



Leadership Practices and its Impact on Family Business Performance: An Overview and Comparison of First and Second Generation Leaders in LEBANON

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Abstract: The research paper is composed of 300 companies which represent 300 family business leaders from all Lebanese regions of small medium-sized family business and from various economic activities. Data had been collected by using a LPI questionnaire defined by Kouzes and Posner. The main aim of my article is to detect the relationship binding the individual leadership practices, i.e. Model the way, Inspire a shared vision, Challenge the process, Enable others to act and Encourage the heart and family business performance. In addition, to investigate the factors that bolsters family business continuity. This article studies the impact of individual leadership practices on the family businesses performance in a service sector economy. The outcomes of this research show some positive significant correlations exist between the leadership practices and the family business performance for the first-and second generation leaders. In addition, only 3 effective correlations exist between the independent variables and the dependent variables for both generations. For first generation leaders Model the way, Enable others to act and Encourage the heart have a significant impact on family business performance. While for second generation leaders Model the way, Challenge the process and Encourage the heart have a significant influence on business performance. Whereas there are some differences and lack resulted from different adaption of the leadership practices. Thus, the results of this study help the Lebanese family business leaders to improve their leadership practices to achieve higher level of family business performance among first and second generations.

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INTRODUCTION

Family businesses give a basic framework for financial action and create wealth economies^[1]. Family businesses have played an imperative part within the financial and economic improvement across the globe. A consider assessed that over two-thirds of all around the world businesses are claimed or overseen by familie's enterprises and account for approximately half of GDP (Gross Domestic Product)^[2]. Approximately 90% of all the businesses within the USA and Canada are assessed to be family-owned^[3] while in Australia, approximately half of all businesses are detailed to be family businesses^[4].

Family businesses play a significant role in the financial and economic development over the globe, whether in developed or developing countries. In Spanish, family businesses account for 85% of the Spanish private business sector^[5].

Family businesses play an imperative part in financial and economic development of the developing countries^[6].

Sharma *et al.*^[7] stated that succession plan is a great independent factor required by the family business due to its contribution to succession process and chances. As stated by Davis^[8] who defines succession plan as a process to maintain leadership control across generations and to transfer the assets from the owner to the successor and to have a good family relationship. Sharma *et al.*^[7], Sharma *et al.*^[9] and Morris *et al.*^[10] said that succession plans increase the good relation between family members and chances of success. As mentioned by File and Prince^[11], without succession plan many problems will appear and at the end business will fail^[12]. Many opinions insist that family business leader should plan to transfer the business to their inheritors and should prepare the successor before 5-20 years^[13]. Without business plan the future of the family business will lead to a decline in their numbers^[14].

The succession of family business could be an exceptionally complex and challenging process that requires serious efforts from all the involved family members^[15]. It has several distinctive measurements that ought to be taken into account^[15]. In their research, they had been reflected to a few of them, with an extraordinary insists on structural characteristics of succession and how knowledge transfer plays in it^[15].

Csizmadia *et al.*^[15] added that both the owner and the policy makers have to consider the issues specified briefly as mentioned above. Family businesses ought to be supported in creating their competencies related to planning succession and knowledge transfer to guarantee the success of transferring the business between

generations and maintain the resources and values expanded within the family businesses. If the progression and succession is well arranged, the leaders and the whole community can benefits from the decrease in financial, social and emotional costs.

Block *et al.*^[16] presents the effects of (founder) involvement on family firm performance and give an establishment for further hypothesis improvement and practice within the field of family business research.

In the Lebanese family business, the older family member has inherited the leadership position. Some of them are prepared to hold the responsibility and run the business and others may suddenly run the business.

Most owners must prepare a capable successor to manage and run the business ownership. In Lebanon one top level positions are inherited because the successor is known from the date he born.

Effective successor is important for the business; it start from the period of training him/her at a small age to gain experience across time. Innovation and leadership plays an important role to have a successful leader.

In specific, the role of some administrative practices such as the adopting succession plan, the principle for choosing the successor inside the family individuals, the involvement of outside experts or the selection of appropriate financial tools, ought to be precisely analyzed as they might contribute altogether to the successful heritage of business inside the family^[17].

These family businesses were established in a society where the factors of change are rapid. They are also experienced wars, security incidents and various economic crises in their impact, depending on the location of the business and its geographical proximity to the seam zone or the battlefield. Some of these businesses established since 1857 but the study focused on the period from 1950-2010 because most of the family businesses established at the end of the 19th century was characterized by craftsmanship and simplicity at its beginning but despite its own family-oriented development, traditional inheritance has been able to pass through generation. Its modernity and mastery of modern art and technological development and its proud of its long-established history, it was enabled to be reestablished in the 1950s.

Family businesses in Lebanon are an important pillar of the Lebanese economy. They represent 85% of the productive sectors and employ workers from different social groups^[18-21].

Research study and present the Leadership Practices in Family Business in Lebanon to determine whether these practices affect does it have on family business performance and continuity?

Literature review and hypothesis development

Lebanese and the Middle East culture: Sciences as a whole has contributed to the development of management, at the same time managers are maintaining their traditional values. This is due to the Islamic culture in the Middle East^[22].

The Middle East culture, especially in Arab countries that focus on the impact of culture, values on the management practices and systems. According to Al Omian and Weir^[22], who insist on the impact of organizational behavior characteristics in the Middle East region, shows the best management practices and businesses in the 21st century.

Muslim religion characterized the Gulf and Arab countries; Managers as well the family leaders is affected by such Islamic culture throughout their work, transactions and daily activities. Religious interpretation promotes the management and authoritarian styles in how doing work^[23].

Through the definition of family business which is owned and operated by family members we go to the extent values that are affecting the relationships between family members. Because of its Islamic culture family business leaders in the Middle East shows their respect to the elder family member who trust and support their work and get benefits from their experience and advices. This consultancy affects their work development and management styles as well^[23].

Tribal-family member depend on norms and values that enhances organizational commitment, conformity, stability and better business performance and this is reflected by the commitment level of the family business leaders. While the family members who have been educated in Western universities or work in Western businesses share new values and ideas to the family business like decentralization^[23].

Middle East community is becoming more diverse because it has workers from different area and different backgrounds^[23].

Nationality plays a significant role on the managers of the Middle East. Companies in Kuwait are the first who took the initiative to hire a well-educated manager^[24]. Like Kuwait, Iraq. And Qatar has a consultative management^[25, 26].

Lebanese culture is characterized by its Islamic and Christian religions and has an estimated number of populations about 4 million^[27]. Its economy concentrates on paper, textile, tobacco, agriculture, wholesale and retail, etc. Many cultures have influenced the Lebanese culture; these cultures are Phoenicians, Greek Assyrians. Size plays an important role in family firm's behavior.

In Lebanon, the economy is characterized by its service sector, where most of the jobs are filled by Lebanese people where their concern is to focus on customer service, organizational commitment and the quality of service they introduce.

In Lebanon, the commitment of family owned businesses is additionally critical and important. By their existence they perform a fundamental part as suppliers of innovation opportunities and act as key players for local progress^[28].

In Lebanon is characterized by a charismatic authority more than traditional authority. According to Yahchouchi^[29], who conducted an investigation on a sample of 158 workers from two different regions and culture, from different companies, in which they answered if their leadership style is transformational or transactional and its impact on their organizational commitment? Where, Bass^[30] leadership style of transactional and transformational is used to study the Lebanese leadership style.

Lebanese society has a mixed of cultures and religions. A religion is an important factor of Lebanese culture which composed of two main religious Muslim and Christian. This Lebanese Culture is built on the moral relationship between the managers and the employees which in turns enhances the harmony within groups.

Family business plays an important role in the Middle East where it dominates on Lebanese traditions over business, society and politics^[31].

Lebanon is one of the Middle East countries that have many characteristics which represents its family structure and culture^[32]. Middle East differs in culture, politics, economics and many other factors in a great change. The 30 years ago, the number of the Middle East people has increased in a faster way than any other countries^[33]. Level of education and the level of health care have been increased and also the facilities in communications have changed the lifestyle of the people^[34, 35].

The transactional leaders, who look for achieving their goals, understanding his responsibilities, acquire confidence toward level of performance they focus on. Transformational leaders are leaders who trust their abilities and focus on higher-level goals.

According to Griffith^[36] there are three important factors of transformational leadership are: Intellectual stimulation, individualized consideration and charisma. Such factors lead the organization through a positive transformation and change which refers to the performance of the family business.

Griffith also insists there is an indirect impact of principal leadership on certain family business performance. Even if there is no direct relation between the principal behavior and the family leader behavior but the interactions between family members has a positive impact on a business performance^[36].

Family member's interaction is very important for the family business performance. This implies the family business leader satisfaction. Where some studies show us the commitment of the family business leaders and his satisfaction to the position^[36].

Burns^[37] in his opinion about the transformational leadership wanted to highlight the connection between the relation that the leader and the follower inspire which creates positive outcomes.

Yahchouchi^[29] finds that the Lebanese leadership style is more transformational than transactional leadership.

Employee's commitment to their employer or their organization shows a transformational style. Muslim and Christian Leaders are of transformational leadership styles. As Lebanese community characterized in its religious, Yahchouchi tried to study the influence of religion on the leadership styles. The results show a main difference between Christian and Muslim religion. Where Christian leaders are more transformational than Muslim leaders. This difference is due to which Muslim is composed of two religions Shiite and Sunnite. The influence of religion in the future research will show the better understanding what are the suitable managerial practices and leadership styles that will contribute to the research.

Masry^[38] states that managerial and leadership skills play very important in the role of business growth and productivity. Additionally, family business owners who adapt these managerial and leadership skills would treat their employees as human potential which in turn increases firm's productivity. According to effective monitoring lead to higher productivity.

The five leadership practices model: The leadership practices (LPI) invented by Kouzes and Posner^[39] with >35 years of research where they show how leaders behaves and by adopting leadership behaviors call the five practices of exemplary leadership to achieve success and progress and firm's financial performance and improve employee engagement. With pressing one's hope aspirations and dreams with mission and vision of future, all this form a commitment.

Starting with Model the Way, in this practice Kouzes and Posner^[39] talks about "finding your voice by clarifying your personal values" and "setting the example by aligning actions with shared values". Where the real leader is committed to important group of values. In their opinion leader must have goals and inspire others to follow those goals is the secret for success. It is about how people should be treated at work and how company's goals and standards are followed and achieved. Leadership is founded when the family business leader has credibility in his daily life this leadership will be earned with time and it forms a good relationship with the people who are the followers and they can expect their commitment. In Model the Way leadership practices the exemplary leaders share a personal value with others that all can embrace, this behavior will earn them respect, their daily acts and their consistent words will create progress to the family business^[39].

Model the way: Exemplary leader is who behave as he believes, she says is who knows how to model the way what he expects of others. They are clearing about their strategy, guiding principles is who talks about their values and organization goals and principles^[40]. Leadership isn't about your personality; it's about how you behave or feel. Anyone accepts the leadership challenges; he can apply the five practices of exemplary leadership. Such practices are relevant everywhere and anywhere at any time^[41]. Based on the above discussion, the first hypothesis can be determined as follows:

- H₀₁: the leadership practice "model the way" has a significant impact on family business performance for the first-and second-generation leaders

The second practice: Inspire a shared vision, the first step for the leader is to develop a dream and goals comprising of the leader's aspirations, hope desires, questions and concerns^[39]. When this step achieved the next step for the leaders is to focus on the actions that help on achieving such goals with the help of followers. Where a shared vision can be defined when you are clarified around your future, so, you can explain to others shared goals and making sure to look into the past and understand it to identify the things, we face, the team roles in establishing a better thing and visions of the future. Inspire a shared vision insists on inspiring others to be engaged and involved in the team, help them achieve their long-term aspirations^[39]. Family Business Leaders have to be thoughtful, visionaries who can listen to the team and engaging them to share their goals and aspirations in creating a successful and shared future. This is also according to Mugavin^[42].

Inspire a shared vision: Exemplary leader is the one who shares a common goals and visions with other people, is the one who feels with others, shares a common thought understands them and know their opinions, needs, dreams, visions and aspirations^[43]. Exemplary leader is the leader who is talking about visions and any exciting future describes how people express their personal leadership experience. This leadership experience shows people belief in their abilities to make things happens. Leaders inspired a shared vision and dreams to make a better and fruitful future. The leaders are who talks about common values and practice it in their daily actions. The exemplary leader is the one who trusts his team and the team in turn trusts him. Employees always follow the leader then his plan, so, his direct involvement in doing work, sharing thoughts, plans, values with their teams make others follow him then his plan^[41]. Based on the above discussion, the second hypothesis can be determined as follows:

- H₀₂: the leadership practice “inspire a shared vision” has a significant impact on family business performance for the first-and second-generation leaders

Third practice is challenge the process where in this field Kouzes and Posner^[39] talks about searching for opportunities, moreover seeking innovative way to change, grow and improve. A leader to succeed must always seek out for new opportunities and challenges that create productive environment between the leaders and the followers and also an innovative one this is also identified by Pato Gaborne Szucs and Illes^[44]. According to Kouzes and Posner^[39] and which also analyzed by Mugavin^[45] where they talked about how to family business leaders who look for innovative ways and new opportunities to change and develop their quo status at their family company. Family business leader who accept their failures and learning from their mistakes and taking risks are ready to improve their organization. They are testing out ideas, face failures, don't avoid mistakes are a good lesson and great opportunity to learn.

Challenge the process: Any change, every new day puts us in a new direction, challenge, in new innovation and in new process. Every day in every step there are adventure and challenge. Leaders who take the initiative and accept the challenge to start a new thing, to change, to work with their team to improve their capabilities and acts to be up-to-date with any external challenge or change. Leaders contribute to innovation through increasing experiences of their teams to deals with external risks and failures, leaders trust in their team's abilities and build confidence^[41]. Based on the above contribution, the third hypothesis can be derived as follows:

- H₀₃: the leadership practice “challenge the process” has a significant impact on family business performance for the first-and second-generation leaders

The fourth step is Enable Others to Act through fostering collaboration by promoting cooperative goals and building trust and strengthens others by sharing power and discretion^[39]. In this process, leader must encourage all team members to work together with accountability letting them feel with a sense of ownership to achieve more goals. According to Scouller^[46]'s book which was published in May 2011, Enable Others to Act it is a leadership practice that shows the capabilities of the confident family business leader who empower their employees to take care for the business and take enterprising initiatives. It is the best behavior that can be adopted by the family business leader to direct and

lead their business. Enable Other to Act depends on the level of human brains works in dealing with information and relationships, it is very important when employees (followers) understands expectations and having the skills, knowledge and the ability to meet such expectations and knows how to connect with the family business leader.

Enable others to act: Working in a team is an important part inside the industry; it provides collaboration between groups of people. Teamwork generates new ideas. Team members build a trust relationship with each other, a collaboration to achieve success and progress at work. Leaders are who empower their team members, employees to take decisions, listen to their opinions, bring out new ideas and make them are engaged to work^[47-49].

Through the trust relationships between the leaders and the teams makes them a good leader to take risks and keep the good work^[41]. Based on the above discussion, the fourth hypothesis can be derived as follows:

- H₀₄: the leadership practice “enable others to act” has a significant impact on family business performance for the first-and second-generation leaders

The final step in Kouzes and Posner^[39] practice is Encourage the Heart where the employees need encouragement to behave well, to be motivated and work more and perform effectively, those employees when they feel appreciated, they will reach excellency and attain a sense of community. Encourage the heart, is a practice that every human being and especially the exemplary leader must hold by caring of others, believing in the team and their capabilities and always have their back. This is everyone's human need. Confidence in the team is very important, praising and recognizing people who share values and contribute for the project's success, also celebrating accomplishments and telling stories of encouragement about the good work of others be very important actions taken by the family business leader to encourage the heart^[39].

Encourage the heart: In tough and hardest days. Leaders must encourage the heart of their employees. In certain situations, employees need to be encouraged and to be recognized. Sometimes the words thank you, keep it up, keep forward draws people forward and these words is very important and essential for the employees to feel that they are appreciated by their leaders. Celebration success is very important for both the leaders and the employees where they link rewards with performance this will lead to a common value and commitment towards their business^[41]. Based on the above discussion, the fifth hypothesis can be determined as follows:

- H₀₅: the leadership practice “encourages the heart” has a significant impact on family business performance for the first-and second-generation leaders

After testing the hypothesis, we have noticed the comparison between the variables, we will see if the hypothesis is rejected or accepted and the difference that may exist between variables. In this study, I used the structural equation model SEM, model fit analysis to test each hypothesis for each dependent variable and present the results in tables. Based on the difference that may exist between the independent and dependent variables, the sixth hypothesis can be determined as follows:

- H₀₆: the leadership practices of the first-generation differ from that of the second-generation leaders

Neo-charismatic leadership and business performance: Collins^[50] considered that to business to be successful it must have strong leadership characteristics.

According to Ready^[51] who analyzed the effect of neo-charismatic leadership in enterprises, many developing leaders lacked the ability to lead larger enterprises even though they’re owning difficult skills to lead smaller enterprises units. Others as Weaver^[52], Komuves *et al.*^[53], Bakacsi^[54] and Gergely and Pierog^[55] mentions the neo-charismatic leader’s skills as being collaborative, visionary and emotional. Stating that those skills help in the success of family business. On the other hand, he observes the relationship binding leadership and economic performance suggesting expanding the research of those factors.

Business performance indicators (the dependent variables): One of a business performance indicator is the family business financial report. Miller and Besser^[56] talked about ways of measure small business performance. Other indicators measure non-financial matters like satisfaction and business future achievements as Miller *et al.*^[57] that represent symbols of role of the leaders. These are few studies that test the performance, especially in to smaller businesses, Wang^[58] wrote about this problem where most of the researches and experiments fits larger companies be proposed new research for organizations economic performance. Wolff and Pett^[59] developed this research talking about the increase of sales as a dependent variable of measuring family business performance and profitability.

Business performance approaches: Chaharbaghi and Willis^[60] divided the business performance in to two categories, the objective and subjective measures. The objective business performance consists of financial statements as one of his faces as sales revenues and investments returns, profit margins all those forms the financial statements^[61, 62]. Moreover, the working capital

gross profit index also is essential in the process of performance as observed by Galbraith^[63]. From the management review, the progress of the number of employees could also be a clue for positive performance has been proved by Sadler-Smith *et al.*^[64]. In the marketing field, some studies should negative correlation with performance while others resulted positive one as said by Jacob *et al.*^[65] measuring the accounting processes. An interesting study for Tobin’s q be divided the market value of total assets by their cost of replacement, after this step Jaskiewicz *et al.*^[66] also talked-about Tobin’s q method where they added the role of stock returns in large businesses, this is also applied by Anderson and Reeb^[67].

On the other part the subjective measures: Is different from the objective one, where according to Miller and Besser^[56], Wolff and Pett^[59] and Haber and Reichel^[68], the family business leader must involve in all the business to achieve success. The subjective measures improved its role in measuring the performance of small private enterprise has been stated by Miller and Besser^[56] where the family business owners prefer to interfere in all business details regarding sales number, company position in the market, company management and operations.

The third subjective measures, the measurement of satisfaction: As stated by Lambrecht^[69] and Poza^[70], who shows the level of satisfaction with the leadership position, many are affected by the extent to which the family business leader deals with these competing forces. Studying the family business performance may be affected the category of the financial evaluation as Miller *et al.*^[57] observed in their study, for instance the fulfillment of the individual with work, the goal achievement, compared to company capabilities, the expectation of the family business owner. Also, Lambrecht^[69] mentions an essential measure as the achievements of values regarding family inheritance, safe guarding the family name and family history, all those factors combined effected by the family business leader satisfaction in his position in the family firm.

Quinn’s leadership theory: Quinn’s leadership theory is based on collecting the best leader qualities and behaviors of the successful leaders to achieve a leadership excellency^[71]. He also talked in this theory about the importance of the decision taken by leaders in the crises time, at this time of stress, leaders according to Quinn^[71] face challenges, they perform with extremely high level of performance that gave them energy and vision. This will encourage the other leaders to perform in the same way and learn more.

According to the above-mentioned hypothesis, a proposed conceptual model of this article can be derived in Fig. 1.

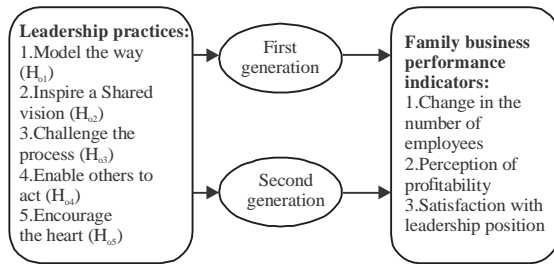


Fig. 1: Proposed research model; Author’s own research contribution

MATERIALS AND METHODS

Research design methodology

Target population: The most suitable design that fits the study to define the problem is the descriptive correlational design that will show the relationship between the family leadership practice and the family business performance success and the most method used for these types of data is the quantitative research in which variables can be observed and measured. In addition, this study addresses the relationship between the leadership practices of Kouzes and Posner and their application on the Lebanese family business performance. The five effective leadership practices of exemplary leaders are very important than ever for the future of Lebanese family businesses to depend on it. Such practices are a key factor in a supporting family leader and essential to building successful family businesses.

This article presents an interest in the economic sector, since, this issue relates directly to the family business companies in Lebanon which constitute >85% of private sector companies. The private sector in Lebanon, counts 80% of all companies in Lebanon which is very active in the national economy and contribute to job employment^[18].

The population that we are seeking for family business leaders and proprietors (CEO’s) who leads the family firms from all Lebanese districts and from different economic activities. We out to select for the study at least 300 companies which represents 300 family business leaders from 11808 family firms of the total national family firm database^[72, 18].

Sampling size: A sample of 300 companies which represent (first and second generation) 300 family business leaders from 11808 of Lebanese family firms were selected randomly. The questionnaire was distributed to 300 companies which represent 300 family business leaders and the complete returned questionnaire was 267 respondents with the response rate 89%. After filtering the data obtained, I removed 44 questionnaires

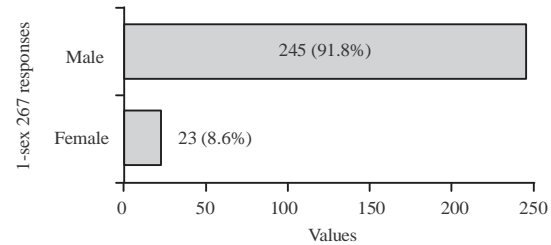


Fig. 2: Gender differences in the family businesses in Lebanon; Author’s own results

due to incomplete and missing data. Finally, 223 complete questionnaires were used in data analysis (N = 115) for first generation and (N = 108) for second generation.

Figure 2 shows that, according to the respondents, there are 245 male leaders (91.8%) and 23 female leaders (8.6%). This gender composition represents the population of Lebanon in 2020 where the male is dominated the choice of family business leader.

Methods applied for data collections: In scientific studies, quantitative method used to collect data by distributing the LPI-Self questionnaire defined by Kouzes and Posner^[39], utilized to identify the leadership practices behind family business performance and business continuity of the 1st and second generations of the Lebanese family businesses, regarding the secondary data, we couldn’t make interviews for data collection because of corona virus COVID-19.

Data analysis procedure: Presents the data analysis which includes the evaluation and interpretation of the results obtained. For data analysis and to achieve the objective and hypothesis of the research the Statistical Package for Social Sciences (SPSS) Version 23 for windows was used to analyze the data collected from the questionnaire and AMOS 24 program (Analysis of Moment Structure), to test several data analysis and we depend on Structural Equation Modeling (SEM) to interpret the results and to test empirically the proposed hypothesis. Structural Equation Modeling (SEM) it is a multivariate statistical analysis technique, it is composed of a factor and multiple regression analysis, it analyzes the structural relationship between two variables or two constructs. It shows the dependence of variables on one another. It supports the confirmatory and exploratory research which is suitable for small sample sized. It analyzes simultaneously the data measured of the proposed model to determine its consistency. SEM help us to support the hypothesis of the proposed model of the research, this will be supported by the sample data, so

that, the unobserved variable is linked to the observed one. These variables are a good indicator for the study, in this study the variables are divided to two independent variables (exogenous) which is not influenced by any other variables or dependent variables (endogenous) which is influenced by other variable in the proposed model. Before conducting the data analysis, we arranged the data on the completed surveys by editing, coding, entering and removing incomplete and missing data. Descriptive statistics such as the mean and the standard deviation, the frequency and percentage, were utilized to provided data summarization of personal and profile characteristics of the respondents. The obtained data will be shown in a charts and tables and frequency distribution. Also, to test the reliability, we will use the Cronbach's alpha α , Composite Reliability (CR) and the Average Value Extracted (AVE) to calculate out the reliability and the consistency over time. This internal reliability and consistency are measured by Cronbach's alpha α . Alpha α ranges between 0 and 1, the more the results value are closer to 1, the more we have a reliable data and if it is less so that we have less reliability of data. We use the SPSS program to calculate the Cronbach's alpha α value among the different sample between the different generations. To purify the instrument items, Confirmatory Factor Analysis (CFA) it is an analysis used to determine how the variables are linked to one another and compares the relationships between the variables and the factors that are subordinating the proposed model it was carried out to evaluate the validity and reliability of the instrument and to study the validity of the variables, its measure, its accuracy and the instrument's accuracy. Validity can be obtained by the convergent and discriminant validity.

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 smaller than 0.08 (RMSEA<0.08) sometimes the NFI (Normed Fit Index), NNFI is called the Tucker Lewis Index (TLI)^[73].

RESULTS AND DISCUSSION

Data analysis and interpretation of results: This study will present the analysis and interpretation of the data results obtained from my research study and which address the key questions. So that, this section reviews the empirical results of my research model and the statistical approach.

Respondent personal profile: Table 1, this study would discuss research findings which includes the

Table 1: Respondent's personal profile: demographic data obtained

Variables	First generation N = 115		Second generation N = 108	
	Frequency	Percentage	Frequency	Percentage
Gender				
Male	105	91.00	104	96.00
Female	10	9.00	4	4.00
Age of the family business leader				
18-28	1	1.00	5	5.00
29-39	33	28.00	46	42.00
40-50	31	27.00	31	29.00
51-60	34	30.00	19	18.00
61-70	9	8.00	7	6.00
>71	7	6.00	0	0.00
Years as a leader				
1-5	24	21.00	19	18.00
6-10	15	13.00	31	29.00
11-20	37	32.00	25	23.00
21-30	24	21.00	24	22.00
31-40	9	8.00	7	6.00
>41	6	5.00	2	2.00
Level of education				
High school	51	44.00	37	34.00
Bachelor	38	33.00	49	45.00
Master	11	10.00	15	14.00
Ph.D.	3	3.00	3	3.00
Other	12	10.00	4	4.00

Author's own research results

characteristics of the sample comprised of the personal information of respondents. As shown in Table 1, it presents that for the first generation (n = 115) represent (51.56%) of the family businesses, 105 (91%) were males and 10 (9%) were females, the majority of the family business leaders of the first generation leaders (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%) are 11-20 years of experience as a leader. The family business leaders are also well-educated in which most of them holds (44%) of them have a high school. Table 1, also presents the second generation (n = 108) represent (48.44%) of the family businesses, 104 (96%) were males and 4 (4%) were females represented the family business leaders, the majority of the family business leaders of the second generation leaders (42%) of them have 29-39 years old, (29%) of them had 6-10 years of experience as a leader and the majority of them (45%) were holders bachelor's degree.

Finally, the dominant gender of the respondents in the sample is male. Hence, it can be concluded that family business leaders for the first and second generation in Lebanon are characterized by well-educated and male-dominated. Their profile reflects the spirit of educated people who build their own family business.

Sample analysis based on the marital status of the family business leaders: Figure 3 indicates the marital status of the family business leaders where most of the respondents were married 78.7% of the total number of

Table 2: The respondent business information

Variables	First generation N = 115		Second generation N = 108	
	Frequency	Percentage	Frequency	Percentage
Industry				
Agriculture	8	7.00	3	4.00
Services sector	10	8.00	8	7.00
Construction	11	10.00	7	6.00
Food Industry	11	10.00	14	13.00
IDM wood and furniture	5	4.00	7	6.00
Manufacturing	14	12.00	10	9.00
Textile	3	3.00	4	4.00
Wholesale and retail	32	28.00	44	41.00
Electric machines	8	7.00	6	5.00
Plastic and Chemicals	3	3.00	5	5.00
Other	10	8.00	0	0.00
Size (Number of the employees)				
Small size companies (<20)	99	86.00	83	77.00
Medium-size companies (20-100)	12	11.00	21	19.00
Large companies (>100)	4	3.00	4	4.00
Age of firm (Years)				
<5	14	12.00	0	0.00
5-10	26	23.00	0	0.00
11-20	40	35.00	13	12.00
21-30	22	19.00	36	33.00
31-40	9	8.00	24	22.00
41-50	4	3.00	18	17.00
>51	0	0.00	17	16.00

Author's own research results

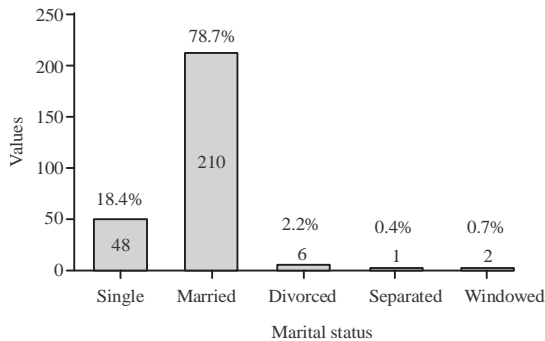


Fig. 3: Marital status of the family business leader; Author's own research results

the respondents. 18.4% of our respondents were single because they are young and still students and 2.2% were divorced. While separated and widowed were 0.4 and 0.7%, respectively. Married respondents made up the largest group because most of family business leaders are in age where they care for the family issue and its continuity.

Sample analysis based on the level of education of the family business leaders: Figure 4 presents the distribution of the level of education of the family business leaders. The majority are well educated. Most of them had completed High School (39.3%) and had a License Degree (38.6%) and 3.4-14.6% with a higher education.

Business profiles of respondent: The respondent firm information is presented in Table 2. It shows that the majority of the first-generation companies (28%) belonged to the wholesale and retail industry, describes the profile of family businesses in Lebanon and which also is popular among Lebanese business people. Most of the company's age for the first generation in Lebanon has 11-20 years old (35%) followed by 5-10 years old (23%). Thus, it could be considered that the majority of the sample is at their relatively retirement and young age of business. The majority of family businesses of first generation (86%) were small size companies employ a small number of employees which is <20 people. For the second-generation companies (41%) belonged to the wholesale and retail industry, (77%) were small size companies <20 employees and (33%) were have 21-30 years old followed by 31-40 years old (22%).

These findings are consistent show that the majority of the family businesses leaders prefer to employ a small number of the employee. Thus, efficiency is becoming their main priority and employing a sufficient number of employees is considered as the most efficient business decision to reduce expense. Most of the family businesses leaders are also prefer to own their firm personally. This individualistic trait may represent the character of Lebanese leader who prefer to own and manage their business personally, so that, they could manage their business freely and enjoy the profit personally.

Descriptive statistics: In SPSS descriptive statistics presents variables measurements such as (mean and standard deviation).

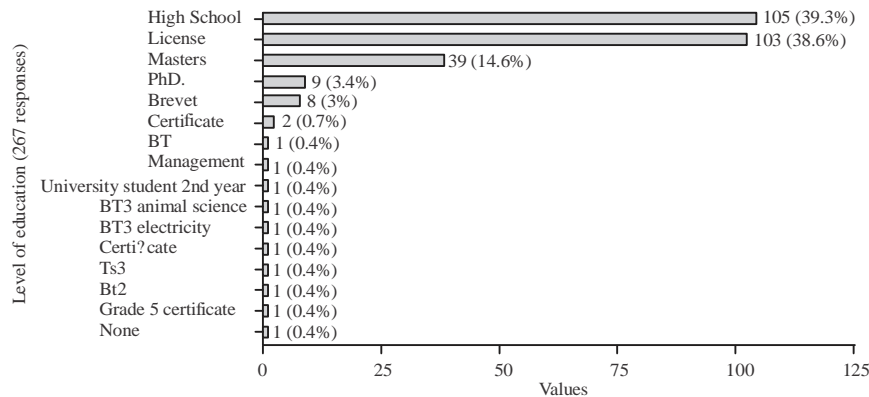


Fig. 4: Distribution of the education level of the respondents of the first and second generation leaders; Author’s own results

Table 3: Means and standard deviations of the overall and each of the five dimensions of LPI scale of first and second generation leaders-descriptive statistics

Variables	First generation N = 115		Second generation N = 108	
	Aggregated means*	SD	Aggregated means*	SD
MTW	4.065	0.908	4.120	0.776
ISV	4.083	0.881	4.073	0.851
CTP	4.128	0.821	4.094	0.753
EOA	3.914	0.830	3.841	0.870
ETH	4.125	0.793	3.949	0.934
BP	3.841	0.893	3.880	0.863

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

Table 3, the overall trends of the respondents of the study sample are on average high towards the study variables. Moreover, the table shows that the highest mean scores of leadership practices (4.128-3.914) were for first-generation with standard deviation (0.908-0.793) while the lowest mean scores of leadership practices (4.120-3.841) were for second-generation and the standard deviation is (0.934-0.753) and the mean score of a business performance (3.880) for second-generation was higher than mean score of a business performance (3.841) for first-generation with standard deviation is (0.863) and (0.893), respectively.

Reliability and validity of measurement items for the first-generation

Reliability of scales using Cronbach’s alpha: Fornell and Larcker^[74] and Hair *et al.*^[75] used the Cronbach’s alpha to detect the reliability and internal consistency of a latent construct. The Cronbach’s alpha coefficient for all constructs in Table 4 the threshold value 0.70 ranges between 0.840 and 0.801 which shows that all the items are internally consistent^[76]. These measurements confirms the reliability and internal consistency of the measures used.

Convergent validity: The Confirmatory Factor Analysis (CFA) used to evaluate the convergent validity of

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

Constructs	α	CR	AVE
Model the way	0.802	0.923	0.666
Inspire a shared vision	0.840	0.943	0.735
Challenge the process	0.820	0.942	0.732
Enable others to act	0.810	0.931	0.694
Encourage the heart	0.801	0.944	0.739
Business performance	0.822	0.909	0.769

p = 0.00 in all cases; α = Cronbach’s alpha; CR = Composite Reliability; AVE = Average Variance Extracted; Author’s own research results

measurement scales in three important indicators which are Cronbach’s alpha, Average Variance Extracted (AVE) and Composite Reliability (CR). AMOS 24 was used to estimate convergent validity and discriminant validity. Hair *et al.*^[77] proposed that the loadings of the items must be >0.50. Table 4, shows that the loadings of all items is >0.50. Same for Composite Reliability (CR) is above 0.50 as recommended by Hair *et al.*^[78] and it ranges between 0.944 and 0.909. The Average Variance Extracted (AVE) value ranges between 0.769-0.666 for all the constructs which exceeds the threshold value 0.50 as proposed by Hair *et al.*^[76]. This indicates the internally consistent of the of first generation data measures.

Discriminant validity: Fornell and Larcker^[74] method utilized to identify the discriminant validity. He

Table 5: Discriminant validity for first-generation

Models	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

Table 6: CFA results: reliability and validity for second-generation

Constructs	α	CR	AVE
Model the way	0.910	0.919	0.655
Inspire a shared vision	0.930	0.931	0.692
Challenge the process	0.944	0.944	0.739
Enable others to act	0.898	0.896	0.592
Encourage the heart	0.945	0.948	0.753
Business performance	0.879	0.869	0.709

$p = 0.00$ in all cases; α = Cronbach's alpha; CR = Composite Reliability; AVE = Average Variance Extracted; Author's own research results

proposed if the square root of the AVE for a latent construct is greater than the correlation values among all the latent variables that confirm the discriminant validity. Table 5 indicates that the square root of the AVE values of all the constructs is higher than the correlations values of all variables which confirm discriminant validity. The goodness-of-fit measures were utilized to evaluate 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)^[73]. Hence, the estimation model indicates good construct validity and reliability of first generation measures.

Reliability and validity of measurement items for the second-generation

Reliability of scales using Cronbach's alpha: In quantitative analysis^[74, 75], utilized the Cronbach's alpha to identify the reliability and internal consistency of a latent construct. Here in Table 6 all Cronbachs' alpha values are above the threshold value 0.70 ranges between 0.945 and 0.879 which shows that all the items are internally consistent and reliable according to Hair *et al.*^[76].

Convergent validity: The Confirmatory Factor Analysis (CFA) composed of three indicators utilized to evaluate the convergent validity by three methods which are Cronbach's alpha test, Average Variance Extracted (AVE) and Composite Reliability (CR). Also, convergent validity and discriminant validity detected by using AMOS 24 was used to detect the convergent validity and discriminant validity. Hair *et al.*^[77] stated that the items with factor loading higher that 0.5 can be maintained. Results in Table 6, shows all items loadings ranges between 0.913-0.682. Composite Reliability (CR) ranges

between 0.948 and 0.869 which exceeds 0.50 that indicates that all the constructs demonstrate a good level of Composite Reliability (CR) as stated by Hair *et al.*^[78]. The Average Variance Extracted (AVE) value ranges between 0.753-0.592 which exceeds the threshold value 0.50 which is suggested by Hair *et al.*^[76]. Hence, results of second generation data in Table 6 are reliable and internally consistent.

Discriminant validity: The discriminant validity was examined by using^[74] method. Table 7 shows that the square root of the AVE values of all the constructs is higher than the inter-construct correlations which confirm discriminant validity. The goodness-of-fit measures were utilized to evaluate the fitness of a measurement model. The results confirm an adequate model fit (CMIN/df = 2.341, GFI = 0.901, TLI = 0.899, CFI = 0.900, RMSEA = 0.062). Sometimes the NFI (Normed Fit Index), NNFI is called the Tucker Lewis Index (TLI)^[73]. Hence, the measurement model indicates good construct validity and reliability for second generation model.

Hypothesis testing for the first generation: The Structural Equation Modeling (SEM) was used to test 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)^[73]. The results of the hypothesis test are shown in Table 8 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_{01} , H_{04} and H_{05} . However, the results show that inspire a shared vision (B = 0.072, $p < 0.219$) and challenge the process (B = -0.0251, $p < 0.612$) have no significant impact on a business performance, hence, H_{02} and H_{03} are rejected.

Hypothesis testing for the second generation: The model goodness-of-fit results for the second generation

Table 7: Discriminant validity for second-generation

Models	AVE	MTW	ISV	CTP	EOA	ETH	BP
MTW	0.655	0.809					
ISV	0.692	0.489***	0.832				
CTP	0.739	0.721***	0.727***	0.860			
EOA	0.592	0.684***	0.617***	0.677***	0.769		
ETH	0.753	0.725***	0.590***	0.736***	0.582***	0.868	
BP	0.709	0.501***	0.644***	0.444***	0.379***	0.453***	0.842

**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

Table 8: Comparison of results for first and second generation

First generation				Second generation			
Hypothesis	Beta coefficient	p-values	Result	Hypothesis	Beta coefficient	p-values	Result
H _{o1}	0.841	0.001	Supported	H _{o1}	0.644	0.001	Supported
H _{o2}	0.072	0.219	Not supported	H _{o2}	0.023	0.765	Not supported
H _{o3}	-0.0251	0.0612	Not supported	H _{o3}	0.226	0.004	Supported
H _{o4}	0.137	0.012	Supported	H _{o4}	0.107	0.176	Not Supported
H _{o5}	0.180	0.013	Supported	H _{o5}	0.315	0.000	Supported

Author's own research results

indicates a good model fit (CMIN/df = 2.512, GFI = 0.910, TLI = 0.900, CFI = 0.890, RMSEA = 0.050) sometimes the NFI (Normed Fit Index), NNFI is called the Tucker Lewis Index (TLI)^[73]. The results of the hypothesis test are shown in Table 8. The results identify that the leadership practices for the second generation, i.e., model the way (B = 0.644, p<0.001), challenge the process enable others (B = 0.226, p<0.004) and encourage the heart (B = 0.315, p<0.000) are significantly and positively impact on a business performance which lends significantly support H_{o1}, H_{o3} and H_{o5}. Moreover, the results show that inspire a shared vision (B = 0.023, p<0.765) and enable others to act (B = 0.107, p<0.176) have no significant impact on a business performance, therefore, H_{o2} and H_{o4} are rejected.

The model illustrated in Fig. 5 shows us the significant and positive association between the tested and accepted hypothesis with Model the way (H_{o1}), Enable others to act (H_{o4}) and encourage the heart (H_{o5}) with the business performance by first generation leaders. Moreover, indicates the positive correlation between the approved hypothesis with model the way (H_{o1}), challenge the process (H_{o3}) and encourage the heart (H_{o5}) with the business performance by second generation leaders.

To verify the following hypothesis: H₆, the leadership practices of the first generation differ from that of the second-generation leaders. A comparison of the path coefficients and the significance of the p-values for the first- and second-generation business leaders are shown in Table 8. Based on the results, it can be seen that leadership practices such as challenge the process has no impact on a business performance for the first generation while it significantly impacts on a business performance

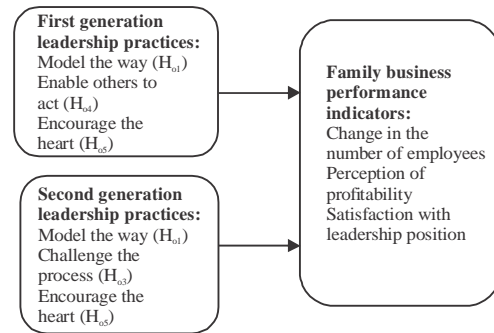


Fig. 5: The model of leadership practices and its correlation to family business performance; Author's own research contribution

for the second generation. Also, the results show that enables others to act practice has a significant positive impact on a business performance for the first generation while it has no impact on a business performance for the second generation. Thus, H₆ is confirmed.

Family business leaders prepare and lead others to achieve shared goals and this means that, the leadership is a relationship between team members who have a common goal. It can be that these family business leaders have not enough experience to utilize these leadership practices as a pioneer.

The most important step a family business leader is to improve their personal values and to have strong self-confidence. And this mean they have to insist and follow on their beliefs and own values. Moreover, the honest leaders play an imperative part in how empower others to behave and perform.

These first and second generations still ought to develop their leadership skills and their behaviors to maintain family business performance for later

generations. The Lebanese family business leaders of the first generation only engaged in family business leadership practices Model the Way (MTW) Enable Others to Act (EOA) and Encourage the Heart (ETH) which had a significant influence on family business performance. While the Lebanese family business leaders of the second generation only engaged in family business leadership practices Model the Way (MTW), Challenge the Process (CTP) and Encourage the Heart (ETH) which had a significant influence on family business performance:

- H₀₆: the leadership practices of the first generation differ from that of the second-generation leaders is supported

The following hypothesis was used in this research study to detect if there is a difference in the relationship between the 5 leadership practices and family business performance for first generation family business leaders as compared to that of the second-generation family business leaders. Such differences show us how the successors behave as a leader. This differences that may occur between the first and second generation, resulted from how the family business leaders behave and how they used the 5 leadership practices of the exemplary leadership index.

According to Kouzes and Posner^[39], leaders who engaged in model the way, inspire a shared vision, challenge the process, enable others to act and encourage the heart has a significant effect on a business performance and individual's behaviors.

Based on the results, family business leaders of the first and second generation may utilize some of the 5 leadership practices in sustaining family business performance. For the first generation they may use Model the Way (MTW), Enable Others to Act (EOA) and Encourage the Heart (ETH) where the second generation may use family business leadership practices Model the Way (MTW), Challenge the Process (CTP) and Encourage the Heart (ETH) H₆ is confirmed.

CONCLUSION

This research study was the first attempt in Lebanon to detect which the leadership practices that are correlated to family business performance. Which brought to us new and developed way of behaving to sustain business performance and to have a successful family business from one generation to another and avoid the problems that may occur for later generation.

By employing an approved leadership index of Kouzes and Posner, main goals of this research were to detect which are the most suitable leadership practices adapted to have an influence on family business performance for the first-and second-generation leaders of

the Lebanese small and medium-sized family businesses. The males dominated the first-and second-generation family business leaders of the 223 returned questionnaires with 11-20 years of experience as a leader for the first generation and 6-10 years of experience as a leader for the second generation.

Family business performance shares an important part in the development and economic growth. Even though, they are facing difficulties in transferring the leadership to their inheritors^[79]. Choosing the successors, distributing the different responsibilities and the ownership roles between the inheritors are some problems that may face the survival of the family business^[80].

Determining whether the chosen successors have adapted. And developed the best leadership practices achieving the goal of the study which is the survival and the family business performance. Where the leaders have the desire to transform the leadership and ownership from one generation to another^[70].

As much you apply the leadership practices in the business of the family, the more the power you have to take decisions and to share visions with others. The scores of the family business performance for second generation family business leaders are higher than that of the first generation family business leaders, showing that the family business leaders for the second generation are more comfortable with the leadership practices that have a positive impact on family business performance due to their commitments and adaption of leadership skills and education.

Every leadership practice has an effect on family business performance^[81]. Bass and Avolio^[82], Bass^[83], Kouzes and Posner^[84], assumes that leadership practices may be applied in all countries and in all cultures. Whereas, Hofstede^[85, 86], Den Hartog *et al.*^[87], Koopman *et al.*^[88], Hetland and Sandal^[89] and Schramm-Nielsen *et al.*^[90] said that it may differ from one culture to another. Some studies done by Bass^[84], Avolio *et al.*^[91], Howell and Hall-Merenda^[92] and Elenkov^[93], confirm the relationship between leadership and family business performance.

Posner^[94], measuring leadership abilities creates awareness among family business leaders which lead to high level of family business performance.

These 5 practices of the exemplary leadership model were described and supported by Manriquez *et al.*^[95]. Three of LPI Self practices inspire a shared vision, challenge the process and enable others to act are described and consisted by Anderson and Covin^[96]. By assessing these five transformational leadership family business leaders can use and apply such behaviors in their work.

The aim of this research to investigate which of the 5 leadership practices is correlated to family business performance for the first- and second-generation Lebanese family business leaders.

We can notice the effect of leadership practice on Lebanese family business performance. The empirical data results of chapter 4 indicate 3 significant correlation between individual leadership practices MTW, EOA and ETH and family business performance for the first generation while there is a positive correlation between the individual leadership practices MTW, CTP and ETH with the family business performance for the second generation. These highlights the importance of using such leadership practices by the 1st and Second generation which in turn could have a positive influence on family business performance.

We can conclude what are the successful leadership practices that can be adapted by the family business leaders of the first and second generation in choosing the successor. The use of those practices by the first and the second-generation leaders affects the success of the small medium-sized family business and necessitates on them to improve and develop the other practices.

All in all, the adaption of leadership practices is the basis of small and medium-sized enterprise including family businesses to achieve its goals. It affects the enterprises performance, profitability, satisfactions and competitiveness and its continuity. Any family business wants to maintain survival must be able to adapt the 5 exemplary leadership practices inventory in its respective businesses.

Contribution of the research: This research uses the leadership practices inventory LPI of Kouzes and Posner^[39] to explore if there are correlations between the leadership practices and family business performance of the selected participants of Lebanese family business leaders.

The central contribution of this article is to leadership in family businesses is that existing hypothetical approaches to individual leadership practices were further developed and empirically tested to improve and develop the leadership practices in the Lebanese own family business to maintain continuity of the family businesses to later generations.

RECOMMENDATION

From the personal information the percentage of the Family Business Leader who is in age above 60 is 18% and maybe they are going to retire in the next few years, they have to prepare their incumbent and provide them with the necessary leadership practices and training to lead the family business

According to the level of the preparation of the successor who is well prepared to hold the business or not, there should be a training programs on the 5 leadership practices especially those who lack the

correlation between the leadership practices and the family business performance to develop his/her managerial and leadership skills.

Viable suggestions and reasonable results are examined for family business leaders and family businesses and more scope for advance investigation and research are suggested.

Lebanese family businesses are in need to arise the adoption of the principle of good leadership system like Kouzes and Posner Leadership Practices Inventory LPI to maintain its continuity.

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