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## The Impact of Leadership Practices on the Lebanese Family Business Performance by First Generation Leaders

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**Key words:** Leadership, family business, business performance, Leadership Practices Inventory (LPI)

**Abstract:** This study aims to detect the impact of leadership practices constructs, i.e. Model the way, Inspire a shared vision, challenge the process, enable others to act and encourage the heart (using the leadership practices inventory) on family business performance among first generation leaders in the selected Lebanese family businesses context. This study adopted the survey method to collect primary data. A questionnaire was distributed in person and in online by Google-Forms for data collection to around 300 family business leaders, out of which 267 completed questionnaires were obtained. The data were collected during the period from 06-02-2020 to 31-05-2020. Finally, 115 complete questionnaires were used in data analysis ( $n = 115$ ) for first generation leaders. The reliability and validity of the dimensions are evaluated by Confirmatory Factor Analysis (CFA) and the hypothesis have been tested by using structural equational modelling SEM. The interpretation analysis of the results indicate that Inspire a shared vision, challenge the process does not have a positive impact on family business performance while model the way, enable others to act and encourage the heart have a positive and significant impact on family business performance of the first generation family business leaders. Thus, this study provides a better understanding of the effects of leadership practices. The results of this study have the potential to help the family business leaders in Lebanon to improve model the way, enable others to act and encourage the heart, in turn, Lebanese family business leaders will be able to achieve superior family business performance among first generation.

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Page No.: 39-55

Volume: 15, Issue 2, 2021

ISSN: 1993-5250

International Business Management

Copy Right: Medwell Publications

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## INTRODUCTION

Family business plays a significant role in all over the world because of their managements and the responsibilities hold by their family members. These organizational structures vary from one business to another; they managed by one or more family members and the succession process in transferring the leadership from one generation to another is a great factor<sup>[1-4]</sup>. In Lebanon, the structure of most family business varies depending on its size, structure, etc. For example, some family firms have a board of directors and others have a president and each firm can be divided into departments vertically or horizontally depending on the firm size, or needs or policies. Each department has its own manager. As usual the number of employees determines the size of family firms while in Lebanese family firms it is filled by family members and their relatives. This will have a negative effect on a business performance as no incentives received by the employees<sup>[2]</sup>. Hence, leaders look for workers who can lead and make decisions autonomously. They employed skilled and experienced employees who adapt firm's values such as teamwork and collaboration, industry, trustworthiness, honesty and integrity. Such values contribute to the business success<sup>[5-8]</sup>. The leaders and managers bolsters the values by talking daily about it according to Sorenson<sup>[9]</sup>. Development of family business throughout generations participates in the industrial growth and revolution because of their independence, talented, educated and skilled family members, their commitment and succession plan<sup>[10, 2]</sup>. Research studies indicate that in innovative businesses, industries, family firm performance depends on maintaining highly skilled and talented employees and individuals<sup>[11]</sup>. Family business characterized by low survival rates and not all of them succeeded to transfer to the third generation. Most of them survive to transfer to second generation<sup>[1]</sup>. Studies show that there are several requirements to run the business at different stages<sup>[12]</sup>. The succession process and its effectiveness on the business continuity and family styles and operations, shows that leadership plays an important role in it Beyrouti<sup>[2]</sup>.

In this concern, the main aim of this article is to detect the correlation between the leadership practices and the family business performance of the first generation leaders in the Lebanese family firms. This article would address this aim through an empirical proposed that model that the 5 exemplary leadership practices of Kouzes and Posner<sup>[13]</sup>.

Using its approach the following hypotheses will be tested: model the way ( $H_{01}$ ), inspire a shared vision ( $H_{02}$ ), challenge the process ( $H_{03}$ ), enable others to act ( $H_{04}$ ) and

encourage the heart ( $H_{05}$ ) as elements of the Kouzes-Posner Model have a positive influence on family business performance of the first generation of the Lebanese family business performance.

The article is arranged as follows: the first part shows the objectives, research questions, hypothesis and proposed model of the study. Second part demonstrates the literature review. Third part displays the methodology of the research. Fourth part presents the data analysis and results. The last part presents discussion of the findings including theoretical and practical implications, study limitations and future further research.

## Literature review

**Factors influencing performance in family business:** Some research results show us the different factors that are mostly important behind family business succession that's why El-Charani<sup>[14]</sup> indicates in his study the significant factors of family business success including the use of planning for succession, the use of network strategy, the high level of emotional intelligence and the professional HR practices. According to Kemayel<sup>[15]</sup>, investigates the factors that impacted the SMEs business success which were divided into two groups as internal factors (Manager characteristics, ways of doing business and SME characteristics) and external factors (Investment environment, market share, customer, banks, relation with employees, suppliers and competitors).

The performance of family business is necessary to validate the success in family business<sup>[16, 17]</sup>. According to Daily *et al.*<sup>[18]</sup> and Chaganti and Schmeer<sup>[19]</sup>, works on the relationship between succession process and business performance. While others focus on the comparison between family business and the non-family business. The selected successors who show their will to work at the earlier age of the business have a good relationship with their fathers.

Morris *et al.*<sup>[20]</sup>, propose 3 main issues that will determine the future successor. These determinants are the preparation of the level of the successor, the kind of relationship between family members inside family firms, the decisions and strategic plan taken by the top-level management of the family firm. These three issues are very important in the transition process of the leadership<sup>[2]</sup>.

Fernandez-Araoz *et al.*<sup>[22]</sup> stated that most family businesses taken after a clear chain when choosing the successor, giving privileges to family first, then internal skilled member and last outside CEOs. This practice is supported, given that the proper appraisal and advancement forms are input. In family businesses, where culture and individual's connections are critical, internal employees stand the most excellent chance of success.

Oudah *et al.*<sup>[22]</sup> said that organized governance helps a family business leaders take important decisions that impact the business's performance and continuity; that influence the business's survival and long-term performance.

Lambrecht and Lievens<sup>[23]</sup> state that, to maintain continuity and to overcome difficult situations and conflicts, the family should clarify ownership, governance and organizational structures at the suitable time to realize family harmony, survival and long-term business performance. Nevertheless, this assignment is very hard to do, since it requires liquidity which is able to influence the development of the business<sup>[22]</sup>.

According to Beyrouti<sup>[2]</sup>, leadership ought to be an essential element in the succession process. A family business leader ought to be with the individual who is willing to take the responsibility and be the chosen successor of the family business. Such traits and characteristics are not obtained in time; they are born made with the individual.

Hoffman *et al.*<sup>[24]</sup> believes that family capital allow the family companies to move forward and having a competitive advantage. According to Danes *et al.*<sup>[25]</sup>, family capital is composed of the total entire assets of the owners of family business and is represents 3 main elements: social, financial and human capital.

However, Sorenson and Bierman<sup>[26]</sup> show that when family individuals keep up an extraordinary social capital, they will grow the family firm's financial money and human capital. In this way, the three elements of family capital are basic for a sustainable and successful for the family businesses from one generation to another.

According to Ward<sup>[27]</sup>, who says "Keeping the Family Business Healthy", in his words he is describing the success of family business throughout years of experience and social behaviours.

**Importance of the successor and generations:** As we noticed most family owned business doesn't grow and they took themselves to be failed and destroyed in the field, they work by Danco<sup>[28]</sup>. On the other hand, despite many challenges, family business could have the chance to expand and develop.

Continuity and succession are the actions taken and things happened in the process of transfer of leadership from the founder to the successor or from one family member to another inside one family firm<sup>[29]</sup>.

Many family firms can't pass their business to the next generation because they don't have a successor to hold the business<sup>[30]</sup>. Many successors don't take a risk because it's not their own money it's the wealth of the family members<sup>[31]</sup>. And may face many challenges.

Studies also revealed that 15% of family firms have their own business. Two third has succeeded to pass from one generation to another. This also found in European countries<sup>[32]</sup>.

According to Ward<sup>[27]</sup>, family firms must take into account the requirements of a business growth and this conveys the family business leader to pay family owners death tax and liabilities and their capital represents 80% of business assets. After the death of the owner some siblings left the ownership position and fetch outside employment and prefer personal independence. The rest of the members are ready to carry on their responsibilities<sup>[33]</sup>.

Some theories highlight the privilege of selecting the oldest siblings regardless of his gender or capabilities<sup>[34]</sup> that's why we may notice the predominance of the male instead of female daughter.

The new successor should have patience, should learn the policies of the family business and its culture<sup>[35]</sup>.

Skills, motivation and some traits with the succession plan are needed by the successor to run and develop the business. Successful leader with a succession planning strategy become familiar with success<sup>[36]</sup>.

As stated by Beyrouti<sup>[2]</sup>, who recommend that succession planning and compensation issues are successful indicators of family business performance. He also talked about, succession planning as a strategic plan that gives instructions about how the transfer of business can be accomplished and passed from one generation to another.

Ignoring a planning strategy doesn't encourage business growth<sup>[37]</sup>. Owners traits changes with time and becoming more conservative and less risk taker<sup>[38]</sup>.

Succession planning is an organized and important factor that will transfer the leadership position to the inheritor in the family business; succession plan can develop the leader's aptitudes that get prepared with the necessary training for the next generation<sup>[37]</sup>. The lack of a business strategy affects the family business failure<sup>[39]</sup>. According to Blumentritt *et al.*<sup>[40]</sup> and De Massis *et al.*<sup>[41]</sup>, said that succession process is one of the most important challenges that face the family business leaders.

Eddleston *et al.*<sup>[42]</sup> believes that succession planning and strategic planning has the most significant impact on family business performance.

**Relationship between family members:** System in family business must be respected; they were selecting the successor who is a member of a system more than the non-family member which is viewed and developed by Distelberg and Sorenson<sup>[43]</sup>.

Good relationships between the owners of family business and the successor is essential for the transition and successful succession process which is built on commitment, respect and understanding<sup>[44-46]</sup>.

Pearson *et al.*<sup>[47]</sup>, demonstrate that family relationship creates familiness, thus, when we consider this approach, we are expecting that it may be an asset related to different generations working and managing together the family business inside the firm<sup>[48]</sup>. This sheds the light on how family members inside the family company shares values and standards because of the long-term in a family business share norms and values, often due to a long-term adaptation considered by the family companies<sup>[49]</sup>. Heidrich *et al.*<sup>[50]</sup> in their study talks about the two components of paternalism and familiness. He analyzes that familiness relates to the shared responsibilities, management and ownership of the family firm among family members (the founder or his children or his family relatives). They also considered in their investigation that paternalistic style is a driving forces such as mentoring and directing family individuals and the authorization of 'familiness' through sharing and transferring the family values, norms and leadership to the children. In addition to the preparation of the successor with the necessary training and education<sup>[50]</sup>.

Absence of parents creates a fear of conflicts that may occur in the business of their children. This leads to the need of the inter-generational relationship which in turn can reduce the barriers and confusions and facilitates the succession process. Owner-managers and their incumbent play an essential role in the succession process. The success of the family business depends on both the family business owners and their incumbent. Therefore, to have a successful transition, the successor should have a trustful relationship with the founder<sup>[29]</sup>.

Balance theory, is the result of social psychology that explains the individual's viewpoint of his/her relationship with other party's perspectives. This theory proposed a balance state depends on harmony relationships among family members and other entities<sup>[51]</sup>. The harmony relationship among entities, between family members and between family business leader and a non-family manager could influence the performance within family business<sup>[16]</sup>.

**Leadership and family business:** Deloitte and Touche LLP<sup>[52]</sup> and Sharma *et al.*<sup>[29]</sup> says that with the increasing number of population and demographic change, the succession of family business leaders will increase in the next coming years. The 90% of the US family leaders follow family owners in their vision<sup>[30]</sup>. Many researches show that approximate 30% of family business succeeded

to 2nd generation and 10% to the third generation<sup>[53, 27]</sup>. The model we are going to study is the process of leadership transition inside family business from one family to another. Family business through generations, address some goals and practices overcoming challenges it may face, in most family firm's strategies set by family business leaders must be usually updated to assure family business growth for long period and creating an opened door for new ideas.

Hernandez<sup>[54]</sup> shows the importance of leadership in managing and leading family business. He suggests that supportive leadership behaviours that promote common believe and mutual trust between the leaders and his or her follower and relevantly such behaviours creates loyalty relationship within followers. He set that pioneers depend on this establishment to encourage their followers to behave ethically and morally within the organization.

Samad and Abdullah<sup>[55]</sup> explained that transformational leadership style had a positive and significant influence than classical leadership styles on organizational performance.

Eddleston<sup>[56]</sup> also talked about the transformation of leadership behaviour that focuses on the role of setting up a family firm's culture. And how it is contended that a founder who shows transformational leadership behaviours may be more likely to set up a family firm culture that considers family member commitment, supervision and flexible strategy.

The usage of independent directors: successful family business leader relies on external independent directors to assure new ideas and who are able to face challenges. Some researchers reveal that success comes from hiring qualified and skilled CEO from external to run and manage their family business. This CEO will learn the culture of the organization and to build a loyal relationship with the owner, addressing their vision towards success.

The existence of board of directors inside family business composed of family members who are responsible to monitor the business<sup>[57]</sup>. These monitoring and paying incentives lead to high level of performance<sup>[58]</sup>.

Family firm board members incorporate family member, CEOs and individuals from outside that impacted firm's decision-making and enhance the board with leadership skill and expertise and contribute for the family business performance, success, strategy and avoid conflicts<sup>[59]</sup>. Craig and Moores<sup>[60]</sup>, a family business needs external guidance to solve certain issues such as conflicts and complicated situations that face the family business and to get involved in the family's strategic plans and to help in achieving its objectives.

Ayranci<sup>[61]</sup> stated that when providing successful top decision-making, especially when conflicts occur between family members was a much more basic issue than keeping intra-family trust between individuals.

Ayranci<sup>[61]</sup> indicates the employment process relate for top decision-making, the fundamental logic appears somehow different, since, family impact on the employment process was seen as attractive. In contrary, efforts to provide business continuity and make family members ready for leadership positions within the family business were positively correlated with the founding of intra-family trust.

Family businesses are not sure to rely on non-family managers, so, family business leader doesn't think they can attract these managers. But this idea has changed because the non-family manager is in need to be appreciated, valued and to be trusted and get empowered by the owner, or compensated<sup>[62]</sup>.

Non-family managers need these feelings and need to feel belongings and to belong to a professional career. Moreover, sharing business information openly and allow the sharing of new ideas and positive thinking is a great approach for development, innovation and long-term growth.

As the CEOs of old age have a desire to a move away from the day-to-day management of the company, it is necessary to prepare to the selection of family business leader of the new generation.

According to Block<sup>[63]</sup>, has talked about family firm ownership is not a governance because it fails to monitor family business conflicts, this leads to low productivity, Nicholson<sup>[64]</sup> who describes the problems behind family firm ownership in their bad decision in choosing a qualified successor for the business.

Some family firms assure strategic budget to have a continuous development<sup>[65]</sup>. Now is the chance for the successor in family firms to lead the business growth, starting from his skills<sup>[66]</sup>. Successors invest the experiences gained by him from several resources in the succession of the business, either from education or outside the family business. Strategies are very important for the long run family business, its development and continuity<sup>[67]</sup>.

Mitter *et al.*<sup>[68]</sup> found that the most successful family business leader is the one who had an international work experience or continued their study abroad; this is a good source for new ideas.

The role of the family members as family business leaders attracts the attention and curiosity of the researchers and scientists<sup>[69]</sup>. Leadership is recognized by the researchers as a determinant factor in a business's

success and continuity<sup>[22,70]</sup>. Leadership implies directing other people and knowing well what must be done and how; it is method of which the individual acquires information and the necessary knowledge to achieve a common goal<sup>[22]</sup>. Achieving efficient family leadership is one of the biggest challenges in a family business, to sustain business survival and performance to later generation<sup>[71]</sup>. It is crucial to realize efficient family leadership without a well-chosen successor who has the will and leadership skills that impact the business's performance and success for later generation<sup>[22]</sup>.

In this respect, the owner or family business leader plays an important role in choosing the successor and preparing him/her with the necessary training, leadership skills and knowledge to become capable to lead the business in the next generation<sup>[72, 73]</sup>.

To sustain the continuity of the family business among generations, an effective leadership transfer must happen at the stage of retirement of the family business leader<sup>[74]</sup>.

Few researchers talks about the factors behind business success and continuity combined together<sup>[75, 76]</sup>. Nevertheless, the main failure in most of the research works, the authors have not focused on the significance of each factor.

In this way, this study is the primary to associate and prioritize all success factors reported in five exemplary leadership practices sustaining higher level of family business performance and its continuity.

**The Leadership Practices Inventory (LPI):** According to Abu-Tineh *et al.*<sup>[77]</sup>, who believes that the transformational leadership model of Kouzes and Posner<sup>[13]</sup> which depends on leadership practices that must be used and practiced contributing as a practical guidance for schools and leaders on how to lead and how to act in critical situations? He also acknowledged that the leadership challenge model contribute to the school leaders with the qualities and set of skills to be great leaders and to empower them to improve public schools, and achieve firm success<sup>[77]</sup>. Abu-Tineh *et al.*<sup>[77]</sup> in their article came to conclusion that, more consideration ought to be given to Kouzes and Posner's Leadership Model in Jordanian Schools, since, this model has been identified by many scholars and researchers as an efficient leadership practices and it can serve as a basic principles for school to evaluate their leadership strengths and weaknesses.

Goewey<sup>[78]</sup>, in his study examined and contributed an evidence-based on the five Leadership Practices Inventory-Self (LPI) of Kouzes and Posner and the leadership practices generated is validated by the participants of his study.

Ferry<sup>[79]</sup>, equipped the leadership practices inventory LPI of Kouzes and Posner<sup>[13]</sup> in his research as a set of skills and leadership practices that are available to all researchers who need to know how to develop leader position and perform leadership differently. And who consider leadership practices inventory as an interpretation of good leaders and successful leadership. He emphasize that leaders to be seen as a beneficial and profitable, they are entitled to plan for the successful future of the organization, through other inheritor who will lead the business in the next generation. Therefore, this is the base of continuity, strategic planning for the future a future that maintains one's inheritance.

Kouzes and Posner<sup>[13]</sup> has developed an exemplary leadership theory through 25 years of research where the result of this research can be summarized in four categories including emotional satisfaction, shared visions of the future, a focus on trust and collaborative relations, those qualities form the leader character that his followers admire most in the relationship practices between leaders and followers, their project has led to the development of the Leadership Practices Inventory (LPI).

The LPI of Kouzes and Posner<sup>[13]</sup> help leaders with small capacities and it can be used in small companies also, it is formed with five practices, starting with leading by example and model the way, leaders inspire a shared vision, leaders embrace change and risk taking process by challenge the process, leaders fosters collaborative efforts and sharing powers to form enable others to Act, last practice where leaders celebrate victories and give encouragement to others by encourage the heart. Through those practices, followers will achieve success and face troubles and challenges.

## MATERIALS AND METHODS

**Target population:** The population that, we are looking for owners (CEO's), family business leaders who leads family businesses from all Lebanese regions and from various economic activities (because the enterprise size categories are different in the EU and in Lebanon. We should select for the study at least 300 companies which represents 300 family business leaders from 11808 family companies of the whole national family firm database<sup>[80, 81]</sup>.

**Sampling size:** The sample should be selected in proportion to the relevant population to assure the generalization of the results of the sample from 11808 family companies of the whole national family firm database. So, we should select 300 companies which represent 300 (first and second generation) family business leaders from the whole national firm database. The sample was randomly selected from all Lebanese

regions and from various economic activities. The Lebanese family businesses which established before 1950 till these days.

The questionnaire was distributed to 300 companies and the complete returned questionnaire was 267 respondents with the response rate 89%. After collecting data, I removed 44 questionnaires due to incomplete and missing data. Finally, 115 complete questionnaires were used in data analysis (n = 115) for first generation and (n = 108) for second generation. In this study I analyze the main results of the 115 participants for first generation leaders.

**Methods applied for data collections:** In scientific studies, the suitable method shall be used to solve problem quicker and more carefully and easily and brought the best solutions. The research methodology used in this study: qualitative method: analysis of documents, observations and interviews. Quantitative method: analysis of tables and charts, descriptive measurement: the data gathering method is the questionnaire because it is the best practical one and easiest method to collect narrowly defined numerical data out of the population and which is used for statistical analysis and also which describes the characteristics of the variables as stated by Goertzen<sup>[82]</sup>, Watson<sup>[83]</sup>, Holton and Burnett<sup>[84]</sup> and Sukamolson<sup>[85]</sup>.

Concerning the secondary data, it has been collected from a well-known published books and articles and from some consistent journals, we are going to conduct extensive interviews within which we sought to know the components of the family companies, its consequences and the way it passed to later generations? That was the plan to make some interviews but because of corona virus COVID-19, we couldn't make the interviews.

To collect a primary data a questionnaire of leadership practices defined by Kouzes and Posner<sup>[13]</sup> used to detect the types of leadership practices and its effects on the generation and business success.

Challenging the process it's the process of generating new ideas or developing others new ideas, leaders demonstrate his will to challenge the system to convert these ideas into actions. Leaders look out for challenging opportunities to develop internal components like skill, abilities in turn developing the organizations<sup>[13]</sup>. Inspire a shared vision is very important for promoting people work together around a common vision of what the future of any organization could be<sup>[13]</sup>. Enable others to act promotes people to work together and contribute in the decision-making and planning inside the organization.

Model the way leaders set themselves an example for others to follow and build commitment through every day

acts that make advance and energy. They make a program about a group of principles regarding the way individuals ought to be treated and the way objectives ought to be sought that make the organization gain competitive advantage<sup>[13]</sup>. Encourage the Heart employees frequently require encouragement and motivation to attain the objectives set by the organization. Successful leader's achieve accomplishments by impacting employee motivation; recognize their commitment and efforts to realize job performance.

The survey takes around 10-20 min to complete. It should be noted that the LPI-Self questionnaire consists of 30 statements based on a 5-point the Likert scale ranging from (1) strongly disagree never engages in the behavior to (5) strongly agree engages in the behavior and other methods.

In the questionnaire general information has been collected about the family business successor such as age, gender, educational level, experience.

**Family business performance measure values:** The family business performance indicators for this research that represent the measures for continuity and success in family businesses can be summarized by the followings: the change in the number of employees. The family business leader's perception of the profitability of the family business as compared to similar sized businesses in the same industry and geographic area of the business based on a Likert scale ranging from much less to much more. The family business leader's level of satisfaction with the leadership position and experience on a Likert scale ranging from very dissatisfied to very satisfied. These measurement tools lead to higher performance that represents the achievements done by the different roles involved by the leaders. Moreover, these indicators lead to the development of the internal components of the leaders and people within the organization which in turn develops the organizations as stated by Kouzes and Posner<sup>[13]</sup>.

**Data analysis instruments:** I will conduct data analysis to test the objective and hypothesis of the research by relying on the statistical package for social sciences (SPSS) version 23 for windows to analyze the data collected from the questionnaire and AMOS 24 program (Analysis of Moment Structure), to test several methods related to descriptive analysis, factor analysis, the reliability and validity analysis, correlation analysis, model fit analysis and we depend on Structural Equation Modeling (SEM) to interpret the results.

**RESULTS AND DISCUSSION**

**Personal information of the respondents:** Table 1 shows the respondent's personal information. It presents that for the first generation (n = 115) represent (51.56%)

Table 1: Respondent's personal information: demographic data obtained by first generation leaders in percentage (%), (N = 115)

Variables	Values
<b>Gender</b>	
Male	91.00
Female	9.00
<b>Age of the family business leader</b>	
18-28	1.00
29-39	28.00
40-50	27.00
51-60	30.00
61-70	8.00
>71	6.00
<b>Years as a leader</b>	
1-5	21.00
6-10	13.00
11-20	32.00
21-30	21.00
31-40	8.00
>41	5.00
<b>Level of education</b>	
High school	44.00
Bachelor	33.00
Master	10.00
Ph.D.	3.00
Other	10.00

Authors' own research results

Table 2: General data of the respondent of first generation firms in %, (N = 115)

First generation N = 115	
Industry	Values
Agriculture	7.00
Services sector	8.00
Construction	10.00
Food industry	10.00
IDM wood and furniture	4.00
Manufacturing	12.00
Textile	3.00
Wholesale and retail	28.00
Electric machines	7.00
Plastic and chemicals	3.00
Other	8.00
<b>Size (Number of the employees)</b>	
Small size companies (<20)	86.00
Medium size companies (20-100)	11.00
Large companies (>100)	3.00
<b>Age of firm (Years)</b>	
<5	12.00
5-10	23.00
11-20	35.00
21-30	19.00
31-40	8.00
41-50	3.00
>51	0.00

Author's own research results

of the family businesses, 105 (91%) were males and 10 (9%) were females, the majority of them (30%) were in the age category within 51-60 years which show their desire to stay in the business at their retirement age, most of them (32%) had 11-20 years of experience as a leader and (44%) of them have a high school. The males dominated the first generation family business leaders.

**General data of the firms:** The general data of the participated firms are presented in Table 2. It shows that

the majority of the first-generation companies (28%) belonged to the wholesale and retail industry, (86%) were small size companies <20 employees and most of the companies (35%) are 11-20 years old.

Table 2 shows that the size of large companies reached 3% for first generation where >100 workers work in it.

There is no doubt that the number of workers, is a good measure of the size of the company and it is a great variable regarding its significance on the contribution of Lebanese family businesses to economic and social development. We found 86% of small businesses employing between 10 and 20 workers and we found that medium-sized companies, employing 30-100 workers and its 11% for the first generation.

The size of large companies with >100 workers is 3% for first generation. It is considered a large company compared to the size of Lebanon and its population which have branches scattered and spread across the Lebanese territory. These companies date back to the period (1950-1980).

**Descriptive statistics:** In statistical package for social sciences SPSS, the descriptive method calculates a group of fundamental descriptive statistics for one or more constant numeric factors. In all, we compute the following measures: Means and Standard Deviation (SD).

Table 3 presents descriptive statistics such as (mean and standard deviation). However, my research results somehow different from a previous research done by Abu-Tineh *et al.*<sup>[77]</sup>, in his descriptive statistics, where the highest mean scores is 3.36 and the lowest mean scores is 2.76 who apply Kouzes and Posner's Transformational Leadership Model in Jordan schools.

Abu-Tineh *et al.*<sup>[77]</sup>'s result indicated that the means and standard deviations of the 5 leadership practices, the mean of Enable Others to Act (EOA) has the highest mean score (3.36), followed by Encourage the Heart (ETH) (3.23) and Model the Way (MTW) (3.09), respectively. Challenge the Process (CTP) (2.90) and Inspire a shared vision (ISP) (2.76) have the lowest means. Further, the standard deviation scores in both enable others to act (SD = 0.91) and Encourage the heart (SD = 0.91) leadership practices are equal and greater than other parts of LPI.

However, my results indicated that the leadership practices dimensions for the first generation leaders Challenge the Process (CTP) has the highest mean, followed by Encourage the Heart (ETH) (4.125), Inspire a shared vision (ISP) (4.083) and Model the Way (MTW) (4.065), respectively. Enable Other to Act (EOA) (3.914) have a lowest mean. The variability of the dimension Model the Way (MTW) (SD = 0.908) is greater than the other dimension.

Table 3: Measuring the Leadership Practices Inventory (LPI) by first generation leaders-descriptive statistics (N = 115)

Parts of the LPI	Aggregated means*	S.D.
MTW	4.065	0.908
ISV	4.083	0.881
CTP	4.128	0.821
EOA	3.914	0.830
ETH	4.125	0.793
BP	3.841	0.893

MTW = Model the Way; ISV = Inspire a Shared Vision; CTP = Challenge the Process; EOA = Enable Others to Act; ETH = Encourage the Heart; BP = Business Performance; \*1 = Strongly disagree; 2 = Disagree; 3 = Neutral; 4 = Agree; 5 = Strongly agree; Author's own research results

This difference due to the many reasons like the difference in culture and the target population of my results is representative to the Lebanese family business leaders which cannot be generalized to any different culture.

**Analysis of the Leadership Practices Inventory (LPI)-reliability and validity for the first generation leaders:**

Furthermore, it is also clearly visible that Cronbach's alpha is the commonly used output for a scale's reliability in quantitative analysis. This indicates the reliability and internal consistency of a latent construct<sup>[86, 87]</sup>. The reliability of the scales was evaluated using Cronbach's alpha coefficient as it is seen in Table 4 and Fig. 1, Cronbach's alpha coefficient for all constructs ranges between 0.840 and 0.801 which are above the threshold value 0.50 which indicates that all the items are internally consistent<sup>[88]</sup>. Therefore, this confirms that the measures used in this research are reliable.

Structural Equation Modeling (SEM) it is used to analyze the data measured and the structural relationship between the latent variables and their dependent and independent variables or two constructs. It shows the dependence of the family business performance and its indicators on the independent variables of the 5 exemplary leadership practices. SEM helps in interpreting the research findings and to support the hypothesis of the relationship between dependent and independent variables. Particularly, Structural Equation Modeling (SEM) utilized to test and analyze hypothesis. This can be achieved by investigating the validity and reliability at internal and external level the exploratory factor investigation accomplished performed is measured by the confirmatory factor analysis. The model estimated of the study while utilizing 'maximum likelihood' as estimation method within the study<sup>[88-90]</sup>.

PLS-SEM is used to test empirically the research proposed hypothesis<sup>[91]</sup> where in Fig. 2 and Table 5 (First generation), might be identified by looking at the negativity or positivity of the path coefficients which are anticipated to be at least 0.2 and its preferred to be >0.3<sup>[88]</sup>.

Table 4: CFA results: reliability and validity for first-generation leaders

Variables	Measurement/Items	Factor loading	$\alpha$	CR	AVE
Mtw1	1. I set myself as a personal example of what I expect of others	0.776	0.802	0.923	0.666
Mtw2	6. I make certain that people adhere to the principles and standards that have been agreed upon	0.770			
Mtw3	11. I follow through on the promises and commitment that I make	0.814			
Mtw4	16. I ask for feedback on how my actions affect other people's performance	0.839			
Mtw5	21. I build consensus around a common set of values for running our organization	0.853			
Mtw6	26. I am clear about my philosophy of leadership	0.841			
Isv1	2. I talk about future trends that will influence how our work gets done	0.800	0.840	0.943	0.735
Isv2	7. I describe an encouraging image of what our future could be like	0.850			
Isv3	12. I appeal to others to share an exciting dream or a vision of the future	0.841			
Isv4	17. I show others how their long-term interests can be realized by enlisting in a common vision	0.880			
Isv5	22. I paint the "big picture" of what we aspire to accomplish	0.882	0.820	0.942	0.732
Isv6	27. I speak with complete certainty about the supreme meaning and purpose of our work	0.887			
Ctp1	3. I seek out challenging opportunities that test my own skills and abilities	0.859			
Ctp2	8. I challenge people to try out new and innovative ways to do their work	0.908			
Ctp3	13. I actively search for innovative ways to improve what we do	0.891			
Ctp4	18. I ask "What can we learn?" when things do not go as expected	0.916			
Ctp5	23. I identify measurable milestones that keep projects moving forward	0.836	0.810	0.931	0.694
Ctp6	28. I experiment and take risks even when there is a chance of failure	0.707			
Eoa1	4. I develop cooperative relationships among the people I work with	0.770			
Eoa2	9. I listen well to diverse points of view	0.751			
Eoa3	14. I treat others with dignity and respect	0.896			
Eoa4	19. I involve people in the decisions that directly impact their job performance	0.871			
Eoa5	24. I give people a great deal of freedom and choice in deciding how to do their work	0.869	0.801	0.944	0.739
Eoa6	29. I ensure that people grow in their jobs by learning new skills and developing themselves	0.832			
Eth1	5. I praise people for a job well done	0.925			
Eth2	10. I strive to let others know about my confidence in their abilities	0.912			
Eth3	15. I make sure that people are creatively rewarded for their contribution to the success of our projects	0.773			
Eth4	20. I publicly recognize people who exemplify the commitment to shared values	0.770			
Eth5	25. I get personally involved in recognizing people and celebrating accomplishments	0.877	0.871	0.822	0.909
Eth6	30. I tell stories of encouragement about the good work of others	0.925			
Bp1	14. What is your perception of the profitability of your business as compared to similar sized businesses in your industry and geographic area?	0.850			
Bp2	15. How satisfied are you with your experience as the leader of your family business?	0.871	0.908	0.909	0.769
Bp3	17. How do you evaluate the progress in the number of employees in your family business?	0.908			

p = 0.00 in all cases;  $\alpha$  = Cronbach's alpha; CR = Composite Reliability and Average; AVE = Variance Extracted; MTW = Model the Way; ISV = Inspire a Shared Vision; CTP = Challenge the Process; EOA = Enable Others to Act; ETH = Encourage the Heart; BP = Business Performance; Author's own research results

The study uses goodness of fit test to test if, we are going to accept or reject the model, this will make sure that the results done examined by the Structural Equation Model (SEM). CMIN/df must be <3 (CMIN/df<3). GFI, TLI and CFI must be >0.899 or 0.9 (GFI>0.9, TLI>0.9, CFI>0.9). RMSEA must be <0.08 (RMSEA<0.08), sometimes the NFI (Normed Fit Index), NNFI is called the Tucker Lewis index (TLI)<sup>[92]</sup>.

**Convergent validity:** In the following sections the findings of the convergent validity will be presented, analyzed and interpreted. The convergent validity of measurement scales was assessed by using the Confirmatory Factor Analysis (CFA) and AMOS 24 was used to estimate convergent validity and discriminant validity. The convergent validity was assessed in three important indicators which are factor loadings, Average Variance Extracted (AVE) and Composite Reliability (CR). Hair *et al.*<sup>[93]</sup> suggests that the items with loadings >0.50 can be maintained. According to Lam<sup>[94]</sup> Composite

Reliability (CR) ranges between 0.79-0.95, this meets the acceptable level of 0.60 proposed by Fornell and Larcker<sup>[86]</sup>. These indicators displays that the estimated items have a high degree of internal reliability. The Average Variance Extracted (AVE) reflects the amount of variance in the indicators that is accounted for by the latent constructs and is a more conservative estimate of the validity of a measurement model<sup>[86]</sup>. Most of the constructs in Study meet the 0.5 level prescribed by Fornell and Larcker<sup>[86]</sup>. Table 4, shows that the item loadings all exceeded the threshold value and statistically significant (p<0.05). Composite Reliability (CR) for all constructs ranges between 0.944 and 0.909 which are above 0.50 that indicates that all the constructs demonstrate a good level of Composite Reliability (CR) as recommended by Hair *et al.*<sup>[95]</sup>. The Average Variance Extracted (AVE) value for all the constructs is located between 0.769-0.666 which is above the threshold value 0.50 which is suggested by Hair *et al.*<sup>[88]</sup>. This show that the scales used in Table 4 is internally consistent.

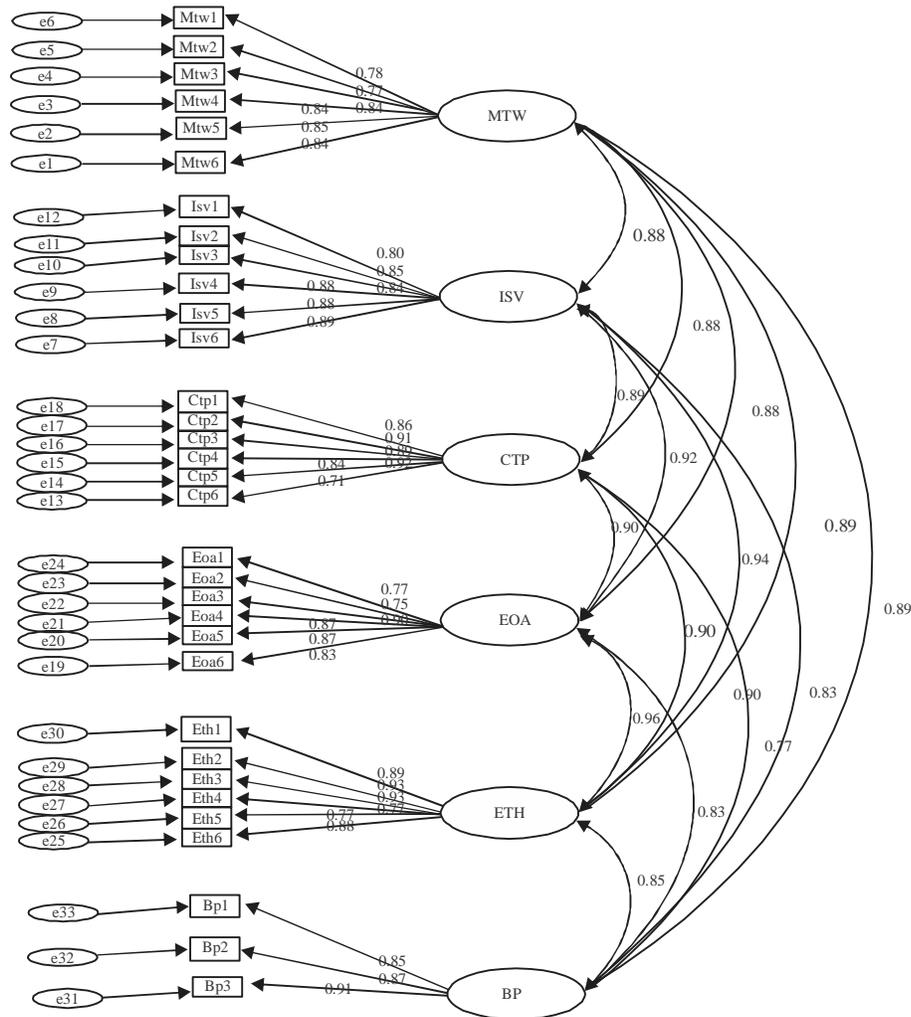


Fig. 1: Model measurement for first-generation; Author's own research contribution

**Discriminant validity:** According to Fornell and Larcker<sup>[86]</sup> discriminant validity is the extent to which a latent variable is accurately distinct from other latent variables. The discriminant validity was examined assessed by using<sup>[86]</sup> method. He suggested if the square root of the AVE for a latent construct is greater than the correlation values among all the latent variables that mean the discriminant validity is supported. Table 6 shows that the square root of the AVE values of all the constructs is greater than the inter-construct correlations which confirm discriminant validity. The goodness-of-fit measures were used to assess the fitness of a measurement model. The results confirm an adequate model fit (CMIN/df = 2.131, GFI = 0.933, TLI = 0.968, CFI = 0.919, RMSEA = 0.051), sometimes the NFI (Normed Fit Index), NNFI is called the Tucker Lewis Index (TLI)<sup>[92]</sup>. Thus, the measurement model indicates good construct validity and reliability.

**Hypothesis testing for the first generation leaders:** The Structural Equation Modeling (SEM) was used to testing empirically the proposed hypothesis. The model goodness-of-fit results for the first generation confirm an adequate model fit (CMIN/df = 2.102, GFI = 0.890, TLI = 0.929, CFI = 0.920, RMSEA = 0.042), sometimes the NFI (Normed Fit Index), NNFI is called the Tucker Lewis Index (TLI)<sup>[92]</sup>.

The results of the hypothesis test are shown in Table 5 and Fig. 2. The results show that the leadership practices for the first generation, i.e., model the way (B = 0.841, p<0.001), enable others to act (B = 0.137, p<0.012) and encourage the heart (B = 0.180, p<0.013) are significantly and positively impacts on a business performance which lends significantly support H<sub>01</sub>, H<sub>04</sub> and H<sub>05</sub>. However, the results show that inspire a shared vision (B = 0.072, p<0.219) and challenge the process (B = -0.0251, p<0.0612) have no significant impact on a business performance, hence, H<sub>02</sub> and H<sub>03</sub> are rejected.

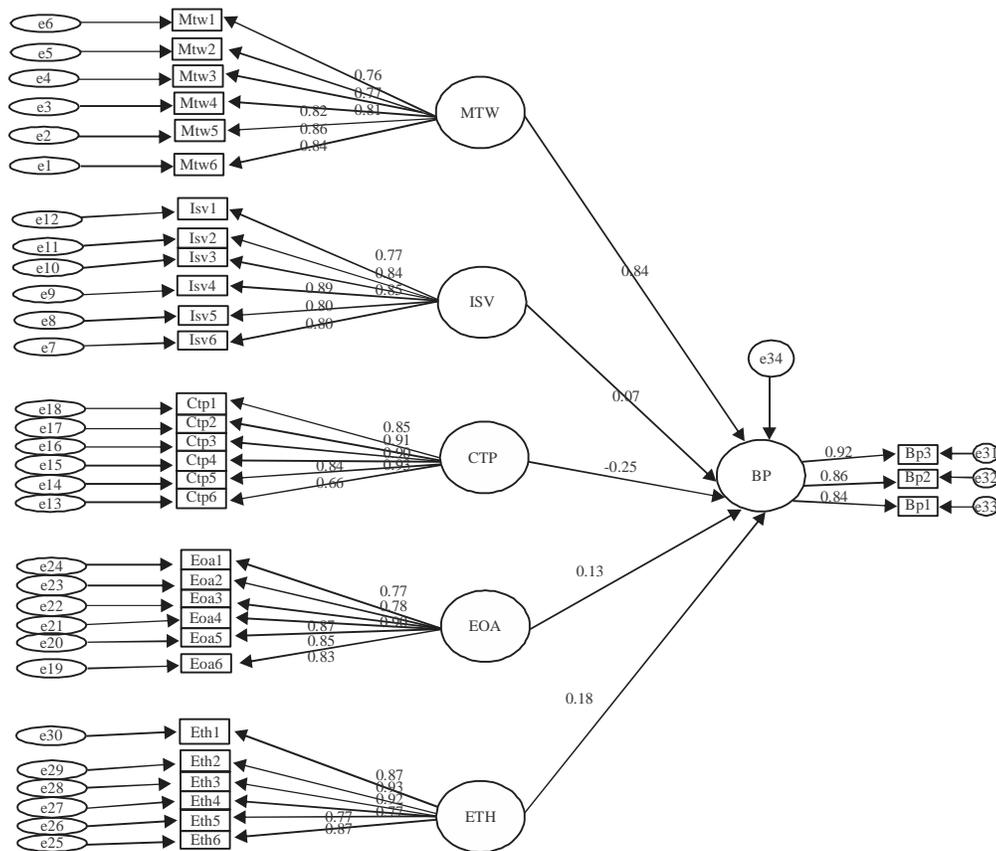


Fig. 2: Structural model results-first generation; Author’s own research contribution

Table 5: Result of hypothesis test for the first generation

No.	Hypothesis	Beta coefficient	p-values	Results
H <sub>o1</sub>	Model the way→Business performance	0.841	0.001	Supported
H <sub>o2</sub>	Inspire a shared vision→Business performance	0.072	0.219	Not supported
H <sub>o3</sub>	Challenge the process→Business performance	-0.0251	0.0612	Not supported
H <sub>o4</sub>	Enable others to act→Business performance	0.137	0.012	Supported
H <sub>o5</sub>	Encourage the heart→Business performance	0.180	0.013	Supported

Author’s own research results

Table 6: Discriminant validity for first-generation leaders

Variables	AVE	MTW	ISV	CTP	EOA	ETH	BP
MTW	0.666	0.816					
ISV	0.735	0.721**	0.857				
CTP	0.732	0.675**	0.594**	0.856			
EOA	0.694	0.578**	0.625**	0.805**	0.833		
ETH	0.739	0.487**	0.538**	0.703**	0.763**	0.860	
BP	0.769	0.785**	0.730**	0.766**	0.632**	0.646**	0.877

\*\*Correlation is significant at the 0.01 level (2-tailed); MTW = Model the Way; ISV = Inspire a Shared Vision; CTP = Challenge the Process; EOA = Enable Others to Act; ETH = Encourage the Heart; BP = Business performance; Author’s own research results

The model illustrated in Fig. 2 (Structural model results-first generation) and Table 5. The R<sup>2</sup> value for the dependent variable family business performance in Fig. 2 and Table 5 for the first generation classification is 0.92, 0.86 and 0.84. This result shows that the family business leadership practices of Model the Way (MTW), Enable Others to Act (EOA) and Encourage the heart (ETH)

interprets 92, 86 and 84% of the variation in the family business performance by first generation leaders. Hence these are the leadership practices that have a significant and positive influence on family business performance for the first-generation family business leaders.

The model illustrated in Fig. 3 shows us the significant and positive association between the tested and

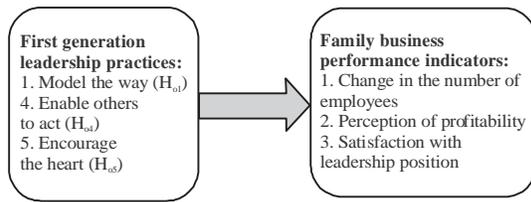


Fig. 3: The model of leadership practices and its correlation to family business performance by first generation leaders; Author's own research contribution

accepted hypothesis with Model the way ( $H_{01}$ ), Enable Others to Act ( $H_{04}$ ) and encourage the heart ( $H_{05}$ ) with the family business performance.

**Hypothesis  $H_{01}$ :** Suggested the individual leadership practice “model the way” MTW is positively correlated to the family business performance for the first-generation family business leaders.

The results demonstrate a positive ( $\beta = 0.841$ ) and significant relationship ( $p < 0.001$ ) between the leadership practice Model the Way (MTW) and family business performance. Therefore,  $H_{01}$  is supported. This result is consistent with the participant's practices conducted by Kouzes and Posner<sup>[13]</sup>, this is also similar to Sandbakken<sup>[96]</sup> in a Norwegian context and Abu-Tineh *et al.*<sup>[77]</sup> and as stated by Goewey<sup>[78]</sup>.

The leadership practices of the family business leaders are very essential to the respect of others. Knowing that leaders must know their personal values and be clear about their tasks, guiding principles and how to link between words and actions then you can give your personal values the power and voice to share them with others. Family business leaders who know their capabilities and values can have an influence on others and can earn their respect and could positively affect the performance of the family business.

**Hypothesis 2  $H_{02}$ :** The individual leadership practice “inspire a shared vision” ISV is positively correlated to the family business performance for the first-generation family business leaders.

The results demonstrate a negative ( $\beta = 0.072$ ) and no significant relationship ( $p < 0.219$ ) between the leadership practice “inspire a shared vision” (ISV) and family business performance. Therefore,  $H_{02}$  is not supported. This result is inconsistent with Kouzes and Posner<sup>[13]</sup> model and<sup>[96, 78]</sup>.

**Hypothesis  $H_{03}$ :** The individual leadership practice “challenge the process” CTP is positively correlated to the family business performance for the first-generation family business leaders.

The results demonstrate a negative ( $\beta = -0.0251$ ) and no significant relationship ( $p < 0.612$ ) between the leadership practice “challenge the process” (CTP) and family business performance. Therefore,  $H_{03}$  is not supported. This finding is inconsistent with Kouzes and Posner<sup>[13]</sup> model and<sup>[96, 78]</sup>.

**Hypothesis  $H_{04}$ :** The individual leadership practice “enable others to act” EOA is positively correlated to the family business performance for the first-generation family business leaders.

The results demonstrate a positive ( $\beta = 0.137$ ) and significant relationship ( $p < 0.012$ ) between the leadership practice “enable others to act” EOA and family business performance. Therefore,  $H_{04}$  is supported. This result is identified by Kouzes and Posner<sup>[13]</sup> and confirmed by Sandbakken<sup>[96]</sup> in a Norwegian context and Abu-Tineh *et al.*<sup>[77]</sup> and according to Goewey<sup>[78]</sup>.

A major dream doesn't turn into a critical reality through the activities of only one individual; it requires collaboration between the team members. It requires trust, responsibility and solid relationships. This feeling of collaboration extends beyond a couple of direct instructions and these leaders regularly connect all together in teamwork to make a task done.

Kouzes and Posner<sup>[13]</sup> emphasize the opinion that when you reinforce others by developing self-assurance and confidence, they are becoming loyal and bound to the business goals. It gets simpler to accomplish shared objectives when you include individuals in the dynamic cycle and empowering them to take a decision, trust them to deal with the execution and give them duty and criticism during this time. By satisfying the needs of others, you construct trust relationship between the leader and others.

The more individuals trust their leaders and have trust in the team the more they face challenges, make changes and keep the organizations developing, consequently the subsequent impact on family business performance.

**Hypothesis  $H_{05}$ :** The individual leadership practice “encourage the heart” ETH is positively correlated to the family business performance for the first-generation family business leaders.

The results demonstrate a positive ( $\beta = 0.180$ ) and significant relationship ( $p < 0.013$ ) between the leadership practice “encourage the heart” (ETH) and family business performance. Therefore,  $H_{05}$  is supported. This finding is consistent with Kouzes and Posner<sup>[13]</sup> 5 leadership practices and confirmed by Sandbakken<sup>[96]</sup> in a Norwegian context and Abu-Tineh *et al.*<sup>[77]</sup> and according to Goewey<sup>[78]</sup>.

This indicates that the higher degree of encourage the heart lead to a higher level of family business performance. Family business leaders recognize people by

showing their appreciation and their caring push others to contribute to the business. These Family business leaders are consistently keeping watch for approaches to make an environment full of care and recognizing people there. Recognizing people and in businesses and giving positive feedback is significant and effective for family business performances as it creates morale and collaboration at work.

The results of this study for the first did not indicate all the 5 practices of the exemplary leadership index. The inexperience of the chosen successors primarily based totally on the years as a leader; possibly they don't understand the leadership behaviour or they aren't satisfied with the leadership position. In sum, the Kouzes and Posner leadership practices for the first generation Model the Way (MTW) Enable Others to Act (EOA) and Encourage the Heart (ETH) are significantly and positively impacts on family business performance which significantly support  $H_{o1}$ ,  $H_{o4}$  and  $H_{o5}$ . However, the results show that inspire a shared vision and challenge the process have no significant impact on a business performance, hence,  $H_{o2}$  and  $H_{o3}$  are rejected.

## CONCLUSION

Our results in this research study reveals the usage of three distinct individual leadership practices Model the Way (MTW), Enable Others to Act (EOA) and Encourage the Heart (ETH) that better fit the Lebanese culture for the first generation to sustain higher level of family business performance such results approves the aim of the research. These results are consistent with Kouzes and Posner<sup>[13]</sup> of the exemplary leadership index. Moreover, Goewey<sup>[78]</sup>, Sandbakken<sup>[96]</sup> Abu-Tineh *et al.*<sup>[77]</sup> and Manriquez *et al.*<sup>[97]</sup> described and supported the 5 leadership practices in their results.

According to Sandbakken<sup>[98]</sup>, the leadership practice model the way was partially supported and correlated with firms' performance in Norwegian work culture.

The use of each of the 5 practices of the exemplary leadership model is to collect self-reported data about the family business leaders and to assess their leadership regarding 5 practices model the way, inspire a shared vision, challenge the process, enable others to act and encourage the heart; this will lead to high performance<sup>[13]</sup>.

Our results are somewhat different in the lack of practicing the Inspire a shared vision ISV and challenge the process CTP. The partial correlation observed between the leadership practices and the family business performance in this research, may be because the family business leader for the first generation have not yet developed the leadership practices required for the business regarding ISV, CTP for the 1st generation family businesses, to maintain the sustainability of the family

businesses due to the inexperience as leaders or because of the different challenges they're facing in Lebanon.

The possible causes behind these results are knowledge transfer is on low level (between generations), in addition to the self-improvement as a leader is not a daily practice by first generation Lebanese leaders. Moreover, the unstable economy due the civil war and political situation.

The results show that to obtain the desired result, we need to build the index of the individual leadership practices inventory. Every leadership practice detected to have an important impact on family business performance<sup>[99]</sup>.

In this respect, the first-generation family business leaders can benefit from this research and because of some correlation is still lacking the family business leaders for the first generation must consider this issue to improve the two leadership practice Inspire a Shared Vision (ISV) and Challenge the Process (CTP). First-generation leaders have to take in to account these notes to confirm higher family business performance and ensure continuity for their business.

**Contribution of the research:** The empirical result of the study showed that there is significant and positive correlation between the leadership practices Model the Way (MTW), Enable Others to Act (EOA) and Encourage the Heart (ETH) and family business performance of the first-generation family businesses.

The results indicate that the adaption of the individual leadership practices by the Lebanese family business leaders of 1st generation, will lead to the positive influence on family business performance.

## LIMITATIONS

From the results obtained in this research, this work suggests and arouses some notes about limitations for future research. We can recognize the lack of correlation between some individual leadership practices and the 3 indicators used of the family business performance for the first generation leaders. By addressing depth interviews, we could determine the reasons behind this lacking and the family business leaders should develop these leadership practices in their business but because of Corona Virus we couldn't make it, so in the future research would be considered.

Only family businesses located in Lebanon are considered in this research, so that, the sample used in this research can be only considered representative and the results can be generalized of all Lebanese family businesses and it cannot be generalized to any other cultures in the Middle East or any other countries.

## ACKNOWLEDGMENTS

The research is carried out by EFOP-3.6.1-16-2016-00007. It was supported by the Intelligent Specialization Program at the University of Kaposvár. This publication has been written by “Excellence in Leadership and Management” and “Humanagement-Human Value” research groups as a founders of the Leader’s Habits Network-leadershabits.com

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