A.R., 1983b. The environment and socio-cultural impact on organizational practices. *Asia Pasific Journal of Managment*, Sep, pp.15-25.

Neubauer, F. & Lank, A.G., 1998. *The family Business: Its Governance for Sustainability*. New York: Routledge.

Olsen, J.B. & Eadie, D.C., 1982. *The game plan: Governance with Forseight*. Washington, D.C.: Council of State Planning Agenceis.

O'Regan, N. & Ghobadian, A., 2002a. Effective stategic planning in small and menium sized firms. *Management decision*, 40(7), pp.663-71.

O'Regan, N. & Ghobadian, A., 2002b. Formal Strategic Planning the key to effective business process management? *Business Process Management*, 8(5), pp.416-29.

O'Regan, N., Hughes, T., Collins, L. & Tucker, J., 2010. Strategic Thinking in Family Businesses. *Strategic Change: Briefings in Entrepreneurial Finance*, 19, pp.57-7.

Ostgaard, T.A. & Birley, S., 1994. Personal networks and firm competitive strategy—A strategic or coincidental match? *Journal of Business Venturing*, 9(4), pp.281-305.

O'Toole, D., Grewe, T. & Marshall, J., 1989. Participative planning for a publice services. *Long Range Planning*, 22(1), pp.110-17.

Oyegoke, A.S. et al., 2009. Consturction project procurement routes: an in-depth critique. *International Journal of Managing Porjects in Business*, 2(3), pp.338-54.

Patton, M.Q., 2001. *Qualitative Research and Evaluations Methods*. 3rd ed. Newbury Park, CA: Sage.

Pavri, F. & Ang, J., 1995. A study of the strategic planning practices in Singapore. *Information & Management*, 28(1), pp.33-47.

Pearce II, J.A., Freeman, E.B. & Robinson, J.R.B., 1987b. The Tenuous Link Between Formal Strategic Planning and Financial Performance. *Academy of Management Reviewp*, 12(4), pp.658-75.

Pearce II, J.A., Robbins, D.K. & Robinson, R.B.J., 1987. The impact of grand strategy and planning formality on financial performance. *Strategic Management Journal*, 8, pp.125-34.

Pennington, M.W., 1972. Why has planning failed? *Long Range Planning*, March, pp.2-9.

Perry, S.C., 2001. The Relationship between Written Business Plan and the Failure of Small Business in th U.S. *Journal of Small Business Managment*, 39(3), pp.201-08.

Pervin, A., 1997. A conversation with Henry Mintzberg. *Family Business Review*, 10(2), p.185–198.

Phillips, P. & Moutinho, L., 2000. The Strategic Planning Index: A Tool for Measuring Strategic Planning Effectiveness. *Journal of Travel Research*, 38, pp.369-79.

Pisel, K.P.J., 2001. *The Validation of a detailed strategic planning process model for the implementation of distance education in higher education*. Ph.D. disseration, Dominion University: Proquest Pub. No. AAT 3042704.

Porter, M., 1997. Creative advantages. *Excecutive Excellence*, 14, pp.17-18.

Poutziouris, P.Z., Steier, L. & Smyrnios, K.X., 2004. A commentary on family business entrepreneurial developments. *International Journal of Entrepreneurial Behaviour & Research*, 10(1/2), pp.7-11.

Poza, E.J., Hanlon, S. & Kishida, R., 2004. Does the family business inteaction factor represent a resource or a cost? *Family Business Review*, 17(2), pp.99-118.

Prahalad, C.K. & Hamel, G., 1994. Strategy as a filed of study: why search for a new paradigm. *Strategic Management Journal*, 15, pp.5-16.

Prahalad, C.K. & Hamel, G., 2005. Strategic Intent (Reprint). *Harvard Business Review*, July-Aug., pp.148-61.

Pratt, J.H. & Davis, J.A., 1986. *Mesurement and evaluation of the prpulation of family-owned and home-based businesses*. Washington DC, Government Prinign Office: U S Small Business administration Report No. 9202-AER-85.

Quinn, J.B., 1980. *Strategies for Change: Logical Incrementalism*. Homewood, IL: Irwin.

Rahardjo, K. & Dowling, M.A., 1998. A broader vision strategic risk management. *Risk Management*, Sep., pp.44-50.

Rahim, M.A., 1983. A measure of styles of handling interpersonal conflict. *Academy of Managment Journal.*, 26(2), pp.368-76.

Reed, N., 1989. Make it, Milk it, lose it. *The Australian Accountant*, 59(2), pp.36-38.

Reid, R. & Adams, J.S., 2001. Human resource management − a survey of practices within family and non-family firms. *Journal of European Industrial Training*, 25(6), pp.310-20.

Rigby, D., 1991. Management tools and techniques: A survey. *California Management Review*, 43(2), p.139–159.

Rippey, M.C., 1986a. Strategic Planning: It's Harder than It Looks. *Association Managment*, Aug, pp.107-11.

Rippey, M.C., 1986b. Getting Started. *Association Management*, Aug, pp.111-16.

Romano, C.A., Tanewski, G.A. & Smyrnios, K.X., 2000. Capital structure decision making: a model for family business. *Journal of Business Venturing*, 16, pp.285-310.

Roos, J. & Victor, B., 1999. Towards a New Model of Strategy-making as serious play. *European Management Journal*, 17(4), pp.348-55.

Rosenblatt, P., De Mik, L., Anderson, R.M. & Johnson, P.A., 1985. *The family in Business: Understanding and Dealing with the Challenges Entrepreneurial Families Face*. San Francisco: Jossey-Bass.

Rue, L.W. & Ibrahim, N.A., 1996. The Status of Planning in Smaller Family-owned Business. *Family Business Review*, 9(1), pp.29-43.

Saffu, K. & Yusuf, A., 2009. Planning Practices, Strategy types and firm performance in the Arabian Gulf region. *Education, Business and Society: contemprary Middle Eastern Issues*, 2(3), pp.203-17.

Salman, S.T., 2005. *Strategic Planning for Family Business in the kingdom of Saudi Arabia*. Ph.D. thesis. University of Bradford, School of Engineering, Design and Technology:
http://ethos.bl.uk/Home.do;jsessionid=A7F0778AAF365B2F831CBD3358F04E3B.

Sardeshmukh, S.R., 2008. *Successor development in family firms*. Ph.D. dissertation, New York, Rensselaer Polytechnic Institute: Proquest Pub. No. AAT 3329046.

Schatzman, L. & Strauss, A.L., 1973. *Field research: strategies for a natural sociology*. Englewood Cliffis, N.J.: Printice-Hall.

Schendel, D., 1994. Introduction to the summer 1994 special issue- strategy: search for new paradigms. *Strategic Management Journal*, 15, pp.1-4.

Schendel, D. & Patton, R., 1978. A Simulataneous equation model of Corporate strategy. *Management Science*, 24(15), pp.1611-21.

Schraeder, M., 2002. A simplified approach to strategic planning: practical considerations and an illustrated example. *Business Process Management Journal*, 8(1), pp.8-18.

Schulze, W., Lubatkin, M.H. & Dino, R.N., 2003. Toward a theroy of agency and alturism in family firms. *Journal of Business Venturing*, 18, pp.473-90.

Schulze, W.S., Lubatkin, M.H., Dino, R.N. & Buchholtz, A.K., 2001. Agency relationships in family firms: Theory and evidence. *Organization Science*, 12(2), pp.99-116.

Sciulli, N., 2008. Public Private Partnerships: an explorotory study in health care. *Asian Review for Accounting*, 16(1), pp.21-38.

Scott, A., 2008. *Strategic Planning*. EBS course material.

Seidel, J.V., 1998. Qualitative Data Analysis. In *Ethnograph v5 manual (Appendix E)*. Qualis Research www.qualisresearch.com (accessed 12 Jan. 2011). Ch. Appendix E.

Sekarbumi, A., 2001. *Succession in family buiness in Indonesia*. D.B.A. dissertaion, Netherlands - Maastricht School of Management: Proquest Pub. No. AAT3047747.

Shanker, M.C. & Astrachan, J.H., 1996. Myths and Realities: Family Businesses' Contribution to the US Economy -- A Framework for Assessing Family Business Statistics. *Family Buisness Review*, 9(2), pp.107-23.

Sharma, P., 2004. An Overview of the field of Family Business studies: Current status and Directions for the future. *Family Business Review*, 17(1), pp.1-36.

Sharma, P., Chrisman, J.J. & Chua, J.H., 1997. Strategic Managment of the Family Business: Past Research and Future Challenges. *Family Business Review*, 10(1), pp.1-35.

Sharma, P., Chrisman, J.J. & Chua, J.H., 2003. Succession Planning as Planned Behavior: Some Empirical Results. *Family Business Review*, 16(1), pp.1-16.

Shrader, C.B., Taylor, L. & Dalton, D.R., 1984. Strategic Planning and Organizational Performance: A Critical Appraisal. *Journal of Management*, 10(2), pp.149-71.

Simpson, D.G., 1998a. Why most strategic planning is a waste of time and what you can do about it. *Long Range Planning*, 31(3), pp.476-80.

Simpson, D.G., 1998b. Why most strategic planning is a waste of time and what you can do about it part II. *Long Range Planning*, 31(4), pp.623-27.

Simpson, M., Sykes, G. & Abdullah, A., 1998. Case study: transitory JIT at Proton Cars, Malaysia. *Internationa Journal of Physical distribution & Logistics Management*, 28(2), pp.121-42.

Smith, J.A., 1998. Strategies for start-ups. *Long Range Planning*, 31(6), pp.857-72.

Smith, N.C. & Dainty, P., 1991. *The management research handbook*. London: Routledge.

Sonfield, M.C. & Lussier, R.N., 2004. First-, Second-, and Third-Generation Family Firms: A Comparison. *Family Business Review*, 17(3), pp.189-202.

Sorenson, R.L., 1999. Conflict Management Strategies Used by Successful Family Businesses. *Family Business Review*, 12(4), pp.325-39.

Spilde, M.F.T., 1995. *An inquiry into the contribution of the Oregon Workforce Quality Council to the Development of a world-class workforce*. Ph.D. diss, Oregon State University: Proquest Pub. No. AAT 9604332.

Stafford, K., Duncan, K.A., Dane, S. & Winter, M., 1999. A Research Model of Sustainable Family Businesses. *Family Business Review*, 12(3), pp.197-208.

Steier, L., 2001. Family Firms, Plural Forms of Governance, and the Evolving Role of Trust. *Family Business Review*, 14(4), pp.353-67.

Steier, L.P., Chua, J.H. & Chrisman, J.J., 2003. An introduction to theories of family business. *Journal of Business Venturing*, 18, pp.441-48.

Steiner, G.A., 1979. *Strategic Planning*. New York, NY.: The Free Press.

Suare, K.C. & Santana-Martin, D.J., 2004. Governance in Spanish family business. *International Journal of Entrepreneurial Behaviour & Research*, 10(1/2), pp.141-63.

Swinth, R.L. & Vinton, K.L., 1983. Do familyowned businesses have a strategic advantage in international joint ventures? *Family Business Review*, 6(1), p.19–30.

Tagiuri, R. & Davis, J., 1992. On the Goals of Successful Family Companies. *Family Business Review*, 5(1), pp.43-62.

Tagiuri, R.. & Davis, J.A., 1996. Bivalent attributes of the family firm. *Family Business Review*, 9(2), p.199–208.

Taylor, B., 1986. Corporate planning for the 1990' s: the new frontiers. *Long Range Planning*, 19(6), pp.13-18.

Taylor, B., 1997. The Return of Strategic Planning Once More with Feeling. *Long Range Planning*, 30(3), pp.334-44.

Teilingen, E.R.V. & Hundley, V., 2001. The importance of pilot studies. *Social Research Update*, (35).

Thompson, A.A.J. & Strickland III, A.J., 1995. *Crafting and Implementing Strategy: What Every Manager Should Know*. Chicago: Irwin.

Toor, S. & Ogunlana, S.O., 2009. Construction professionals' preception of critical success factors for large-scale construction projects. *Construction Innovation: Information, Process, Management*, 9(2), pp.149-67.

Trompenaars, F. & Hampden-Turner, C., 1998. *Riding the Waves of Culture: Understanding Cultural Diversiy in Global Business*. 2nd ed. New York, NY.: McGraw-Hill.

Troyer, D.D., 2000. *A case study of a family business in succession transition: the Dutch Corporation*. Ph.D. dissertaion - Ohio: The Union Institute: Proquest Pub. No. AAT9980660.

Upton, N., Teal, E.J. & Felan, J.T., 2001. Strategic and business planning practices of fast grwoth family firms. *Journal of small business management*, 39(1), pp.60-72.

Valadez-Ortiz, C.R., 1994. *Administative perceptions of effective strategic planning at two California community colleges*. Ed.D. dissertation, University of San Francisco: Proquest Pub. No. AAT 9426934.

Van Gils, A., Voordeckers, W. & Den Heuvel, J.V., 2004. Environmental Uncertainty and Strategic Behavior in Belgian Family Firms. *European Managment Journal*, 22(5), pp.588-95.

Veliyath, R. & Shortell, S., 1993. STRATEGIC ORIENTATION, STRATEGIC PLANNING SYSTEM CHARACTERSTICS AND PERFORMANCE. *Journal of Management Studies 30:3 May 1993*, 30(3), pp.359-81.

Walker, M.N., 2002. Customer drven breakthroughs using QFD and policy deployment. *Managment Dicsions*, 40(3), pp.248-56.

Ward, 1988. The Special Role of Strategic Planning for Family Businesses. *Family Business Review*, 1, pp.105-17.

Ward, J.L., 2004. *Perpetuating the family business*. Palgrave macmillan.

Wattananimitkul, W., 2002. *An analysis of university mission statement: A case study of private universities in Thailand*. Ed.D. dissertation, Oklahoma State University: Proquest Pub. No. AAT 3094088.

Weaver, P., 2008. *Relationships between leadership practices of founders and successors and economic performance of select family business*. D.B.A Dissertation Arizona State University: Proquest Pub. No. AAT 3309263.

Webster's, 1981. *new collegiate dictionary*.

Welsh, D.H.B. & Raven, P., 2006. Family Business in the Middle East: An Exploratory Study of Retail Managment in Kuwait and Lebanon. *Family Business Review*, 29(1), pp.29-48.

Westhead, P. & Cowling, M., 1998. Family Firm Research: The Need for a Methodological Rethink. *ENTREPRENEURSHIP THEORY and PRACTICE*, Fall, pp.31-56.

Westhead, P., Cowling, M. & Howorth, C., 2001. The Development of Family Companies: Management and Ownership Imperatives. *Family Business Review*, 14(4), pp.369-85.

Wilkinson, G. & Monkhouse, E., 1994. Strategic planning in public sector organization. *Executive development*, 7(6), pp.16-19.

Wilmot, A., 2005. *Desining samplin strategies for qualitative social research: with particular reference to the office for National stateistics' Qualitative Respondent Register*. [Online] National Statestics (pp 53-65) Available at: www.statistics.gov.uk/ssd/ssmb/SMB56complete.pdf [Accessed 10 Augustus 2011].

Wilson, I., 1998. Strategic Planning for the Millennium: Resolving the Dilemma. *Long Range Planning*, 31(4), pp.507-13.

Wood, A. & Joyce, P., 2003. Owner-Manager and Practice of Strategic Management. *International Small BusinessJournal*, 21(2), pp.181-96.

Wortman, M.S., 1994. Theoretical Foundation for family-owned Business: A conceptual and research-based paradigm. *Family Business Review*, 7(1), pp.3-27.

Wyk, R.J.V., 1997. Strategic Technology Scanning. *Technological Forecasting and Social Change*, 55, pp.21-38.

Yesko, D., 2006. *An intangible family value scale for family business*. Proquest Dissertations And Theses 2006. Section 1143, Part 0624 64 pages; [Psy.D. dissertation].United States -- Illinois: Adler School of Professional Psychology.

Yin, R.K., 2003. *Case Study Research Design and Methods*. 3rd ed. Thousand Oaks, CA: Sage Publications, Inc.

Yusuf, A. & Saffu, K., 2005. Planning and Performance of Small and Medium Enterprise Operators in a Country in Transition. *Journal of Small Business Managment*, 43(3), pp.480-97.

Zahra, S.A. & Sharma, P., 2004. Family Business Research: A strategic Reflection. *Family Business Review*, XVII(4), pp.331-46.

Zidan, A., 2009. *Management of Family Business companies (in Arabic)*. Cairo: ARADO.org.eg.